



Information Brief Minister of Community Services Honourable Ida Chong

This information brief comes to the Minister as a result of dialogue that has recently taken place in the BC Interior on the existence and viability of Improvement Districts. Political pressures have been placed on improvement districts from a number of levels of government. The Provincial Government has a White Paper on the transition of Improvement Districts into local municipal and Regional District governments. The Black Mountain Irrigation District (BMID) has developed this brief from the point of view of the larger local water improvement districts.

Viability of Improvement Districts

The service providing abilities of the Improvement Districts has been a target of local government for a period of time. Some of the issues raised are valid and some are not. Reasons for the continued existence of Improvement Districts are as follows:

1. They have long been recognized by the Province of BC as the most efficient means in which to provide services to the public (straight out of the Improvement District Manual written by the Province);
2. They have a very long history of providing services to the public within BC, some since 1920;
3. They are self-sufficient and self-sustaining;
4. They are a full-cost service provider, meaning there are no external funds directed to them from the Province for normal operations or for capital improvements. As a result, they pose no financial burden on the Province;
5. They are usually a single service provider making them very focused, very efficient, very cost effective, and very responsive to the public they serve;
6. They are typically locally based, know many of their customers personally, and have pride and ownership of their utilities. They are an integral part of their local community;
7. They are more easy to contact than a municipality or Regional District with the decision makers being more focused on the local utility services;
8. The ones that service agriculture understand agriculture and are sensitive to that customer groups' specific needs. They understand and have dealt with the pricing inequities between agriculture and domestic water delivery;
9. The elected officials are elected solely to deal with the issue of (in our case) water. They are not overwhelmed by the wide range of socio-economic issues that are required of elected municipal officials.



BMID Trestle Flume (1948-1970)

Larger Improvement Districts

The larger Improvement Districts are professionally run organizations. They have their finances, operations and strategic planning in order. The larger districts are typically desired acquisitions by adjacent municipalities as they have sufficient mass and revenue to be a viable operation with very little change in structure. In recent transitions from ID to municipality, in most cases the water rates increase. This is for two reasons, one is that the Improvement District utility rate is too low and the second is that the staffing levels are increased to higher typical municipal levels.



The larger water districts run efficient organizations. Many of the districts are not union organizations and provide extremely cost effective water to their customers. For the agricultural areas, there are inequities in the value of water to domestic customers and irrigation customers. This has created difficulties for the future directions in Vernon as the City of Vernon and the surrounding areas have had difficulties in coming to terms with the cost of delivery for the varying uses. There are very good reasons for these inequities including the origin of the systems and the quality of water which has driven the price of domestic water higher.

Smaller Improvement Districts

The majority of Improvement Districts are very small and do not have the revenue base and benefits of the larger districts. The small Improvement Districts are in the same position as small public and private utilities. The challenges faced by these utilities result from very low revenue and high requirements. The larger surrounding Regional Districts, Improvement Districts and Municipalities typically do not want to take over these small systems as they require high attention. These small water systems are the ones that need the greatest assistance from the Province. Programs with incentives to assist these utilities should be a very high priority for the Province. The low population base however, limits the Provincial investment in these small water systems.

Customer Questionnaire and Public Perception

BMID has 4700 single family connections and a number of multi-family and apartment style housing plus a very large irrigation component of over 4,100 acres. The Black Mountain Irrigation District recently issued a customer questionnaire to determine how we are performing as a water utility. The questions were designed to be very simple and straightforward so that a large number of responses would be obtained. In less than a month, over 570 completed questionnaires were returned to our office. It is understood that many of our customers did not have another water utility to compare us to, but there are other utility services received within a home. The overall answers provide a good bench-mark for level of service. The survey results for 20 questions are included for your review ([See Attachment No. 1](#)).

BMID has areas in which to improve, however, the overall level of satisfaction as shown in Question No. 1 is that the majority of our customers believe that our service is significantly better than average. Over 90% of the surveys returned stated they were satisfied or very satisfied with

the level of service. The public also stated quite clearly at a ratio of greater than 16:1 to not consider amalgamation.

Other issues that were very insightful were the issues related to quality and the pressures of the home treatment and bottled water industry. The alternative drinking water industry is undermining the public confidence in their water utility and the directives by Interior Health Authority in 2006 related to turbidity have also contributed to the eroded public confidence. BMID is considering the installation of a District supplied treated water service at cost to our customers wanting additional protection in their drinking water.

