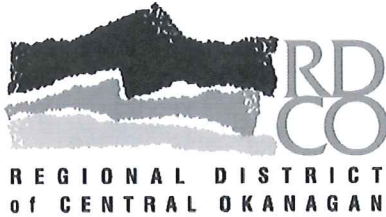


Agenda No: 7.1

Meeting Date: Feb. 22, 2010



Environmental Services

1450 K.L.O. Road
Kelowna, B.C. V1W 3Z4

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ENVIRONMENTAL SERVICES DEPARTMENT REPORT

For the Board February 22, 2010

TO: Chair & Members of the Regional Board

FROM: Delphine Maja, Sr. Engineering Technologist

DATE: February 15, 2010

SUBJECT: Feasibility Study for the Fintry Utilities Water System

LOCATION: Fintry, BC (Central Okanagan West)

RECOMMENDATION:

THAT the Regional Board approve the Environmental Services Department to proceed with a feasibility study to evaluate the present condition, assets and liabilities of the Fintry Utilities Water System and that the costs associated with the study and anticipated acquisition, namely consultant, legal and administration fees, estimated not to exceed \$40,000, be paid for by Feasibility Funds;

AND FURTHER THAT the Regional Board supports applications to Senior levels of Government for funding opportunities to help offset the costs associated with the acquisition of the Fintry Utilities Water System and any capital improvements deemed necessary to ensure the utility meets our Bylaw 704 standards as well as the proposed standards and regulations for public water distribution per the IHA;

PURPOSE:

The Area Director of Central Okanagan West has received letters from property owners of the Fintry-Delta community in support of the Regional District of Central Okanagan assuming ownership and control of the Fintry Utilities Water System, a privately owned and operated small water utility.

Prior to considering such an acquisition, it would be appropriate to have the system to be evaluated to determine the extent of system upgrades required and the financial impact the participating property owners would be accountable for, if we were to proceed.

POLICY:

The Regional District does not have a policy for utility acquisitions. Whilst proceeding with the

Fintry Utility acquisition, and developing a policy for ourselves, reference will be made to policies and strategies currently in use by the Columbia Shuswap and Central Kootenay Regional Districts.

RATIONALE:

1. The Feasibility Study:

The Engineer's report will identify the condition of the utility and will prescribe the immediate, short-term and long-term requirements to bring the utility up to an acceptable standard, and the associated cost estimates. These cost estimates and the respective time frames are used to prepare a financial picture, which becomes the basis for taxes and fees.

The Local Government Act requires that public assent is obtained by either a referendum or formal petition when establishing service areas for utility systems. The information provided in the study will be shared with residents and property owners for their consideration while the petition is being circulated.

If the utility is ultimately taken over by the Regional District the feasibility funds will be repaid by the new function. If the utility is not taken over, the Regional District would absorb those costs.

2. Timing & Costs:

A few of the many benefits by moving forward with the Fintry Utilities acquisition now include,

- the anticipated water system upgrades would form part of the Upper Fintry / Shalal Road / Valley of the Sun water system project, currently under design;
- the new project could make use of the existing system components, licenses, and properties, saving construction time and money;
- the increased tax base would reduce everyone's capital cost per parcel;
- it is more cost effective to operate one utility with multiple users than multiple utilities servicing few users;
- future retrofits to merge with the Upper Fintry / Shalal Road / Valley of the Sun utility, which could be very expensive, won't be necessary.

During the transferring process a number of expenses will occur. The estimated expenses include staff time, preparing and obtaining petitions, surveys, preparation of the memorandums of understanding and legal documents, the review of statutory rights of way, cost analysis, system analysis and review to determine the capacity and condition of the water system.

