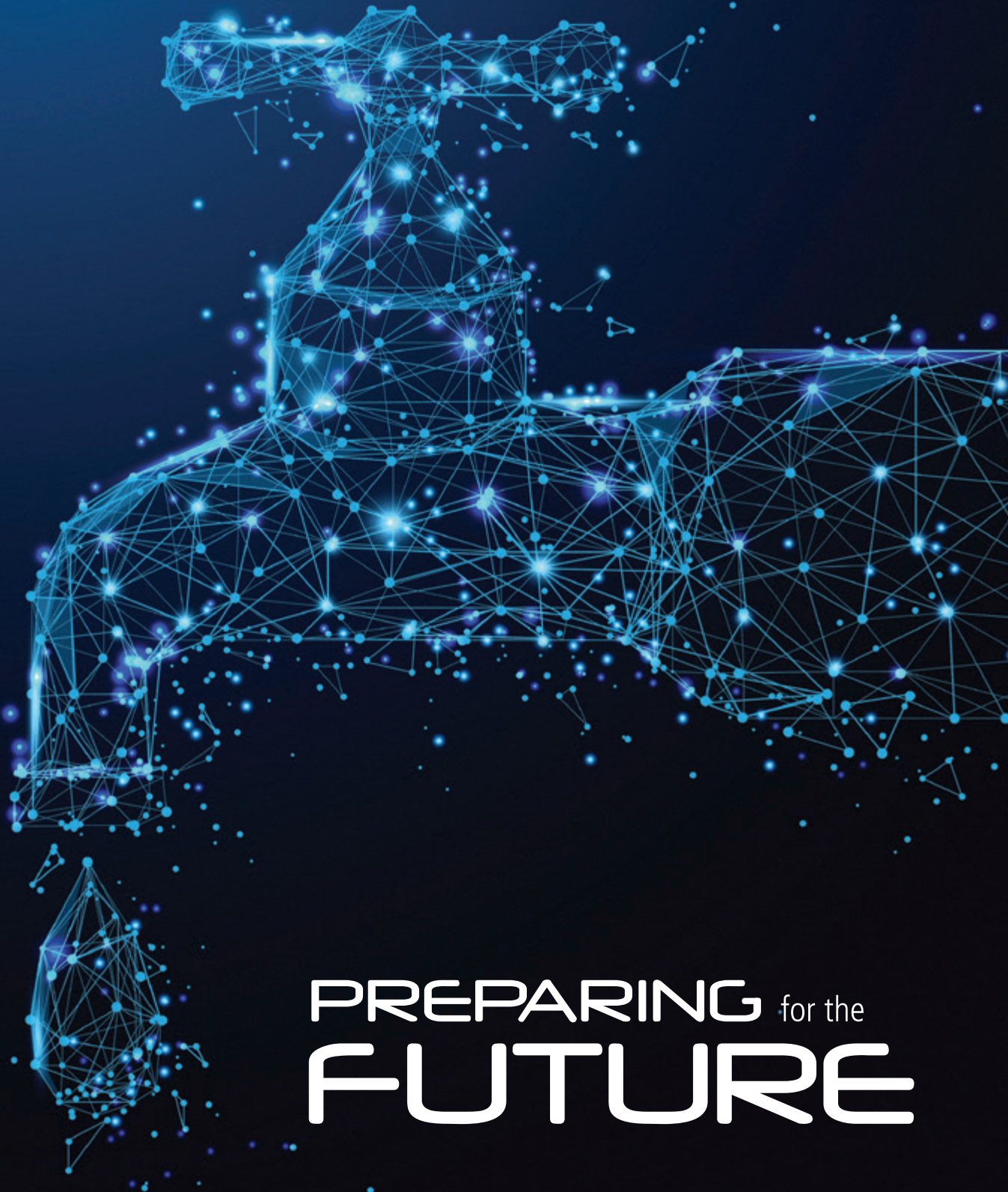




2018 annual
report



PREPARING for the
FUTURE



PREPARING for the FUTURE with OKANAGAN WATER

“Future-proofing” is a term for anticipating the future and determining how to minimize the effects of shocks and stresses, to preserve value for the distant future. Given the extreme weather of the last few years, and the ways we are being forced to change our plans, processes and infrastructure, future-proofing seems like a sensible way to think about Okanagan water management.

Here in the Okanagan, preparing for the future has to be a group effort, because many jurisdictions – local, First Nation, provincial and federal – contribute to the future solutions. In 2017, our massive lakeshore flooding highlighted some gaps in our preparedness – both in planning and response. It was also a great show of collaboration, with Emergency Operations Centres working together, and great support from provincial forestry crews. Lately, the focus has shifted to collaboration on plans and policies that will limit future flood damage.

Flood planning is only one way to prepare for the future. The Okanagan continues to be vulnerable to summer droughts. Widespread improvements to landscaping and irrigation systems will help future-proof the valley to dry conditions – in the best case, being set up for low water use so that shortages aren’t experienced as a problem. Preparing for future population growth means having excellent plans for where to best house new residents, and best supply them with water and other services.

The most powerful way to prepare for the future of our water – above and beyond having the best possible science, policy and planning – is to have strong relationships between all Okanagan communities, and all levels of government. The more we work in alignment, the more we share resources and ideas, the stronger and more resilient we will be to meet all the changes and continue to be the best place to live in B.C.

One of several Okanagan homes flooded in 2017
Photo credit: District of Lake Country

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Message from the Chair



This year was a great demonstration of “One Valley, One Water.” Although the spilling-over stream banks and lakeshores caused great damage to personal and public property, people showed the best of themselves. There was great mutual aid and support among communities, knowing that we all must work together to manage our most precious resource through times of flood and drought. One of the best ways to prepare for the future is to mitigate future harm to our watershed. These were two main areas the OBWB focused on this year.

First, while not on the front lines of flood response, through the leadership of our Executive Director, we were on the front line helping local governments secure significant grant funds for detailed flood plain mapping, collaborating with appropriate agencies to maximize the funding benefits and helping manage the awkward communications as we transitioned rapidly between flood to fires and drought. This will lead to conversations about preparing in the future for land use planning, foreshore protection, and flood mitigation works. Our Okanagan WaterWise program continues to resonate with local officials and residents about the importance of increased awareness for water issues and to support Okanagan residents to make positive changes in their own water habits.

Second, the OBWB continues to work tirelessly to spread the word on preventing invasive mussels – both through direct outreach to the public, and by encouraging the governments of Canada and British Columbia to make this a top priority. This year, Vice Chair Juliette Cunningham, Executive Director Anna Warwick Sears and I met with local federal MP Stephen Fuhr to follow up on our requests and meetings from the previous year. We advocated for federal contributions to match provincial funding for inspection stations and other detection and prevention resources. We continue to advocate for increased regulations, testing, detailed rapid response plans and preventative measures which will be much less costly, financially and to our quality of life, than an infestation in our watershed would be.

Our media partners have been very supportive getting the word out about the important water issues which affect all of us. We encourage valley residents, and visitors, to get informed about Okanagan water issues, and what they can do personally to ensure our water stays clean and abundant now and into the future.

Tracy Gray, Chair

Message from the Executive Director



It has been a wild weather year. Last spring's historic lake flooding gave way almost immediately to drought and wild fires. Autumn ended abruptly with a cold snap and heavy snow, which built up to 200% of normal snow pack. A wet spring and rapid melt caused stream flooding and washouts all over the valley. As I began preparing this annual report in early June, neighborhoods in the South Okanagan were still underwater, and provincial water managers are now anticipating a summer of critical low stream flows.