Long Term Water Supply Project for Kelowna

BMID is the largest improvement district in the Province. Our strategic plan sets out water supply for the long term future of Kelowna. Mission Creek is the largest source of water feeding Okanagan Lake and it remains the largest untapped and undeveloped source of water for the Okanagan. BMID is a primary stakeholder of the upper Mission Creek watershed as we rely on this watershed with three large high elevation storage reservoirs. BMID presently has the land and diversion routes planned to construct a 3,800 ac-ft reservoir within the City of Kelowna. The cost of the project is in the range of \$ 20,000,000. The project is to be covered through four sources:

1. Reserve funds presently sitting at \$8,000,000;
2. Development of adjacent agricultural land and sale thereof of 32 – five acre lots that are expected to generate in the range of \$5,000,000 in revenue (see attached development plans);
3. Capital Expenditure Charges from new development;
4. Federal and Okanagan Basin Water Board grants;
5. Gas tax revenue from the City of Kelowna (if available).



Photo: Black Mountain Reservoir Site - 385 acres owned by BMID, 160 acres proposed for reservoir, 220 acres for development

With the importance and high cost of this project, any potential funding that may be available from the Province would be to the greater long term benefit to the citizens of Kelowna. BMID is preparing to proceed without Provincial aid on this project. The volume of water storage developed by this project will be made available to large areas of presently “dry” lands. The water storage developed sets up a larger land area of Kelowna with high quality water supply for the upcoming decades.

