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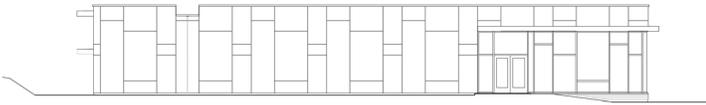


July 2014

A newsletter from the
Black Mountain Irrigation District
No. 48

ALTERNATIVE APPROVAL PROCESS UV DISINFECTION FACILITY AND PIPELINES PROJECT

BLACK MOUNTAIN UV DISINFECTION FACILITY



2458 JOE RICHE ROAD KELOWNA, B.C.

BMID is inviting the public to attend our open houses on July 21 and July 28, 2014, 3:00-8:00 pm at the Black Mountain Golf Course Clubhouse, at 575 Black Mountain Drive, Kelowna, BC. The BMID UV Disinfection Facility and Pipelines project will be presented.

BMID intends to borrow \$7,000,000 of the \$9,435,000 project. The open house is to provide the public with information and details on the proposed project, method for funding, impact on water rates, and process for the public to oppose the proposed borrowing plan.

PROJECT DESCRIPTION

This project is part of BMID's obligation to ensure that there are two forms of water treatment in place and that BMID provides adequate protection to the public for *Cryptosporidium* and *Giardia*, which are protozoa that are present in the watershed. Ultra-Violet light can render protozoa inactive by upsetting their DNA and ability to reproduce, thus stopping them from infecting a persons' digestive tract and making them ill.

This project was identified within the 2007 BMID Capital Plan and within the 2012 Kelowna Integrated Water Supply Plan which is the regional planning document for Greater Kelowna.

BMID has been steadily progressing on the project since 2010 with pipe installation from our existing 48 inch transmission main on the south side of Highway 33 up to the project site. A UV equipment tender was issued in December of 2013 with Xylem (Wedeco) being selected over submissions from Calgon Corp. and Trojan Technologies. The Xylem bid was selected based on lifecycle cost, expandability and safety. BMID entered into a \$1,080,000 contract to purchase 3 - 48-inch diameter reactors from Xylem (see photo inset), each which have the capacity to treat 75 megalitres of water per day. The reactors are expandable to 150 ML/day without any changes in the process piping for the facility. The reactors are to be delivered to site by February of 2015.

The total project cost is \$9,435,000 with \$5,565,000 required for the UV Disinfection Facility and the remainder for connecting transmission mains.

The project includes UV disinfection reactors, a building to house the reactors, and large diameter pipelines to connect the UV Facility to the existing BMID distribution grid both north and south of the site.

BMID has already completed substantial work on the project to date with expenditures of \$9,000,000 for transmission main preparation and construction over the last 6 years. A map of the project components with estimated costs is provided on the back of this page.

BOARD OF TRUSTEE ASSENT

At the July 10, 2014 meeting of the BMID Board of Trustees, a motion was passed that BMID will proceed with borrowing monies for this project through and Alternative Approval Process unless more than 10% of the BMID electors vote against this proposal.

BENEFITTING AREA

This project will benefit the entire BMID water service area by providing a higher standard of disinfection for domestic water. Although the Scotty Creek subdivisions are fed with well water some of the time, that area is supplemented with water from the Mission Creek source.

PROJECT FUNDING PROPOSAL

Funding for the UV & Pipelines Project can be covered several ways:

1. Draw funds from revenue surplus as we have done over the last 6 years and progress slowly;
2. Borrow all of the money to complete the work;
3. Draw from our Reserve Funds; or
4. Undertake a combination of the above approaches.

The trustees proposal is to borrow \$7,000,000 for this work and utilize revenue surplus funds over the next 2-3 years to complete the works. *(details on next page)*





PROJECT FUNDING PROPOSAL (continued)

This project has been planned for so in preparation in 2013 BMID raised both the water tolls and taxes by 8.00%. The rate increase for 2014 is 3.50% to cover both inflation and additional project funding costs. Further rate increases in 2015 and 2016 are expected to be below 4.00%.

BMID has reserve funds assigned for renewal and for capital projects including the Black Mountain Reservoir. The funds are invested in Provincial Bonds and have earned BMID a 4.40% rate of return over the last 8 years. These reserve funds are available for use for the project, however the borrowing cost is lower than the return on investment, therefore the Board believes there is greater benefit to the district by minimizing the withdrawals from our reserves.

ALTERNATIVE APPROVAL PROCESS

An Alternative Approval Process (AAP) is a method for Electors to have direct input into a decision proposed by a Board. BMID must advertise information on the matter and the Electors have the opportunity to petition against it. If more than 10% of the Electors petition against the matter, the Board cannot proceed with the matter unless the approval of the Electors is obtained through a referendum or special meeting general vote. BMID is utilizing the AAP to obtain Elector assent to borrow funds. If the proposal is rejected, BMID would be required to fund the project by depleting reserve funds and / or rate increases. The project is a requirement by the Drinking Water Regulator.