As a region, we have to change many of the ways we operate. We need back-up water systems or connections to borrow supply from our neighbours if a landslide or flood knocks out our own. We need to re-think the rules for development in floodplains, we need better systems for predicting the flows and levels of flood waters, and better systems for managing reservoirs that may have extra demands in long, hot summers. This is preparing for a more secure water future for the Okanagan. Many of these ideas were brought out and emphasized in the external reviews of the flood and fire response for 2017.¹ There will be more lessons learned from the floods of 2018.

The good news is that communities are taking action, and working together. They are developing better systems for information management during emergencies, and finding ways to use the information for proactive planning to avoid or mitigate problems in the future. They are collaborating, and sharing ideas and resources. The OBWB is here to support this work – bringing people together, communicating out, gathering data, improving the science that's needed by the decision makers. We can't change the weather, but we can work toward sustainable water quality and supply.

Anna Warwick Sears, Executive Director

¹ Abbott and Chapman (2018), "Addressing the New Normal: 21st Century Disaster Management in British Columbia," and Associated Environmental (2017), "Review of 2017 Flood Response: Okanagan Lake Regulation System and Nicola Dam."

Organizational Overview

The Okanagan Basin Water Board was formed as a collaboration of the three Okanagan regional districts to provide leadership on water issues that span the entire valley: sustainable water supplies, clean water for drinking, and healthy lakes and streams. The Board is a unique form of local government, established under provincial legislation with taxation authority to support its actions. The three Okanagan regional districts appoint three directors each, and the Board also includes one representative from the Okanagan Nation Alliance, one from the Water Supply Association of BC, and one from the Okanagan Water Stewardship Council.

BOARD OF DIRECTORS



Tracy Gray, Chair, RDCO,
Councillor, City of Kelowna



Juliette Cunningham, Vice-Chair,
RDNO, Councillor, City of Vernon



Doug Dirk, RDNO, Councillor,
District of Coldstream



Rick Fairbairn, RDNO,
Director, Electoral Area "D"



Doug Findlater, RDCO,
Mayor of West Kelowna



Cindy Fortin, RDCO,
Mayor of Peachland



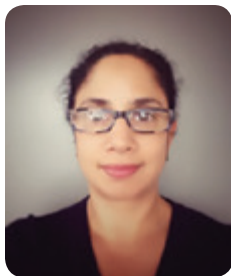
Peter Waterman, RDOS,
Mayor of Summerland



Ron Hovanes, RDOS,
Mayor of Oliver



Sue McKortoff, RDOS,
Mayor of Osoyoos



Lisa Wilson,
Okanagan Nation Alliance



Toby Pike,
Water Supply Association of B.C.



Brian Guy, Chair, Okanagan Water
Stewardship Council

STAFF



Anna Warwick Sears,
Executive Director



Nelson Jatel,
Water Stewardship Director



Corinne Jackson,
Communications Director



James Littley,
Operations & Grants Manager



Kellie Garcia,
Policy & Planning Specialist



Pat Field,
Milfoil Operator



David Hoogendoorn,
Milfoil Operator



Monique Stone,
Milfoil Operator



IAN HORNER, MILFOIL SUPERVISOR

A special thanks goes out to Ian Horner for his 33 years of service to the Okanagan Basin Water Board, plus his previous seven years of service as a milfoil control operator in the Okanagan with the Province of B.C. When Ian began, our machines were very rudimentary, not even providing a heated cab through winter conditions. Ian assisted in studies to determine the best methods of milfoil control, and gave advice on each new iteration of control techniques and machinery. Throughout his 40 years, Ian treated milfoil in every one of the major valley lakes, contributing to our healthy environment, and improving our tourism and recreational opportunities. He also trained several team members, and ended up as the supervisor for the program and the Water Board's longest serving employee in its 50-year history. Ian retired from the program on March 31, 2018.

REPORT ON SERVICES

The Okanagan Basin Water Board provides three core services: Water Management, Milfoil Control and Sewerage Facilities Assistance Grants. Work in each of these programs is summarized in the three corresponding sections of this Annual Report, followed by a section on Looking Forward, and finally, our financial statements for 2018.



Water Management Program

One of our core services is the Water Management Program which includes the Communications and Outreach program, the Water Stewardship Council, Water Conservation and Quality Improvement Grants, and OBWB's Science and Information projects.

Kelowna's Rotary Beach
flooded, Summer 2017



Communications and Outreach

OKANAGAN WATERWISE

OkWaterWise visited several
Okanagan classrooms in
2017 to talk water



As we prepare for the future, with a growing population and increases in extreme weather events, we must work with our residents to understand the issues we're facing, and support them to protect and conserve our finite water supply. Okanagan

WaterWise engages residents in this effort, recognizing that we are all part of "One valley. One water."

New this year was the release of "A River Film," a 40-minute documentary profiling the Okanagan/Okanogan rivershed which straddles the Canada-U.S. border. Created in partnership between OBWB-OkWaterWise, the International Joint Commission (IJC), and the Washington State Department of Ecology, the film explores the complex relationships between people, fish, upland species, and the wider Columbia Basin. This award-winning film has been distributed to Okanagan schools and post-secondaries, libraries and museums. Additional copies are available through OkWaterWise.



Also this year, thanks to a partnership with the UN Association of Canada's Green Corps, we were able to extend our additional outreach efforts from four to eight months. In 2017, this partnership allowed us to attend 37 events, deliver eight classroom presentations, and reach a total of 2,773 people.

In addition to outreach, OkWaterWise has a website (www.OkWaterWise.ca) with information for residents, businesses, teachers and students on *why* we need to be WaterWise and *how* we can be. A growing number of resources are available on the site, including our *Slow it. Spread it. Sink it!* – Okanagan Homeowner's Guide, information about registering wells, as well as events, contests, and more.

STAY CONNECTED!

"Like" us on Facebook at www.facebook.com/OkWaterWise,
Follow us on Twitter at www.twitter.com/OkWaterWise
and Instagram at www.instagram.com/okanagan_waterwise/.
Plus, check out our YouTube channel at www.youtube.com/user/OKBasinWaterBoard.

MAKE WATER WORK

Make Water Work (MWW) is a valley-wide outdoor water conservation initiative of the OBWB's Okanagan WaterWise program, delivered in partnership with local governments and utilities throughout the valley. Its purpose is to tackle the second largest use of Okanagan water, outdoor residential watering.

The program began in 2011 and has evolved over the years. At first, the focus was on helping people with lawns make the water that they use in their yards work more effectively and efficiently. Since then we have expanded to also promote WaterWise yard choices for those who are ready to transition away from lawn, for example with the addition of our *Make Water Work Plant Collection*. And, as we see climate change playing out in our valley, with extreme events like flooding and drought – sometimes in the same year and only weeks apart – we are also promoting other tools like our *Slow it. Spread it. Sink it!* guide.

New this year, we introduced “Make Water Work Week” with Okanagan garden centre partners, helping promote the plant collection and expand outreach to residents looking to conserve.

The MWW website (www.MakeWaterWork.ca) was updated to include information on the Okanagan's changing climate. It also includes tips to make water work best in our yards, watering restrictions for your neighbourhood, a pledge to conserve, and more. As part of the pledge, residents were invited to “Take the Challenge” and pledge to Make Water Work for their chance to win up to \$8,000 in prizes, including a \$6,000 WaterWise yard upgrade thanks to several business partners.

Make Water Work is helping residents do their part to build a more liveable community now and for the future.



“Make Water Work Week” at
Swan Lake Nursery in Vernon

DON'T MOVE A MUSSEL

The Don't Move A Mussel (DMM) campaign (www.DontMoveAMussel.ca) was launched in 2013 to raise awareness and help prevent an infestation of invasive zebra and quagga mussels into Okanagan waters.

