

2011 ANNUAL REPORT



Providing Leadership in Changing Times

PROVIDING LEADERSHIP IN CHANGING TIMES

The Okanagan Basin Water Board was instituted in 1968 to provide leadership on valley-wide water issues. More than 40 years later, the OBWB staff and Board of Directors strive to provide leadership during changing times—changes in demographics and climate, changes in the population size and character of our cities and rural areas, changes in economic and political factors. In the face of these changes, what can we do to make water secure and sustainable? What should a well-run watershed look like? The vision of the Okanagan Basin Water Board is to have a sustainable water system meeting the needs of residents and agriculture while fully supporting wildlife and natural areas—now and in the future.

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Photo by Dan Millar



MESSAGE FROM THE CHAIR

When the OBWB was set up in the 1970s, the biggest problem in the valley was nutrient loading in the lakes—raw sewage leading to foul-smelling algae blooms. We’ve come a long way since then, but even though the lakes are cleaner, they are more sensitive than ever to pollution. As communities grow, and the number of visitors increases, we have to keep improving our systems for water treatment—valley-wide. There’s no room for resting on our past successes, no room for repeating mistakes with poor wastewater management, and we need to keep moving toward better practices. A B.C.-wide poll last year showed that more than 90% of residents ranked water quality as a top priority for the province, and the response in our local poll was even higher.

With this thought in mind, I’m particularly happy about several of the OBWB initiatives this past year. Now that most of the sewage problems are under control, the next biggest pollution control issue is stormwater. The OBWB hosted a Rain to Resource workshop in October 2010, focusing on innovations in stormwater management, and invited not just the city engineers, but the planners and decision-makers as well. Making fundamental changes to how we manage runoff requires a full-scale effort with all the players involved. I’m also pleased to see the development of a soon-to-be released resource guide for homeowners: “Slow it, Spread it, Sink it,” which shows that the solutions can happen in everyone’s backyard.

Looking to next year, the OBWB plans to study and consult with local government partners about whether to expand its Sewage Facilities Grant Program to include “green infrastructure” stormwater projects. As well, our upcoming Okanagan Lake Water Science Forum, September 18 to 20, 2011 will highlight both water quality problems and solutions.

Yours in water protection,

Stu



MESSAGE FROM THE EXECUTIVE DIRECTOR

The theme of this report is “leadership in changing times.” One of the ways the OBWB has best been able to deliver leadership in the face of change is by providing a stable organization—a port in a storm—with consistent vision, focus and mandate. By holding steady, we’ve been able to secure partnerships and funding opportunities that benefit the valley as a whole, deliver valley-wide services and grant programs, and complete several key projects to inform future water decision-making.

An additional outcome of steady leadership is that the OBWB has established a place for our partners—local, provincial, and national—to share information and resources, to try out different research and governance approaches, and to get a better understanding about the needs of water-stressed communities in B.C. and Canada. As a result, the Okanagan has become a centre for water science and policy research in Western Canada. This year, three research groups came to study the Okanagan approach to water resource management and climate change adaptation: the National Roundtable for Environment and the Economy’s study on collaborative watershed governance, Simon Fraser University’s study on water security and adaptation to climate change, and Agriculture Canada’s study on agriculture’s participation in integrated water resource management. Each team highlighted the strength of collaboration in the Okanagan, community participation and the excellent communication between jurisdictions and water use sectors.

There are many initiatives that deserve to be highlighted, and their stories are shared in this annual report. One that most exemplifies the Okanagan community’s commitment to water resource management is the partnership formed between UBC Okanagan, the OBWB, and the three Okanagan regional districts to support the establishment of a Water Sustainability Research chair at the university—using a very generous grant of public funds to match funds from the Province of B.C., the BC Real Estate Foundation, and other partners to establish an endowment.

Anna

ORGANIZATIONAL OVERVIEW

2010-11 Board of Directors

Chair: Stu Wells, RDOS, Mayor, Town of Osoyoos
Vice-Chair: Rick Fairbairn, RDNO, Director, RDNO Area 'D'
Buffy Baumbrough, RDNO, Councillor, City of Vernon
Doug Dirk, RDNO, Councillor, District of Coldstream
James Baker, RDCO, Mayor, District of Lake Country
Doug Findlater, RDCO, Mayor, District of West Kelowna
Graeme James, RDCO, Councillor, City of Kelowna
Michael Brydon, RDOS, Director, RDOS Electoral 'F'
Gordon Clark, RDOS, Director, District of Summerland
Bernard Bauer, Chair, Water Stewardship Council
Toby Pike, Chair, Water Supply Association of B.C.
Gwen Bridge, Okanagan Nation Alliance



Outgoing Directors

Gyula Kiss, RDNO, Councillor, City of Vernon
George Saddleman, Chief, Upper Nicola Indian Band

2010-2011 Staff

Office Staff

Anna Warwick Sears, Executive Director
Nelson Jatel, Water Stewardship Director
Corinne Jackson, Communications and Research Coordinator
Genevieve Dunbar, Office and Grants Administrator
Melissa Tesche, Interim Office and Grants Administrator

Office Staff

Ian Horner, Milfoil Control Supervisor
Pat Field, Milfoil Control Operator
Gordon Greer, Milfoil Control Operator



OBWB Office Staff 2010- 11
(L to R: Genevieve Dunbar, Anna Warwick Sears,
Nelson Jatel, Corinne Jackson, Melissa Tesche.)



OBWB Milfoil Crew 2010 -11
(L to R: Gord Greer, Pat Field, Ian
Horner.)

GOVERNANCE

Water governance is the process by which water decisions are made. It includes public and stakeholder input, the information that feeds each decision, how decisions are made, and how decision-makers are held accountable. In the Okanagan, decision making is shared among all levels of government. In the past few years, senior governments have shifted decision-making closer to the point of actual water use—giving more responsibility to local governments and water purveyors.

The OBWB takes part in governance by: speaking for the joint long-term water needs of the valley as a whole—bridging jurisdictions; providing the best available water data and information; and increasing communication among decision-makers and stakeholder groups. The OBWB also has a specific advocacy role, communicating Okanagan water concerns to the province and federal government. Since OBWB is structured as a collaborative partnership, with a channel for direct stakeholder advice, conflicts can be defused before they become significant.

One example of using water science to support decision making is the recent moratorium on the sale of leased lots on Okanagan drinking water reservoirs. The Province of B.C. had placed a temporary hold on sales, responding to the urgent advice of local governments, but needed better evidence on the importance of the reservoirs. The OBWB's Water Supply and Demand Project showed that, with population growth and climate change, the valley will be increasingly dependent on upper-elevation water storage, and thus it is essential to protect reservoir capacity and water quality.

