



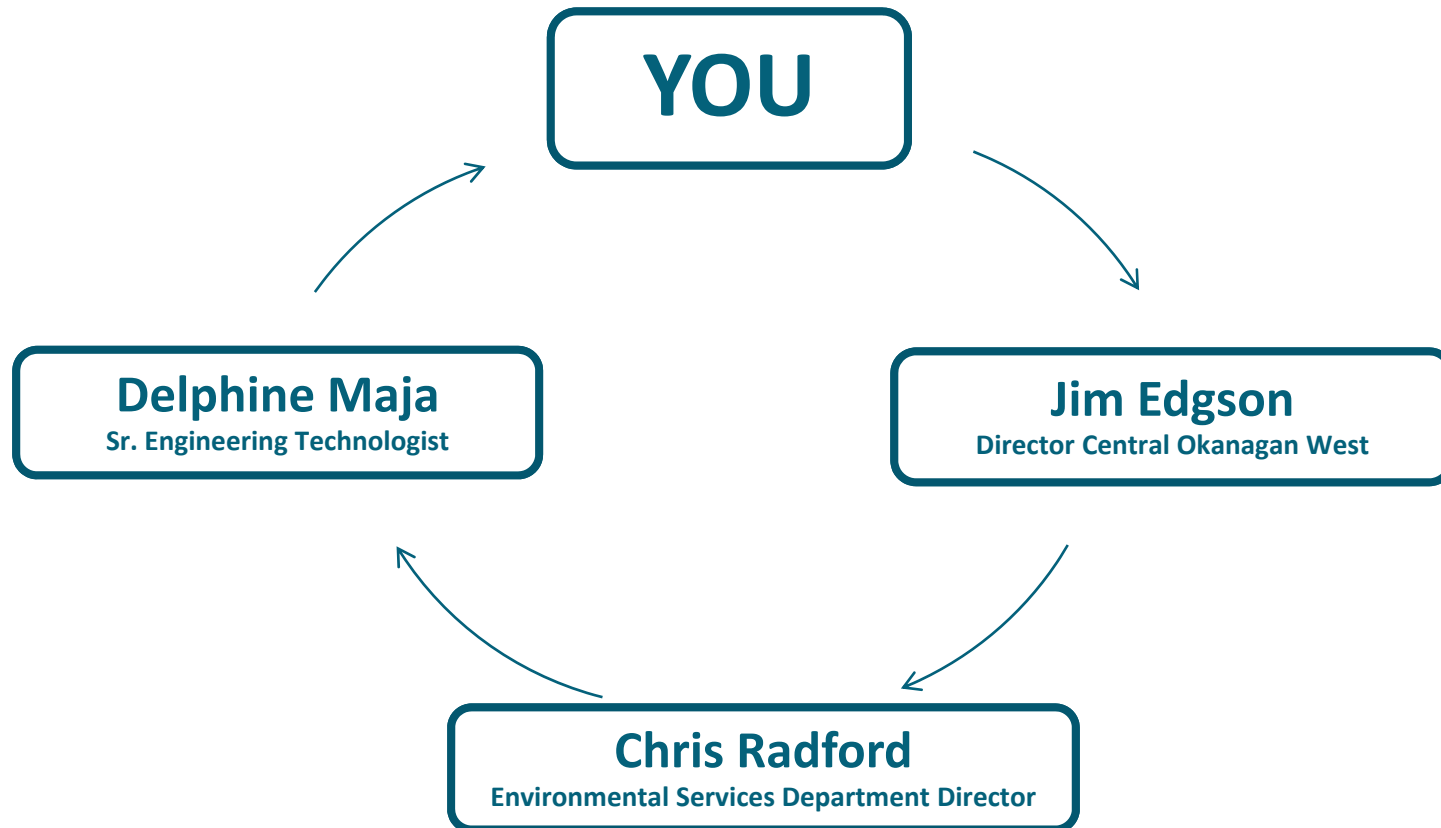


**Regional District of Central Okanagan**

**Acquisition of  
The Fintry Utilities Water System**



# Introductions





**Please.....**

**Turn off your cell phones**

**&**

**Save your Questions & Comments till  
after the Presentation**

**(approximately ½ hour)**

# Agenda

- How We Got Here
- Fintry Water System
- Feasibility Study
- Petition Requirements
- Petition Results
- What Happens Next?
- Transitional Agreement
- The Service Area
- The “Project”
- Costs, Taxes, Fees, Charges
- RDCO Utilities
- Discussion