In the ensuing years, it became clear that although awareness in our region was growing stronger, awareness outside the region was not keeping pace. The concern was that the Okanagan is considered especially at risk for the mussels because of the high calcium content and warmer temperatures in our lakes, and because tourists are drawn to our region with their water toys. As such, the OBWB's Okanagan WaterWise program began to move the campaign towards enlisting the support of locals to amplify the DMM message outside our region, to "Have the Talk" with visitors coming here with their watercraft. At the same time, we have been pushing the province to amp up its inspection program while encouraging the federal government to support provincial efforts, as well as efforts along the Canada-U.S. border. The result has been an increase in awareness outside our region, an increase in provincial and federal efforts, and calls of interest in the DMM campaign from elsewhere in B.C., but also Saskatchewan and Manitoba.

LEFT & MIDDLE: The OBWB-Okanagan WaterWise works with a number of groups to promote the mussel message, including (left) the Okanagan and Similkameen Invasive Species Society and (middle) the Province of B.C.

RIGHT: In February 2018, OBWB Board Directors met with federal officials in Ottawa to push for stronger support on the mussel issue



Last year, OBWB-OkWaterWise was named a finalist at the Kelowna Chamber of Commerce's 30th annual Business Excellence Awards for "Marketing Campaign of the Year" for the DMM campaign.

The estimated cost of an invasive mussel infestation is about \$42 million a year in the Okanagan alone, to just manage. There are no known ways to eradicate the species without causing severe ecological damage in our valley. As we see the mussels continue their spread to other waterways, and as we look to the future of our valley, prevention efforts continue to be key.

Water Conservation and Quality Improvement Grants

The Water Conservation and Quality Improvement (WCQI) grant program provides funds to local governments, irrigation districts, and non-profit organizations for projects that conserve and protect water, based on the recognition that we are all part of “One Valley, One Water.” Between 2006 and the current 2018 grant year, the WCQI grant program has awarded 250 grants, totalling \$4.1 million in funding for projects with combined budgets of over \$29.9 million. Between 2017 and 2018, the program underwent a comprehensive review, which tied the goals of the program to the outcomes of water conservation and quality improvement. The review also considered grant program processes. Since the last review in 2013, the program has seen significant changes to create more transparency and to streamline the application and reporting process. This year, \$300,000 was granted to 17 projects throughout the valley. The WCQI program helps prepare for the future by restoring natural water systems, educating the public, improving technologies and gathering data to assist with water management. The more work we support today, the more prepared we are for tomorrow.

IN FOCUS

BOYCE—GYRO PARK BIO-SWALE PILOT PROJECT

In 2018, the City of Kelowna received a \$30,000 WCQI grant for the “Boyce-Gyro Park Bio-swale Pilot Project.” The aim of the project was to effectively manage storm water for a highly popular beach parking lot through the use of planted bio-swales. The project strives to eliminate or significantly reduce irrigation of the parking lot’s landscaping, while at the same time reducing stress on existing storm water infrastructure, instead managing water where it falls. This is the first City of Kelowna parking lot to use bio-swales to manage storm water, and it serves as an effective pilot project to improve future storm water management in the city and throughout the valley.



Water Stewardship

OKANAGAN WATER STEWARDSHIP COUNCIL

The Council is a trusted source of expertise and knowledge for sustainable water management in the Okanagan, providing balanced and considered advice to the Board, and through the Board, to the community at large. In 2017, the Council celebrated its 11th year of volunteer service to the Okanagan. Now in its 12th year, and 8th (18-month) term, the Council continues to draw upon its members' diverse range of knowledge and experience. The Council provides independent advice supporting sustainable water management in the Okanagan, using its collective expertise to identify basin-wide water issues and develop workable solutions that reflect the best available science, innovative policy, and consensus approaches.

Strategic planning session with the new council, charting the next 18-month term



This past term, the Council established seven committees reflecting its priorities. The Irrigation Management Committee worked on improving irrigation management practices and efficiency. The Drought and Flood Planning Committee promoted drought planning by municipalities, and coordination of plans between municipalities, playing an influential role in improving coordination between provincial water managers and local water utilities. The Source Water Protection and Wetlands Committee developed specific strategies to support excellent water quality throughout the Okanagan. The Decision Support Committee helped develop Okanagan-specific Environmental Flow Needs, determining how much water is needed to sustain healthy aquatic ecosystems. The

Communication Committee enhanced internal communication and developed new web-based tools to support council communication and reporting.

The value and strength of the Council is its community roots, engaging in an important conversation to support swimmable, fishable and drinkable Okanagan water. The Council provides a unique and important framework to explore and put in practice Okanagan water ideas, perspectives and ideals. The Council continues a tradition of building community and fostering strategic and honest communication about important contemporary water issues.

SUSTAINABLE WATER STRATEGY

Work continued this year to update the Okanagan Sustainable Water Strategy, which was originally released by the Council in 2008. The new strategy will help the Council and Board re-hone priorities and plan new initiatives. Among other updates, the modernized strategy incorporates insights into changes in water legislation and regulations, and better addresses issues such as our capacity to adapt to climate change. It brings together technical information about the valley, showcases current projects and case studies, and recommends actions designed to protect water at its source, share water in times of shortages, manage water demand, and collect and distribute data and information.

The project is highly collaborative. The editorial board, a small group that provides leadership and guidance for the strategy rewrite, met several times this year and the Council was brought in at key times to provide input. We also consulted with external specialists and content experts as needed, and will continue to do so as writing progresses.



Water Science & Information

NEW HYDROLOGY MODELING

This year, with funding from the Gas Tax Strategic Priorities Fund, the OBWB will begin a large project to improve the accuracy of hydrology (stream flow) models on 16 major Okanagan tributaries. The information will be used for long-term planning and engineering studies, shared with community partners and all levels of government.

The population of the Okanagan is growing rapidly, increasing residential water demands for both indoor and outdoor uses. In addition, climate change models project that the region will experience more frequent droughts and longer, hotter summers that will substantially increase water demand for irrigated agriculture. There are also increasing uncertainties about the duration, intensity and frequency of heavy

precipitation events, which may require redesigning systems to store, control and distribute water more effectively. At the same time water flows must be managed in a way that meets the needs of the environment, to support the ongoing restoration of waterways by the Okanagan Nation and partner groups for stream-spawning, ocean-going salmon populations.

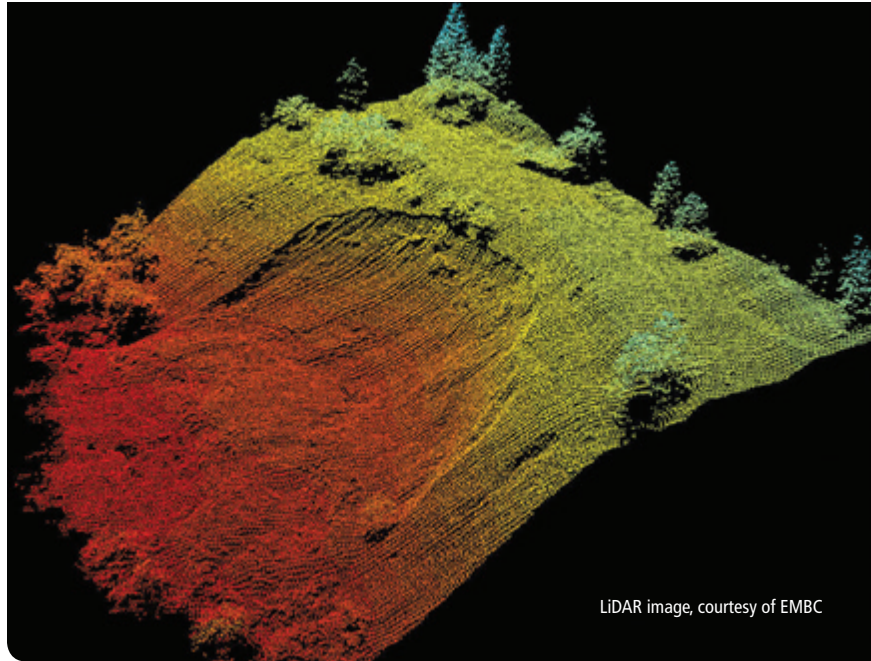
Given the increase in extreme weather conditions, and the enactment of B.C.'s Water Sustainability Act in February 2016, we need to understand stream flows in a much more detailed way, stream-by-stream, for environmental needs, and for licensing groundwater that may be linked to surface flows. Flood mapping and flood risk assessments also require hydrology models to estimate how big flows may be under different conditions.