Figure 1 - Plan View of Proposed Black Mountain Reservoir

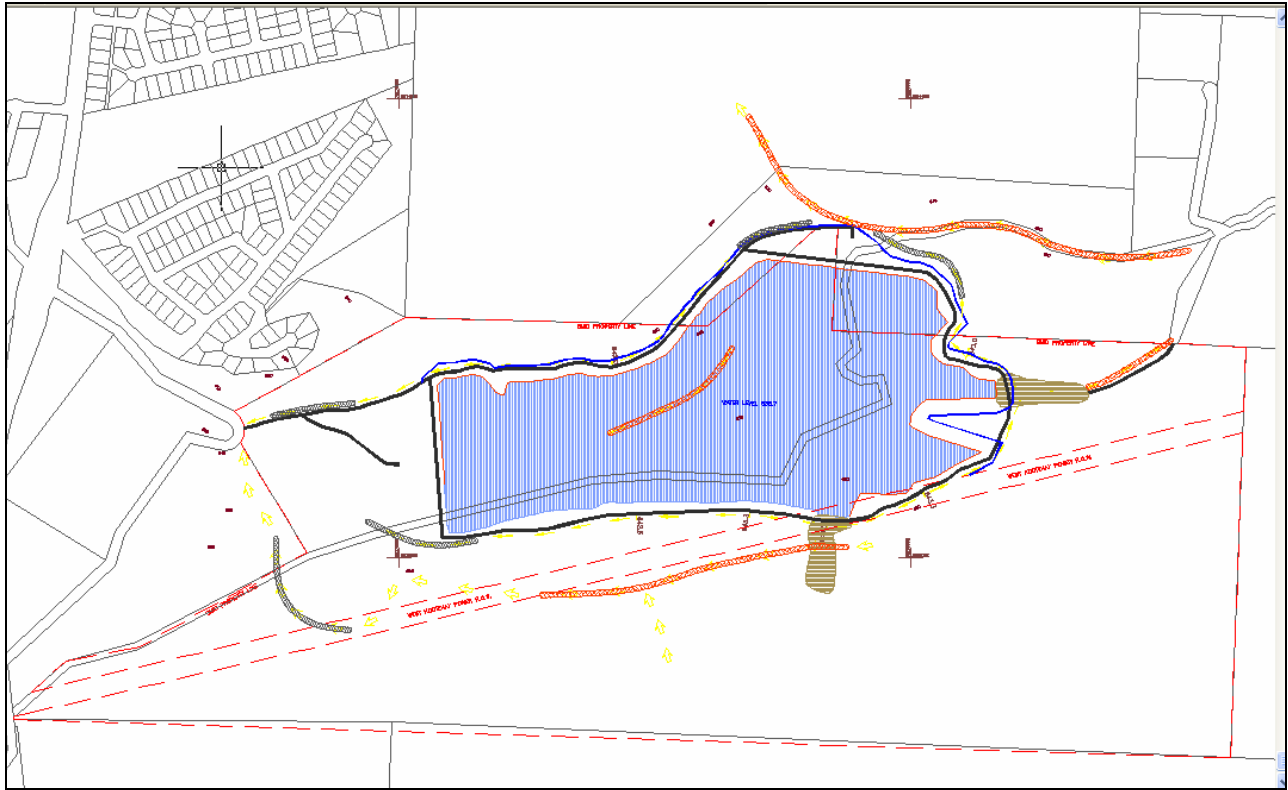
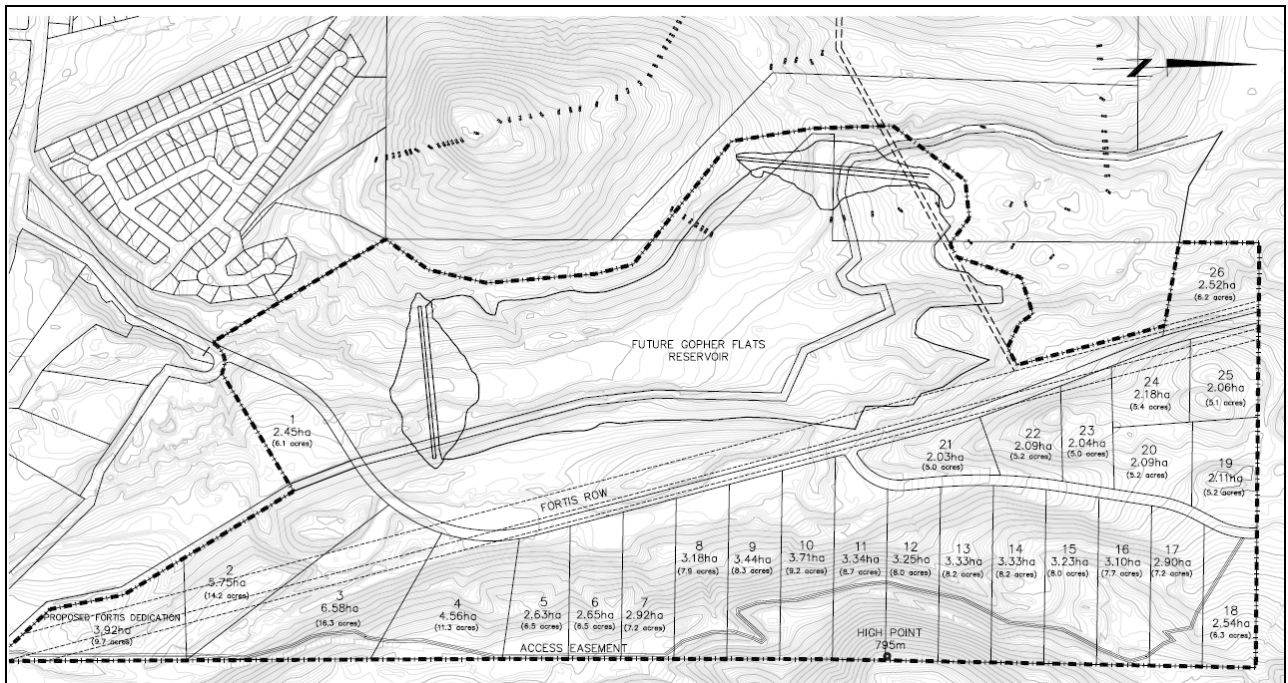


Figure 2 - Plan View of Proposed Black Mountain Reservoir Subdivision



Pressures on Improvement Districts

The current pressures from the Province (White Paper on Policy to Improvement Districts), the lack of Provincial grant funding, and the pressures by local government have resulted in the Improvement Districts having to be better than an average utility in order to survive and excel. Alternately, the permanent nature of Cities and Regional Districts do not expose them to these same performance pressures.

Many of the Okanagan Improvement Districts are agriculturally based. These Okanagan water districts provide large volumes of water for agriculture and drinking water and are unique in the Province due to the arid climate and intensive agriculture. The unique customer requirements are why the water districts exist in the Okanagan valley. We would ask that you understand their benefits and support their continued existence.

