



Okanagan Basin
WATER BOARD

2013

ANNUAL REPORT



Working Together
to Protect Our Watershed



WORKING TOGETHER TO PROTECT OUR WATERSHED

For more than 40 years, the Okanagan has had strong partnerships to protect our shared water, but today, partnerships have truly become the new paradigm for doing business. The Okanagan Basin Water Board was established as a joint initiative of the three Okanagan regional districts in 1970. Now the rest of the world is catching up. From the Cowichan to the Similkameen, and at every level of government, partnerships are being formed for planning, for sharing databases, for sharing water supplies and more.

Partnerships especially make sense within watershed boundaries. Having a common approach to water is the basic logic of our geography. Efforts by municipalities, the public, and dam operators – protecting water quality, conserving during shortages, and managing flows – helps ensure the delivery of clean water throughout our valley.

The prosperity of the valley has always been linked to water – a blue oasis in the desert. Water partnerships are the best way to protect that quality of life represented by our fresh cherries, strong economy, and beautiful lakes to play in—for every generation.

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MESSAGE FROM THE CHAIR

The key ingredient for successful collaboration is leadership, and the Okanagan Basin Water Board was created to both lead and support the efforts of local governments on water issues, to share ideas and resources, and help resolve water concerns. It has been a busy year for the Board, with many successes.



As Chair of OBWB, I put the Okanagan valley first, and think about the needs of all residents from north to south. At the same time, I am also the Mayor of the Town of Osoyoos and on the Regional District Board for Okanagan-Similkameen. While serving in these joint roles, I am especially pleased and proud of the OBWB activities last year, supporting the renewal of the Osoyoos Lake Operating Orders, a cross-border water agreement under the International Joint Commission.

OBWB was there throughout the process, raising public awareness in the U.S. and Canada, and promoting policy that protects the environment and human water uses on both sides of the line. Good water agreements for the management of Osoyoos Lake don't just benefit Osoyoos and Oroville, they have far-reaching impacts from Armstrong south to the U.S. Okanogan River. The health of this system has led to a resurgence in sockeye salmon (more than 85% of Columbia sockeye come from the Okanagan). Another of the Board's activities this past year was to partner with the Okanagan Nation Alliance to study the economic values this salmon ecosystem brings to our communities.

Leadership is about listening, and taking an active interest in how to create the best solutions. We are assisted in this work by the Okanagan Water Stewardship Council, a volunteer group of experts from across the water sector that convenes once a month to discuss top water issues and provide advice to the Board. This year, the Council was honoured with a national award from the Council of the Federation (made up of Canada's premiers), for Excellence in Water Stewardship.

We look forward to continuing this high level of excellence in the coming year.

A handwritten signature in black ink that reads "Stu Wells".

Stu Wells, Chair

MESSAGE FROM THE EXECUTIVE DIRECTOR

When you work for a watershed organization, you get your hands dirty with a little bit of everything – but you never do anything without partners. Drought planning, infrastructure upgrades, climate change modeling, zebra mussel campaigns – all of these are beyond the reach of individual jurisdictions.

We are in an era of small government, streamlining and restructuring. At the same time, the challenges we face for water are becoming more complex. Around the office we say, “It’s not just doing more with less; it’s doing more regardless...” While it’s tempting to think that money can solve any problem, the greatest resources we have are people and ideas.

The theme for this Annual Report is “Working Together to Protect our Watershed.” The Okanagan Basin Water Board was founded on the idea that Okanagan communities, working together, can do a better job to protect our water than we can alone. All our work is based on this principle, and each day we try to find stronger and better ways to collaborate. I hope you enjoy the stories and descriptions of the interesting partnerships and great work from this past year.

Of special note, 2012-13 was a record year for public outreach. We expanded the Make Water Work campaign from a small pilot to a valley-wide partnership. We held workshops for local government staff, community participants, and professionals. This included our “Learning from Las Vegas” event on water conservation, our workshop on preparing for climate change with information from the legal and insurance sectors, and a service agreement workshop for water infrastructure projects between municipalities and First Nations communities.

This year we also began developing a watershed plan for the Okanagan. There are many ways a plan could be structured, but the outcome will be a partnership of all Okanagan communities. By having open conversations, bringing challenges and opportunities to the table, the final plan will be much greater than the sum of its parts, using resources and ideas from every jurisdiction to their highest and best potential.



Anna Warwick Sears, Executive Director



ORGANIZATIONAL OVERVIEW

The basic premise behind the creation of the OBWB was that local governments need to work together to manage and protect our shared water. This premise has stood the test of time through the representative structure of the Water Board. Each regional district appoints three elected officials to the board, and the remaining three directors represent the Okanagan Nation Alliance, the Water Supply Association of BC and the Water Stewardship Council.

2012-2013 BOARD OF DIRECTORS



Chair Stu Wells, RDOS,
Mayor, Town of Osoyoos



Vice-Chair Rick Fairbairn, RDNO,
Director, Electoral Area "D"



Juliette Cunningham, RDNO,
Councillor, City of Vernon



Doug Dirk, RDNO, Councillor,
District of Coldstream



Keith Fielding, RDCO, Mayor,
District of Peachland



Doug Findlater, RDCO, Mayor,
District of West Kelowna



Gerry Zimmermann, RDCO,
Councillor, City of Kelowna



Michael Brydon, RDOS,
Director, Electoral Area "F"



Tom Siddon, RDOS, Director,
Electoral Area "D"



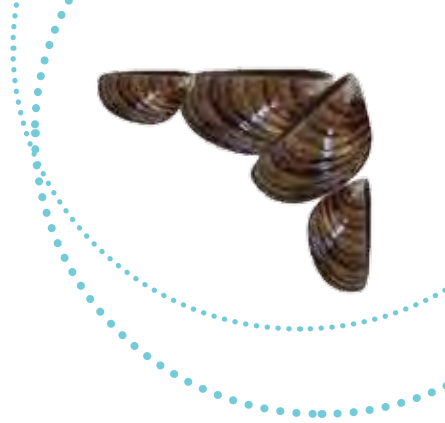
James Pepper,
Okanagan Nation Alliance



Toby Pike, Chair, Water Supply
Association of BC



Bernard Bauer, Chair, Okanagan
Water Stewardship Council



OBWB STAFF

The OBWB has seven full-time staff who work together to deliver all of its programs and services. OBWB staff take pride in collaborating on water issues with other government agencies at all levels, including First Nations, water stakeholders, and the general public. Through these partnerships, the capacity for action on water issues far exceeds what could be achieved alone.

OFFICE STAFF



Anna Warwick Sears,
Executive Director



Nelson Jatel,
Water Stewardship Director



Corinne Jackson,
Communications Director



K. James Littley, Office and
Project Manager

MILFOIL STAFF



Ian Horner,
Milfoil Supervisor



Pat Field,
Milfoil Operator



Dave Caswell,
Milfoil Coordinator



WORKING TOGETHER THROUGH WATER COMMUNICATION

The Okanagan Basin Water Board was formed in 1970 recognizing the need for a valley-wide effort to address water issues – in particular, sewage pollution and invasive milfoil weeds. From the start, the Board noted the importance of local government working with the public to address these issues. Since then, the number of issues facing our water – its quality and quantity – has grown.

As issues arise, and more tools to engage the public become available, the OBWB has expanded its communication efforts.