Kelowna's Bellevue Creek, considered fish habitat, completely dry in July 2017

FLOODPLAIN MAPPING

Last year, following the historic flooding of Okanagan lakeshores, OBWB staff began working with Okanagan communities and provincial ministries to secure funding to update local flood maps. In addition to assisting local governments and the Okanagan Nation Alliance to write grant applications to the National Disaster Mitigation Fund and the UBCM's Community Emergency Preparedness Fund, we worked with these partners to coordinate applications so that they were complementary. Following a meeting of all the partners, organized by the Regional District of Central Okanagan, Emergency Management B.C. was so impressed by the cooperation and alignment of Okanagan communities, they provided \$1.45 million in funds for OBWB to acquire LiDAR to support the mapping efforts.

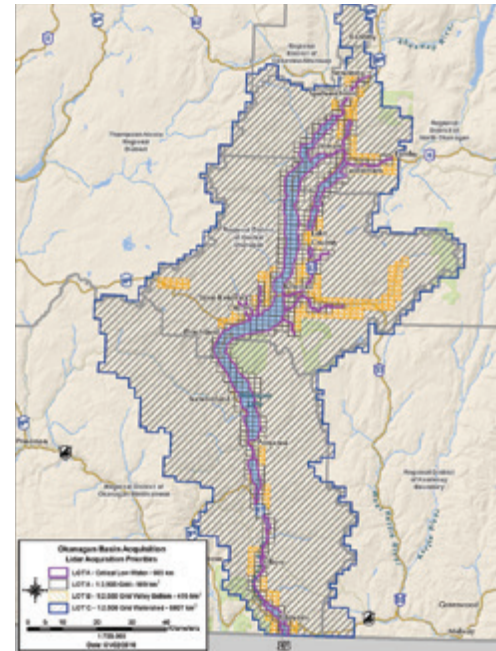


LiDAR image, courtesy of EMBC



LiDAR (Light Detecting and Ranging) is a radar technology that is a form of aerial imaging from cameras on specially-equipped air craft. It creates a 3D map of the landscape, and is combined with geo-referenced aerial photos to accurately show the lay and contours of the land and predict where water will flow. This project is moving forward in a unique partnership between the OBWB and GeoBC (a branch of B.C. Ministry of Forests, Lands, Natural Resource Operations and Rural Development). GeoBC is project managing the LiDAR acquisition, and will own, hold and manage the data. Under an agreement, all Okanagan local and First Nations governments will then have free, unrestricted access to use the data for flood mapping and any other planning purposes.

Communities are already making plans for coordinating their mapping efforts, sharing costs and potentially contractors. It's in everyone's best interest to have complementary maps and standards for flood plains and developments. The OBWB will continue to work with and support these communities, as we complete the LiDAR project and move toward mapping and risk assessments for the valley.



BOTTOM LEFT: OBWB Chair Tracy Gray acknowledges \$1.45 mill. in federal and B.C. funding for floodplain mapping at news conference with ONA Coun. and PIB Chief Chad Eneas, OBWB's Anna Warwick Sears and Province of B.C.'s Shaun Reimer

BOTTOM RIGHT: Map of the area surveyed during LiDAR floodplain mapping project

WETLAND STRATEGY

Wetlands play a key role in sustaining the ecological and social well-being of communities and maintaining regional resilience to climate change. Recognizing wetland value, the OBWB is working cooperatively with local, regional and national governments, environmental groups and businesses to eliminate further wetland loss, and support protection, as well as science, restoration and enhancement.

The main objectives of the Okanagan Wetland Strategy include establishing basin-wide wetland policies and best practices to protect wetlands in all jurisdictions. Other objectives include improving communication between partners, and facilitating and funding wetland outreach and education. Wetlands currently cover an estimated 190 km² or 0.9 percent of the Okanagan and Similkameen land base. This is less than one-fifth of the provincial average of 5.6 percent. Almost one-third of our wetland area is within the Agricultural Land Reserve.

While local governments have a wide range of bylaw tools available to support wetland conservation, the most widely used tool is the designation of environmentally sensitive development permit areas according to the policy direction and rationale outlined in Official Community Plans. However, municipalities and regional districts vary widely in the protection currently afforded to wetlands through their bylaws. The vision for an Okanagan Wetland Strategy supports an engaged Okanagan community fully aware of the importance of these special places.

The Okanagan Wetland Strategy at work, restoring these important areas



ENVIRONMENTAL FLOW NEEDS PROJECT

Last year, the OBWB completed a review for the Okanagan of the best methods for establishing Environmental Flow Needs (EFNs), or stream levels, needed to protect fish and environmental health. The next stage of the project was launched in 2016, with boots in the creek to establish stream and species-specific flows and habitat suitability in 19 Okanagan fish-bearing streams. This effort was made possible through a \$397,000 grant from the Gas Tax Strategic Priorities Fund. Results build on the real-time stream flow data collected from sampling in selected locations. Biologists and hydrologists from the province, Okanagan Nation Alliance, and experts from the Okanagan Water Stewardship Council took part in selecting streams and sampling locations.

WATER MONITORING LANDSCAPE SCAN

In 2017, the OBWB entered into a partnership with the BC Water Funders Collaborative to do a Water Monitoring Landscape Scan to look at who is collecting what data and where, and where there are gaps. With climate change, changes to resource use, and increased population growth, it's very important to monitor changes in water quality to prevent source pollution, and in-stream flows to detect changing patterns. The scan looked at monitoring initiatives both in the Okanagan and throughout the province. Do we have enough of the right kind of data? Where should it be stored? Can the data be easily accessed? How are people best using this information?

The scan has already prompted action by the B.C. Ministry of Environment to further develop their data platforms. Among other findings, the scan showed that regions have made the most headway in identifying and filling regional data gaps when they have a distinct issue, problem, or question that needs to be addressed, champions to lead, networks for collaborations (including networks to access funding and technical support) and sufficient capacity (in particular funding). Here in the Okanagan, we are using these findings to improve our local water data management systems.



