



## RDOS Area “D” Governance Study Fact Sheets January 2016

# WATER SERVICE

### ► What service is provided?

Although the RDOS does provide drinking water to many communities within the region, it does not provide water to any of the communities in Area “D.” What the regional district does provide is:

- debt financing for a portion of the Apex Water System; and,
- participation in the Okanagan Basin Water Board (OBWB).

### Existing Situation

Infrastructure assessments conducted in 2011 and 2015 identified a total of 15 different community water systems in Area “D” with multiple connections. These systems were provided by a variety of purveyors – Improvement or Irrigation Districts (7), privately owned utilities, and strata corporations. The connections served by each system ranges from 6 to 664. Each of these systems are managed, maintained, operated and paid for separately. None of the water purveyors have access to senior government grant funding for infrastructure, nor borrowing at the reduced local government rates through the Municipal Finance Authority.

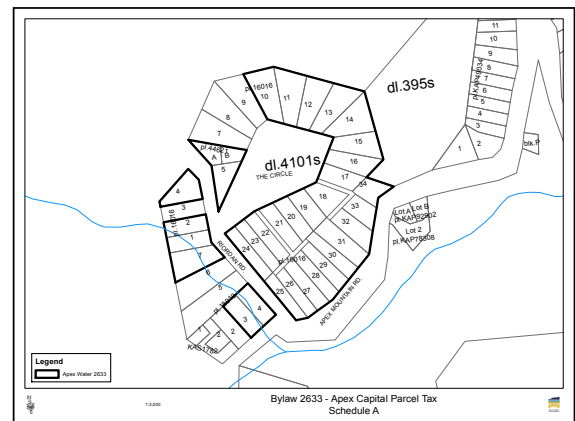
During the Official Community Plan processes, there was a desire from water purveyors to work together on common issues such as water supply, groundwater sustainability (aquifer capacity), monitoring, water conservation, infrastructure management and financing opportunities.

### Apex Circle Debt Financing

Apex Mountain Resort has a water utility that services the resort and surrounding development. A portion of that community, a 33-lot area known as Apex Circle, had its own water system built in the 1960s but joined the larger Apex utility in 2013. At that time significant upgrades were needed to connect the two systems, and borrowing

was required. The RDOS used the already established local area service area to borrow funds on behalf of the subdivision in order to facilitate the connection. Payments will be made on the loan between 2014 and 2033 (unless the debt is retired earlier) through parcel taxes on the benefitting properties shown in Figure 1.

**Figure 1: Apex Circle Debt Service Area**



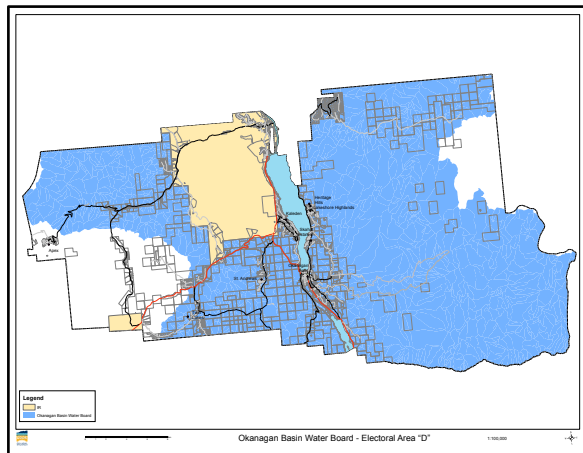
### Okanagan Basin Water Board

The RDOS is a partner in the Okanagan Basin Water Board. The OBWB was created in 1970 as a collaboration of the 3 Okanagan regional districts (North Okanagan, Central Okanagan and Okanagan-Similkameen) to provide a coordinated approach to water management and water issues that span the basin. The OBWB delivers programs and activities to promote sustainable water management, and to protect and enhance the quality of life and environment in the Okanagan Basin. OBWB promotes best water management practices by supplying science, information, grants and other incentives with a focus on projects and programs that benefit the Okanagan watershed as a whole. The Board’s 3 main programs are Water Management, Sewerage Facility grants and Eurasian Milfoil Control. The OBWB is not a

regulatory agency, and does not enact or enforce law, but it does have taxation authority.

The 3 Okanagan regional districts appoint 3 directors each, and the Board also includes representatives from the Okanagan Nation Alliance, the Water Supply Association of BC, and the Okanagan Water Stewardship Council. The Water Stewardship Council is a 28-member committee of experts and volunteers that provides technical advice to the OBWB. Within the RDOS, the areas in the Okanagan basin include the municipalities of Penticton, Summerland, Osoyoos and Oliver, as well as all of Area C, E, F, and parts of Areas A, D, G and H. Figure 2 shows the participating areas within Area “D.”

**Figure 2: OBWB Area “D” Service Area**



### ► Who makes decisions?

Decisions regarding the Apex Debt Financing Service, should changes be needed, would be made by the full Board of Directors, due to the fact that one electoral area director (i.e. the Area “D” director) cannot make decisions alone regarding a service where there is only one participating area.