ELECTORAL RESPONSE FORM

If you are not opposed to the borrowing proposal, no action is required. If you are opposed to the proposed borrowing, BMID has developed and provided an *Electoral Response Form* which will be available at the Open Houses, at the BMID office at 285 Gray Road, and from the BMID web site at www.bmid.ca with a link to download the pdf document. To be qualified as an Elector is defined on the *Electoral Response Form*.

The Board has set a deadline of 4:00 pm, September 5, 2014 by which time completed forms must be submitted to the BMID office at 285 Gray Road, Kelowna, BC. Notices of the AAP will be provided in two newspapers 30 days prior to September 5, 2014.

ELIGIBLE ELECTORATE

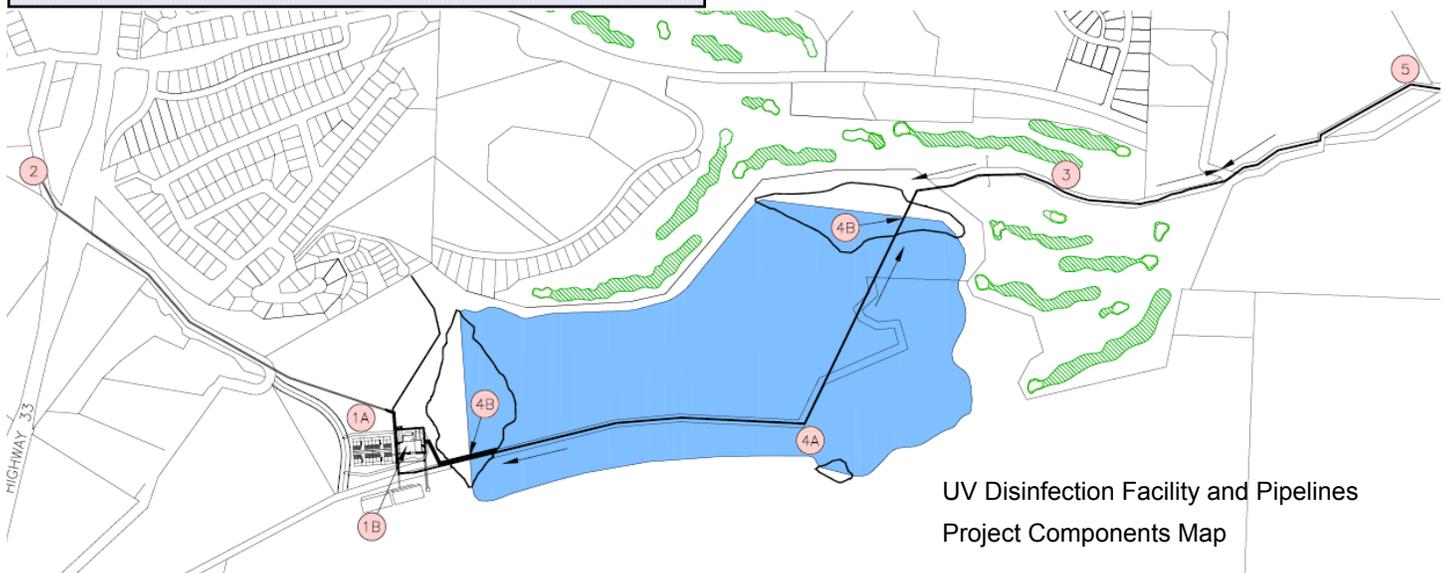
The estimated number of persons that are eligible to submit the *Electoral Response Form* within BMID is 11,400. This number has been estimated by BMID based on number of accounts and properties. The number of *Electoral Response Forms* required to defeat the motion is 1,140.

A person may only submit the *Electoral Response Form* once, regardless of the number of properties they own within the district. If there are two names on title, both persons may submit the form. For single-unit or multiple-family-unit strata housing complexes, proof of ownership must be brought to the District for verification with the *Electoral Response Form*. It is up to the strata council and/or strata manager to inform their strata residents of this process.

The *Electoral Response Forms* must be submitted to the BMID office at 285 Gray Road, Kelowna, BC by 4:00 pm, September 5, 2014. Proof of identification must be provided.

UV DISINFECTION BUILDING AND PIPEWORKS - Cost Estimate

No.	Contract Name	TOTAL
1a	UV Facility - Site Preparation Contract	\$ 611,959
1b	UV Facility - Building Contract	\$ 5,565,126
2	Tie-in - Transmission Main to Existing Pipe	\$ 373,819
3	1050mm Transmission Main - Gully	\$ 921,127
4a	1050mm Transmission Main - Across Reservoir	\$ 690,723
4b	Pipeworks Through Future Dams	\$ 672,509
5	1050mm Transmission Main - to North End	\$ 600,272
TOTALS		\$ 9,435,537



UV Disinfection Facility and Pipelines Project Components Map