



**MINUTES OF A REGULAR MEETING OF THE OKANAGAN BASIN WATER BOARD
HELD OCTOBER 5, 2010, AT REGIONAL DISTRICT OF NORTH OKANAGAN,
9848 ABERDEEN RD., COLDSTREAM, B.C.**

PRESENT

Vice-Chair Rick Fairbairn	Regional District North Okanagan
Director Buffy Baumbrough	Regional District North Okanagan
Director Gyula Kiss	Regional District North Okanagan
Director James Baker	Regional District Central Okanagan
Director Doug Findlater	Regional District Central Okanagan
Director Graeme James	Regional District Central Okanagan
Director Gordon Clark	Regional District Okanagan-Similkameen
Director Bill Schwarz	Regional District Okanagan-Similkameen (alternate)
Director Mark Pendergraft	Regional District Okanagan-Similkameen (alternate)
Director Bernie Bauer	Okanagan Water Stewardship Council
Director Toby Pike	Water Supply Association of BC

REGRETS

Chair Stu Wells	Regional District Okanagan-Similkameen
Director George Saddleman	Okanagan Nation Alliance

OBWB STAFF

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

GUESTS

Ehren Lee	Urban Systems
-----------	---------------

1. CALL MEETING TO ORDER

Vice-Chair Fairbairn called the meeting to order at 10:05 a.m.

2. APPROVAL OF AGENDA

"THAT the agenda of the regular meeting of the Okanagan Basin Water Board of Oct. 5, 2010 be approved as amended."

CARRIED

3. INTRODUCTION OF LATE ITEMS

7.3	Sewage Facilities Grants, Terms of Reference
7.4	Reservoir lot update

4. ADOPTION OF MINUTES

4.1	Minutes of the Regular Meeting of the Okanagan Basin Water Board of Sept. 7, 2010 at Regional District of Okanagan-Similkameen in Penticton.
-----	--

Amendment: A couple small wording changes.

“THAT the minutes of the regular meeting of the Okanagan Basin Water Board of Sept. 7, 2010 at Regional District of Okanagan-Similkameen in Penticton be adopted as amended.”

CARRIED

5. DELEGATIONS *(appeared after 6.1)*

5.1 Ehren Lee, Urban Systems: Water Pricing Survey

Mr. Jatel noted that the results of a recent Water Pricing Survey represent Phase 1 of 2 in this project. The purpose of the survey was to determine a baseline of prices in the Okanagan.

Mr. Lee reported there were four questions used as a starting point for developing the survey: 1) What pricing policies are Okanagan water utilities using, 2) How many water utilities have developed water conservation policies, 3) What are the projected capital costs for utilities over the next five years? and 4) What further studies would be helpful to support local water utilities manage their systems?

The survey was developed, recognizing that administration, costing and pricing in each utility varies (e.g. some collect user fees, others use connection fees, or Development Cost Charges. etc). Some 20 utilities provided feedback, including three regional districts, eight municipalities and two other utilities. Revenue collected per cubic meter ranged between \$0.15 and \$1.20.

The results:

Volumetric pricing is crucial to sustainable water pricing and water conservation, noted Mr. Lee. Metered connections are surprisingly high (about 60 percent of residential customers), but only 25% of respondents use volumetric pricing policies and 40% have water conservation policies. Interestingly, one utility uses over 50 different pricing formulas for various types of users on their system.

Among those surveyed, operating and capital costs per cubic metre range between \$0.09 to \$1.49/m³. The average is \$0.55/m³. For a number of utilities, their costs were higher than their revenue. Others had higher revenues or the two were very close, but if they priced their water use appropriately there would be less variation, Mr. Lee added.

There are various ways utilities collect funds to supply water: government grants, general taxes, connection fees and user fees. Those surveyed use some or all of these methods in various percentages. On average, 50% is collected through user fees, 32% from taxes, 12% from grants and 6% from connection fees. Those grant fees, however, are not sustainable, noted Mr. Lee.

The survey also found that agricultural water pricing is very different than residential and commercial. Some respondents couldn't separately report on agricultural water use even though they have high agricultural percentages.

About 35% of survey respondents could not provide a replacement value for water assets. One utility reported that it increases water rates to account for "tangible capital assets," but 19 did not. Generally, utilities are not building reserves for specific purposes, Mr. Lee added.