Decisions regarding the operation of the OBWB and expenditure of their budget are made by the OBWB That Board includes 3 representatives from RDOS, and each board member has an equal vote on decisions (one director, one vote). On financial matters, only those representatives of the regional districts may vote. The Board also relies upon advice from the Watershed Stewardship Council. The OBWB does have taxation authority, and can

therefore determine, through approval by the OBWB, an appropriate budget and taxation rate to be recovered through the participating areas of each of the regional districts (RDNO, RDCO, RDOS). Operational procedures for the OBWB require unanimous approval by the 3 regional districts.

Decisions regarding water supply and distribution for each of the 15 individual water systems, including decisions regarding expansion, rates, operations and maintenance, are made by the improvement or irrigation district board of trustees, or by the private utilities that provide the service. Improvement and irrigation districts must follow provincial legislation (*Local Government Act*). Every improvement district is governed by a board of trustees elected by area property owners. The board of trustees makes resolutions, enacts bylaws, and assesses and collects taxes in accordance with legislation.

Private utilities are regulated through the Comptroller of Water Rights, under the *Water Utility Act* and the *Utilities Commission Act*. The Province’s Utility Regulation Section ensures that water systems are properly designed and constructed prior to the sale of lots and that utilities provide safe and adequate water service at rates that are fair, reasonable and sufficient to operate their water systems sustainably.

Both the improvement/irrigation districts and private utilities must also meet the requirements of the *Drinking Water Protection Act* as enforced by the Interior Health Authority. The Interior Health Authority requires 3 different permits to provide drinking water: Drinking Water Source Assessment, Construction Permits and Operating Permits.

### ► Who delivers the service?

As noted above, the RDOS does not operate or manage any of the water supply or distribution systems in Area “D.” Those services are delivered by 15 different private utilities, companies, and irrigation and improvement districts.

The Apex Debt Financing service involves only the collection of the parcel tax and debt payments, and does not involve any significant administration or service delivery by RDOS.

The OBWB service is delivered by OBWB staff. The Water Board has 7 staff, including an executive director, water stewardship director, operations and grants manager, communications director, and 3 milfoil control staff.

➤ **What is spent by RDOS on the service?**

In 2012 a loan authorization bylaw was passed to borrow up to \$250,000 to complete the water upgrades for the Apex Water service. The amount spent annually on the debt financing is shown in Figure 3. The amount is budgeted to remain steady in the upcoming 5 years.

The share of the OBWB budget that is apportioned to the RDOS (including the municipalities within the RDOS) is included in Figure 3. The total 2015 budget for the OBWB totalled \$3,467,216.

Service Component	Cost <sup>1</sup>
Apex Circle Debt Financing	\$5,983
Okanagan Basin Water Board <sup>2</sup>	\$739,716
<b>Total</b>	<b>\$745,699</b>

<sup>1</sup> Cost estimates are from adopted 2015 budget figures  
<sup>2</sup> This is the portion of the OBWB costs apportioned to the municipalities and electoral areas within the Basin that are part of RDOS. The overall budget and cost for the OBWB is much greater.

➤ **How are the costs recovered?**

**Apex Circle Debt Financing**

The debt payments for the Apex Circle water upgrades are recovered through a parcel tax of \$633 levied on the 33 properties within that development. At the outset of the parcel tax bylaw, residents also had the option of paying one single commuted payment of \$7,353 the end of 2013 instead of the annual parcel tax. Those who chose not to pay the lump sum will continue to pay the \$633 annual parcel tax until 2033 or the debt is retired. These costs are in addition to the cost of receiving drinking water, which are typically recovered through user fees paid to the water utility or improvement district.

**Okanagan Basin Water Board**

The properties within the Okanagan Water Basin (determined through the mapping of watersheds) pay toward the OBWB through property taxes on land and improvements. The OBWB also leverages senior government funding for its programs.

➤ **What is the cost to a typical residence?**

The cost of the Apex Circle Debt Financing service is a flat parcel tax of \$633 per residential parcel, but that tax only affects 33 properties in the Apex area.

Area “D” residents that are within the Okanagan Basin contribute property taxes to the OBWB programs and services. A residence assessed at \$325,000 in Area “D” paid approximately \$16.35 toward the OBWB, as shown in Figure 4. Those figures are in addition to whatever costs each resident has for water service (i.e. drinking water).

Service	Tax Req. <sup>1</sup>	Res. Rate	Owing <sup>2</sup>
OK Circle Debt	n/a	n/a	\$633.00
OBWB <sup>3</sup>	\$722,880	0.0503	\$16.35
<b>Total</b>			<b>\$16.35</b>

<sup>1</sup> Tax requisition amount excludes 5.25% Surveyor of Taxes fee  
<sup>2</sup> Impact is calculated on a home assessed at \$325,000  
<sup>3</sup> OBWB tax requisition amount does not include the PIB contribution