Sincerely,

Black Mountain Irrigation District Board of Trustees

Gordon Ivans - Chair

Alfred Kempf- Trustee

Allan Kirschner - Trustee

Heinz Koetz - Trustee

Laurence Petch - Trustee

Bob Hrasko – Administrator

Contact information:

Bob Hrasko, P. Eng., BMID Administrator (250) 765-5169



Customer Survey Results

1. Please rate your overall satisfaction with the service provided by your water utility.						
Very dissatisfied	Somewhat dissatisfied	Average	Satisfied	Very satisfied		
17	5	29	273	229		553
3.07%	0.90%	5.24%	49.37%	41.41%		
2. How would you rate the service provided by the staff of your water utility?						
Very low	Below average	Average	Above Average	Very High		
1	1	152	244	143		541
0.18%	0.18%	28.10%	45.10%	26.43%		
3. Do you believe yourself to be informed on District and valley-wide water issues?						
Not informed at all	Less informed than most	Average knowledge	Above average knowledge	Very informed		
5	28	333	119	67		552
0.91%	5.07%	60.33%	21.56%	12.14%		
4. Do the BMID newsletters provide you with relevant information on water issues that you are facing?						
Not at all	Marginal Information	Adequate Information	Good Information	Very good Information		
4	20	126	288	105		543
0.74%	3.68%	23.20%	53.04%	19.34%		
5. How frequently would you like a newsletter on water issues?						
Monthly	Quarterly	Bi-annually	Annually			
19	240	206	88			553
3.44%	43.40%	37.25%	15.91%			
6. How would you rate the quality of water supplied by BMID?						
No Opinion	Fair	Good	Very Good			
6	49	280	218			553
1.08%	8.86%	50.63%	39.42%			
7. Do you believe your water from BMID is safe to use for all household purposes?						
Not Safe	Safe for some	Safe for most	Safe for all			
3	34	166	348			551
0.54%	6.17%	30.13%	63.16%			
8. Do you provide additional treatment of the water within your home to improve the quality? Please check the most appropriate box below.						
No treatment	Paper filter (Brita)	Cartridge Filter	Reverse Osmosis	Bottled Water Service		
220	71	122	57	96		566
38.87%	12.54%	21.55%	10.07%	16.96%		
9. If you provide additional treatment, how much do you spend per month to provide the additional treatment.						
Nothing	Don't Know	\$ 0 to \$ 10	\$ 10 to \$20	> \$ 20		
171	42	183	64	23		483
35.40%	8.70%	37.89%	13.25%	4.76%		
10. Do you drink tap water from the BMID?						
Never	Sometimes	Most of the time	Always			
98	193	89	172			552
17.75%	34.96%	16.12%	31.16%			
11. Do you drink bottled water?						
Never	Sometimes	Most of the time	Always			
116	304	83	51			554
20.94%	54.87%	14.98%	9.21%			

12. Do you understand the new Interior Health Authority definitions and the difference between a Water Quality Advisory and a Boil Water Notice?

Yes	No	Do not understand	
433	76	43	552
78.44%	13.77%	7.79%	

13. Is your utility or any part of your water utility on a Water Quality Advisory?

Yes	No	Don't Know	
59	318	171	548
10.77%	58.03%	31.20%	

14. In the last 5 years, have you or anyone in your residence, ever experienced gastro-intestinal distress you feel was caused by a waterborne disease?

Yes	No	Don't Know	
18	461	71	550
3.27%	83.82%	12.91%	

15. Your current water rate in BMID is \$25.50/ month for a single family residence. What additional amount per month are you willing to pay for higher quality tap water?

\$0	\$0 - \$5	\$5 - \$10	\$10 - \$15	> \$15	
279	147	100	7	3	536
52.05%	27.43%	18.66%	1.31%	0.56%	

16. Are you concerned about the higher regulatory requirements for quality of water supplied and the impact it will have on your water rates?

Not concerned	Somewhat concerned	Concerned	Very concerned	
88	228	172	60	548
16.06%	41.61%	31.39%	10.95%	

17. Do you practice conservation practices such as have low flow shower heads, low flush toilets, sweep and not hose down your driveway, etc?

Never	Occasionally	Sometimes	Most of the time	Always	
8	30	78	304	131	551
1.45%	5.44%	14.16%	55.17%	23.77%	

18. Do you believe water meters provide an equitable means of measuring and charging for water usage?

Strongly Disagree	Disagree	Agree	Strongly Agree	
55	142	285	54	536
10.26%	26.49%	53.17%	10.07%	

19. Do you believe people who use excessive amounts of water should pay additional money for their overuse?

Strongly Disagree	Disagree	Agree	Strongly Agree	
9	38	317	183	547
1.65%	6.95%	57.95%	33.46%	

20. Do you prefer the current organizational structure for water utility service or would you prefer a centralized utility operated under a larger organization similar to that of Greater Vernon Water.

No comment	Amalgamated service	Stand alone service	Need more information	
82	12	196	259	549
14.94%	2.19%	35.70%	47.18%	