The OBWB has been actively participating in the Water Act Modernization process this year, submitting recommendations, and sitting on the province's Technical Advisory Committee. The OBWB is seen as a successful model for water governance in B.C., and we also contributed time this year to helping neighbouring communities understand how they might structure a water board of their own



Photo by Dan Millar

REPORT ON SERVICES

The Okanagan Basin Water Board provides leadership in changing times through work in three principle programs:

THE WATER MANAGEMENT PROGRAM:

- Water Conservation and Quality Improvement Grant Program
- Water Stewardship Council
- Water Science
- Communication and Outreach

THE SEWAGE FACILITIES ASSISTANCE GRANT PROGRAM

THE EURASIAN WATERMILFOIL CONTROL PROGRAM

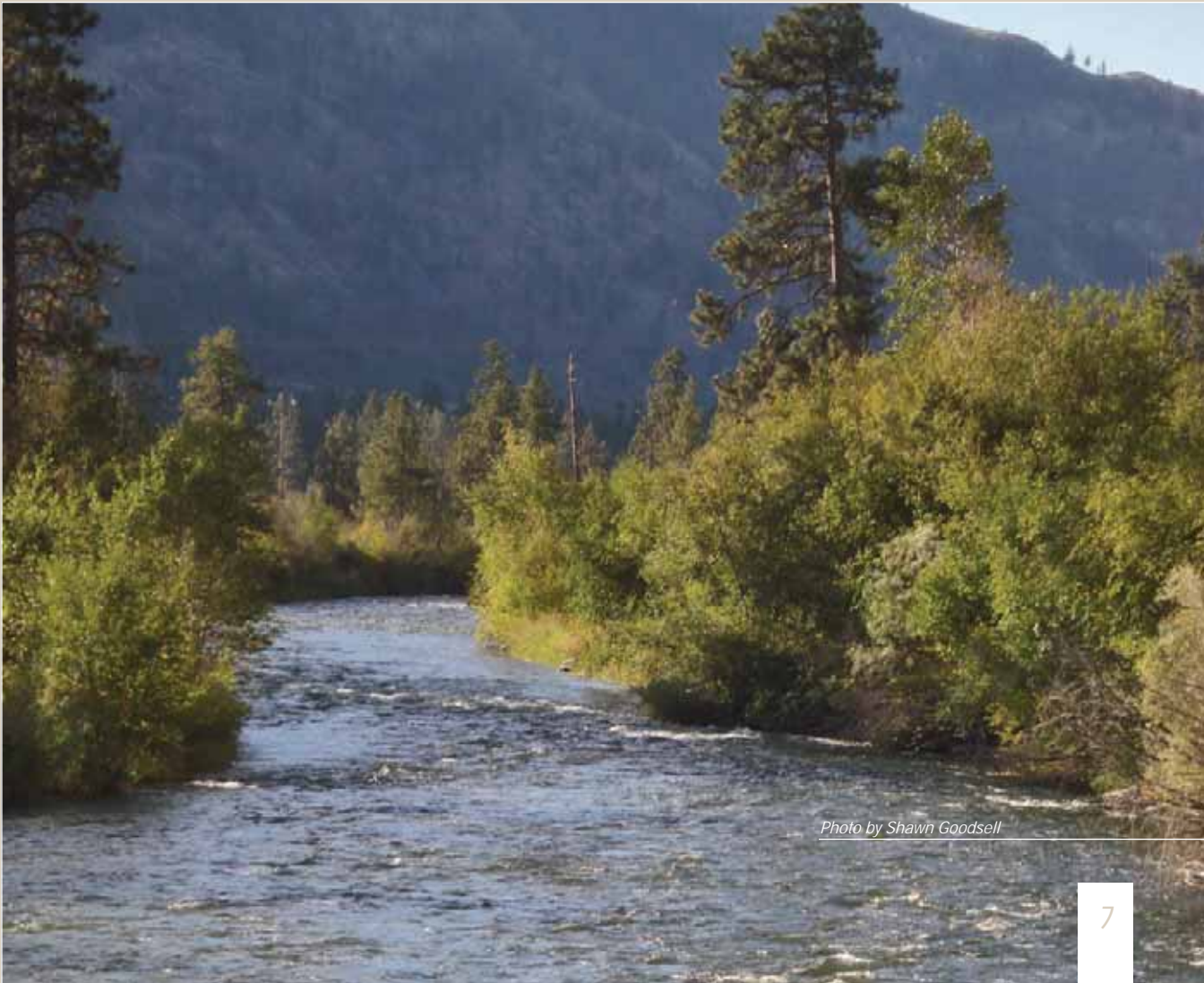


Photo by Shawn Goodsell

WATER MANAGEMENT PROGRAM



With the help of a WCQI grant, RDOS erected a fence to keep cattle out of Hart's Pond. When full, the pond can directly discharge into Okanagan Lake. Without fencing to keep cattle out, it could pose high bacterial risks to downstream water users.

Water Conservation and Quality Improvement Grant Program

The WCQI grant program is available to local governments, irrigation districts, and NGOs, expanding their capacity for projects that reduce water use and improve water quality. Based on OBWB's "One Valley, One Water" philosophy, projects are selected for their ability to provide valley-wide benefit, whether through direct improvements to quantity or quality, or by best management practices that are shared with other communities. Collaboration is encouraged with all projects, and OBWB grants funds often act as seed money to leverage other external funding.

The 2010-11 funding cycle was very competitive and over-subscribed, and grant requests more than doubled the available \$300,000. Grants were awarded to 19 projects throughout the valley, with a combined total budget of \$1.06 million. Projects were varied in scope, ranging from an innovative silvopasture pilot project, to mapping and data collection for Osoyoos Lake and unmapped Summerland streams, to education and outreach projects in Vernon and Kelowna.

"The District of Summerland has taken advantage of funding opportunities for three successful projects, including this stream assessment project. In all cases the process has been straightforward and clear for staff and partner agencies. Staff hope that this funding program only continues to grow and provide important opportunities to improve water management in municipalities such as Summerland."

- Ian McIntosh, District of Summerland.