COMMUNICATIONS AND OUTREACH

The OBWB's audience includes local and senior government officials, residents, researchers, members of the media, and various other water stakeholders. The Water Board's communication tools and strategies are aimed at helping our audience understand water issues and encouraging collaboration.

Communication efforts include:

- the Annual General Meeting and release of our Annual Report
- monthly board meetings and the monthly Board Report
- presentations to local and senior governments
- stakeholder outreach (e.g. the Okanagan Water Stewardship Council)
- creation of water policy tools and legislation
- workshops and conferences for elected officials, government staff and other stakeholders
- the OBWB main website at www.obwb.ca
- the Okanagan WaterWise public education program with a website at www.okwaterwise.ca and related initiatives including the Make Water Work campaign, events, and contests
- public outreach with presentations to groups and at community events, and outreach materials
- news conferences and media releases
- Social media including Facebook - www.facebook.com/OkWaterWise, Twitter - www.twitter.com/OkWaterWise, the Building Bridges blog - www.obwb.ca/blog/, and our YouTube channel - www.youtube.com/user/OKBasinWaterBoard.

HIGHLIGHTS

An important part of any outreach strategy is to engage media to help share the story. The OBWB is thankful for the interest shown by local media in water issues, for their help in informing the public about these issues, and for their role in helping protect our water.

Below is a breakdown of the number of OBWB-related news items, compared over the last four years.

NEWS STORIES

April 1, 2009 – March 31, 2010	80
April 1, 2010 – March 31, 2011	172
April 1, 2011 – March 31, 2012	207
April 1, 2012 – March 31, 2013	206

MAKE WATER WORK

Make Water Work (MWW) is an Okanagan-wide outdoor water conservation campaign – empowering and fun – encouraging residents to get the most from their water. The program began in the spring of 2011 with the gathering of a valley-wide committee of water utility and local government communications staff and the launch of a two-month pilot in the North Okanagan. The pilot included radio ads, print ads, and posters.



In 2012, eight communities partnered with the OBWB, and received \$2000 to \$3000 in matching funds to assist with the campaign (Armstrong, RDNO-Greater Vernon Water, Lake Country, Peachland, RDOS, Penticton, Oliver and Osoyoos), helping promote the MWW message valley-wide. The campaign ran mid-May to mid-September 2012 and included radio and print ads, billboards and Facebook ads, and a contest to win \$2,000 in WaterWise yard improvements.

With matching dollars provided by OBWB/OkWaterWise and in-kind contributions from corporate partners Astral Media, Pattison, Black Press, West-Wind Nurseries and Creative Edge – participating communities received \$92,411 worth of advertising and product.

Focus group testing by McAllister Opinion Research in July 2012 suggested the MWW campaign was on the right track in helping conserve water in the Okanagan. “The Make Water Work advertising concept appears to be very strong.... (and) a concept that resonates. Further development of both the storyline and the creative is likely to yield results.”

In early 2013, the MWW committee made some slight adjustments to the campaign, in part based on the focus group findings, and prepared for a re-launch in May 2013.

DON'T MOVE A MUSSEL

Concern regarding the potential introduction of invasive zebra and quagga mussels in the Okanagan prompted OBWB to develop an awareness campaign. In early 2013, the Water Board began strategic talks with local and provincial invasive species management agencies, tourism and

chamber groups, water stewardship groups and others. A plan was developed to support the outreach of the invasive species groups to recreational water users (e.g. boaters) and their “Clean, Drain, Dry” message, and to develop a complementary campaign to raise awareness among the general public. The result was the launch of the Don't Move a Mussel campaign (www.DontMoveAMussel.ca) in May 2013.



INVASIVE ZEBRA AND QUAGGA MUSSELS

It's difficult to raise alarm about problems that haven't happened yet. This is certainly true for invasive zebra and quagga mussels.

So far as anyone knows, the mussels haven't made it to British Columbia, and we hope to keep it that way. Unfortunately, we don't have a lot of experience mobilizing against threats that can arrive from many different pathways. It's easy to transfer unwanted hitchhikers as we move food, goods, and travelers. There are very few examples where invaders have been eradicated once established. With invasive mussels, the best we can hope for is prevention.

Zebra mussels came to the Great Lakes in the 1980s, transported in the bilge water of tanker ships from Europe. Slowly and steadily, we've helped them cross the continent - lake to river to reservoir - carried mostly by unknowing recreational boaters and anglers. They are invisible as larvae, and can live for a month in wet carpeting.

What's at risk? The Okanagan's lakes are perfect habitat for zebra and quagga mussels (very closely related to each other). Our calcium-rich waters will let mussels grow shells rapidly, reach reproductive size and produce a million offspring a year. The numbers are staggering with the potential for billions of shells, clumping together, clogging intakes, boat motors, and encrusting the WR Bennett Bridge.

We risk extinction of our kokanee and sockeye salmon, more toxic algae blooms, and from there, massive changes in the lake ecology. B.C. has been protected, so far, by vigilant inspection stations in Idaho and Oregon. The province has new penalties and powers to decontaminate boats, but our best hope of success is to stop the mussels before they enter the province. The OBWB is also calling for a ramped-up inspection program at the U.S. and Alberta borders.

PHOTO: Zebra mussels.
Actual size.



WORKING TOGETHER THROUGH WATER MANAGEMENT

INTRODUCTION

The Okanagan has a strong history of managing our shared water. Water management can mean different things to different people, with varying levels of significance, such as safe drinking water, clean water to swim and boat in, water for fire protection, water for fish and ecosystems, water for ceremonial and cultural needs, and water for food production, to name a few. The OBWB is committed to working together to help improve water management for today and future generations. This section provides some snap shots of water management activities and projects the OBWB is actively involved in, and where it is providing a leadership role.



Photo courtesy of Science North

WATER CONSERVATION AND QUALITY IMPROVEMENT GRANT PROGRAM

The Water Conservation and Quality Improvement grant program began in 2006 to promote collaborative water management, uniform standards and best practices in the valley. In 2013, 26 projects from around the valley were chosen to receive part of the annual \$300,000 funding. The Mission Creek Restoration Initiative (which included 13 partners and funders) is an example of the successful collaboration that goes into WCQI-funded projects.

COLDSTREAM CREEK RESTORATION

Grantee: Greater Vernon Water

Additional partners: Coldstream Ranch

District of Coldstream

Farmland – Riparian Interface Stewardship Program

This project focussed on sites at Coldstream ranch where cattle, accessing the creek, were causing deterioration of riparian vegetation and water quality. By building off-stream watering and cattle fencing, riparian areas were protected, allowing plants and trees to naturally filter water travelling within and into the creek. Building a controlled crossing structure prevented erosion along the length of the creek side and prevented cattle waste from entering the water. In one area, woody debris piles were used to create a barrier, rather than expensive and hard-to-maintain fencing.

KALAMALKA LAKE AND WOOD LAKE AQUATIC HABITAT INDEX

Grantee: Okanagan Collaborative Conservation Society

Additional partners: Regional District of the North Okanagan

District of Lake Country

District of Coldstream

Society for the Protection of Kalamalka Lake

This project delivered an easy to understand colour-coded set of maps that allow planners and decision makers to incorporate sensitive habitat information into development decisions. Proper management of these areas conserves biodiversity and sensitive habitat, and also protects the natural ecological benefits from such areas, like water retention and filtration. The information gathered through this project will benefit local governments, senior governments, developers, and the general public.



