



Environmental Services

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

Telephone: (250) 469-6241
Fax: (250) 762-7011
www.regionaldistrict.com

February 2012

Dear Regional District of Central Okanagan Water System Customer

This letter has some very important information for your consideration.

In the coming weeks, we'll be extending an invitation to you to attend one of our Information Meetings to explain our plans for restructuring water rates. A session will be scheduled and advertised so that customers of each water system will have an opportunity to learn more about this important information and its impact. We encourage you to watch for the dates, times and locations of these sessions and look forward to meeting with you.

As we have indicated over the past several years, the Regional District, as your water system provider, has been, and is continuing this year, to move forward with a number of improvements. Many of these improvements have been funded through grants from senior governments and we'll continue to seek these funding sources to reduce your direct costs.

As we noted last month in a letter to you, the first step is the switch in the date that you'll be receiving your water utility bill. By billing at the end of a quarterly period (March 31st, June 30th, September 30th and December 31st), we will, once approved by the Regional Board, be introducing a consumption rate charge structure. This is possible now that water meters have been installed for customers of our five operating water systems. Once the new Upper Fintry, Shalal Road and Valley of the Sun system is commissioned and ready for use, residents will have water meters installed at the time they connect.

As we have indicated in the past, the meters allow you to monitor your individual water use. (See *'How to read your water meter'* attached or visit the link at www.regionaldistrict.com/water). The meters have also allowed us to find leaks on individual properties so that we could address this with the appropriate fix. This not only saves water, but potentially saves you the cost of water resulting from a connection leak.

We are also now in the position to move forward with adjustments to our water rate structure. This is needed so that we can begin charging for the volume of water used by individual property owners and so that we can bring our operation and maintenance expenses into balance with the real costs of providing the service, while providing future reserves.

The attached sheet, 'Why are my water rates being adjusted?', further explains the reasons for anticipated changes and how the Regional District will be proceeding. We encourage you to check out the online presentation for our water system asset financial management study* and to attend the information meetings so that you can have your questions answered.

We also encourage you to take a few moments and go online to www.regionaldistrict.com/water and sign up to receive direct notifications of any advisories or notices affecting your water system. By signing up for our Email notification of Water System Alerts/Advisories, you'll receive notices directly to your email inbox.

If you would like more information about how to conserve water around your home, please visit the Water Systems webpage at regionaldistrict.com/water (or select Quick Links/Water Systems) or contact Environmental Services at 250-469-6241.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Radford". The signature is fluid and cursive, with the first name "Chris" being more prominent than the last name "Radford".

Chris Radford
Director of Environmental Services

Why will my Water Rates be adjusted?

Over the course of the past year, the engineering firm Urban Systems has been working with us to develop an Infrastructure Asset Management Financial Plan*, which has been presented to the Regional Board.

- This information is key in balancing the operational costs of each water utility with the revenues received, while also protecting the infrastructure by setting aside adequate reserve funds for future needs. Over the past number of years, we have been quite successful in receiving grant funds to offset the real costs of upgrading our systems. And please be assured that we will continue to seek federal, provincial and other funding sources to reduce the impact on you our customers, as we move each water utility into a sustainable position. You can view the entire presentation to the Regional Board at www.regionaldistrict.com/water.
- Each water system is unique, depending on its size and age. As noted in on pages 9-10 of the Plan presentation*, the newest system (Upper Fintry, Shalal Road and Valley of the Sun) has a balanced rate and revenue structure. As it begins service, we are able to ensure that operating and maintenance costs are balanced and that we are able to set aside reserves for future needs.
- The other five systems, Falcon Ridge (pg 13-14), Killiney Beach (pg 11-12), Sunset Ranch (pg 7-8), Trepanier/Star Place (pg 17-18) and Westshore (pg 15-16) have large gaps between the revenues generated and the actual cost of operations, maintenance and future capital requirements over the next 20 years.
- These shortfalls are significant and at a glance appear shocking. It's important to remember when viewing the study information of each utility that the projections indicate the total amount that rates would have to be increased in order to begin immediately balancing revenues with operation and future capital costs. The Regional Board will be receiving further information in the coming weeks and will determine how we go about achieving the balance in our water utility rate structure, to ensure that we continue to provide you with a high quality, safe and sustainable water service. The goal is to have systems that both promote and encourage you to conserve, while enabling the Regional District to save for future improvements and upgrades without a loss in service levels or quality.
- The Regional District is not alone when it comes to bringing water utility rates into balance with the actual costs of operating, maintaining and sustaining the infrastructure. Local governments and water purveyors across the Central Okanagan and around the valley and province are coming to grips with the costs of the improvements needed to ensure that they are able to continue providing safe, high quality water.

*Direct website link:

www.regionaldistrict.com/departments/engineering/engineering_services_watersys.aspx#Infrastructure