WCQI Projects in the Spotlight

Regional District of Central Okanagan - Silvopasture Pilot Project

Community watersheds in the Okanagan are multiple-use areas prone to conflicts between stakeholder groups. RDCO is piloting a new project that looks to build collaboration, benefiting watershed protection. Silvopasture integrates livestock, forage and timber production with conservation practices, and the OBWB grant funds are being directed at the riparian stewardship components of the pilot project. The project will test the effectiveness of silvopastures as a way to draw livestock away from riparian habitats. This innovative trial is a first in British Columbia, and RDCO is partnering with the B.C. Ministries of Agriculture and Forests, Lands, and Natural Resource Operations, District of Lake Country, local livestock producers and others to form a multi-stakeholder group that will oversee the project.



Rob Dinwoodie, Range Officer for the Okanagan-Shuswap District, reviews the area where GPS collars will be removed from cattle for the silvopasture project.

Okanagan Science Centre – Water, Water (Every) Where?

The Okanagan Science Centre has been inspiring and exciting young minds with their hands-on exhibits and dynamic programming since 1990. The OBWB was proud to award a 2011 WCQI grant to the centre for the development and delivery of water education programs, including the development of new interactive exhibits and summer camps. By collaborating with existing outreach programs and building on already developed materials, the Okanagan Science Centre is well-positioned to bring WaterWise messaging to the 30,000 visitors and 5,000 school children they see each year.



The Okanagan Science Centre encourages children and adults to appreciate the relevance and universality of science, and its application in the Okanagan.

Water Stewardship Council

"I am truly impressed with the collaborative nature of the council. There are many voices and opinions that are represented at the table during our meetings that I would otherwise be unaware of. I am sure that each representative, and the respective organizations that they represent, benefit significantly from participating on the council."

- Remi Allard, M.Eng, P.Eng; B.C. Ground Water Association

The Water Stewardship Council has enjoyed another successful year as the technical advisory group to the OBWB Board of Directors. The council is a diverse group of technical experts and water stakeholders, with representatives from 30 agencies from across the Okanagan. Meeting each month in the Central Okanagan, they provide independent advice to the OBWB Board of Directors by responding to technical questions posed by the board, exploring contemporary water issues in the Okanagan, and providing policy recommendations.

The WSC held a planning session in October 2010, and three main focus areas were identified:

- 1) groundwater management in the Okanagan;
- 2) basin-wide source protection strategy(s); and,
- 3) establishment of an agricultural water reserve.

Sub-committees of the Water Stewardship Council have been formed to explore each of the priority areas and are developing position papers to be vetted by the wider council, and eventually, the board. Look for the position papers in early 2012!



WSC meetings are held in round-table format, ensuring that all voices have an opportunity to be heard.

Guiding Principles of the Water Stewardship Council

- 1) Think regionally and long-term;**
- 2) Protect nature for the benefit of all;**
- 3) Anticipate change and plan accordingly;**
- 4) Balance multiple priorities; and,**
- 5) Communicate respectfully**

Water Stewardship Council – Progress Check

In 2008, the WSC produced a road map to water stewardship in the Okanagan Valley—the Okanagan Sustainable Water Strategy. The strategy identifies 45 action points that would guide improved water management in the Okanagan Valley—actions to be taken not just by the OBWB and WSC, but by the member organizations as well.

This year, the WSC completed a review of progress on the Okanagan Sustainable Water Strategy. Each action item was reviewed, with members reporting any progress by their organizations, and progress on each item was measured as excellent, good, fair, or no progress. Of the 45 recommended actions, 31 were found to have excellent or good progress.

EXCELLENT	GOOD	FAIR	NO PROGRESS
2-5 Bylaws and BMPs for Geothermal Energy	2-1 Managing Impacts of Livestock on Water	2-7 Stormwater Management Planning	2-11 Authorized Person under Sewerage System Regulation
2-9 Groundwater Protection Bylaws	2-2 Habitat Restoration	3-3 Irrigation Licensing	3-15 Storage Surcharge
2-10 Sewerage System Applications	2-3 Source Water Assessments	3-9 Regional Water Conservation Strategy	3-21 Regional Well/Borehole Database
2-12 Endocrine Disrupters in Wastewater Discharges	2-4 Well Protection Plans	3-16 Coordinated Water Storage	4-7 Funding Water Management
2-13 Mapping	2-6 Water in Community Design	3-17 Hydrometric and Climate Monitoring	
2-14 Online Reporting	2-8 Model Bylaws	3-18 Flow Recording	
3-5 Review of Water Licensing and Use	3-1 Water for Ecosystems	3-19 Evapotranspiration and Evaporation	
3-12 Pricing Assessment	3-2 Water for Agriculture	3-20 Groundwater Regulation and Monitoring	
4-1 Collaboration through Partnerships	3-4 Water for Domestic Use	4-6 Funding Water Governance	
4-3 Southern Interior Regional Drinking Water Team	3-6 Drought Management Planning		
4-4 Information Network	3-7 Water Use Planning		
4-5 Water Research	3-8 Water Management Plans		
4-8 Community Engagement	3-10 Outdoor Water Use		
4-9 Reporting Tools	3-11 Water Meters		
4-10 Continuous Improvement	3-13 Affordable Water for Agriculture		
	3-14 Planning for Water Storage		

Water Science

Okanagan Hydrologic Connectivity Study

Okanagan water's interconnectedness is reflected in the OBWB's motto of "One valley. One water." We understand that what happens to the water in Armstrong affects the water in Osoyoos, but for the first time, we are trying to quantify how downstream communities and water users might be affected by their upstream neighbours.

Together with Natural Resources Canada and B.C. Ministry of Environment, the OBWB has been working on a major hydrologic connectivity study. The project will provide a technical basis for establishing valley-wide drought plans. It uses the Water Supply and Demand modeling results to evaluate how water use by one community affects water availability downstream. It also analyzes water licence priority dates to determine water entitlements during droughts.

The pilot phase of the project is nearing completion, and the goal is to use this approach to inform new allocation decisions.



Water Science

Groundwater Monitoring Wells

Groundwater is the hidden resource of the Okanagan, and it would be easy to take an “out of sight, out of mind” approach to managing groundwater. But even though we can’t see it, groundwater is susceptible to the same changes as our surface water. Changes in demographics, land use, and climate can have devastating impacts on the groundwater supply if it not managed carefully. Good management requires good data. But a number of studies, including the OBWB’s own Water Supply and Demand Study, noted serious gaps in groundwater information.

The OBWB is working to fill those gaps in partnership with the B.C. Ministry of Environment, B.C. Ministry of Forests, Lands, and Natural Resource Operations, Agriculture and Agri-food Canada, Environment Canada, and several local governments. The partnership is aiming to install groundwater monitoring wells in 15 at-risk aquifers over a three-year period (2010-2013), providing water managers with much better information on which to base their decisions. Six monitoring wells were drilled in 2010-11 and another five are slated for the upcoming year.

