

Report to Council



Date: February 24, 2020
To: Council
From: City Manager
Subject: Purchase of the DeMontreuil Water System
Department: Infrastructure Engineering

Recommendation:

THAT Council receives, for information, the report from the Infrastructure Engineering Department dated February 24, 2020, with respect to the Conversion of the DeMontreuil Water System;

AND THAT Council approves the City entering into the Utility System Transfer Agreement with the owner of the DeMontreuil Water System located in the Hall Road area of Kelowna, BC dated February 5, 2020;

AND THAT Council authorizes the Mayor and City Clerk to execute the agreement.

Purpose:

To obtain Council authorization to execute an agreement reached with the owner of the DeMontreuil Water System to convert all assets and liabilities over to the City of Kelowna.

Background:

The City of Kelowna is in the final stages of the construction of a domestic water supply system to all users in South East Kelowna. Once completed later this year, all domestic services currently in the legal boundary of the old South East Kelowna Irrigation District (SEKID) water system will have a service connection to their house or business.

Prior to commencement of the construction project, it was understood that the DeMontreuil Water system was not part of the SEKID service area defined by the SEKID Boundary. However, after receipt of the boundary mapping from the Province described through the SEKID Letters Patent, it was found that the properties supplied by the De Montreuil system were, in fact, within the project boundary.

The owner of the privately-owned water system was contacted by City staff. Following discussions with both the owner and Interior Health, it was determined that the best path forward was to develop an agreement (attached) to transfer all assets, lands, legal plans and other administrative items to the City of Kelowna. The 19 landowners were then advised of the imminent sale of the water system and the

City's plans to convert the water supply to the City water system. Throughout the process, the Ministry of Health Water System Comptroller and staff at the Interior Health Authority assisted with advice regarding the regulatory requirements.

The agreement has a date for completion of the transfer of the Assets to the City to be February 28, 2020. This date was requested by staff as it aligns with a key construction milestone as part of the Water Integration Project. In March 2020, a new water mainline will be constructed along Hall Road; complete with service connections and residential hydrant coverage to all users within the DeMontreuil system boundary.

The agreement sets the conditions of sale, transfer and assignment of the Assets; as well as some obligations before completion. The key obligations are that the Owner will be responsible for the decommissioning and removal of the existing supply well after completion of the City water connection work, and that reserve funds held by the Comptroller of Water Rights be issued to the City and returned to the Owner once conditions in the agreement are met.

Internal Circulation:

City Clerk
Community Communications Manager
Infrastructure Delivery Department Manager
Infrastructure Engineering Manager
Infrastructure Operations Department Manager
Legislative Coordinator
Project Manager - Water Integration Project

Considerations not applicable to this report:

Alternate Recommendation
Communications Comments
Existing Policy
Financial/Budgetary Considerations
Legal/Statutory Authority:
Legal/Statutory Procedural Requirements
Personnel Implication

Submitted by:

Rod MacLean, P.Eng., Utility Planning Manager

Approved for inclusion:



A. Newcombe, Divisional Director, Infrastructure

Attachment 1 - agr-water utility transfer - signed by De Montreuil

Attachment 2 - DeMontreuil Agreement Presentation

cc: Deputy City Manager
Divisional Director, Corporate Strategic Services

Divisional Director, Financial Services
Divisional Director, Infrastructure
City Clerk
Community Communications Manager
Infrastructure Delivery Department Manager
Infrastructure Engineering Manager
Infrastructure Operations Department Manager
Legislative Coordinator Confidential
Senior Project Manager - Water Integration Project