# How We Got Here:

January	Preliminary Petition
February	Regional Board Approval for Feasibility Study
March	Feasibility Study prepared by CTQ Engineering
April	Open House
May	Circulated Formal Petition
June (today)	Public Meeting

# Fintry Water System

- Constructed in the late sixties (approx 40 yrs old)
- Privately Owned & Operated
- Subject to Provincial Drinking Water Guidelines
- Not subject to RDCO Water System Requirements
- Draws water from Okanagan Lake
- Treats water with Liquid Chlorine
- Serves 83 Customers:
  - 33 Year Round
  - 50 Seasonal





# Feasibility Study

The primary objective of the Feasibility Study was to provide professional advice and recommendations regarding the potential acquisition of the Fintry water utility by the RDCO.

CTQ Consultants prepared the study which includes:

- An assessment of the condition & value of the system
- List of Required Improvements, to meet the RDCO standards
- List of long term improvements
- Cost Estimates



**Feasibility Study is available on the RDCO Website at [www.regionaldistrict.com](http://www.regionaldistrict.com)**

## Fintry Utility Proposed Capital Budget

Description	Stand-Alone Requirements
Lake Intake (repair & upgrade)	\$10,000
Magnetic Flow Meter & Pump Meter	\$12,500
2nd PulaFeeder Chlorine Metering Pump	\$1,200
Turbidimeter	\$5,500
Electrical Box (upgrade to 200 amp)	\$5,000
Electrical Sundry Items	\$1,000
Distribution System (minor repairs & upgrade Morden Rd pipe to 150mm)	\$55,000
Hydrants (replace all, + 2 new w/150mm)	\$33,600
Service Meters	\$41,500
Pump-House Generator	\$20,000
New 540 m3 Reservoir	\$270,000
UV Disinfection System	\$65,000
Filtration Treatment System	\$400,000
SCADA Communications System	\$15,000
Pressure Reducing Station	\$30,000
Hydro 3 Phase Power Service	\$170,000
Share into New Water System (wells and reservoir capacity)	\$0
<b>Total Estimated Capital Cost</b>	<b>\$1,135,300</b>
# Parcels in Service Area	106
<b>Capital Cost /Parcel</b>	<b>\$10,710</b>
If Left Unpaid and added to Annual Property Taxes:	
Amortization (# years of debt)	20
Interest Rate (Estimated)	6%
Annual Tax /Parcel	\$921

Required  
 +  
 Long Term  
 Improvements:



# Petition Requirements

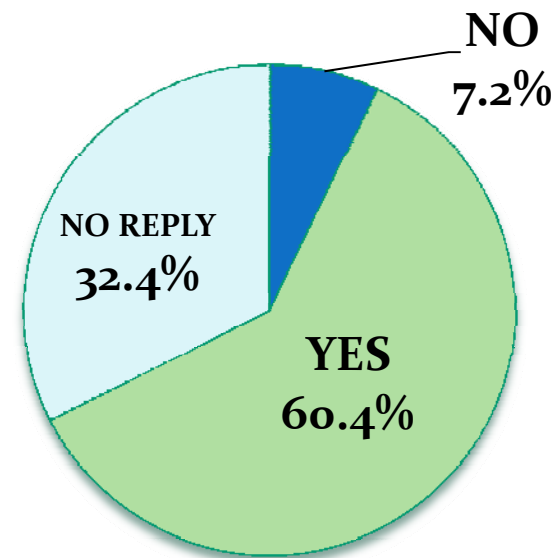
To provide any service, the RDCO must obtain ascent from the electorate and establish a Service Area under the provisions of the Local Government Act, either by referendum, the alternative approval process, or by petition.