This project would not be possible without the high degree of cooperation and collaboration between the project partners.



One of the new groundwater monitoring wells was drilled near Twin Lakes—one of many aquifers identified as sensitive.

Water Science

Rain to Resource

As land use and climate are changing, so is the way that we think about storm water. The old mentality of collect it and drain it is giving way to the new understanding that it is better to slow it, spread it, and sink it into the landscape.

In October 2010, the OBWB and B.C. Water and Waste Association co-hosted "From Rain to Resource," bringing together technical experts, engineers, planners, and policy-makers from across the province for a two-day workshop on storm water management. Low-impact development and innovative new techniques like bio-swales and green roofs were showcased as the way forward in changing times. Presenters shared challenges, success stories, and lessons learned in their departments and municipalities as they lead the way.



The Slow it. Spread it. Sink it! Homeowner's Guide will provide practical stormwater advice for Okanagan residents and highlight some Okanagan success stories in stormwater management.

Delegates hung on every word in the closing speech of keynote speaker Brock Dolman, director of the Occidental Arts and Ecology Center's WATER Institute and Permaculture Program, based in California. In his fast-paced, highly entertaining talk, Mr. Dolman restated the need for a shift in thinking, quipping we need to move from "drainage to retain-age, and run-off to run-on."

The presentations have been summarized in the workshop report, available on the OBWB website. Additionally, the OBWB has been given permission to put an Okanagan spin on a California publication on rainwater management for homeowners. Look for the Slow it. Spread it. Sink it! Homeowner's Guide to be published in late 2011!



The tradeshow, held in tandem with the conference, highlighted cutting-edge technologies and innovative solutions in stormwater management.

Communication and Outreach

The Okanagan Basin Water Board, its Board of Directors and Water Stewardship Council, understand the significance of communications and outreach. It is seen as integral to helping people understand the work of the agency, but also encouraging their participation in ensuring a healthy, sustainable water supply for valley residents, now and in the future.

In an effort to bridge the work of the Water Board with its constituents, communications at the OBWB has taken on a number of forms. These include:

- the Annual General Meeting and the release of its Annual Report (available at http://www.obwb.ca/annual_reports/),
- monthly board meetings and the monthly Board Report (also available at http://www.obwb.ca/obwb_minutes/),
- presentations to local and senior government,
- creation of water policy and legislation,
- stakeholder outreach, and
- public outreach.

Public outreach has included numerous projects, such as providing articles in local water utility newsletters, the recycling calendars for the North and Central Okanagan regional districts, and the continued development of the OBWB's own website (www.obwb.ca), and its public outreach initiative Okanagan WaterWise (www.okwaterwise.ca). WaterWise also has a presence on Facebook (www.facebook.com/OkWaterWise?sk=wall) and Twitter (twitter.com/#!/OkWaterWise). These popular social media sites have been important vehicles in sharing WaterWise and OBWB messages, informing and engaging the public on water issues, and attracting an ever-increasing number of followers.

As part of its public outreach, the OBWB has delivered presentations to several of groups, including the North Okanagan Naturalists Club (Vernon), the Mayor's Environmental Expo (Kelowna), Osoyoos Lake Water Quality Society, the BC Water Supply Association, Okanagan Golf Course Superintendents, and many more.



Hundreds of students learned about saving water in their home while visiting the OBWB's WaterWise tent at the 2010 Mayor's Expo in Kelowna.



Over 300 Okanagan residents logged on to complete the WaterWise survey.

Another example of public outreach was the OBWB’s involvement in various public events, such as World Water Week in March 2010. As part of the week-long celebration, the Water Board hosted a successful public discussion on local water issues, and held its first Okanagan WaterWise Challenge – an online contest for kids, encouraging them to learn more about Okanagan water. The contest was such a success, with more than 300 participants, that the BC Water and Waste Association is now looking to hold a similar event.

An important component of any outreach is the ability to engage the media to help cover and share your story. The Water Board is very thankful for the interest shown by local media in water issues, recognizing the importance of sharing our work with the public. Between April 1, 2010 and March 31, 2011, the OBWB issued 15 news releases and held five news conferences. During that period, the Water Board documented 172 news stories. This is up more than two times from the previous year when there were 80 news stories documented.



Dr. Anna Warwick Sears briefs the media on the importance of the newly-launched Streamlined Water Use Reporting Tool.

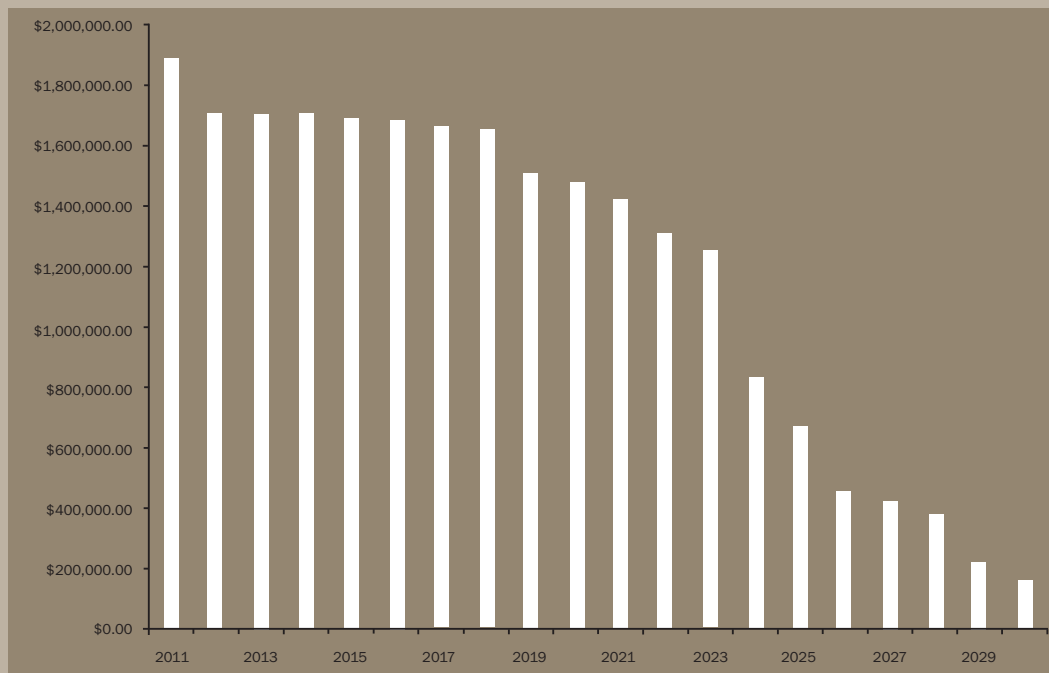
SEWAGE FACILITIES GRANT PROGRAM

As the oldest of the OBWB programs, the Sewage Facilities Assistance grant program has made huge strides in reducing the nutrient pollution in Okanagan lakes by funding treatment plant upgrades and the conversion of old properties from septic to sewer.