Recommendations:

1) assist utilities to transition to volumetric pricing, 2) recognize that the link between agriculture water pricing and water conservation is not as easy as with residential and

commercial customers, 3) recognize that education, operations tools and automation may be better suited to reducing agricultural and industrial water use, and 4) recognize that infrastructure investment planning is a key step in understanding the true cost of service delivery and in communicating the value of water to Okanagan residents.

Alt. Dir. Schwarz noted that the study doesn't account for the value of water and suggested this needs to be determined. Mr. Jatel responded that this survey provides a baseline of information to ask more intricate questions.

Dir. Pike noted that one must be careful in setting rates, adding he doesn't want to charge people volumetrically for water and then have to hope that it doesn't rain just to keep his revenues up. Some areas have large agricultural demand and the cost to replace infrastructure is very high. We need to take a social approach, he added, recognizing the value of agriculture. Mr. Lee said that understanding the real cost of supplying water is a good start.

Dir. James said that some landowners have been unable to make a living by farming and yet people want them to keep these lands as green space for future food production. One of the only benefits to keeping it green right now is the low water rate these owners receive. Unreasonably high water rates would be counterproductive, he warned. We have to start looking at what the costs are to maintain that green space and what the average person should be paying to keep it that way, he added.

6. STAFF REPORTS

6.1 Executive Director Report

Dr. Warwick Sears encouraged board members to attend the Oct. 28 to 29 "From Rain to Resource" workshop.

Discussion around Similkameen Water Governance was postponed until Chair Wells was present.

Dr. Warwick Sears noted that staff members are working with individual finance departments in the Okanagan regarding reporting on the Sewage Facilities Grants Program.

There are potential issues around milfoil removal in Osoyoos Lake, Dr. Warwick Sears reported. Because of the trouble with massive weed beds on the lake this past summer, the milfoil crew was hoping to try and control it with earlier rototilling. However, a Rocky Mountain Ridged Mussel was found in the north end of the lake. The OBWB is working with Ministry of Environment and Department of Fisheries and Oceans, regarding permits to work in the lake, but nothing can be done until this is negotiated.

In response to questions, Dr. Warwick Sears added that the mussel is indigenous to the area and is listed as "at risk."

Alt. Dir. Schwarz entered the room at 10:15 a.m.

Dr. Warwick Sears noted that the Okanagan Water Supply and Demand Project Phase 3 management team are reviewing additional scenarios. Copies of the Phase 2 Summary Report have been provided to local governments in the valley. And, an Executive Summary of the Phase 2 Report has also been provided to OBWB Board of Directors, outlining how Phase 2 results can be used by local government. Dr. Warwick Sears invited directors to take the summary back to their councils and boards and encourage use of it in their planning.

Dir. Findlater spoke to a graph he provided to the board which shows response from Westbank Irrigation District customers to demand management practices, starting with sprinkling regulations, then metering and then billing on metering. The graph shows a decline in water use between 2002 and 2010, despite growth in connections and population.

In response to a request to review the meeting pay rate for board directors, Dr. Warwick Sears noted that the OBWB pays \$130 per meeting and mileage, and regional districts pay \$136 on average. The rate can be revisited in the next budget cycle, she added, saying she will re-check some of the rates following questions from Dir. Clark.

Dr. Warwick Sears recommended that the Jan. 4 board meeting be canceled.

“THAT the January 4, 2011 board meeting of the Okanagan Basin Water Board be canceled due to the winter holidays.

CARRIED

Dir. Bauer noted that it is important the board have a full understanding of the implications of the Okanagan Water Supply and Demand (OWSD) Project. Scenarios are going to be generated in Phase 3 to determine water supplies and demands for the next 20 to 30 years and how this will affect future water management. There are going to be tax and policy implications to whatever direction the board takes to address these issues, he added, suggesting perhaps there should be regular reporting to the board as phase 3 progresses.

Dr. Warwick Sears suggested that a memo could be included with each meeting agenda, and that the Okanagan Water Stewardship Council could be asked how best to address this issue.

Dir. Findlater added that local governments are already developing plans to address future water needs. It's important that Phase 3 results don't come in too late for communities to respond to them in their plans. Dr. Warwick Sears said the OWSD Project Committee is providing them to local government staff as timely as possible. For example, the committee is already providing information to Regional District of Central Okanagan staff to use in their Regional Growth Strategy.

