



REGIONAL DISTRICT OF NORTH OKANAGAN

MINUTES of a **SPECIAL** meeting of the **GREATER VERNON ADVISORY COMMITTEE** held in the Board Room at the Regional District Office on Thursday, June 13, 2013

Members:	Director M. Macnabb Councillor G. Kiss Director J. Cunningham Alt. Director B. Spiers Alt. Director J. Garlick Director D. Dirk Director B. Fleming J. Kidston	Electoral Area "C" (Chair) District of Coldstream (Vice Chair) City of Vernon City of Vernon District of Coldstream District of Coldstream Electoral Area "B" Alt. Agricultural Representative
Staff:	T. Hall D. Sewell D. McTaggart Z. Marcolin P. Juniper	Administrator General Manager Finance General Manager Engineering Utilities Engineer Executive Assistant (taking minutes)
Also Present:	Director P. Nicol Director D. Dirk Councillor M. Besso Councillor P. Maclean M. Stamhuis M. Baker E. Stranks Councillor R. Enns B. Connor T. Ouchi	Board Chair District of Coldstream District of Coldstream District of Coldstream District of Coldstream District of Coldstream City of Vernon District of Coldstream City of Vernon Alt. Agricultural Representative
Others:	B. deWynter	Engineering Consultant, AECOM

CALL MEETING TO ORDER

The Chair called the meeting to order at 8:04 a.m.

APPROVAL OF AGENDA

Moved and seconded by Alt. Director Spiers and Director Fleming
That the Agenda of the June 13, 2013 Greater Vernon Advisory Committee - Special Meeting be approved with the following amendments:

- B.1 - That the motion included on the Agenda to amend the Financial Plan be amended to include the following item:
Irrigation Main Twinning 2013 – 2017 \$9.8
- B.2 Water Supply Alternatives

CARRIED

UNFINISHED BUSINESS

Master Water Plan - System Separation Option Analysis

It was noted that the year for the Okanagan Lake Pump Station project should be 2014.

The Consultant provided a review of Technical Memorandum (TM) 10 – Greater Vernon Water Financial Plan. TM 10 provides a long range forecast of the anticipated financial implications of Options 1, 2 and 3.

The following was presented:

- Option 2 and 3 physically differ in that Option 3 fully separates the domestic and irrigation distribution system between 2013 and 2017. This large scale separation program results in a rapid increase in revenue requirements over this time. The treatment plant capital programs in Option 2 and 3 are essentially the same.
- Option 3 can be considered as the premium that would be required in order to facilitate devolution and a fully separated domestic and agricultural water system.
- Options 1 and 2 differ in that Option 1 includes no further system separation but would require a larger treatment plant at Duteau.
- Once all the debt is repaid in approximately 2043, Option 1's annual operations and maintenance expense is slightly more than Options 2 and 3 due to the larger treatment plant required at Duteau.

Review of the indication of the impacts to water rates:

- Options 2 and 3 would see major investments in separating the domestic from the agricultural system. Estimate that these options would see a doubling of 2012 revenue from rates.
- Rate increase estimated at between 1.9 to 2.2 times 2012 rates.
- Noted that an overall increase in revenue will be required. The rates and distribution of agricultural versus domestic and industrial, commercial and institutional is determined by the Board of Directors.

The Consultant advised that the following methodology and assumptions were used in estimating the impact to water rates:

- | | |
|----------------------------------|---------------------|
| - Existing operating costs | \$ 11.1 Million (M) |
| - Sustaining Capital Expenditure | \$ 1.9 M |
| - Existing Debt Servicing | \$ 2.7 M |
| - Reserves Contributions | \$ 1.1 M |
| - Total Annual Funding Required | \$ 16.8 M |

Implementation of Option 2 challenges noted:

- We are currently in mid-2013 and the projects scheduled for 2013 would not be undertaken due to timing and funding availability.
- To fund the first phase of projects to 2017, Greater Vernon Water would need to borrow approximately \$68 million which would require either a referendum or alternative approval process. This process may require the Lavington separation projects to be rescheduled from 2015 to 2019 at the earliest.
- The upgrading of the Duteau Creek WTP would then be delayed, with pre-design and design in 2016 and construction in 2017-2018 at the earliest.
- Should the referendum fail, then we would have to wait for an Order from Interior Health requiring the RDNO to proceed with the plan as approved.
- The Regional District would then be required to process the required loan authorization bylaws (approximately six (6) months) to authorize construction to proceed.