PHOTO: Riparian area at Coldstream Creek.

BEST PRACTICES FOR SUSTAINABLE LANDSCAPING IN THE OKANAGAN

Grantee: Friends of Summerland Ornamental Gardens

Additional partners: Agriculture and Agrifood Canada

Ministry of Environment

Irrigation Industry Association of BC

Okanagan College – Water Engineering Technology Program

UBC – Botanical Garden and Centre for Plant Research

UBC – Soil Microbial Ecology Group

Native Plant Society of British Columbia

FORREX

Okanagan Xeriscape Association

The Summerland Ornamental Gardens are a major public attraction in the Okanagan and serve as a landscape model for the region. Through this project, the Friends of the Gardens conducted research on water conservation practices and technology at the garden. They were able to reduce water use by 29% in turf-grass areas, nearly twice the targeted reduction goal of 15%. In addition to collaboration with project partners, this project delivered 12 workshops, eight public and school interpretive tours and six school- and three community-planting events.



PHOTO: School children planting at SOG

WATER STEWARDSHIP COUNCIL

Working together to protect our watershed can be complicated, and 2012 marked a milestone year celebrating national recognition of success in this pursuit. In recognition of their significant achievements, the Council of the Federation (representing Canada's premiers) presented the OBWB's Water Stewardship Council with the national Excellence in Water Stewardship Award.

The Water Stewardship Council was formed as a technical advisory committee to the OBWB in 2006 at the request of local businesses and the broader Okanagan community. The objective of the committee is to find collaborative solutions to water resource concerns, and to bridge the interests of First Nations, government, and citizens. The Council is composed of 27 member organizations, and monthly meetings provide a forum for collaborative learning and trust building.



PHOTO: The OBWB's Nelson Jatel (2nd from left) accepts the Council of the Federation Award of Excellence on behalf of the Okanagan Water Stewardship Council from Okanagan MLAs Steve Thompson, Norm Letnick and Ben Stewart.

The Council provides incredible value to the Okanagan and local governments. The in-kind contribution by Council members volunteering their time is estimated at over \$72,000 per year. The value from the trust relationships that have formed, and the opportunity to communicate important and contemporary water management issues in a timely manner, is priceless.

WATER MANAGEMENT PLAN

Water is fundamental to every economic activity, so effective management is prudent leadership. Even conservative estimates of population growth suggest increased conflict between water users that can increase economic risk. This growth, coupled with the uncertainty of climate change and the natural year-to-year fluctuations in water availability, means having a common-sense water plan will help ensure long-term resilience for Okanagan communities.

At the request of the OBWB, the Water Stewardship Council is exploring development of an Okanagan Water Plan. The vision for such a plan is to improve how we manage the quantity, quality, and timing of water delivery to avoid conflicts between water users and environmental flow requirements in the Okanagan watershed.

The plan has the potential to improve water resources for all, but to be successful, it requires input and support from all Okanagan governments – First Nations, local and senior governments, as well as water utilities. With continued dialogue and input, the Council will be submitting a recommendation to the Board for consideration. Contributions of thoughts and ideas are welcome and encouraged.

ECOLOGICAL VALUATION PROJECT

Over the years, most of the Okanagan River has been dyked, channelized, or developed. As such, few areas remain that can support spawning sockeye. There is only one last remaining natural and unchannelized section of the Okanagan River and it is largely responsible for 85-90% of all the sockeye in the Columbia Basin. Recognizing the significance of this section of river – a national treasure contributing significant value to the broader Columbia Basin – Environment Canada provided partnership funding to the OBWB and the Okanagan Nation Alliance for a socioeconomic study to estimate the importance and economic values of the ecosystem supported by this last remaining natural section of the river known as the “Osoyoos Indian Band Reserve Natural Section,” as well as adjacent undeveloped land.

A summary of some of the salmon-related findings is shown in Table ES-3 from the report.

TABLE ES- 3. SALMON-RELATED IMPORTANCE AND VALUE

	NOT QUANTIFIED		
Cultural Importance	Sockeye are integral to the Syilx (Okanagan Nation) people's relationship to the land and spiritual world.		
Health and Nutrition	Individuals ingest important nutrients when consuming the sockeye they harvest.		
	50-YEAR NPV*	100-YEAR NPV	200-YEAR NPV
Sockeye Harvest in Canada	\$11.2-\$14.5 million	\$13.7-\$17.8 million	\$14.4-\$18.7 million
Sockeye Harvest in the US	\$36.8-\$51.9 million	\$45.2-\$63.7 million	\$47.6-\$67.0 million
Avoiding Extinction	\$645.6 million	\$792.9 million	\$834.1 million
Passive-Use Value (WA only)	\$2.6-\$3.5 billion	\$2.6-\$3.5 billion	\$2.6-\$3.5 billion

*NPV - Net Present Value

Additional benefits to maintaining the current natural section of Okanagan River were also analyzed, including: stormwater treatment, flood protection, water quality, recreation, habitat and wildlife, and education. With the leadership of the Okanagan Nation Alliance and partners, protecting the undeveloped section of the river and restoring other sections will provide important ecosystem services, cultural value, and salmon-related benefits.

The economic analysis was conducted by ECONorthwest.

OKANAGAN DROUGHT TOURNAMENT

This year's Invitational Drought Tournament (IDT) was hosted in the Okanagan on November 16, 2012, with water managers, consultants, academics, policy makers, farmers and other stakeholders from across the valley participating. The IDT is a simulation game, developed by the Science and Technology Branch of Agriculture and Agri-Food Canada in Saskatchewan. Teams are guided through a drought scenario where they make water management decisions that balance and optimize ecosystem, social, and economic needs. The tournament is designed to help participants identify gaps and vulnerabilities in past and current drought strategies and help support future drought response, assessing policies, programs and management strategies at various geographic scales, from the watershed to individual catchment areas.

WHAT CAN WE LEARN FROM LAS VEGAS?

On Dec. 5, 2012, the Okanagan Basin Water Board and its Okanagan WaterWise program placed their bets on Vegas for effective and innovative solutions to help address our valley’s water issues.

The “What Can We Learn from Las Vegas?” workshop was co-presented with the Irrigation Industry Association of B.C. and attracted landscapers and irrigators, local elected officials and staff who make and put into action water conservation policies in the Okanagan, and interested members of the public.

The workshop’s keynote speaker was Doug Bennett, Conservation Manager with the Southern Nevada Water Authority (SNWA), who noted the similarities between the Okanagan and Southern Nevada. Both regions have tourism-based economies, high water demand in summer, and a similar allotment of water to work with – SNWA has one metre available through Lake Mead, the Okanagan has 1 - 1.5 metres with Okanagan Lake.

The SNWA has developed a number of methods to promote water conservation. These include water budgets for golf courses, fines of up to \$5,000 for individuals who water the street or let irrigation water run off their property, 30,000 inspections a year to enforce regulations, and a bylaw to prohibit lawns in new residential front yards and limits on back yard lawn.

More from the workshop can be found at: http://www.obwb.ca/what_we_can_learn_from_vegas/.



IRRIGATION POLICY

Irrigation is the largest water user in the Okanagan, supporting a wide range of crops from grapes to forage for livestock, as well as lawns and golf courses. We don't want the farming community to reduce the amount of food they grow, but it is important for long-term water security for every sector to be as efficient as possible. Irrigation efficiency is achieved by correctly designing, operating, and maintaining an irrigation system to match the climate, crop and soil management limitations. By promoting and supporting efficient irrigation design, operation and maintenance, the OBWB acknowledges that everyone in the Okanagan Basin, urban or rural, agricultural or domestic, must conserve water.