Dir. Bauer added that it is important to also consider how we get the public on board to ensure a sustainable water supply.

Dir. Pike said he agrees with the need for the board to be kept informed, and for planners and the public to get on board, but it's important to remember that Phase 3 is an evolving process – similar to an Official Community Plan – and we need to recognize its limitations too.

Dir. Baker noted that it's important board members go back to their communities and encourage the use of the information. A strategic plan would help.

Dir. Bauer offered to go to the OWSC and ask for recommendations to bring back to the board.

“THAT the Executive Director Report from Dr. Warwick Sears, dated Sept. 29, 2010, be received.”

CARRIED

6.2 Water Stewardship Director Report

Mr. Jatel reported that the next OWSC meeting, Oct. 14, should include some new organizations represented, including the Urban Development Institute and chambers in the valley.

The following OWSC meeting will be held Nov. 2, directly following the monthly board meeting and will be held at Kelowna's Coast Capri Hotel. The meeting was organized to bring members of the two bodies together to get to know each other better.

The OBWB has been busy planning for the Oct. 28 and 29 workshop, "From Rain to Resource: Managing Stormwater in a Changing Climate." Board members are encouraged to attend.

Water board staff have put in a proposal to AgCanada to study the intrinsic value of water for agriculture, and the defining of an Agricultural Water Reserve for the Okanagan.

Dr. Warwick Sears added that water is a big concern for the Agricultural Land Commission, the ALC's chair Richard Bullock has shown interest in research on the Ag Water Reserve. Mr. Jatel concluded, saying that the complete project will be worth \$1.6 million with a \$50,000 investment, over two years, from the OBWB.

Five wells are planned to be drilled by the end of this fiscal year as part of the Groundwater Well Monitoring Project. The project is a partnership with Agriculture Canada, Environment Canada the B.C. Ministry of Environment and local government.

Two bids have been received on the Hydrologic Connectivity Study, looking at 25 utilities and how communities are connected to one another through water flow but also through water licences. This work is possible as a result of the Okanagan Water Supply and Demand Study and will be useful for local governments, said Mr. Jatel. The work should be done by April 1, 2011 done.

"THAT the Water Stewardship Director Report from Mr. Jatel, dated Sept. 29, 2010, be received."

CARRIED

6.2.1 Okanagan Water Pricing Study – Phase 1 Results

"THAT the Okanagan Water Pricing Study – Phase 1 Results from Mr. Jatel, dated Sept. 29, 2010, be received."

CARRIED

6.3 Communications and Research Coordinator Report

Ms. Jackson noted the success of this year's AGM and that there is already talk about next year's.

The province held a Mobilizing Climate Action workshop at UBC-O, providing an interesting perspective on engaging the public and helping change attitudes and behaviours, which should prove useful in creating change on water issues.

Ms. Jackson reported that she attended the grand opening of the Okanagan Xeriscape Association's Un-H2O Demonstration Garden on Sept. 24. It's a fantastic partnership between the OBWB, the City of Kelowna, OXA, and many others who donated supplies. She invited board members to go and view the gardens in front of Kelowna's H2O Fitness Centre or view pictures on the Okanagan WaterWise Facebook page.

The Watersmart Innovations Conference is set to go Oct. 6 to 8, known as the world's preeminent urban water efficiency conference, and includes a number of tracks including marketing and outreach, education, conservation and incentive programs, code and policy, and others. Ms. Jackson said she would be attending with a view to learning what is working and not working in encouraging communities to adopt water conservation and protection behaviours. A report will be provided at the next board meeting.

"THAT the Communications and Research Coordinator Report from Ms. Jackson, dated Sept. 28, 2010, be received."

CARRIED

7. NEW AND UNFINISHED BUSINESS

7.1 Recommendation to B.C. government re: water licencing fees

Mr. Jatel introduced a memo, submitted jointly with Dr. Warwick Sears, regarding the use of the province's water licencing fees, noting it came as a response to concerns heard from BC Ministry of Environment (MoE) staff.

Currently, the province collects water licence fees from utilities and puts it in general revenue and, at the same time, is underfunding water stewardship. Mr. Jatel said that the current system provides no connection to the value of environmental water. Alberta spends more than two times the amount we spend on water resources than we do in B.C., he added.

Dr. Warwick Sears said that their recommendation is to have a portion of these fees go into water stewardship and that this isn't without precedence.

