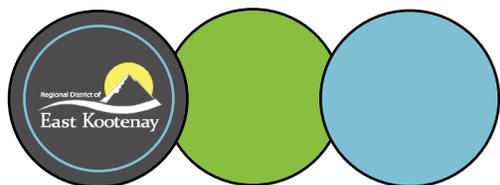


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August 2016



WINDERMERE WATER UPDATE

The Windermere Water System has been under a Water Quality Advisory since 2006. The only way to ensure the community receives water that meets Interior Health standards and to lift the Advisory is to filter/treat the water.

The last few years have seen discussion on a number of different options to provide treated water to the community. Now we are seeking input and comments from the community on the remaining options.

History & Public Consultation

A referendum held in June 2011 regarding the proposal to purchase bulk water from Parr Utilities was defeated. In 2012 and 2013, the RDEK and a committee of local citizens established a new public consultation process to look at options for moving the Windermere Water System into compliance. Input was received through community round tables and a survey.

The key priorities identified are:

- Safe drinking water;
- At the lowest fees and taxes; and
- A preference for public ownership.

This input resulted in a report prepared by the consulting firm Kerr Wood Leidal (KWL) in December 2013 which provided high-level cost estimates for the most achievable options identified by the community. A community meeting was held December 30, 2013 followed by a community survey in early 2014 to obtain feedback on these options.

Since then, further investigation into groundwater sources has been conducted, including drilling a test well, which determined groundwater was not feasible.

In 2015, to make use of grant funding that was due to expire, the RDEK focused on construction of a reservoir in Windermere that had been identified as necessary regardless of which option is pursued.

There have been a number of changes since KWL's 2013 report, so this spring KWL prepared an updated report.

Previously Considered Options

Community input in 2012 resulted in nine options being brought forward for consideration. The options determined not feasible, include:

- **Treatment at existing pump station (by lake)**
Unlikely to be able to obtain additional land required nor approval to locate on environmentally sensitive shoreline
- **Extension of intake (to avoid treatment)**
Unlikely to meet Interior Health requirements for an unfiltered surface water source
- **New source – Windermere Creek**
Unlikely to receive source approval since creek is considered fully licensed by the Province.
- **New source – Twin Lakes**
Very high costs (7 km raw water main)
- **New source – groundwater well(s)**
Unsuccessful test well drilling in 2014.
- **Treatment at old fire hall**
Eliminated by the RDEK Board due to concerns with the existing structure size and configuration, inability to expand, safety, affect on neighbouring residential area, cost uncertainty and relocation of existing users.

THE OPTIONS

A RESERVOIR OPTION

Construction of a new water treatment plant at the site of the existing Windermere Reservoir.

B PURCHASE OF PARR UTILITIES

Purchase of the existing Parr Utilities water treatment plant.

BULK WATER PURCHASE (FOR COMPARISON ONLY)

Purchase of bulk treated water from Parr Utilities. Rejected by community in 2011 referendum, so is included for comparison purposes only.

A Closer Look at the Options:

	Reservoir Option	Purchase of Parr Utilities	Bulk Water Purchase (COMPARISON ONLY)
Water treatment plant ownership	Public	Public	Private
Customers	Windermere community	Windermere and neighbouring communities	Windermere and neighbouring communities
Existing lakeshore equipment remains?			
• chlorination system	N	N	N
• lake intake	Y	N	N
• lake pump station	Y	N	N
Major watermain construction location	In Government St /Bench Rd and up to the reservoir	In highway between Parr Utilities (Windermere Loop Road) and Windermere	In highway between Parr Utilities (Windermere Loop Road) and Windermere
Disposal of water treatment waste residuals (backwash)	New disposal pond	Windermere Water & Sewer Company sewer treatment plant	Windermere Water & Sewer Company sewer treatment plant
Estimated time frame to obtaining treated water	2019-2020	2019-2020	2018-2019