With the program largely unchanged since its beginnings in the 1970s, 2010-11 was a big year as staff completed a total audit of each communities existing grants—working with financial staff in each of the municipalities to project funding commitments over the next 20 years. Each grant is paid over a 20 year period. Feedback from financial staff indicated that the Terms of Reference and administrative requirements were outdated and unnecessarily complicated. In response, staff streamlined administrative procedures and OBWB changed the Terms of Reference to simplify the program while ensuring consistency and equality for each of our grant recipients. Ultimately, the goal is to make it easier for communities to access the program and to reduce information lost during the inevitable staff changeovers that occur during the life of a grant. A summary of the administrative changes, new procedures, and updated Terms of Reference are being compiled into a local government user's guide—communities can look for the guide by the end of the year.

OBWB staff and directors are now looking ahead to the future role of the SFA grant program, exploring the possibility of extending the program to help finance storm water infrastructure improvements.

Total SFA Grant Commitments to 2030



EURASIAN WATERMILFOIL CONTROL PROGRAM

While the big blue and red machines are a familiar sight on Okanagan lakes, the Eurasian Watermilfoil Control Program is no stranger to change. Climate variability has long played havoc on work schedules, freezing operators out of the lakes in the winter, or blowing the paddle-wheeled machines off the water in summer. Climate change is bringing new challenges—increased spring precipitation means higher runoffs, delivering nutrients that act as milfoil fertilizer. Osoyoos Lake saw all these challenges collide in 2010, resulting in a bumper milfoil crop. The OBWB responded quickly, bringing on an additional relief staff member to keep the machines running seven days a week.

As we better understand our lake ecosystems, we continue to adapt and improve our best management practices to protect them. The program entered the digital age this year, as we began converting our mapping and work-planning system to Geographic Information System (GIS). This conversion allows us to better collaborate with B.C. Ministry of Environment and Fisheries and Oceans Canada to protect fish and their habitat—especially species at risk. A new endangered species has been identified in the Okanagan lakes system. The Rocky Mountain Ridged Mussel is a clam-like organism that lives in the muddy bottoms of our lakes and streams. Found nowhere else in Canada, the mussel and its habitat now require protection—OBWB staff are working with senior government to meet the needs of protected species while keeping the lakes clean for enjoyment by residents and tourists alike.



The milfoil control crew has nearly 90 years of combined service and a commitment to keeping the lakes clean.



Harvested weeds are collected and dumped on the beach to be hauled away to local farms for compost.

LOOKING FORWARD

In the coming year, the OBWB will be embarking on a range of new projects and partnerships. Many are “next steps,” putting ideas and recommendations into action. One example of this is the Lake Evaporation Study, led by Environment Canada. The OBWB and our partners in the Water Supply and Demand Project targeted lake evaporation as the most critical gap in our water knowledge for the valley. In July, Environment Canada installed three buoys and two land-based stations along Okanagan Lake, to do careful measurements of temperature, humidity, wind-speed and all the other factors that influence how much water evaporates off the surface of the lake. Other action-oriented projects include expanding systems for stream flow monitoring, and building on the Okanagan WaterWise education and outreach program.

OBWB staff and directors are gearing up for the 2011 Osoyoos Lake Water Science Forum, a truly unique international conference focused on the health and future planning of Osoyoos Lake. The forum is co-sponsored by the International Joint Commission and the Osoyoos Lake Board of Control. We will review the current state of science for Osoyoos Lake, including a number of studies that will inform the 2013 renewal of operating orders for the lake. The public will have many opportunities to engage with scientists, ask questions, and provide comments.

Another big step forward will be to move from getting the background science on water shortages, to putting agreements in place for coordinated drought plans among communities. This is a process that could take well into the next year, but the goal is to have plans in place to reduce conflicts before they occur. In all our work, we are seeking out new ways to provide fresh information and practical, on-the-ground projects to help local governments in the Okanagan move toward a more sustainable water system.



Photo by William Arndt

FINANCIAL HIGHLIGHTS

The OBWB's financial structure was designed to promote the sharing of resources and move water initiatives forward. The OBWB receives funding from senior government agencies, manages finances for collaborative water initiatives, and disburses grant funds for local water quality and conservation projects. Local dollars leverage funding opportunities from other sources, and build the Okanagan's capacity.

A Year of Activity

In 2010-11, the OBWB audited and updated our Sewage Facilities Program, streamlining the application requirements, and distributing almost \$2 million in grants. These funds allow Okanagan local governments to leverage federal infrastructure dollars, leading to cleaner water in valley lakes. The board also awarded \$300,000 in local water conservation and quality improvement grants, matching funds from municipalities and private funders.

One of the most innovative financial events was the unanimous approval, by all three Okanagan regional districts, to support a Water Research Chair at UBC Okanagan. The regional districts approved \$500,000 over five years, to trigger more than \$1.5 million in funds from the province's Leading Edge Environmental Fund and the BC Real Estate Foundation. The local funds flow through the OBWB, and we are also helping to establish a local advisory board to set priorities for the research chair.

As in prior years, the OBWB received a number of sizable contributions from senior government agencies for water initiatives – totalling more than \$675,000. Grants and in-kind contributions for the current and upcoming year will support groundwater monitoring, training for the Streamlined Water Use Reporting Tool, development of policy guides and toolkits; support for the Osoyoos Lake Water Science Forum, and the 3-year Lake Evaporation Study by Environment Canada.

FINANCIAL HIGHLIGHTS FOR 2010-11

	2010-11	2009-10
Revenues (thousands)		
Levies from member regional districts ^{NOTE 1}		
North Okanagan	694	667
Central Okanagan	2,092	2,004
Okanagan-Similkameen	773	753
Government grants and contracts	675	821
Non-government grants and contracts	3	3
Interest income	37	16
TOTAL	4,289	4,264
Expenses (thousands) ^{NOTE 2}		
Sewage Facilities	1,861	1,792
Aquatic weed control	575	521
Water management	1,244	972
Water Supply & Demand Project	328	633
TOTAL	4,008	3,919
Assets (thousands)		
Current assets (cash and accounts receivable)	3,155	3,069
Property, plant and equipment	261	247
TOTAL	3,416	3,316
Liabilities and Surplus (thousands)		
Current liabilities	956	1,121
Accumulated surplus (end of year) ^{NOTE 3}	2,473	2,194
TOTAL	3,429	3,315

NOTE 1. Each Okanagan Valley property owner contributed at the same rate of approximately \$6.00/\$100,000 assessment in 2009-10.