The Board, with ongoing input from the Water Stewardship Council, is working to identify how to improve, support, and promote irrigation efficiency. The Board adopted a policy statement asserting that we:

1. encourage efficient irrigation for agriculture and domestic landscape systems; and
2. encourage the reduction of outdoor residential water demands by using indigenous plant landscapes compatible with the semi-arid Okanagan climate.

PHOTO: An Agricultural Water Reserve would help ensure water for farming during times of drought.



AGRICULTURAL WATER RESERVE

The 2008 Okanagan Sustainable Water Strategy, produced by the Water Stewardship Council, targeted the establishment of an Agricultural Water Reserve (AWR) as a key priority for the Okanagan. Our semi-arid valley has had recurrent water shortages, and a steadily increasing population is putting more stress on water supplies and creating potential for conflicts over water.

The AWR is envisioned to be a system preserving access to both ground and surface water for zoned agricultural lands. This system would be based on a water demand and supply analysis, ensuring appropriate water allocations. The Province of B.C. would manage the AWR since it has both the authority to license and allocate water, and has already made a commitment to securing access to water for agricultural lands as part of its 2008 Living Water Smart plan. It is important to note that the AWR is not a mechanism for managing water in times of drought. Drought plans are also necessary to manage conflicts during water scarcity.

A strong agricultural sector provides both direct and indirect benefits, including increased real estate values for residential lands, access to locally produced food, preservation of production capacity for the future, employment and economic benefits, a driver for tourism, and quality of life benefits.

WORKING TOGETHER THROUGH WATER SCIENCE

Over the last seven years, since the renewal of the OBWB's water management mandate, water science and policy analysis has become one of our centres of excellence. However, every project – from the multi-year Water Supply and Demand Project, to the ground-breaking economic impact analysis of the sockeye spawning habitat in Okanagan River – is made possible through partnerships with other agencies and organizations. Many groups need this information, and the end products are more meaningful, with bigger impact, through a team approach.



ADAPTATION TO CLIMATE CHANGE WORKSHOP

We can't specifically predict what will happen to water in the future, but it makes sense to look for general trends and likely outcomes.

In June 2012, the OBWB hosted a workshop for local government staff and electeds, to talk through costs and considerations related to climate change in the Okanagan. We had just published a new set of scenarios evaluating how population growth, development patterns, and climate will drive water demand in the future. The results were surprising.

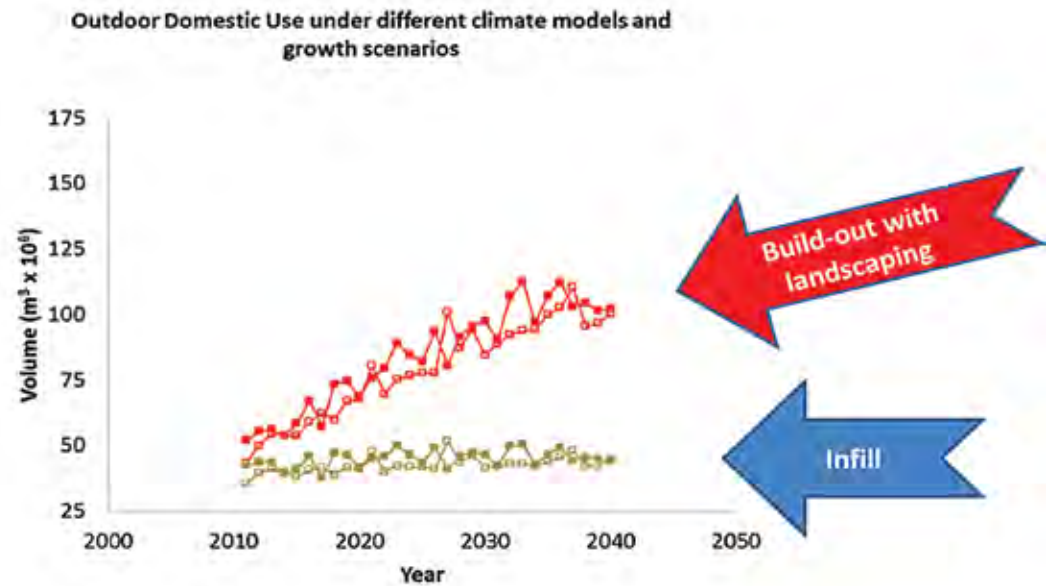


PHOTO: Insurance Bureau of Canada's Robert Tremblay speaks with Global Okanagan about the growing number of climate-related insurance claims his agency is seeing.

In the near-term (until 2040), the scenarios found that without changes to development patterns, residential landscaping would drive increasing water demand faster than climate change or agricultural irrigation. Lawn-watering would use almost the total irrigation required for Okanagan crops. The "worst-case" scenario was based on building out communities the way we do now with large-lot development and building up the hillsides.

The bad news is that sprawl development could increase the risk of water shortages, but the good news is that municipalities are already densifying, and creating bylaws to limit water wasting. Population growth and climate change are inevitable, but water shortages are optional.

The workshop was also an opportunity to hear updates from research partners at the Pacific Climate Impacts Consortium, learn about the changes in intensity, frequency, and duration of rain-events in Metro-Vancouver, an overview of legal liability concerns,

and what the B.C. Ministry of Community Development is doing to encourage low-impact development.

The keynote address was by Robert Tremblay, from the Insurance Bureau of Canada – showing the shocking increases in water-related claims, and how the insurance industry wants to work with municipalities to reduce damage from climate change – helping homeowners keep their coverage.

BC WATER USE REPORTING CENTRE

The BC Water Use Reporting Centre (BC WURC) is a simple, web-based system for water users to report and access water use information. It compiles actual water use data from large and medium water users into a central database. This is an important strategic asset for water management in the valley, lending planning support to local governments for anticipated climate and population changes, and allowing local economies to continue to grow while maintaining water for communities, families, farms and ecosystems.

The BC WURC project is in its third year of a successful Okanagan pilot. In 2012, the Regional District of Nanaimo also began a pilot using BC WURC. The success of this system is an example of the benefits of partnerships, local leadership, and strategic investment by senior and local governments totalling approximately \$400,000.

The information provided by BC WURC supports many ministries and provides the B.C. Government with a unique, cost-effective opportunity to enhance water management across the province, delivering on the Living Water Smart goal that “Government will require all large users to measure and report their water use.” This system ensures accountability, transparency and collaboration for the province’s most precious resource – fresh water.

RE-ESTABLISHING A HYDROMETRIC NETWORK IN THE OKANAGAN

The Okanagan is at high risk for future water shortages. The region’s dry climate and rapid population growth result in the lowest per capita water supply in Canada. According to researchers, this supply will also be strongly impacted by climate change. To effectively manage these challenges, decision makers need accurate and current information on water levels and stream flows. Unfortunately, the network of



PHOTO: Clark Creek hydrometric station

hydrometric stations in the valley, which once numbered 150, has been cut to less than 30. Re-establishing a broad network of hydrometric monitoring sites in the Okanagan is important for our water security.