- ❖ Formal petitions must identify:
  - the service,
  - the maximum estimated capital cost, and
  - the legal address and owners of the property to be serviced;
  
- ❖ Successful petitions must be supported by >50% of the property owners who own more than 50% of the net taxable value of all land and improvements in the area.
  
- ❖ Upon receipt of a successful petition RDCO staff proceed with the Project.

# Petition Results

Tallied June 8<sup>th</sup>, 2010:

- Yes: 60.4%, owning 63%
- No: 7.2%, owning 8%
- No Reply: 32.4%, owning 29%



Please note:

1. The Proposed Service Area does NOT include parcels that:

- Are deemed by staff to be un-buildable, or
- Have an alternate water service and voted No.

Should any of these parcels apply to join the service area in the future, they would be subject to the same cost as everyone else, but would not have the option to pay out over 20 years on their taxes.

2. The Inspector of Municipalities makes the final decision on the Service Area Boundary.

# The Service Area

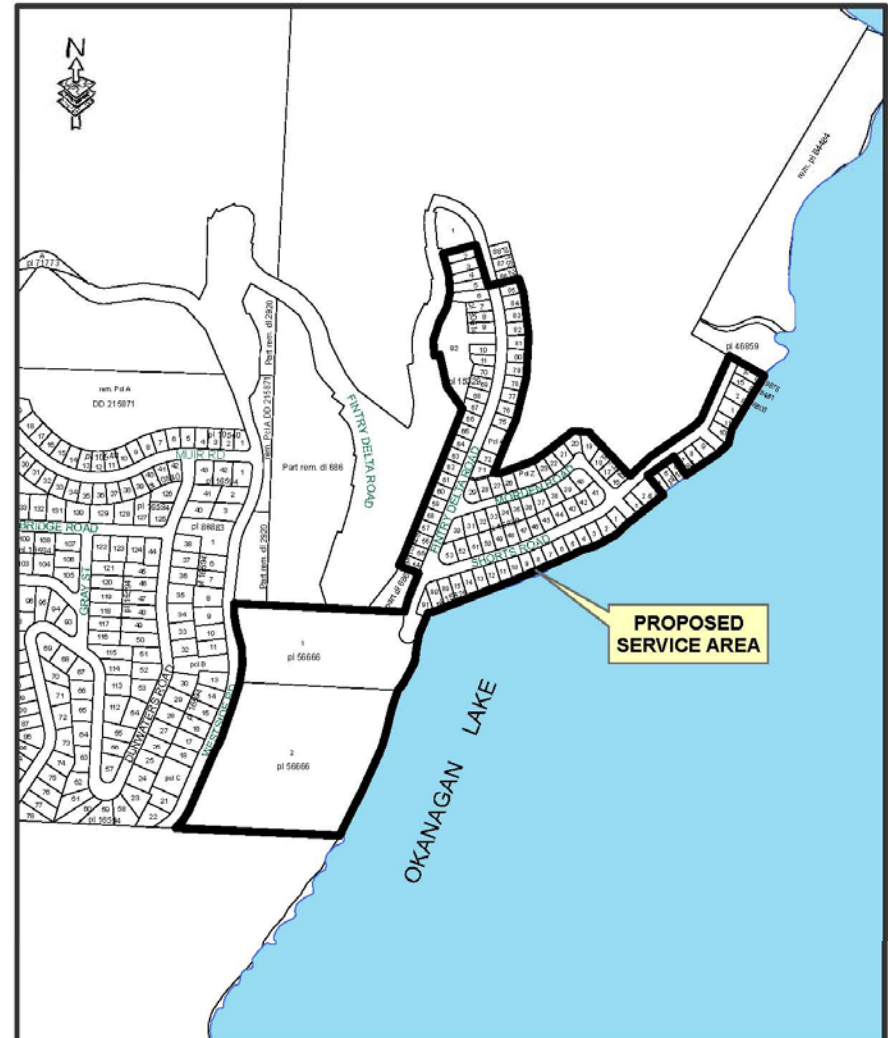
## 109 Taxable Parcels

Includes:

- vacant parcels
- parcels connected to Fintry Water System

Does NOT include:

- Properties NOT connected to Fintry Water System
- Government owned parcels
- Non-residential parcels





# What Happens Next?

1. Create a Transition Agreement with Fintry Utility Company
2. Seek Approval by the Inspector of Municipalities
3. Establish Bylaws
4. Construct Required Upgrades\*
5. Invoice Property Owners for the Upgrades
6. Continue to operate the water system

\* Upgrades that actually will happen, differ per those identified by CTQ Engineers.

# Transitional Agreement

The First Priority is to create a Transitional Agreement with the Fintry Utility Company for:

- the Transfer of Assets, and
- the Transfer of Operations.



- ❖ To date, the Utility Operator has appeared to be in favour of the acquisition, we foresee a smooth transition ahead.
- ❖ Most likely the 'drop dead' take over date will be January 1, 2011.
- ❖ Most likely, connection to the new water system will be November 1, 2011.

# The Fintry Project

1. Upgrade Distribution System	\$55,000
2. Replace Fire Hydrants, + 2	\$33,600
3. Install Residential Meters	\$41,500
4. Connect to New Water System	<u>\$486,301</u>
Total	\$616,401
Divided by Number of Properties	<u>109</u>
<b>Total per Property</b>	<b>\$5655</b>



**NOTE: Project details are summarized and costs are approximate (+/- 20%)**



# Capital Costs

The Capital Cost is the **total cost** of the Project, which includes but is not limited to,

- Administration Fees
- Legal Fees
- Property Acquisitions
- Equipment Purchases
- Engineering & Construction

The estimated capital costs per the Feasibility Study is \$10,710 per Parcel.

However, with the opportunity in 2011 to connect to the NEW water system the more reasonable estimate is \$5,655 per Parcel.

**Property Owners will be invoiced upon completion of the Project  
on the True Project Costs, not the estimates**



# Payment Options

Two options for paying your share of the capital costs to Repair & Upgrade the water system:

- **Lump Sum Payment, or**
- **Property Taxes.**



# Lump Sum Payments

Must be Paid.....

**In Full & On Time**

Before the deadline,  
which will be AFTER substantial completion of project.



# Property Taxes

The Capital Cost will be **automatically** added to your property taxes,

- If you do **NOT** make a Lump Sum Payment in full and on time;
- Amortized for 20 years;
- At the Bank of Canada Rate (at the time of borrowing);
- The debt stays with the property if sold to new owners;
- After 10 years we may have the option to re-finance the debt and the interest rate may be reduced;
- Based on today's borrowing policy if it is decided to re-finance the debt then you would have the option to pay out the balance;



# Other Costs ?

- **User & Consumption Fees**
- **Maintenance Fees**

# User & Maintenance Fees

User & Maintenance Fees for the Fintry water system have not yet been established, as they will depend on system operation and maintenance costs, equipment reserve amounts....etc. User Fees and Maintenance Fees that are currently charged in other RDCO Water Systems are:

Water System	Annual User Fee Per Residential Unit		Annual Maintenance Fee Per Parcel	
	2010	2011	2010	2011
Dietrich	n/a		\$1,104	\$1,132
Falcon Ridge	\$442	\$454	\$150	\$200
Killiney Beach	\$226	\$232	\$150	\$200
Westshore	\$226	\$232	\$150	\$200
Sunset Ranch (< 0.25ha)	n/a		\$250	\$256
Sunset Ranch (> 0.25ha)	n/a		\$1,800	\$1,800



# Infrastructure Grants

- ❑ Planning Grants
- ❑ OBWB Grants
- ❑ Canada / British Columbia Infrastructure Grants

The success of such grant applications depends on the following:

- Availability of funds in the grant program;
- Compliance with the goals of the granting organization;



# DISCUSSION