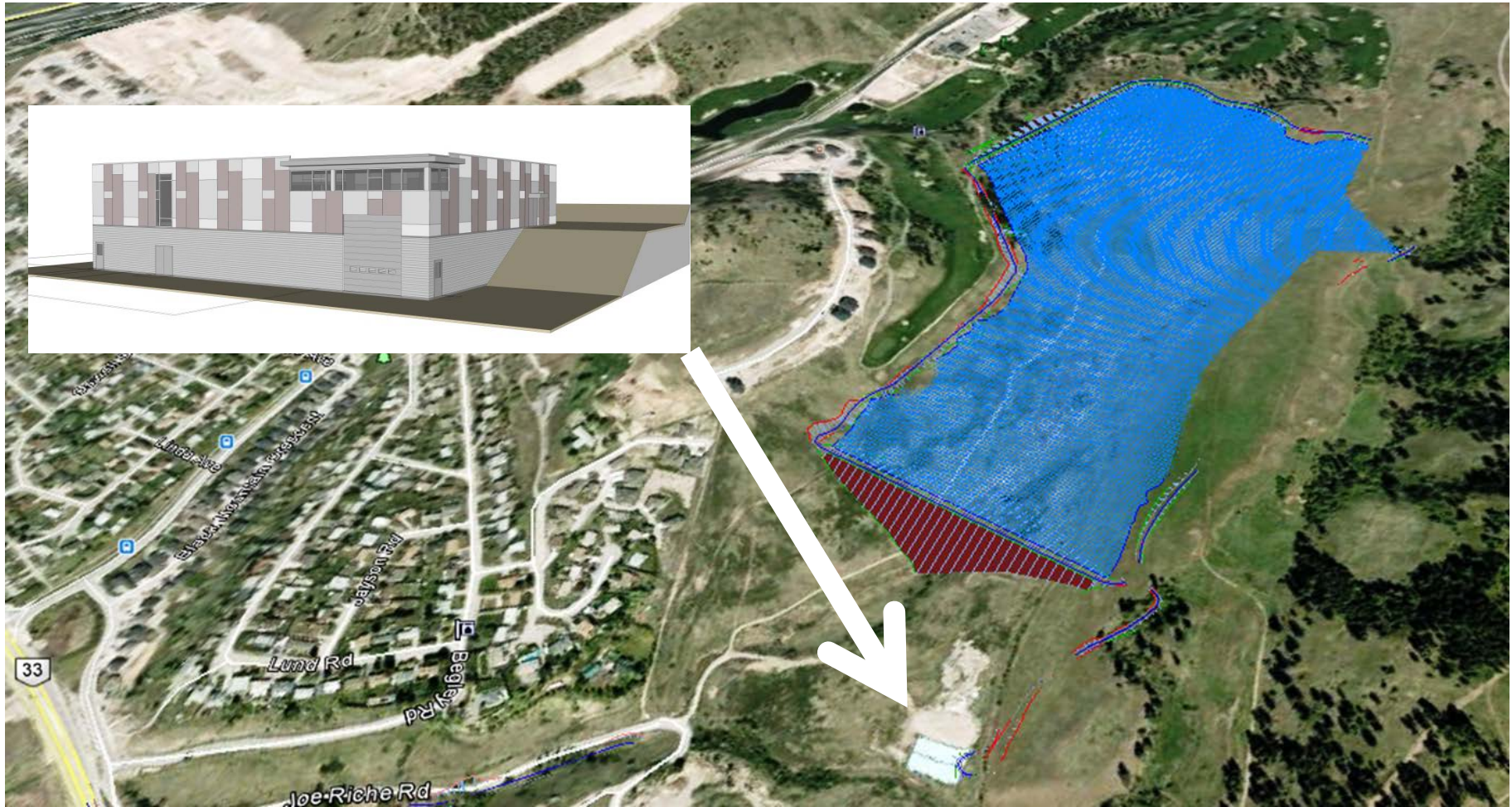


Black Mountain UV Disinfection Facility and Pipeline Project



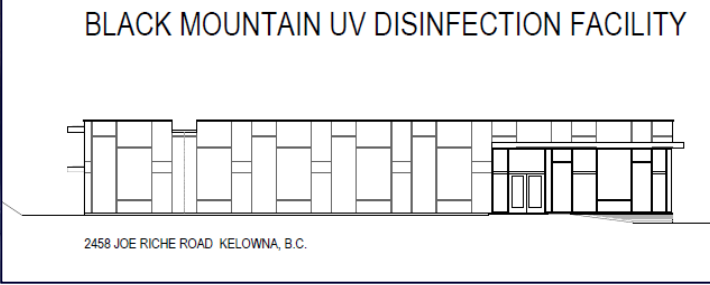
Proposed Borrowing Plan Presentation



1.0 Borrowing Proposal and Process

- ❑ BMID proposes to develop a bylaw that will allow BMID to borrow up to \$7,000,000 for the construction of a \$9,435,000 UV Disinfection Facility and associated Pipelines;
- ❑ There is a potential to receive Federal-Provincial infrastructure grant funding for a portion of the proposed project, so the amount to be financed may be less;
- ❑ To obtain ratepayer assent to borrow the funds, BMID is utilizing an Alternative Approval Process;
- ❑ BMID has completed substantial work to date in pipeline purchase & preparation and transmission main construction.