Administrator Hall advised that a motion had been put forward regarding funding major water projects at a recently attended UBCM conference. He advised that the desire is that the UBCM approve and recommend a regulatory change for necessary waterworks so that the same requirements apply to necessary water projects as to sewer works.

It was noted that it is important to have pre design for the project(s) in place so that the Regional District is ready to apply for any grant funding that becomes available. The first step in this process is to have the Master Water Plan approved so that we can move forward with the pre-design work.

Review of next step(s):

- For the Board of Directors approve the Master Water Plan prior to June 30, 2013 pursuant to the Order received from Interior Health.
- To obtain Interior Health approval for the Master Water Plan. As part of the approval process Technical Memorandums 1 through 10 and the Summary Report will be forwarded to Interior Health once approved by the Board of Directors.

Moved and seconded by Alt. Director Spiers and Director Fleming

That it be recommended to the Board of Directors that Technical Memorandum No. 10 be received for information; and further,

That staff be directed to implement Option 2 – Treatment at Duteau Creek Water Treatment Plant and Mission Hill Water Treatment Plant with Partial System Separation with the provision that twinning the transmission main be oversized for Option 3 - Treatment at Duteau Creek Water Treatment Plant and Mission Hill Water Treatment Plant with Complete System Separation; and further,

That the Financial Plan be amended to include the capital projects and associated time frame identified under Option 2 - Partial System Separation, Water Treatment Plant at Mission Hill and Duteau Creek with the addition of the twinning transmission main oversizing included in Option 3 as follows:

Water Supply and Treatment	Year	2012 Cost Estimate (Million)
1. Duteau Creek WTP – Stage 1, 110 ML/d	2017	\$26.5
2. Mission Hill WTP – Stage 1, 56 ML/d	2022	\$30
3. Aberdeen Dam Improvements – Raise Dam by 4 m	2022	\$6.41
4. Gold-Paradise Extension	2037	\$3.60
5. Domestic System Distribution Investments	2013 - 2017	\$9.80
6. Lavington System Separation	2013 - 2017	\$19.5
7. Irrigation Main Twinning	2013 – 2017	\$9.8
8. Twinning Transmission Main (Oversizing)	2013 - 2017	\$3.5
9. Okanagan Lake Pump Station	2014	\$2.6
Total		\$111.71

CARRIED
Opposed: Councillor Kiss

The Committee discussed the opportunities that may be available for public input regarding an expenditure of this magnitude, specifically whether the process would advance to Referendum or Alternative Approval Process.

- Bringing the Master Water Plan forward to the public. It was noted that the Master Water Plan was not yet approved by the Board of Directors, draft Technical Memorandums are available for review on the Regional District website.
- An expenditure of this magnitude must go to Referendum or Alternative Approval Process to provide opportunity to the public to participate.

Moved by Director Fleming (no seconder)

That it be recommended to the Board of Directors that voter approval of the Master Water Plan proceed under Alternative Approval Process.

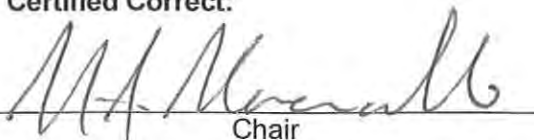
Water Supply Alternatives

Councillor Kiss circulated a paper regarding an analysis completed regarding Water Supply Alternatives as presented to the Greater Vernon Water Technical Advisory Committee on June 11, 2013. It was noted that Technical Memorandum No. 9 contained similar information presented in an alternate form.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:30 a.m.

Certified Correct:


Chair


Corporate Officer

JEANNE BYRON
CORPORATE OFFICER