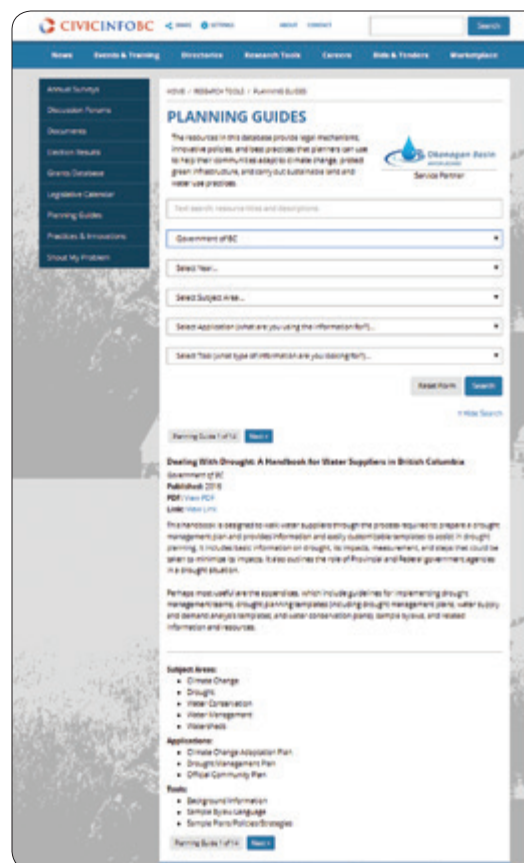
TOP: ONA's Molly Teather & Adam O'Dell monitor environmental flows on an Okanagan creek as part of the EFN project

BOTTOM: Water on Mission Creek went from historic highs in 2017 to low flows within weeks. Engineering consultant Don Dobson collects data on the creek

WATER AND CLIMATE-FRIENDLY BYLAWS PROJECT

Many planning toolkits and guides are available that provide innovative policies, case studies, bylaw language, and legal approaches to help communities adapt to climate change, support water conservation, and practice sustainable development. Much effort and public funding has gone into developing these resources but unfortunately uptake has been very slow.

This year, with funding from the B.C. Ministry of Municipal Affairs and Housing, the OBWB completed a project to investigate uptake, learn about barriers, gather ideas for solutions, and develop a strategy to optimize and support use of these planning guides and toolkits. As far as we know, this is the first time anyone in B.C. has taken a holistic approach to evaluating the use and accessibility of these resources. The project helped us understand and learn from the current situation and move towards a better way of delivering these items and supporting their use. We brought several planning-related resources together into a searchable hub (www.civicinfo.bc.ca/planning-guides), created partnerships between the groups who are preparing these resources, and began dialogue to encourage synergies, build capacity, and share best practices. By working together, we are helping better meet the future needs of our communities.



LEFT: Screenshot of toolkit database on CivicInfo

RIGHT: Some of the 81 planning guides now available on a searchable database

MAINSTEM DROUGHT STAGE TRIGGERS PROJECT

This project brings together technical experts, water purveyors, provincial staff, and Okanagan Nation Alliance fisheries staff to develop drought stage trigger guidelines for the valley lakes and rivers. The triggers can be incorporated into local drought plans to support a rational and coordinated process for moving between water restriction stages, similar to the water use plans and reservoir management plans in place for purveyors with upland storage. The guidelines have gone through several iterations and will be ready for distribution before summer.



Drought is a recurring issue in the Okanagan. With climate change, these extreme weather events are expected to occur more frequently and with greater intensity. With much of the water that feeds our communities coming from valley-bottom lakes, valley-wide planning is important

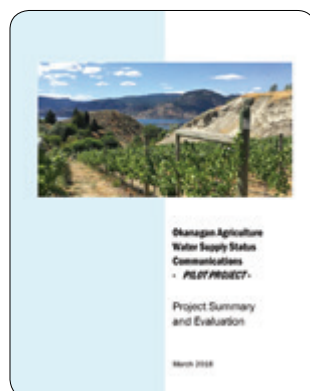
DROUGHT RESPONSE COORDINATION

In July 2017, after a record number of days without rain, the province moved the Okanagan to a drought Level 2, and then up to Level 3 in August. This triggered the OBWB's Okanagan Drought Response Strategy. The goals of the strategy are to facilitate timely communication with local water purveyors and the province and to bring a more consistent and cooperative valley-wide response to drought. It also defines how the OBWB will work with provincial staff to evaluate emerging drought conditions. We participated on the province's regional drought response team, where we received updates on current streamflows and aquifer levels and the response measures underway or needed, and provided information about our local water supplies. We also disseminated *Okanagan Drought Bulletins* that compiled the information we had heard and provided clarification on expected responses.



WATER SUPPLY STATUS OUTREACH TO AGRICULTURE

The Agriculture Water Supply Status Outreach Project, which wrapped up in early 2018, was funded through the BC Agriculture and Food Climate Action Initiative, with in-kind support from the OBWB. We worked with two pilot purveyors, Greater Vernon Water and City of Penticton, and producers in their areas, to develop and



test outreach materials and methods to get local water supply information to producers early and often during the growing season. The purveyors piloted a mass notification system (i.e. text message, email, voice message) centrally hosted by the OBWB, sending messages centred on local water restriction stages and water supply status, tips for water conservation, and broader information about drought, weather forecasts and more.

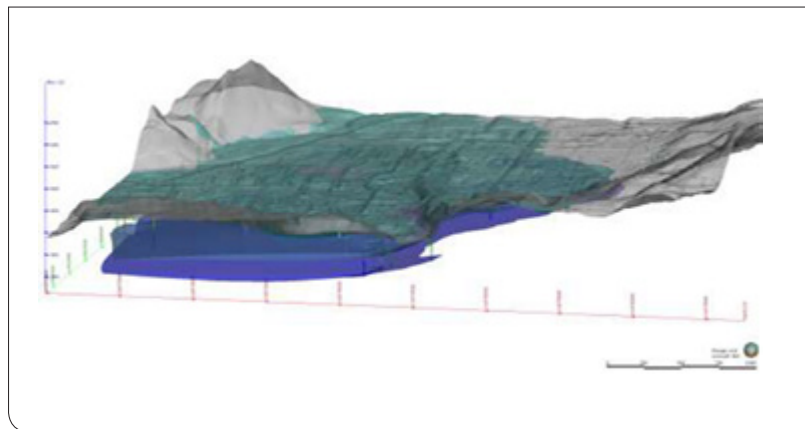
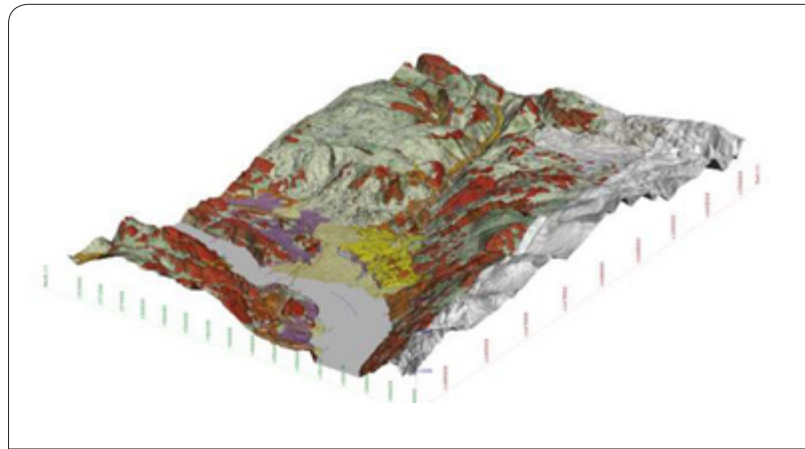
GROUNDWATER STUDIES

Groundwater is one of the best sources of drinking water in the valley, but little is known about the health of our aquifers. It's becoming ever-more important to have this information as the demand for groundwater increases, and with new requirements for groundwater licensing. Many surface water sources are fully allocated and there is a high reliance on groundwater sources for municipal, domestic and irrigation supply.

In 2017, with funds from Environment and Climate Change Canada, and in partnership with the provincial government, the OBWB developed a 3D model to better understand central and north Okanagan groundwater, especially Mission Creek.

There is considerable interest in the Kelowna area around Mission Creek, regarding the interaction between surface water and groundwater, particularly how stream flows contribute to the aquifers in the area and how pumping from wells may impact the flow in the creek. A better understanding of these interactions will assist with water use planning to preserve needed flow volumes in the creek during critical periods. Mission Creek is an important watershed for many reasons. It is a significant source of drinking water for residents of Kelowna, the most important salmonid spawning stream on Okanagan Lake, and it supports critical habitats for many rare and/or endangered species.

