



City of Kelowna
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Council Policy

Water Systems Integration Policy

ESTABLISHED: February 25, 2019

Contact Department: Infrastructure

Guiding Principle

The City envisions, over time, a city-wide integrated water system that delivers clean, safe, reliable drinking water to all of its citizens at equitable rates, and offers an affordable, reliable and sustainable water supply for agricultural users.

Objective

To combine potable water systems within the City boundary into an integrated water system. The system integration will be seamless, sustainable, and include interconnectivity and source protection to a consistent clean water quality standard.

Policy Statements

- A Purveyor or Water System must apply to the City for integration into the City Water Utility; and must apply to the Province for dissolution. In a situation where the Purveyor or Water System cannot continue to operate for any reason, they will dissolve at the direction of the Province in accordance with provincial policy or direction.
- There must be minimal capital or operational impacts, or risk to the existing City Utility and its users.
- The City will not take on undue risk.
- The City will seek to recover the costs of the integration from incoming ratepayers of the applicant water utility.
- Any proposed improvements or upgrades to the water system must be consistent with the Kelowna Integrated Water Supply Plan and City standards as amended from time to time.
- The governing body of the water system must agree to transfer all water system assets, administration functions, reserves and water rights to the City. Depending on the circumstances, a transition agreement or a transfer agreement may be required. The cost of transferring assets to the City will be one dollar (\$1).
- The City will require a detailed Integration Review report as part of the application to address all of the items above. Prior to the City assuming operations and control of a water system, the City will require the applicant water users and/or the Province to upgrade the existing system to City standards or a minimum acceptable standard approved by Council.

Application Process

- A water system wishing to be considered to be integrated into the City water system must indicate its desire to Council. This can be a simple resolution from its Board of Directors, governing body or through Provincial directive.
- Council will respond to the application after considering the effort and costs based on the **integration review**. The following information will be required and considered by the City as part of the integration review and approval:
 - A report evaluating the current state of the water system;
 - An assessment of present and future water requirements: for potable and agricultural use;
 - Evaluation of improvements/costs required to ensure the water system meets City standards;
 - Upgrades required to meet regulatory requirements;
 - An asset management plan that details the current condition of assets, service levels and inherent system risks which includes a 20-year forecast of costs for O&M;

- Financial assessment of assets (infrastructure, reserves, water licenses and lands), and liabilities (debt and legal risk); &
- A financial strategy to cover debts, liabilities and upgrades. The financial strategy will include impacts of a successful grant application, if applicable.
- Upon confirmation of approval from the Province and Council to integrate the water system into the City Water Utility, a transition plan or Transfer Agreement may be developed by staff for Council's consideration and include:
 - consideration for existing staff positions,
 - an orderly and logical transfer of buildings and assets,
 - an orderly transition of administration and governance, and
 - a timeline for the transition, which may occur quickly, or over a longer period.
- In all cases, consultation with the Purveyor or Water System Board of Directors and the Province on the Transition Plan or Transfer Agreement will be required. Financial terms related to the integration may require Provincial funding and/or grants to mitigate all impacts to the City and other resources or activities.