NOTE 2. All programs were within planned budgets.

NOTE 3. A number of OBWB projects are multi-year commitments for which funds are accumulated and disbursed. (See p. 24 [p. 4 of audited Financial Statements])



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Independent Auditors' Report

To the Chairperson and Directors of the Okanagan Basin Water Board

We have audited the accompanying financial statements of the Okanagan Basin Water Board, which comprise the statement of financial position as at March 31, 2011, and the statements of financial activities, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to management's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Okanagan Basin Water Board as at March 31, 2011, and its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

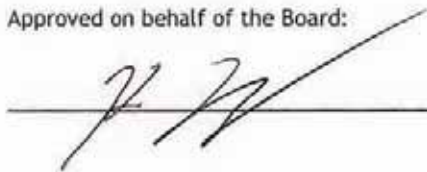
Chartered Accountants

Kelowna, British Columbia
June 7, 2011

**Okanagan Basin Water Board
Statement of Financial Position**

March 31	2011	2010
Assets		
Cash (Note 1)	\$ 2,975,922	\$ 3,023,653
Accounts receivable	179,060	45,149
	3,154,982	3,068,802
Liabilities		
Accounts payable and accrued liabilities	\$ 558,397	\$ 292,997
Grants payable (Note 7)	397,813	828,449
	956,210	1,121,446
Net Financial Assets	2,198,772	1,947,356
Non-financial Assets		
Prepaid expenses	13,023	-
Tangible capital assets (Note 11)	260,825	246,927
	273,848	246,927
Accumulated Surplus (Note 2)	\$ 2,472,620	\$ 2,194,283

Approved on behalf of the Board:



Chief Financial Officer

**Okanagan Basin Water Board
Statement of Operations and Accumulated Surplus**

For the year ended March 31	2011	2011	2010
	Actual	Budget	Actual
Revenue (Note 10)			
Levies from member Regional Districts (Note 3)	\$ 3,559,799	\$ 3,559,800	\$ 3,424,301
Grants	675,354	259,384	821,018
Interest	37,022	55,000	16,265
Other income	15,710	-	2,674
	<u>4,287,885</u>	<u>3,874,184</u>	<u>4,264,258</u>
Expenses (Note 10)			
Sewerage facilities	1,861,231	2,293,074	1,792,337
Water management	1,244,432	935,500	972,177
Water supply and demand	327,914	433,584	632,611
Aquatic weed control	575,971	509,300	521,873
	<u>4,009,548</u>	<u>4,171,458</u>	<u>3,918,998</u>
Annual Surplus (deficit) (Note 9)	278,337	(297,274)	345,260
Accumulated Surplus, beginning of year	2,194,283	2,194,283	1,849,023
Accumulated Surplus, end of year	\$ 2,472,620	\$ 1,897,009	\$ 2,194,283

**Okanagan Basin Water Board
Statement of Cash Flows**

For the year ended March 31	2011	2010
Operating Activities		
Annual surplus	\$ 278,337	\$ 345,260
Non-cash charges to operations:		
Amortization	39,289	34,952
	<u>317,626</u>	380,212
Increase (decrease) in accounts receivable	(133,912)	28,697
Decrease (increase) in accounts payable and accrued liabilities	(165,235)	438,112
Increase in prepaid expenses	(13,023)	-
	<u>5,456</u>	847,021
Capital Activities		
Acquisition of tangible capital assets	(53,187)	(17,258)
Increase (decrease) in cash during the year	(47,731)	829,763
Cash, beginning of year	<u>3,023,653</u>	2,193,890
Cash, end of year	<u>\$ 2,975,922</u>	<u>\$ 3,023,653</u>

Okanagan Basin Water Board
Statement of Change in Net Financial Assets

For the year ended March 31	2011	2010
Annual surplus	\$ 278,337	\$ 345,260
Acquisition of tangible capital assets	(53,187)	(17,258)
Amortization of tangible capital assets	39,289	34,952
Change in prepaid expenses	(13,023)	-
Net change in net financial assets	251,416	362,954
Net financial assets, beginning of year	1,947,356	1,584,402
Net financial assets, end of year	\$ 2,198,772	\$ 1,947,356

Okanagan Basin Water Board Summary of Significant Accounting Policies

March 31, 2011

Nature of Business	The Okanagan Basin Water Board ("The Board") is established under Section 138 of the Municipalities Enabling and Validating Act (Province of British Columbia) and administers and operates the aquatic weed control program and the sewerage facilities assistance fund as an agent of the three participating regional districts. The participating regional districts are: Regional District of Central Okanagan (R.D.C.O.); Regional District of Okanagan-Similkameen (R.D.O.S.); and Regional District of North Okanagan (R.D.N.O.).
Basis of Presentation	These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).
Use of Estimates	The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Financial Instruments	Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.
Tangible Capital Assets Assets	Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	25 years
Equipment	10 years
Vehicles	7 years
Office Furniture & Equipment	10 years
Computers	4 years

**Okanagan Basin Water Board
Summary of Significant Accounting Policies**

March 31, 2011

Revenue Recognition

The levies from member Regional Districts are recognized when the levies for the fiscal year are approved by the Board and invoiced to the members.

Grant revenues are recognized in the period in which they are receivable.

Okanagan Basin Water Board
Notes to Financial Statements

March 31, 2011

1. Cash

The Water Board's bank account is held at one financial institution. The bank account earns interest at prime minus 1.8%.