To complete the tasks it is estimated the project will not exceed \$40,000:

Item	Cost
Feasibility Study	\$10,000
Field Investigations	\$10,000
Legal & Surveying	\$10,000
Administration, public meetings, petitioning, etc	\$8,500
Overhead, Environmental Services Dept	<u>\$1,500</u>
	\$40,000.00

BACKGROUND:

Fintry BC is located off Westside Road, approximately 34 km north of Kelowna or 49 km south of Vernon, on the west side of Okanagan Lake in the Central Okanagan West Electoral Area. The subdivision of DL 686 ODYD in 1965 created 88 new single family parcels, and was serviced by the newly constructed water utility, privately owned and operated by the developer. Shortly thereafter the subdivision grew another 28 parcels (for a total of 116 lots) then in the late 1990's the Fintry Provincial Park was opened.

Currently the utility provides water for domestic use to 81 users, including the gate house for the Park. The water system is supplied with six (6) fire hydrants, although, at a mere 12,000 gallons, the reservoir is undersized and unable to provide the minimum storage (24,000 gallons) and flow requirements as mandated by the Fire Underwriter.

The water system has received minimal capital upgrades in its 45 years of operation and at the very least, in 2012 when the new requirements for small water systems come into effect, the users will be plagued with the high costs associated with the necessary improvements to the lake intake and reservoir as well as the addition of a secondary form of water treatment.

CONCLUSIONS AND RECOMMENDATIONS:

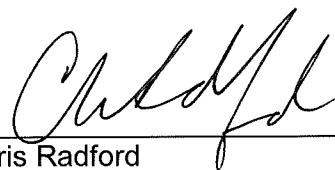
In conclusion, Regional District staff recommend that a feasibility fund, in an amount not to exceed \$40,000, be created for the Fintry Utility Water System Feasibility Study and other administration and legal fees that could be incurred with the system acquisition.

And, that the findings and cost estimates as provided in the feasibility study be referred to when lobbying senior levels of government for funding for system upgrades and when petitioning the Fintry property owners for support on the acquisition.

And, that by proceeding now and in conjunction with the new water system project, all participating communities, Fintry and Upper Fintry, Shalal Road, and Valley of the Sun, will recognize immediate and long term cost savings on their water utility.