Working with partners from government and water user groups, the objective of this project is to deploy 15 new strategic hydrometric monitoring stations in the Okanagan valley. The first partner for this initiative is the District of Lake Country, where two stations will be installed. Data collected from these stations will be available through the BC Water Use Reporting Centre website, enabling streamlined access to flow information.

GROUNDWATER UPDATE

Groundwater is vulnerable to over-exploitation. While depletion of surface water is easily seen, groundwater depletion is invisible. Water managers need tools to understand the health of groundwater and to make evidence-based decisions about aquifer use and development. The BC Observation Well Network, operated by the B.C. Ministry of Environment, is one such tool. A major review of the well network was completed in 2009 and identified locations at risk for aquifer depletion that were not being monitored. The review became the foundation for the Okanagan Groundwater Monitoring Project, which to date has installed 12 new observation wells in the Okanagan Basin.

The Okanagan Groundwater Monitoring Project is managed by the OBWB, with local governments providing financial and technical support for individual well sites. The Province of B.C., through various ministries, contributes significant in-kind support by providing monitoring equipment, hydrogeological expertise, access to Crown lands for well-siting, and maintaining on-going remote monitoring programs. The Government of Canada participates as a major funding partner through Agriculture and Agri-Food Canada, and with in-kind support from Environment Canada.



PHOTO: The OBWB, in partnership with several agencies, has successfully installed 12 groundwater monitoring wells to help track water supplies in Okanagan aquifers identified as sensitive.

FLOODING

Droughts have sweeping economic consequences, but water customers are often shielded from the worst effects of shortages by their water utilities. On the other hand, flooding comes right into people's basements. With climate change, we have to prepare for more frequent droughts and floods.

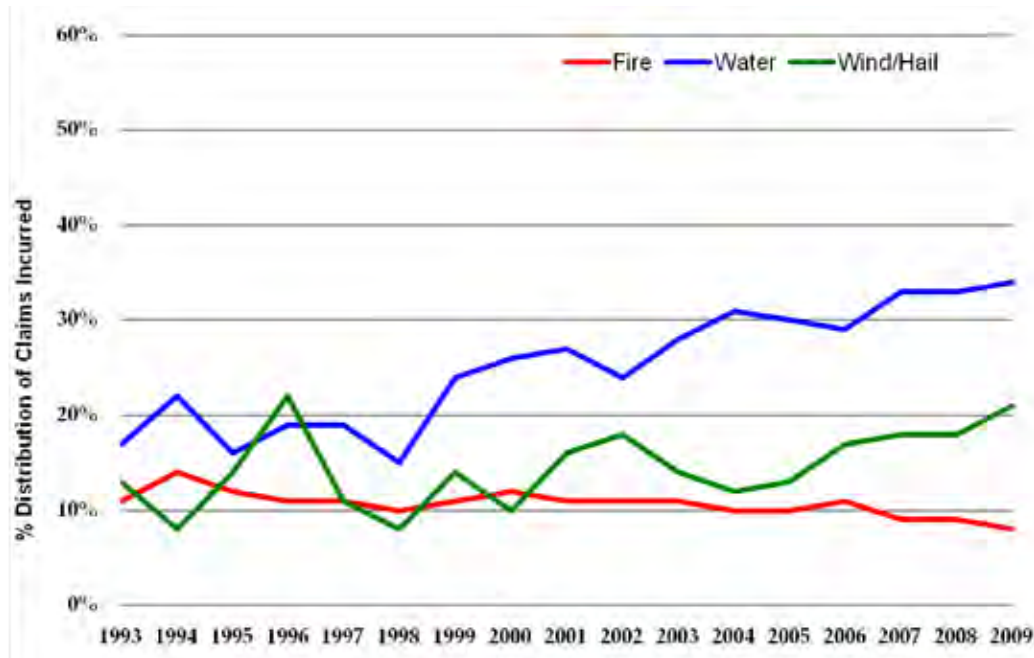
In 2012-13, the OBWB helped organize two flood prevention-related initiatives. The first is an ongoing effort by the BC Real Estate Association to update floodplain maps in the province. This kicked off with a Vancouver workshop with participants ranging from the

insurance industry to real estate, business, government, and universities. The second was a technical workshop held in Kelowna, on flood risk assessment: “Not Waiting for Noah”, reviewing the current state of predictive models, and sharing approaches.

Each spring, the OBWB organizes a webinar, with presentations from experts at Environment Canada, and the province – evaluating the weather patterns, snow pack, and groundwater monitoring well levels. This is to help water suppliers and public agencies better prepare their operational plans for the water that is expected.

The biggest problem throughout B.C. is that some past zoning decisions placed neighborhoods in the middle of floodplains. To make matters worse, most of B.C.’s floodplain maps are outdated. Floodplains change because of sediment build-up, upstream alterations to the streambanks, logging, and other factors including greater intensity storms brought on by climate change. Recovery costs are going up because there are more expensive homes and business investments being made in vulnerable areas.

High water levels in the Okanagan for 2012 and 2013, coupled with the frightening example of the 2013 “Great Flood” in Calgary, mean that flood mapping, zoning, prevention, and other flood-policies will be an emerging issue for OBWB in the coming years.



Graph: Water damage claims swamp Canadian insurance industry. Source: Insurance Bureau of Canada

WORKING TOGETHER TO PROTECT WATER QUALITY

The OBWB has two major programs that work to enhance and improve water quality in the Okanagan. Each of these programs has been developed with the cooperation of Okanagan local governments as well as other levels of government. The effects of the collaboration in these two programs can be measured by our beautiful beaches, vibrant tourism and clean, clear waters.



MILFOIL CONTROL

This program operates year-round to control the growth of invasive Eurasian milfoil. Milfoil can grow in water up to six metres deep and may grow up to five cm per day. Since its introduction in the 1970s, milfoil has spread to every major lake in the Okanagan. The milfoil control program was started in 1974 under a cost-sharing agreement between the province and the OBWB. In the 1990's the province transferred full control of the program, as well as the full costs.

This year the program focussed on updating environmental best management practices and on worker safety. Milfoil operators often work long hours in isolated conditions and harsh environments. In addition to meeting all the Work Safe BC safety standards, this year the OBWB took the extra step of equipping each operator with a nationally registered GPS Personal Locator Beacon. In the event of an emergency, the beacon will provide precise coordinates to local search and rescue officials to ensure our operators get the help they need.

Our environmental best management practices also began an upgrade this year through the development of new electronic maps and an environmental index. Completed in July 2013, the new system incorporates all local, provincial and federal environmental concerns in our treatment areas. Of particular note is the habitat of native Rocky Mountain Ridged Mussels. Scant information now exists about this native mussels, but they are thought to be rare, and potentially at-risk in the Okanagan. Working with the province, the OBWB amended its control operations in areas where the mussel is known to live and we will continue to work with the province to learn more about this species, their habitat, and the possible effects of milfoil control operations.

SEWAGE FACILITIES ASSISTANCE GRANTS

The Sewage Facilities Assistance grants program provides local governments with funds to upgrade and replace old septic and sewage infrastructure from pre-1978 development. Since the program started more than 40 years ago, Okanagan waters have seen significant reductions in the amount of phosphorus and other nutrients from non-tertiary treated sewage and septic runoff entering the lakes. In 2010-11, the program underwent a major review and audit. In September 2012, the new program guide was delivered to all eligible Okanagan governments and First Nations. Grants are paid semi-annually over a 20 or 25 year period. The SFA grants program is the OBWB's longest running and most financially significant program.