2. Accumulated Surplus

The Board maintains a reserve for future expenditures. Canadian Generally Accepted Accounting Principles require that non-statutory reserves be included with the operating surplus. The reserve and change therein included in the operating surplus is as follows:

	2011	2010
Aquatic Weed Control Equipment Reserve		
Balance, beginning of year	\$ 251,414	244,581
Transfer (2011 Net Surplus)	(54,302)	(10,861)
Acquisition of tangible capital assets	(23,275)	(17,258)
Amortization	39,289	34,952
Balance, end of year	<u>213,126</u>	<u>251,414</u>
Invested in Tangible Capital Assets		
Balance, beginning of year	246,927	264,621
Acquisition of assets	53,187	17,258
Amortization	(39,289)	(34,952)
Balance, end of year	<u>260,825</u>	<u>246,927</u>
Sewerage Facilities Assistance Reserve Fund		
Balance, beginning of year	1,221,769	993,212
Transfer (2011 Net surplus)	263,631	228,557
Balance, end of year	<u>1,485,400</u>	<u>1,221,769</u>
Water Management Accumulated Surplus		
Balance, beginning of year	419,482	305,266
Transfer (2011 Net Surplus)	(23,040)	114,216
Acquisition of tangible capital assets	(29,912)	-
Balance, end of year (Note 10)	<u>366,530</u>	<u>419,482</u>
Water Supply & Demand Accumulated Surplus		
Balance, beginning of year	54,691	41,343
Transfer (2011 Net Surplus)	92,048	13,348
Balance, end of year (Note 10)	<u>146,739</u>	<u>54,691</u>
	<u>\$ 2,472,620</u>	<u>\$ 2,194,283</u>

**Okanagan Basin Water Board
Notes to Financial Statements**

March 31, 2011

3. Levies from Member Regional Districts

	2011	2011	2010
	Actual	Budget	Actual
North Okanagan	\$ 694,130	\$ 694,130	\$ 667,457
Central Okanagan	2,092,553	2,092,554	2,004,075
Okanagan Similkameen	773,116	773,116	752,769
	\$ 3,559,799	\$ 3,559,800	\$ 3,424,301

4. Sewerage Facility Grants to Member Local Governments

	2011	2010
City of Armstrong	\$ 114,886	\$ 114,886
District of Coldstream	17,370	19,446
City of Kelowna	404,091	439,054
District of Lake Country	275,295	275,296
Town of Oliver	59,670	59,670
Town of Osoyoos	19,099	19,099
District of Peachland	118,805	223,905
City of Penticton	206,922	112,945
Regional District of Central Okanagan	9,145	13,459
Regional District of North Okanagan	4,679	4,679
District of Summerland	401,715	399,019
City of Vernon	125,912	145,183
Westbank First Nation	49,128	49,776
District of West Kelowna	85,736	85,736
Reverted grants	(46,220)	(184,816)
	\$ 1,846,233	\$ 1,777,337

Okanagan Basin Water Board Notes to Financial Statements

March 31, 2011

5. Commitments

The Board is currently in a ten-year lease agreement, which has eight years remaining, with the Regional District of North Okanagan for the lease of a land, on which the Board's building resides on. The agreement provides for an annual lease payment of \$12,800 for the first given years, and for the subsequent five years the lease amount will be indexed to the annual CPI for British Columbia. At the conclusion of the lease term, ownership of the Board's building will be transferred to the Regional District of North Okanagan. Future minimum lease payments over the next five years are as follows:

2012	\$	12,800
2013		12,800
2014		12,800
2015		12,800
2016		12,800

6. Pension Plan

The Board and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 157,000 active members and approximately 56,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the unfunded liability to individual employers. The Water Board paid \$ 30,914 (2010 - \$ 33,462) for employer contributions to the plan in fiscal 2011.

Okanagan Basin Water Board Notes to Financial Statements

March 31, 2011

7. Grants payable

The sewerage facilities grants program provides funds for municipalities to upgrade their waste water treatment system, the Board's grants provide partial funding for debt repayment on 20-year MFA notes. The process for the sewerage facilities grants program involves municipalities requesting an approximate grant amount early in their funding process, then verifying a final grant amount once municipalities have secured MFA notes and begin making payments. Once the grants are awarded, the Board will only issue the grants based on the proper documentation submitted by individual municipalities, such as formal invoice to the Board.

The Water Conservation and Quality Improvement grant program provides funds to Okanagan local governments, improvement districts, and NGOs to support innovative, tangible, on the ground, water initiatives. The program takes a collaborative approach to water management issues and promotes more uniform standards and best practices throughout the valley. Up to \$300,000 per year is made available for Okanagan projects, with individual grants ranging from \$3,000 to \$30,000. Grants will be expensed in the year of approval as per the budget.

8. Gas Tax Agreement

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the local government and the Union of BC Municipalities (UBCM). All UBCM funds received by the Board in fiscal year 2011 were from Gas Tax grants. Included in Grant income is \$68,584 (2010 - \$347,306) for work related to the Okanagan Water Supply and Demand Project. 100% of the funds the Board received were spent on projects. No funds were spent on administration. Grants were paid in arrears, and no interest was earned on unspent funds.

Okanagan Basin Water Board
Notes to Financial Statements

March 31, 2011

9. Budget Information

The budget adopted by the Board was not prepared on a basis consistent with that used to report actual results based on current Public Sector Accounting Standards ("PSAB"). The budget was prepared on a modified accrual basis while PSAB now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget adopted by the Board with adjustments as follows:

	<u>2011</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Less:	
Revenue from previous years reserve funds/surplus in revenues	(297,274)
	<u>-</u>
Budget surplus (deficit) per statement of operations	<u>\$ (297,274)</u>

Okanagan Basin Water Board Notes to Financial Statements

March 31, 2011

10. Segment Disclosure

Water Management

This initiative undertakes projects and programs that support water sustainability in the Okanagan. It supports the original mandate of the Board, providing leadership and coordinating water management activities in the interests of Okanagan citizens. The initiative includes the Water Conservation and Quality Improvement grant program, water education and outreach, advocacy to senior government for Okanagan water concerns, and establishing the science and monitoring systems required for informed decision making. Many of the projects are conducted as multi-year partnerships with other funding agencies, and operating surplus balances are specifically designated for project commitments through funding agreements with senior government, or targeted to planned projects in development. The Water Management Accumulated Surplus includes \$234,935 (2010 - \$239,035) for previously committed projects.

Water Supply and Demand

This project is a multi-year assessment of water availability in the Okanagan. It is a partnership between the Board, the BC Ministry of Environment, and nine other agencies and universities. The Board is the financial administrator and local lead for the project, receiving grants, holding funds, and issuing contracts. Operating surplus balances are committed to projects through funding agreements with senior government.

Aquatic Weed Control

This program controls the growth of Eurasian watermilfoil in the shallow waters around Okanagan beaches and boating areas. This is a year-round program managing weed growth with rototillers in the winter and harvesters in the summer. The goal of the program is to keep public areas clear of weeds, but when time allows operators and equipment will also do contract work on a cost-recovery basis.