Summary of Costs

	Reservoir Option	Purchase of Parr Utilities *	Bulk Water Purchase (COMPARISON ONLY)
Estimated Capital Costs	\$ 8,284,000	\$ 2,438,000	\$ 2,838,000
Estimated Parr Utilities Purchase/ Connection Fees	--	5,500,000	5,448,000
Reserves to be used	(1,000,000)	(1,000,000)	(1,000,000)
Estimated Total to be borrowed (25 yrs @ 4.5%)	\$ 7,284,000	\$ 6,938,000	\$ 7,286,000
Estimated Average Annual Operating Costs	\$ 465,000	\$ 380,000	\$ 593,000
Water Cost per Property (tax & user fees)			
Estimated Total Annual Cost	\$ 1,660	\$ 1,470	\$ 1,880
Current Average Annual Cost	650	650	650
Estimated Net Increase	\$ 1,010	\$ 820	\$ 1,230

* The purchase of Parr Utilities would include transfer to the RDEK of approximately \$1.4M in reserve funds. These funds have been collected from Parr's existing customers and were earmarked for increasing capacity (possibly a reservoir) and replacement of major infrastructure. The RDEK has not yet determined how this money would be allocated.

A COMPARISON

	Reservoir Option	Purchase of Parr Utilities	Bulk Water Purchase (Comparison Only)
Strengths & Opportunities	<ul style="list-style-type: none"> New assets Potential technological advancements may be available 	<ul style="list-style-type: none"> Water treatment plant currently in operation and functioning effectively Larger customer base to operate system means lower user fees expected BC Comptroller of Water Rights reviews purchase agreement RDEK would have ability to serve more homes in the area 	<ul style="list-style-type: none"> Water treatment plant currently in operation and functioning effectively Shortest timeframe for implementation BC Comptroller of Water Rights oversees and approves Parr Utilities' rates
Weaknesses & Threats	<ul style="list-style-type: none"> Smaller customer base to operate system means higher user fees expected New water treatment plant start-up period could result in higher initial operating costs Approvals, especially for backwash disposal, may affect timeline and/or budget 	<ul style="list-style-type: none"> Legislative process more complicated due to existing private customer base Timeline to completion more uncertain Building lease & backwash costs and terms to be negotiated 	<ul style="list-style-type: none"> Connection fees make initial costs highest Anticipated rate increase make user fees highest Future connection fees may be higher RDEK does not have control over Parr Utilities' portion of user fees
Uncertainties to be resolved before community assent		<ul style="list-style-type: none"> Parr Utilities purchase price Building lease & backwash costs and terms Method of governance and cost impact to existing customer base Due diligence review of existing Parr Utilities assets Allocation of Parr Utilities' approximate \$1.4M reserve funds 	<ul style="list-style-type: none"> Potential rate increase (included in estimates) – dependant on Parr Utilities/BC Comptroller of Water Rights

Next Steps

Updated information is being provided to the community to gather your feedback on the two options for consideration and selection by the RDEK Board of Directors. Feedback is always welcome and can be sent anytime to Director Booth or Project Supervisor, Elizabeth Ahlgren (contact information can be found on page 4).

Director Booth will also consider feedback on the elector assent methods and will make a recommendation to the Board.

It hasn't been determined yet which method (petition or referendum) will be used.

Community assent is expected to occur in late spring/early fall 2017.

Timeline

Feedback (now)

•

Selection by Board
(Fall 2016)

•

Community assent
(late spring/early fall 2017)

Miscellaneous

The table below provides a cost comparison of annual water costs for the other RDEK water systems. This is provided for informational purposes only. Please note that water system costs vary for many reasons including operating requirements and number of users.

Annual Water Costs	Treated Surface Water			Groundwater				Windermere (current)
	Timber Ridge	Rushmere	Edgewater	Elko	Moyie	Holland Creek	Spur Valley	
User Fees (avg)	907	1482	325	396	480	323	1,140	384
Taxation (avg)	360	1914	161	518	564	156	385	269
Total (annual)	1,267	3,396	486	914	1,044	479	1,525	653

Stay in the Loop

If you are not already signed up for our email group, sign up today. Simply email:

Iduczek@rdek.bc.ca

Subject Line: Windermere Email Group

The email group receives Windermere Water updates and periodic items of interest to the Windermere area. The emails will be for information purposes only. No legal ads or notices will be sent via email. The list is for RDEK use only (it is not shared with third parties).

Contact Information

If you have questions or require further information, contact:

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