FEDERATION OF CANADIAN MUNICIPALITIES WORKSHOP

First Nations bands are a different form of government from municipalities, but both provide services to their residents. One of the greatest imperatives across Canada is to improve delivery of drinking water and wastewater treatment to First Nations communities. In many cases, these communities are adjacent to municipalities, so sharing services can be an ideal solution.



PHOTO: First Nations and local government discuss possible infrastructure partnerships.

The OBWB was approached early in 2012 by the Community Infrastructure Partnership Program (CIPP), a joint initiative of the Federation of Canadian Municipalities and Aboriginal Affairs and Northern Development Canada, who asked for help hosting a workshop on First Nations-municipal service agreements in the Okanagan. The OBWB, with our history of grants for sewage treatment infrastructure, and valley-wide focus, was a natural partner.

The workshop was held in Penticton on October 23rd, 2012. A highlight was a joint presentation by Brian Titus, Chief Operating Officer of the Osoyoos Indian Band, Barry Romanko, CAO of the Town of Osoyoos, and Stu Wells, Mayor of Osoyoos, about how the town and the band have developed a strong working relationship, sharing water and wastewater services. There were presentations by legal counsel on the nuts and bolts of service agreements, and a presentation on the CIPP Service Agreement Best Practice Toolkit.

Workshop participants came from municipalities and bands throughout the valley – including Vernon, the Okanagan Indian Band, Lake Country, West Kelowna, the Okanagan Nation Alliance, Penticton, Princeton, and RDOS.

LOOKING AHEAD

The 2013 flooding in Alberta, following on the heels of the 2012 record-breaking heat waves and drought in the central plains of North America – raising food prices across Canada and the U.S. – highlight the urgency of water science and planning to enhance fiscal stability and reduce economic losses. Here in the Okanagan, which always swings between wet and dry years, water sustainability demands an integrated, collaborative approach, bringing together the efforts of local communities, First Nations, and the governments of B.C. and Canada.

In the 2013-14 fiscal year the OBWB will continue to be active in B.C.'s Water Act modernization process – scheduled to be completed in 2014. Many of our local water concerns (such as groundwater protection) can only be addressed through this update, and we will work on preparing the needed systems, data and agreements so that we can smoothly adapt to legislative changes. Much progress has already been made, with the OBWB's development of the BC Water Use Reporting Centre, initiating a project to establish a comprehensive water monitoring database, and studies determining water needs for the environment, agriculture and urban development.

Probably the most important initiative this year will be engagement with Okanagan local governments and First Nations communities – beginning to lay the groundwork for a collaborative, valley-wide water plan. Along with planning, we will expand our ability to deliver water tools and data to local communities. And, we will continue collaborative communication efforts to increase water conservation and stop the spread of invasive zebra and quagga mussels into the valley. We've already secured funds for many of these initiatives, and will be applying for new funding as opportunities arise.

In all our work, we are seeking new ways to provide fresh information and practical, on-the-ground projects and tools to ensure a more sustainable water supply for Okanagan local governments, other water stakeholders and the residents of this valley.



WORKING TOGETHER FOR FISCAL RESPONSIBILITY

The theme of this year's Annual Report is "Working Together." At every level of government, in industry and university research, collaboration is now the normal way of doing business. By working together, we not only share financial resources in a spirit of fiscal responsibility, we share ideas and human capital – the most valuable of all assets. The OBWB was established more than 40 years ago to pool local resources, leverage external funds, and direct them to top-priority actions in the valley to protect water then and into the future. Today, that principle is more timely than ever.



RESOURCE MANAGEMENT

COMMUNITY WATERSHED
Welcome

The lake and surrounding streams provide drinking water to many Okanagan residents. Please help to protect the water quality and natural environment during your stay. Your cooperation is greatly appreciated.

If you have any comments on the management of this area, please contact:

B.C. Forest Service Vernon Forest District 250-270	B.C. Environment Kelowna, B.C. 250-868	Pinet and Wood Lake Irrigation District Kelowna B.C. 250-862
--	--	--

OVERVIEW OF FINANCIALS

One of OBWB's most valuable abilities is the flexibility for building partnerships and leveraging external funds and in-kind contributions. As in previous years, the board attracted sizable contributions from senior government for water initiatives. In 2012-13, we received more than \$355,000 in grants or funding agreements. This included a total of \$125,000 in provincial grants, \$166,000 from the Government of Canada, and \$64,500 from a variety of partners participating in our water monitoring projects, water conservation campaigns, and other studies.

These funds went to projects ranging from water supply and demand research, to tools training and data access for local governments, surface and groundwater monitoring, a study of the economic values associated with the salmon spawning habitat in the Okanagan River, and more.

We received very generous in-kind support, valued at more than \$100,000 from Environment Canada, for their study of evaporation on Okanagan Lake. We also received more than \$70,000 of in-kind contributions in volunteer hours from members of the Water Stewardship Council, both for formal Council meetings, and through their participation on our technical committees. Along with these, we are grateful for the outpouring of support from local media outlets, businesses and contractors to the Make Water Work and Don't Move a Mussel campaigns.

The OBWB distributes grant funds as well as receives them. In 2012-13 we awarded \$300,000 in local water conservation and quality improvement grants, matching funds from recipients and other funding agencies. Several 20-year sewage infrastructure grants were also completed, leading to a reduction in OBWB's overall requisition. In addition, we provided the second installment of a \$100,000/year commitment to UBC-Okanagan, a five-year agreement that brought more than \$1.5 million in external funds to support an endowed Water Research Chair.

We continued to update and streamline our financial management systems in 2012-13. As the main portion of the Water Supply and Demand Project has been completed, and the remaining projects have much overlap with other water management initiatives, we transferred the remaining grant funds to our water management project budget where it will continue to support these analyses.

FINANCIAL HIGHLIGHTS FOR 2012-13

REVENUES (THOUSANDS) ^{NOTE 1}	2012-13	2011-12
Levies from member regional districts		
North Okanagan	666	726
Central Okanagan	2,032	2,182
Okanagan-Similkameen	752	815
Government grants and contracts	355	276
Non-government grants and contracts	3	18
Interest income	44	47
TOTAL	3,852	4,064

EXPENSES (THOUSANDS) ^{NOTE 2}	2012-13	2011-12
Sewage facilities	1,774	1,938
Water management	1,127	1,192
Water supply & demand project	106	98
Eurasian watermilfoil control	600	568
UBC-O water research chair	100	100
TOTAL	3,707	3,895

NOTE 1 Each Okanagan property owner contributed at the same rate of approximately \$5.68/\$100,000 assessment in 2012-13.

NOTE 2 All programs were within planned budgets.

NOTE 3 Grants and funding commitments from senior government are often held in reserve over multiple fiscal years until project completion.

Details about the OBWB's financial position can be found on our audited financial statements, given on pages 29-48.



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BDO Canada LLP
Landmark Technology Centre
300 - 1632 Dickson Avenue
Kelowna BC V1Y 7T2 Canada

July 02, 2013

Dr. Anna Warwick Sears
1450 KLD Road
Kelowna, BC V1W 3Z4

Dear Dr. Warwick Sears:

RE: Okanagan Basin Water Board

We have completed the financial statement audit of the Okanagan Basin Water Board for the year ended March 31, 2013. Enclosed is a copy of the final audited financial statements.