Alt. Dir. Schwarz suggested that a percentage figure should perhaps be included in the recommendation.

Directors also suggested that staff approach Okanagan MLAs Ben Stewart, John Slater, and Steve Thompson and let them know of the OBWB's intention with this recommendation, and seek their advice and support.

Dir. Bauer added that it may be helpful to speak with the Fraser Basin Council and others to get their input and support.

Dir. Baker noted that perhaps the funds could go into something similar to the Gas Tax Fund so local government can access it.

"THAT the Okanagan Basin Water Board staff provide the board with a draft letter to the B.C. Government recommending the principle of cost recovery be applied to meeting the Living Water Smart goals for water management, whereby a portion of water rents be directed to the Water Stewardship branch and support: water management, hydrometric monitoring, enforcement of water regulations, and a Water Fund for local purposes."

AND that the Okanagan Basin Water Board study the benefits and impacts of increased water rents for Okanagan water users."

CARRIED

7.2 Bear Creek Water Quality Report and communication with MoTCA

Dr. Warwick Sears reported that she received a request from John Glaspie at B.C.'s Ministry of

Tourism, Culture and the Arts that the OBWB update its public records on the ministry's work to address recreational impacts in the Bear Creek Watershed. In particular, the ministry has been trail building. Mr. Glaspie pointed to a report prepared by Summit Environmental on its work. Dr. Warwick Sears suggested the board send a letter commending the ministry for its work and encouraging them to follow through on Summit's recommendations.

Dir. Findlater responded that important work has been done, but more is needed. For example, Lakeview Irrigation District is still concerned about the potential for e-coli in the area.

Dir. Baker added that motorized activity in watersheds is costly to local government and that the ministry should be promoting soft footprint tourism which still protects these areas.

Directors agreed to receive the report with no further action.

"THAT the Bear Creek Report from Dr. Warwick Sears, dated Sept. 29, 2010, be received."

CARRIED

7.3 Sewage Facilities Grants, Terms of Reference

Alt. Dir. Pendergraft opened discussion asking that, since the OBWB has decided to review its Sewage Facilities Grants Program, the board reconsider support for projects that allow treated wastewater to be discharged into rivers in the future. The OK Falls sewer project, which received an OBWB grant, is an example of this.

Alt. Dir. Schwarz responded, noting that the OK Falls plant will be a tertiary treatment plant with UV treatment of its water before releasing it into the river. Indeed the plant meets environmental standards and will be better than some plants in the Okanagan, he added.

Dr. Anna Warwick Sears told the board that the OBWB's grant program relies on the province to do the environmental and engineering reviews. Projects are not approved for funding unless they've been approved by the province. The purpose of the OBWB grant program is to encourage communities to move to sewer and towards tertiary plants. The OK Falls project, she added, is an RDOS project so if there is an issue it should be referred to them.

Alt. Dir. Pendergraft agreed that the specifics of the OK Falls plant should be a debate for the RDOS, but said that he also wanted the OBWB to consider encouraging water reuse rather than river discharge.

7.4 Reservoir lot update

Dir. Baker told the board that he met with B.C. Minister of Forests and Range Pat Bell last week and was assured that the Integrated Land Management Bureau had taken the sale of reservoir lots off the table. Local MLAs Ben Stewart (Minister of Community Affairs), Steve Thompson (Minister of Agriculture) and Norm Letnick were all in favour.

The board acknowledged this as very welcome news and noted that it is unfortunate that former OBWB Brian Given is not here to see this since he worked so hard on this effort.

8. CORRESPONDENCE

8.1 Pat Bell, B.C. Minister of Forests and Range, regarding Reservoir Lots correspondence

“THAT the Okanagan Basin Water Board receives the correspondence from Pat Bell, B.C. Minister of Forests and Range, regarding Reservoir Lots correspondence.”

CARRIED

9. NEXT MEETING

The next regular meeting of the Okanagan Basin Water Board will be held on Nov. 2, 2010. The November Okanagan Water Stewardship Council meeting will follow. Both meetings will be held at the Coast Capri Hotel in Kelowna.

10. ADJOURNMENT

“THAT there being no further business, the regular meeting of the Okanagan Basin Water Board of Oct. 5, 2010 be adjourned at 1:32 p.m.”

CARRIED

Certified Correct:		
Chair		Executive Director