The Mission Creek Groundwater Project is a separate initiative to understand the interaction between surface water and groundwater along Mission Creek in the Kelowna area. The study will help us better understand groundwater supplies, Mission Creek Restoration Initiative activities, the Okanagan Nation Alliance's ongoing fisheries enhancement work and research by faculty and students at UBCO. It is also intended to improve infrastructure planning by water suppliers, water licensing decisions, and Environmental Flow Needs determinations. It will also inform future work in other drainages.



Milfoil Control

The OBWB has worked to control the growth of invasive milfoil in valley lakes since the 1970s. In recent years, we have started to modernize our policies and processes for the milfoil control program to account for future changes. Preparing for the future means anticipating increased milfoil growth from climate change, as the water warms up, and we have more extreme weather events. Early spring floods mean more nutrients flow into the lakes and fertilize the milfoil, while prolonged summer droughts increase the clarity of the water, meaning more sunlight for the plants to grow. Another future change is the increasing population in the valley, which will

Milfoil below the surface
in Okanagan Lake



likely lead to new calls for milfoil control as humans start to use new areas of the lakes for recreation and development. Preparing early for these changes means replacing aging equipment with newer, more robust machines, modernizing our record-keeping, work-tracking and safety systems, and ensuring we have sufficient resources and an adequate workforce to address the increasing need for milfoil control.

As we look to the future of milfoil control we also must be prepared for a possible infestation of invasive mussels. These mussels will have a devastating impact on our ecosystem and many native species, but have also been shown to increase the levels of invasive milfoil, as the two species provide beneficial effects to each other. Milfoil provides a favourable habitat for the mussels, as it slows the flow of water, and provides a surface for them to cling to. The mussels increase the clarity of the water, allowing for deeper sunlight penetration, increasing the depth zone where milfoil can survive. Preparing for the future of milfoil may also help us prepare for a future with invasive mussels.

Sewerage Facilities Assistance Grants

The oldest program of the OBWB is the Sewerage Facilities Assistance (SFA) grants program. Since 1977, OBWB has been providing SFA grants for communities to move from septic systems to tertiary treated community sewer. Over that 40 year history, the implementation of tertiary sewage treatment has led to dramatic improvements in the water quality of our valley lakes. This improvement in quality has benefits beyond enhancing our drinking water supplies. It also means a healthier ecosystem and a more vibrant tourism economy. As sewerage technologies improve, SFA grants will be available to support upgrades to the latest technologies. Preparing for the future means taking a holistic approach to dealing with wastewater, by understanding emerging issues, such as endocrine disrupting compounds, and seeking to address them. New techniques such as using wetlands to “polish” the water after treatment may help to reduce the release of these harmful and unpredictable compounds into nature, and back into the water supply.

Another future-oriented aspect of the SFA program is that it prevents new development from occurring on unsuitable small parcels of land with septic systems. This policy ensures we are not contributing to future septic problems at the same time as we are spending grant dollars to address past issues. Preparing for the future means that we will continue to examine the effects of our SFA grants and the related policies, and ensure that as times and technologies change, our program also changes in appropriate ways.



Sewerage Facilities
Assistance Grants - 2014
Photo credit: City of Vernon

LOOKING FORWARD

The future of Okanagan water is a future of engagement and partnership. It's a future with more cooperation between communities, and less siloes of activity. It's a future of accelerated communication and deeper connections between organizations and institutions that care about water, and the public. Working together, we are stronger and can make the best use of our shared resources and of our best ideas.

Our shared experiences of floods and fires in the last year has demonstrated the need and the benefits of setting up systems to work together. Experiences of managing the emergency operations centres, for example, have spurred development of new "dashboards" for viewing the state of snow packs, stream flows and lake levels – breaking down the traditional siloes of each agency having their own website with proprietary information. We are using new computer technology in better, smarter ways to predict changes in our supply. These will be very beneficial in times of water shortage as well as flooding.

Through collaboration, we are getting a valley-wide set of LiDAR and aerial imagery, for new flood maps and flood risk analysis, but these will also be useful for a wide range of other risk assessments and land use planning. Communities need to collaborate on risk assessments, flood management plans and flood construction bylaws because (like the need to collaborate on forest fuel load management to reduce the spread of wild fires) these disasters don't respect community boundaries.

The OBWB was designed – in 1970 – to be a vehicle for all Okanagan communities to work together on shared problems, and together create shared solutions. The future holds a number of challenges – as our towns and cities grow, there are more people who need fresh drinking water, and more stresses to the upper watershed. Climate change is bringing more weather extremes to adapt to, and the clean-up costs of each flood eats into the funds available for preventing damage from future events. Nonetheless, the Okanagan is probably the best prepared, best organized region in B.C. – with a sunny future, because of our history and ability to work together.

FINANCIAL OVERVIEW

Resources come in many forms. Our biggest assets are community commitment, and the very high value placed on water by the public at large. If you ask anyone why they are living here in the Okanagan, they will mention their great love of the lakes and streams. With this comes a passion to protect them and preserve them for the future. In this context, it's our job to make the best use of financial resources to leverage the great resources entrusted to us by the community.

In 2017-18, the OBWB received almost \$510,000 in grants and funding agreements that went to many of the projects described in this annual report. We were also awarded a number of large grants which will be paid in 2018-19, including \$1,450,000 from Emergency Management B.C. The "Make Water Work" and "Don't Move a Mussel" campaigns attracted contributions from media and other partners together totaling more than \$99,800.

Our strategic priority is to increase external funding to the valley as a whole – not just OBWB – so we also have written many support letters for partner grant applications, and made commitments for matching funds and in-kind partner contributions. For the flood mapping grants, OBWB hired a consultant to assist RDNO, RDCO, RDOS and the Okanagan Nation Alliance to write applications to the National Disaster Mitigation Program and the UBCM's Community Emergency Preparedness Fund, which successfully led to more than \$1.1 million in grants to those organizations.

On the direct granting side, in 2016-17 the OBWB awarded more than \$1.55 million in infrastructure grants to improve wastewater treatment, and \$300,000 in Water Conservation and Quality Improvement Grants to local governments and community groups.

This was the sixth year in a row without a budget increase. We are slowly spending down accumulated reserve funds in the Sewerage Facilities Assistance Grants Program. It's a balancing act, maintaining or expanding projects and programs, and maintaining equipment, while keeping costs down. We are able to continue our high productivity and excellent service delivery because of our strong partnerships and ability to stretch and leverage every dollar.



Okanagan Basin Water Board
Financial Statements
For the year ended March 31, 2018

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Okanagan Basin Water Board are the responsibility of management and have been approved by the Chairperson on behalf of the Board.


The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the financial statements are based on management's best estimates and judgements. Actual results could differ as additional information becomes available in the future. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Okanagan Basin Water Board maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Board's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report.

The financial statements have been audited by BDO Canada LLP Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Board. The independent auditor's report expresses their opinion on these financial statements. The auditors have full and free access to the accounting records and to the Board of the Okanagan Basin Water Board.