Yours truly,

Michael A. Gilmore, CA, CFP

Partner through a corporation
BDO Canada LLP
Chartered Accountants

MG/pg
Enclosures



Okanagan Basin
WATER BOARD

Financial Statements
For the year ended March 31, 2013

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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, 2013, 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 public sector accounting standards 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, 2013, and its financial activities and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Kelowna, British Columbia
July 2, 2013

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

March 31	2013	2012
Assets		
Cash (Note 1)	\$ 3,017,935	\$ 2,946,284
Accounts receivable	67,681	69,338
	<u>3,085,616</u>	<u>3,015,622</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 290,994	\$ 379,383
Grants payable (Note 7)	203,806	218,360
	<u>494,800</u>	<u>597,743</u>
Net Financial Assets	<u>2,590,816</u>	<u>2,417,879</u>
Non-financial Assets		
Prepaid expenses	13,838	772
Tangible capital assets (Note 10)	181,791	222,613
Accumulated Surplus (Note 2)	<u>\$ 2,786,445</u>	<u>\$ 2,641,264</u>

Approved on behalf of the Board:





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

Okanagan Basin Water Board
Statement of Operations and Accumulated Surplus

For the year ended March 31	2013	2013	2012
	Actual	Budget	Actual
Revenue (Note 9)			
Levies from member Regional Districts (Note 3)	\$ 3,449,885	\$ 3,449,885	\$ 3,722,850
Grants	355,448	-	276,199
Interest	43,808	25,000	46,710
Other income	3,078	-	18,240
	<u>3,852,219</u>	<u>3,474,885</u>	<u>4,063,999</u>
Expenses (Note 9)			
Sewerage facilities	1,774,496	1,758,403	1,937,589
Water management	1,126,917	1,042,982	1,192,164
Water supply and demand	106,046	-	97,577
Aquatic weed control	599,579	573,500	568,025
UBCO Water Research Chair	100,000	100,000	100,000
	<u>3,707,038</u>	<u>3,474,885</u>	<u>3,895,355</u>
Annual Surplus (Note 8)	145,181	-	168,644
Accumulated Surplus, beginning of year	<u>2,641,264</u>	<u>2,641,264</u>	<u>2,472,620</u>
Accumulated Surplus, end of year	<u>\$ 2,786,445</u>	<u>\$ 2,641,264</u>	<u>\$ 2,641,264</u>

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

Okanagan Basin Water Board
Statement of Cash Flows

For the year ended March 31	2013	2012
Operating Activities		
Annual surplus	\$ 145,181	\$ 168,644
Non-cash charges to operations:		
Amortization	46,354	39,648
	<u>191,535</u>	<u>208,292</u>
Decrease in accounts receivable	1,657	109,721
Decrease in accounts payable and accrued liabilities	(102,943)	(358,466)
(Increase) decrease in prepaid expenses	<u>(13,066)</u>	<u>12,251</u>
	77,183	(28,202)
Capital Activities		
Acquisition of tangible capital assets	<u>(5,532)</u>	<u>(1,436)</u>
Increase (decrease) in cash during the year	71,651	(29,638)
Cash, beginning of year	<u>2,946,284</u>	<u>2,975,922</u>
Cash, end of year	\$ 3,017,935	\$ 2,946,284

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	2013	2012
Annual surplus	\$ 145,181	\$ 168,644
Acquisition of tangible capital assets	(5,532)	(1,436)
Amortization of tangible capital assets	46,354	39,648
Change in prepaid expenses	(13,066)	12,251
Net change in net financial assets	172,937	219,107
Net financial assets, beginning of year	2,417,879	2,198,772
Net financial assets, end of year	\$ 2,590,816	\$ 2,417,879

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, 2013

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 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 public sector accounting standards 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 Canadian public sector accounting standards 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	<p>The Board recognizes and measures financial assets and financial liabilities on the balance sheet when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on initial recognition. Financial instruments are subsequently measured at amortized cost as the Board has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on an active market. Since no financial instruments are measured at fair value after initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements.</p> <p>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.</p>

Okanagan Basin Water Board Summary of Significant Accounting Policies

March 31, 2013

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 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 funds are received.

Okanagan Basin Water Board
Notes to Financial Statements

March 31, 2013

1. Cash

The 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 public sector accounting standards require that non-statutory reserves be included with the operating surplus. The reserve and change therein included in the operating surplus is as follows:

	2013	2012
Aquatic Weed Control Equipment Reserve		
Balance, beginning of year	\$ 234,504	213,126
Net deficit	(18,675)	(18,270)
Transfer of amortization	46,354	39,648
Balance, end of year	262,183	234,504
Invested in Tangible Capital Assets		
Balance, beginning of year	222,613	260,825
Transfer for acquisition of tangible capital assets	5,532	1,436
Transfer of amortization	(46,354)	(39,648)
Balance, end of year	181,791	222,613
Sewerage Facilities Assistance Reserve Fund		
Balance, beginning of year	1,689,327	1,485,400
Net surplus	11,979	203,927
Balance, end of year	1,701,306	1,689,327
Water Management Accumulated Surplus		
Balance, beginning of year	440,604	366,530
Net surplus	206,093	75,510
Transfer for acquisition of tangible capital assets	(5,532)	(1,436)
Balance, end of year (Note 9)	641,165	440,604
Water Supply & Demand Accumulated Surplus		
Balance, beginning of year	54,216	146,739
Net deficit	(54,216)	(92,523)
Balance, end of year (Note 9)	-	54,216
	\$ 2,786,445	\$ 2,641,264

Okanagan Basin Water Board
Notes to Financial Statements

March 31, 2013

3. Levies from Member Regional Districts

	2013	2013	2012
	Actual	Budget	Actual
North Okanagan	\$ 665,731	\$ 665,731	\$ 725,905
Central Okanagan	2,032,296	2,032,296	2,181,574
Okanagan Similkameen	751,858	751,858	815,371
	<u>\$ 3,449,885</u>	<u>\$ 3,449,885</u>	<u>\$ 3,722,850</u>

4. Sewerage Facility Grants to Member Local Governments

	2013	2012
City of Armstrong	\$ -	\$ 76,169
District of Coldstream	19,193	19,193
City of Kelowna	297,722	399,501
District of Lake Country	269,433	279,652
Town of Oliver	30,594	30,594
Town of Osoyoos	16,806	19,099
District of Peachland	212,779	217,169
City of Penticton	203,320	201,811
Regional District of Central Okanagan	9,145	9,145
Regional District of North Okanagan	4,679	4,679
District of Summerland	401,715	401,715
City of Vernon	125,583	125,583
Westbank First Nation	48,463	48,463
District of West Kelowna	84,816	84,816
	<u>\$ 1,724,248</u>	<u>\$ 1,917,589</u>

Okanagan Basin Water Board Notes to Financial Statements

March 31, 2013

5. Commitments

The Board is currently in a ten-year lease agreement, which has six years remaining, with the Regional District of North Okanagan for the lease of 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:

2014	\$	12,800
2015		12,800
2016		12,800
2017		12,800
2018		12,800

The Board is also currently in a two year lease agreement, which expires December 31, 2013, 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 \$8,406.

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, 2009 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in the fall of 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Board paid \$39,355 (2012 - \$39,062) for employer contributions to the plan during the year.

Okanagan Basin Water Board
Notes to Financial Statements

March 31, 2013

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 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, with individual grants ranging from \$3,000 to \$30,000. Grants will be expensed in the year of approval as per the budget.