Respectfully submitted,

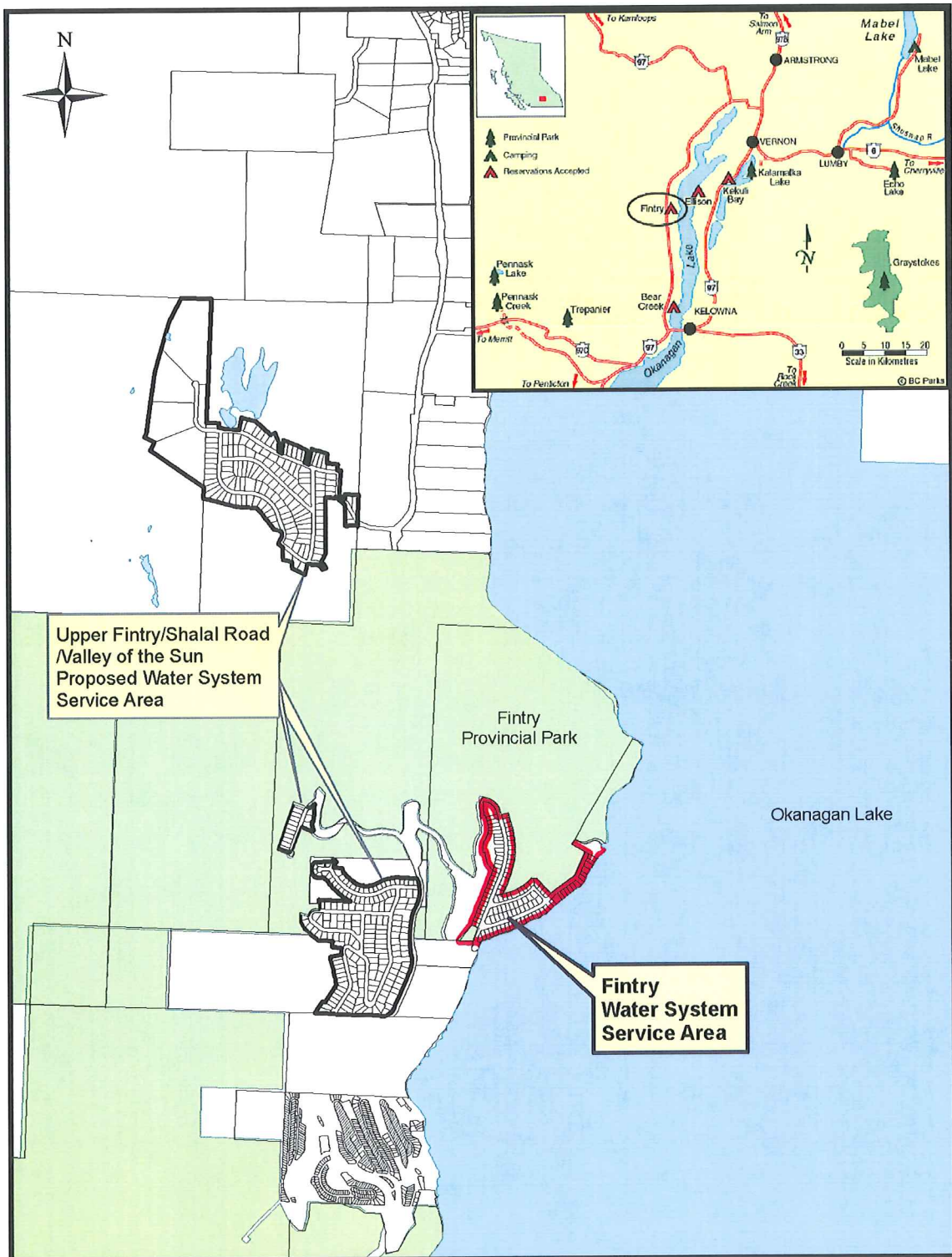

Delphine Maja
Sr. Engineering Technologist


Chris Radford
Director of Environmental Services

Attached:

- Drawing 1 – Fintry Water System Proposed Service Area
- IHA Letter in Support of Acquisition, dated February 10th, 2010

Drawing 1 – Fintry Water System Proposed Service Area





Interior Health

February 10, 2010

Regional District of Central Okanagan
1450 KLO Road
Kelowna, BC V1W 3Z4

Attention: Regional District of Central Okanagan Board of Directors

Dear Board of Directors:

Re: Acquisition of Fintry Utilities on the Westside of Okanagan Lake

We understand that there is a potential opportunity for the Regional District of the Central Okanagan (RDCO) to acquire the Fintry Utility as part of a new Westside Road Water System. The acquisition of this water system would provide the residences with greater access to professional operators, planners and engineers for the operation and planning of this water system. Ownership and operation of this water system by the regional district will also allow its users greater access to funding opportunities from federal and provincial governments. Further more, we believe that the addition of the Fintry Utility to Shalal Road, Valley of the Sun and Upper Fintry planned water system creates a more economically sustainable infrastructure in this area.

We strongly support the acquisition of the Fintry Utility by the RDCO and believe that this acquisition would be a health benefit to all water system users by ensuring they are supplied with high quality drinking water.

If you have any questions regarding this letter please contact Rob Birtles at (250) 809-9451.

Yours truly,

Robert Birtles, C.P.H.I.(C)
Drinking Water Officer

cc. Gundie Volk, Team Leader, Health Protection, IHA
Mike Adams, Team Leader, Health Protection, IHA
Dr. Paul Hasselback, Medical Health Officer, IHA
Delphine Maja, Senior Engineering Technologist, RDCO
Chris Radford, Operation Manager, RDCO

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HEALTH PROTECTION
Less Risk ~ Better Health

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