Board of Directors Chairperson


Executive Director

June 5, 2018



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BDO Canada LLP
1631 Dickson Avenue, Suite 400
Kelowna BC V1Y 0B5 Canada

Independent Auditor's Report

To the Board of Directors of
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, 2018, and the statements of operations and accumulated surplus, 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 public sector 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 controls relevant to the Board'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 the Board'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, 2018, and its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
June 5, 2018

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Okanagan Basin Water Board Statement of Financial Position

March 31	2018	2017
Financial assets		
Cash (Note 1)	\$ 2,842,963	\$ 337,235
Portfolio investments	-	2,365,330
Accounts receivable	26,538	33,773
	<u>2,869,501</u>	<u>2,736,338</u>
Financial liabilities		
Accounts payable and accrued liabilities	265,736	255,612
Grants payable (Note 2)	286,848	283,972
	<u>552,584</u>	<u>539,584</u>
Net financial assets	<u>2,316,917</u>	<u>2,196,754</u>
Non-financial assets		
Prepaid expenses	-	8,505
Tangible capital assets (Note 3)	309,488	237,393
	<u>309,488</u>	<u>237,393</u>
Accumulated Surplus (Note 4)	<u>\$ 2,626,405</u>	<u>\$ 2,442,652</u>

Approved on behalf of the Board:

_____ Chairperson

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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Okanagan Basin Water Board Statement of Financial Operations

For the year ended March 31	2018 Actual	2018 Budget	2017 Actual
Revenue (Note 11)			
Levies from member Regional Districts (Note 5)	\$ 3,451,500	\$ 3,451,500	\$ 3,444,221
Grants (Note 6)	509,255	-	267,772
Interest	46,422	35,000	36,175
Gain on disposal of assets	-	-	1,500
	4,007,177	3,486,500	3,749,668
Expenses (Note 11)			
Aquatic weed control	694,586	853,326	679,116
Sewerage facilities assistance	1,593,733	1,631,054	1,649,030
Water management	1,535,105	1,102,120	1,602,078
	3,823,424	3,586,500	3,930,224
Annual Surplus (Deficit) (Note 11)	183,753	(100,000)	(180,556)
Accumulated Surplus, beginning of year	2,442,652	2,442,652	2,623,208
Accumulated Surplus, end of year	\$ 2,626,405	\$ 2,342,652	\$ 2,442,652

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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Okanagan Basin Water Board Statement of Change in Net Financial Assets

For the year ended March 31	2018		2018	2017
	Actual		Budget	Actual
Annual surplus (deficit)	\$ 183,753	\$	(100,000)	\$ (180,556)
Acquisition of tangible capital assets	(120,984)		-	(99,216)
Amortization of tangible capital assets	48,889		-	51,963
Change in prepaid expenses	8,505		-	(221)
Disposal of tangible capital assets	-		-	-
Net change in net financial assets	120,163		(100,000)	(228,030)
Net financial assets, beginning of year	2,196,754		2,196,754	2,424,784
Net financial assets, end of year	\$ 2,316,917	\$	2,096,754	\$ 2,196,754

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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Okanagan Basin Water Board

Statement of Cash Flows

For the year ended March 31	2018	2017
Operating activities		
Annual surplus (deficit)	\$ 183,753	\$ (180,556)
Items not involving cash:		
Amortization	48,889	51,963
Gain on disposal of tangible capital assets	-	(1,500)
	<u>232,642</u>	<u>(130,093)</u>
Changes in working capital:		
Account receivable	7,235	9,001
Accounts payable and accrued liabilities	10,124	(182,926)
Grants payable	2,876	(5,643)
Prepaid expenses	8,505	(221)
	<u>28,740</u>	<u>(179,789)</u>
Cash from operations	<u>261,382</u>	<u>(309,882)</u>
Investing Activities		
Net change in investments	2,350,000	500,000
Accrued Interest	15,330	(2,212)
	<u>2,365,330</u>	<u>497,788</u>
Capital Activities		
Purchase of tangible capital assets	(120,984)	(99,216)
Proceeds from disposal of tangible capital asset	-	1,500
	<u>(120,984)</u>	<u>(97,716)</u>
Change in cash during the year	<u>2,505,728</u>	<u>90,190</u>
Cash, beginning of year	<u>337,235</u>	<u>247,045</u>
Cash, end of year	<u>\$ 2,842,963</u>	<u>\$ 337,235</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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Okanagan Basin Water Board

Summary of Significant Accounting Policies

March 31, 2018

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, the sewerage facilities assistance fund, and a water management program as an agent of the three participation 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	It is the Board's policy to follow accounting principles generally accepted for municipalities in the Province of British Columbia and to apply such principles consistently. The financial statements include the account of all funds for the Board. All interfund transfers have been eliminated. They have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Profession Accountants (CICPA).
Use of Estimates	The preparation of financial statements in conformity with generally accepted accounting principles for British Columbia Regional Districts require 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 year. Actual results could differ from those estimates.
Portfolio Investments	Portfolio investments are recorded at the lower of cost and market value.
Financial Instruments	The Board's financial instruments consist of cash, portfolio investments, accounts receivable, accounts payable and accrued liabilities. 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.

Okanagan Basin Water Board

Summary of Significant Accounting Policies

March 31, 2018

Tangible Capital 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 on a straight-line basis 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

Revenue Recognition

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

Grants, interest and other income are recognized in the period in which they are earned.

Government Transfers

Government transfers, which include grants and funding agreements are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimate of the amount can be made.

Okanagan Basin Water Board

Notes to Financial Statements

March 31, 2018

1. Cash

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

2. 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 - 25 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 the 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 non-government organizations 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. Grants will be expensed in the year of approval as per the budget.

Okanagan Basin Water Board

Notes to Financial Statements

March 31, 2018

3. Tangible Capital Assets

	Buildings	Equipment	Vehicles	Office Furniture & Equipment	Computers	Work In Progress	2018 Total
Cost							
Balance, beginning of year	\$ 118,352	\$ 883,874	\$ 166,022	\$ 3,773	\$ 24,128	\$ -	\$ 1,196,149
Additions	-	9,918	-	-	2,776	108,290	120,984
Disposals	-	-	-	-	(1,437)	-	(1,437)
Balance, end of year	118,352	893,792	166,022	3,773	25,467	108,290	1,315,696
Accumulated amortization							
Balance, beginning of year	47,212	808,187	84,557	2,402	16,398	-	958,756
Amortization	4,742	22,036	18,236	152	3,723	-	48,889
Disposals	-	-	-	-	(1,437)	-	(1,437)
Balance, end of year	51,954	830,223	102,793	2,554	18,684	-	1,006,208
Net book value	\$ 66,398	\$ 63,569	\$ 63,229	\$ 1,219	\$ 6,783	\$ 108,290	\$ 309,488

Okanagan Basin Water Board

Notes to Financial Statements

March 31, 2018

3. Tangible Capital Assets

Prior year comparative information:

	Buildings	Equipment	Vehicles	Office Furniture & Equipment	Computers	2017 Total
Cost						
Balance, beginning of year	\$ 118,352	\$ 875,174	\$ 107,837	\$ 2,250	\$ 17,555	\$ 1,121,168
Additions	-	8,700	80,670	1,523	8,323	99,216
Disposals	-	-	(22,485)	-	(1,750)	(24,235)
Balance, end of year	118,352	883,874	166,022	3,773	24,128	1,196,149
Accumulated amortization						
Balance, beginning of year	42,469	782,841	88,806	2,250	14,662	931,028
Amortization	4,743	25,346	18,236	152	3,486	51,963
Disposals	-	-	(22,485)	-	(1,750)	(24,235)
Balance, end of year	47,212	808,187	84,557	2,402	16,398	958,756
Net book value						
	\$ 71,140	\$ 75,687	\$ 81,465	\$ 1,371	\$ 7,730	\$ 237,393

Okanagan Basin Water Board

Notes to Financial Statements

March 31, 2018

4. Accumulated Surplus

The Board maintains a reserve for future expenditures. Canadian public sector accounting standards require that non-statutory reserves be included with operating surplus. The reserve and change therein included in the operating surplus is as follows:

	2018	2017
Aquatic Weed Control Equipment Reserve		
Balance, beginning of year	\$ 270,817	\$ 272,685
Proceeds from sale of tangible capital assets	-	1,500
Net surplus	162,644	37,666
Transfer of amortization	42,111	45,879
Transfer for acquisition of tangible capital assets	(118,208)	(86,913)
Balance, end of year	357,364	270,817
Invested in Tangible Capital Assets		
Balance, beginning of year	237,393	190,140
Transfer for acquisition of tangible capital assets	120,984	99,216
Transfer of amortization	(48,889)	(51,963)
Balance, end of year	309,488	237,393
Sewerage Facilities Assistance Reserve Fund		
Balance, beginning of year	1,504,515	1,511,773
Net deficit	(58,934)	(7,258)
Balance, end of year	1,445,581	1,504,515
Water Management Accumulated Surplus		
Balance, beginning of year	429,927	648,610
Net surplus (deficit)	80,043	(212,464)
Transfer of amortization	6,778	6,084
Transfer for acquisition of tangible capital assets	(2,776)	(12,303)
Balance, end of year	513,972	429,927
	\$ 2,626,405	\$ 2,442,652

Okanagan Basin Water Board

Notes to Financial Statements

March 31, 2018

5. Levies from Member Regional Districts

	2018		2018		2017
	Actual		Budget		Actual
North Okanagan	\$ 641,834	\$	641,834	\$	652,317
Central Okanagan	2,102,847		2,102,847		2,074,044
Okanagan Similkameen	706,819		706,819		717,860
	<u>\$ 3,451,500</u>	\$	<u>3,451,500</u>	\$	<u>3,444,221</u>

6. Gas Tax Agreement Funds

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Okanagan Basin Water Board and the Union of BC Municipalities (UBCM). All UBCM funds received by the Board in fiscal year 2018 were from a Gas Tax grant. Included in Grant income is \$332,071 for work related to the project, "Environmental Flow Needs for Okanagan Water Planning." 100% of the funds the Board received were spent on this project. No funds were spent on administration. Grants were paid in arrears, and no interest was earned on unspent funds.

7. Sewerage Facility Grants to Member Local Governments

Included in Sewerage Facilities Assistance are the following grants to member local governments:

	2018		2017
City of Kelowna	\$ 186,341	\$	187,108
City of Penticton	215,822		215,822
City of Vernon	92,636		94,203
City of West Kelowna	42,788		51,631
District of Coldstream	12,008		19,193
District of Lake Country	287,269		287,269
District of Peachland	174,089		174,089
District of Summerland	361,842		389,222
Town of Osoyoos	11,278		11,278
Regional District of North Okanagan	4,679		4,679
Regional District of Okanagan Similkameen	119,665		139,009
Westbank First Nation	45,316		35,527
	<u>\$ 1,553,733</u>	\$	<u>1,609,030</u>

Okanagan Basin Water Board

Notes to Financial Statements

March 31, 2018

8. 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 Canadian public sector accounting standards ("PSAB"). The budget was prepared on a modified accrual basis while PSAB now require a full accrual basis. The following reconciles the difference.

	<u>2018</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Less:	
Transfer from previous years surplus in revenues	<u>(100,000)</u>
Budget deficit per statement of financial operations	<u>\$ (100,000)</u>

9. Commitments

The Board is currently in a ten-year lease agreement, which has two years remaining, with the Regional District of North Okanagan for the lease of land, on which the Board's building resides. 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.

The Board is also currently in a five year lease agreement, which expires December 31, 2018, with the option to renew for one additional term of five years, with the Regional District of Central Okanagan for office rent and operating and overhead costs as well as financial, administrative and technology services. The agreement provides for a monthly payment of \$8,505.

Okanagan Basin Water Board

Notes to Financial Statements

March 31, 2018

10. Employee Benefits

Retirement Benefits

The Board and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Board paid \$56,783 (2017 - \$50,214) for employer contributions to the plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Okanagan Basin Water Board

Notes to Financial Statements

March 31, 2018

11. Segment Disclosures

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 weed, but when time allows operators and equipment will also 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 sewage 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.

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 \$436,382 (2017 - \$367,482) for previously committed projects.

Okanagan Basin Water Board

Notes to Financial Statements

For the year ended March 31, 2018

11. Segment Disclosures and Expense by Object (continued)

	Aquatic Weed Control	Sewerage Facilities Assistance	Water Management	2018 Total
Revenues				
Levies	\$ 849,326	\$ 1,506,054	\$ 1,096,120	\$ 3,451,500
Grant income	-	-	509,255	509,255
Interest income	7,904	28,745	9,773	46,422
	<u>857,230</u>	<u>1,534,799</u>	<u>1,615,148</u>	<u>4,007,177</u>
Expenses				
Assistance grants	-	1,553,733	300,000	1,853,733
Amortization	42,111	-	6,778	48,889
Contract services	5,000	-	542,930	547,930
Director's remuneration and expenses	11,410	-	10,651	22,061
Equipment costs	115,647	-	517	116,164
Insurance	26,610	-	4,000	30,610
Interest charge	100	-	476	576
Office	10,203	-	26,452	36,655
Outreach and publicity	-	-	131,651	131,651
Overhead allocation	(20,000)	40,000	(20,000)	-
Professional fees	39,821	-	36,323	76,144
Rental costs	8,556	-	9,988	18,544
Safety	5,675	-	123	5,798
Stewardship council expenses	-	-	13,529	13,529
Travel, conferences and meetings	4,030	-	32,284	36,314
Utilities, yard supplies and maintenance	18,656	-	557	19,213
Wages and benefits	426,767	-	438,846	865,613
	<u>694,586</u>	<u>1,593,733</u>	<u>1,535,105</u>	<u>3,823,424</u>
Annual surplus (deficit)	\$ 162,644	\$ (58,934)	\$ 80,043	\$ 183,753

Okanagan Basin Water Board

Notes to Financial Statements

For the year ended March 31, 2018

11. Segment Disclosures and Expense by Object (continued)

Prior year comparative information:

	Aquatic Weed Control	Sewerage Facilities Assistance	Water Management	2017 Total
Revenues				
Levies	\$ 710,100	\$ 1,620,262	\$ 1,113,859	\$ 3,444,221
Grant income	1,625	-	266,147	267,772
Interest income	5,057	21,510	9,608	36,175
Gain on disposal of assets	1,500	-	-	1,500
	<u>718,282</u>	<u>1,641,772</u>	<u>1,389,614</u>	<u>3,749,668</u>
Expenses				
Assistance grants	-	1,609,030	275,000	1,884,030
Amortization	45,879	-	6,084	51,963
Contract services	7,166	-	686,480	693,646
Director's remuneration and expenses	10,709	-	10,709	21,418
Equipment costs	106,256	-	1,822	108,078
Insurance	25,886	-	3,780	29,666
Interest charge	89	-	78	167
Office	15,962	-	25,167	41,129
Outreach and publicity	1,324	-	141,055	142,379
Overhead allocation	(20,000)	40,000	(20,000)	-
Professional fees	46,492	-	37,634	84,126
Rental costs	21,259	-	9,687	30,946
Safety	9,957	-	2,458	12,415
Stewardship council expenses	-	-	5,702	5,702
Travel, conferences and meetings	9,604	-	37,079	46,683
Utilities, yard supplies and maintenance	15,658	-	-	15,658
Wages and benefits	382,875	-	379,343	762,218
	<u>679,116</u>	<u>1,649,030</u>	<u>1,602,078</u>	<u>3,930,224</u>
Annual surplus (deficit)	<u>\$ 39,166</u>	<u>\$ (7,258)</u>	<u>\$ (212,464)</u>	<u>\$ (180,556)</u>



Rotary Beach flooding
Summer 2017



Okanagan Basin
WATER BOARD

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