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.

Okanagan Basin Water Board Notes to Financial Statements

March 31, 2013

9. Segment Disclosures

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 \$560,627 (2012 - \$313,183) 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. The project has now moved into a new phase in which the original senior government funding agreements are completed, and continuing elements of the water availability assessments have been integrated with the Board's Water Management projects. For this reason, remaining operating surplus balances of the Water Supply and Demand have been reallocated to Water Management where they will be used for these continuing water availability assessments.

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. The Sewerage Facilities Assistance Accumulated Surplus includes \$9,751 (2012 - \$nil) for previously committed projects.

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

March 31, 2013

9. Segment Disclosures (continued)

UBCO Water Research Chair

This program provides matching funds for a Water Research Chair at the University of British Columbia Okanagan. The three Okanagan regional districts requested the Board to provide \$500,000 over a five year period (\$100,000 per year) to match \$1,500,000 funding from the B.C. Leading Edge Endowment Fund and the B.C. Real Estate Foundation.

Okanagan Basin Water Board
Notes to Financial Statements

For the year ended March 31, 2013

9. Segment Disclosures (continued)

	Water Management	Water Supply and Demand	Aquatic Weed Control	Sewerage Facilities	UBCO Water Research Chair	2013 Total
Revenues						
Levies (Note 3)	\$ 1,037,982	\$ -	\$ 573,500	\$ 1,738,403	\$ 100,000	\$ 3,449,885
Grant income	283,618	51,830	-	20,000	-	355,448
Interest income	11,410	-	4,326	28,072	-	43,808
Other income	-	-	3,078	-	-	3,078
	<u>1,333,010</u>	<u>51,830</u>	<u>580,904</u>	<u>1,786,475</u>	<u>100,000</u>	<u>3,852,219</u>
Expenses						
Assistance grants	294,693	-	-	1,724,248	100,000	2,118,941
Amortization	-	-	46,354	-	-	46,354
Contract services	447,027	-4,470	6,405	10,248	-	468,130
Director's remuneration and expenses	10,030	-	9,964	-	-	19,994
Equipment costs	1,862	-	100,279	-	-	102,141
Insurance	3,599	-	21,815	-	-	25,414
Interest charge	-	-	30	-	-	30
Office	15,190	-	12,789	-	-	27,979
Outreach and publicity	65,603	10	6,493	-	-	72,306
Overhead allocation	(20,000)	-	(20,000)	40,000	-	75,832
Professional fees	36,434	-	39,398	-	-	75,832
Rental costs	9,682	-	22,352	-	-	32,034
Safety	-	-	1,450	-	-	1,450
Stewardship council expenses	18,916	-	-	-	-	18,916
Travel, conferences and meetings	53,743	1,368	1,570	-	-	56,681
Utilities, yard supplies and maintenance	-	-	13,290	-	-	13,290
Wages and benefits	290,136	-	337,390	-	-	627,526
Water supply and demand transfer	(100,198)	100,198	-	-	-	-
	<u>1,126,917</u>	<u>106,046</u>	<u>599,579</u>	<u>1,774,496</u>	<u>100,000</u>	<u>3,707,038</u>
Annual surplus (deficit)	\$ 206,093	\$ (54,216)	\$ (18,675)	\$ 11,979	\$ -	\$ 145,181

Okanagan Basin Water Board
Notes to Financial Statements

For the year ended March 31, 2013

9. Segment Disclosures (continued)

	Water Management	Water Supply and Demand	Aquatic Weed Control	Sewerage Facilities	UBCO Water Research Chair	2012 Total
Revenues						
Levies	\$ 970,060	\$ -	\$ 543,900	\$ 2,108,890	\$ 100,000	\$ 3,722,850
Grant Income	272,199	4,000	-	-	-	276,199
Interest Income	8,475	1,054	4,555	32,626	-	46,710
Other Income	16,940	-	1,300	-	-	18,240
	<u>1,267,674</u>	<u>5,054</u>	<u>549,755</u>	<u>2,141,516</u>	<u>100,000</u>	<u>4,063,999</u>
Expenses						
Assistance grants	300,000	-	-	1,917,589	100,000	2,317,589
Amortization	-	-	39,648	-	-	39,648
Contract services	348,487	119,773	1,773	-	-	470,033
Directors' remuneration and expenses	10,158	-	10,159	-	-	20,317
Equipment costs	791	-	91,997	-	-	92,788
Insurance	1,131	-	23,724	-	-	24,855
Interest Charge	-	-	30	-	-	30
Office	15,557	-	10,386	-	-	25,943
Outreach and publicity	44,680	3,285	1,865	-	-	49,830
Overhead allocation	-	-	(20,000)	-	-	-
Professional fees	37,225	-	37,225	20,000	-	74,450
Rental costs	8,246	-	21,270	-	-	29,516
Safety	274	-	2,673	-	-	2,947
Stewardship council expenses	21,152	-	-	-	-	21,152
Travel, conferences and meetings	30,686	4,519	3,359	-	-	38,564
Utilities, yard supplies and maintenance	-	-	8,106	-	-	8,106
Wages and benefits	343,777	-	335,810	-	-	679,587
Water management initiative	30,000	(30,000)	-	-	-	-
	<u>1,192,164</u>	<u>97,577</u>	<u>568,025</u>	<u>1,937,589</u>	<u>100,000</u>	<u>3,895,355</u>
Annual surplus (deficit)	\$ 75,510	\$ (92,523)	\$ (18,270)	\$ 203,927	\$ -	\$ 168,644

Okanagan Basin Water Board
Notes to Financial Statements

For the year ended March 31, 2013

10. Tangible Capital Assets

	Buildings	Equipment	Vehicles	Office Furniture & Equipment	Computers	2013 Total
Cost						
Balance, beginning of year	\$ 118,352	\$ 779,450	\$ 127,037	\$ 2,250	8,508	\$ 1,035,597
Additions	-	-	-	-	5,532	5,532
Balance, end of year	118,352	779,450	127,037	2,250	14,040	1,041,129
Accumulated amortization						
Balance, beginning of year	23,498	677,634	105,181	2,250	4,421	812,984
Amortization	4,743	31,803	6,298	-	3,510	46,354
Balance, end of year	28,241	709,437	111,479	2,250	7,931	859,338
Net book value	\$ 90,111	\$ 70,013	\$ 15,558	\$ -	\$ 6,109	\$ 181,791

Okanagan Basin Water Board
Notes to Financial Statements

For the years ended March 31, 2013

10. Tangible Capital Assets (continued)

	Buildings	Equipment	Vehicles	Office Furniture & Equipment	Computers	2012 Total
Cost						
Balance, beginning of year	\$ 118,352	\$ 779,450	\$ 127,037	\$ 2,250	\$ 7,072	\$ 1,034,161
Additions					1,436	1,436
Balance, end of year	118,352	779,450	127,037	2,250	8,508	1,035,597
Accumulated amortization						
Balance, beginning of year	18,755	651,154	98,883	2,250	2,294	773,336
Amortization	4,743	26,480	6,298		2,127	39,648
Balance, end of year	23,498	677,634	105,181	2,250	4,421	812,984
Net book value	\$ 94,854	\$ 101,816	\$ 21,856	\$ -	\$ 4,087	\$ 222,613





Okanagan Basin
WATER BOARD

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