Sewerage Facilities Assistance

This program reduces the discharge of polluted water to Okanagan lakes and streams by supporting upgrades of sewerage treatment plants and community sewers. Grants go to Okanagan municipalities as a local match for senior government infrastructure funding. It is one of the Board's longest-running programs, and has led to great improvements in water quality.

Okanagan Basin Water Board
Notes to Financial Statements

March 31, 2011

10. Continued - Segment Disclosures for the year ended March 31, 2011

	Water Management	Water Supply and Demand	Aquatic Weed Control	Sewerage Facilities	Consolidated
Revenues					
Levies (Note 3)	\$ 950,499	\$ -	\$ 509,300	\$ 2,100,000	\$ 3,559,799
Grant income	259,803	415,551	-	-	675,354
Interest income	6,135	2,458	3,567	24,862	37,022
Other income	4,955	1,953	8,802	-	15,710
	<u>1,221,392</u>	<u>419,962</u>	<u>521,669</u>	<u>2,124,862</u>	<u>4,287,885</u>
Expenses					
Assistance grants (Note 4)	300,180	-	-	1,846,231	2,146,411
Amortization	-	-	39,289	-	39,289
Contract services	459,003	350,757	2,657	-	812,417
Director's remuneration and expenses	12,711	-	12,296	-	25,007
Equipment costs	1,471	-	111,814	-	113,285
Insurance	1,144	-	23,064	-	24,208
Interest charge	42	-	-	-	42
Office	23,615	-	10,548	-	34,163
Outreach and publicity	17,371	993	880	-	19,244
Overhead allocation	-	-	(15,000)	15,000	-
Professional fees	40,401	-	38,618	-	79,019
Rental costs	9,047	-	21,527	-	30,574
Safety	285	-	3,902	-	4,187
Stewardship council expenses	17,977	-	-	-	17,977
Travel, conferences and meetings	21,962	6,164	1,199	-	29,325
Utilities, yard supplies and maintenance	-	-	12,973	-	12,973
Wages and benefits	309,223	-	312,204	-	621,427
Water management initiative	30,000	(30,000)	-	-	-
	<u>1,244,432</u>	<u>327,914</u>	<u>575,971</u>	<u>1,861,231</u>	<u>4,009,548</u>
Net revenue (expenses)	\$ (23,040)	\$ 92,048	\$ (54,302)	\$ 263,631	\$ 278,337

Okanagan Basin Water Board
Notes to Financial Statements

March 31, 2011

10. Continued - Segment Disclosures for the year ended March 31, 2010

	Water Management	Water Supply and Demand	Aquatic Weed Control	Sewerage Facilities	Consolidated
Revenues					
Levies	\$ 917,500	\$ -	\$ 506,800	\$ 2,000,001	\$ 3,424,301
Grant income	166,363	644,655	-	10,000	821,018
Interest income	2,530	1,304	1,538	10,893	16,265
Other income	-	-	2,674	-	2,674
	1,086,393	645,959	511,012	2,020,894	4,264,258
Expenses					
Assistance grants	351,770	-	-	1,777,337	2,129,107
Amortization	-	-	34,952	-	34,952
Contract services	121,594	751,404	-	-	872,998
Directors' remuneration and expenses	11,366	-	10,492	-	21,858
Equipment costs	403	-	109,911	-	110,314
Insurance	-	-	23,107	-	23,107
Interest Charge	444	-	170	-	614
Office	16,474	-	14,851	-	31,325
Outreach and publicity	30,240	2,170	1,244	-	33,654
Overhead allocation	-	-	(15,000)	15,000	-
Professional fees	26,189	-	25,840	-	52,029
Rental costs	7,656	-	20,456	-	28,112
Safety	310	-	1,496	-	1,806
Stewardship council expenses	8,719	-	-	-	8,719
Travel, conferences and meetings	13,365	1,037	1,138	-	15,540
Utilities, yard supplies and maintenance	-	-	5,579	-	5,579
Wages and benefits	261,647	-	287,637	-	549,284
Water management initiative	122,000	(122,000)	-	-	-
	972,177	632,611	521,873	1,792,337	3,918,998
Net revenue (expenses)	\$ 114,216	\$ 13,348	\$ (10,861)	\$ 228,557	\$ 345,260

Okanagan Basin Water Board
Notes to Financial Statements

For the year ended March 31, 2011

11. Tangible Capital Assets

Cost	Buildings		Equipment		Vehicles		Office Furniture & Equipment		Computers		2010 Total			
Balance, beginning of year	\$	118,352	\$	752,833	\$	128,653	\$	2,250		2,105	\$	1,004,193	\$	986,935
Additions		-		26,617		21,603		-		4,967		53,187		17,258
Dispositions		-		(23,219)		(23,219)		-		-		(23,219)		-
Balance, end of year		118,352		779,450		127,037		2,250		7,072		1,034,161		1,004,193
Accumulated amortization														
Balance, beginning of year		14,012		624,674		115,804		2,250		526		757,266		722,314
Additions		4,743		26,480		6,298		-		1,768		39,289		34,952
Dispositions		-		(23,219)		(23,219)		-		-		(23,219)		-
Balance, end of year		18,755		651,154		98,883		2,250		2,294		773,336		757,266
Net book value	\$	99,597	\$	128,296	\$	28,154	\$	-		4,778	\$	260,825	\$	246,927

Okanagan Basin Water Board
Notes to Financial Statements

For the years ended March 31, 2010

11. Continued - Tangible Capital Assets

	Buildings	Equipment	Vehicles	Office Furniture & Equipment	Computers	2010		2009	
						Total	Total	Total	Total
Cost									
Balance, beginning of year	\$ 118,352	\$ 737,680	\$ 128,653	\$ 2,250	\$ -	\$ 986,935	\$ 952,757		
Additions	-	15,153	-	-	2,105	17,258	34,178		
Balance, end of year	118,352	752,833	128,653	2,250	2,105	1,004,193	986,935		
Accumulated amortization									
Balance, beginning of year	9,278	598,194	112,592	2,250	-	722,314	689,404		
Additions	4,734	26,480	3,212	-	526	34,952	32,910		
Balance, end of year	14,012	624,674	115,804	2,250	526	757,266	722,314		
Net book value	\$ 104,340	\$ 128,159	\$ 12,849	\$ -	\$ 1,579	\$ 246,927	\$ 264,621		

**Okanagan Basin Water Board
Notes to Financial Statements**

March 31, 2011

12. Comparative Figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.



Photo by Dan Miller



Okanagan Basin
WATER BOARD