2.0 UV Disinfection - Why it is necessary

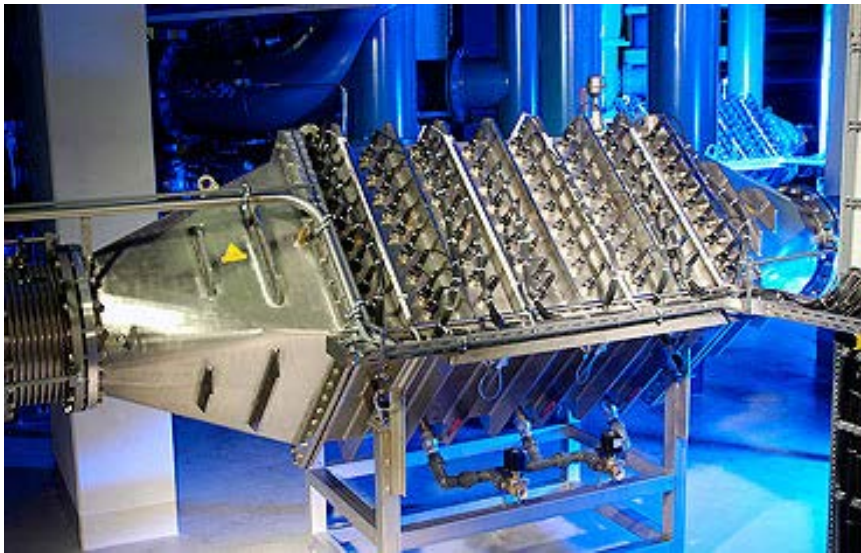
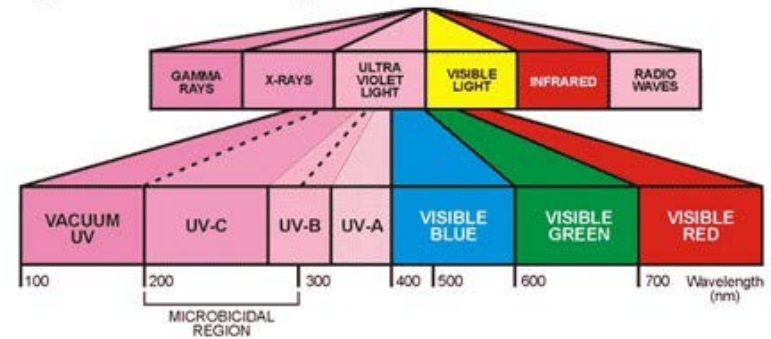
- The project is required within the Conditions on Permit issued by Interior Health to BMID that BMID is obligated to follow. Both Interior Health and BMID agree the project is necessary;
- The project is identified within the 2007 BMID Capital Works Plan and the 2012 Kelowna Integrated Water Supply Plan;
- Ultra-violet disinfection provides protection from illness due to Protozoa (*Cryptosporidium* and *Giardia Lamblia*). Combined with chlorination, UV deals with all common microbiological risks;
- It is considered best available technology and is 1/10th the cost of filtration.

3.0 UV Disinfection - How it Works

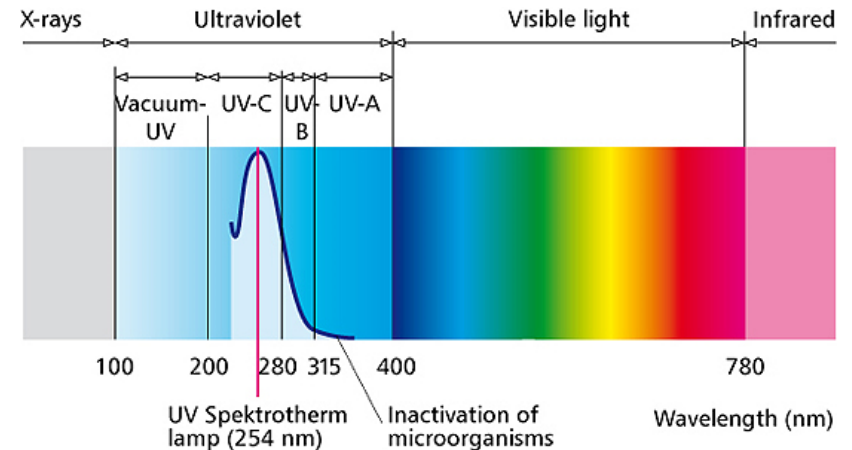
Water is passed through UV reactor chambers housing UV lamps that operate targeting a specific wavelength of 254 nanometers. The UV light is absorbed by the organisms within the water. UV light prevents microorganisms from reproducing by damaging their nucleic acids.

UV disinfection is a non-chemical process. It does not leave any residuals, have any taste or odour implications, or have any known by-products.

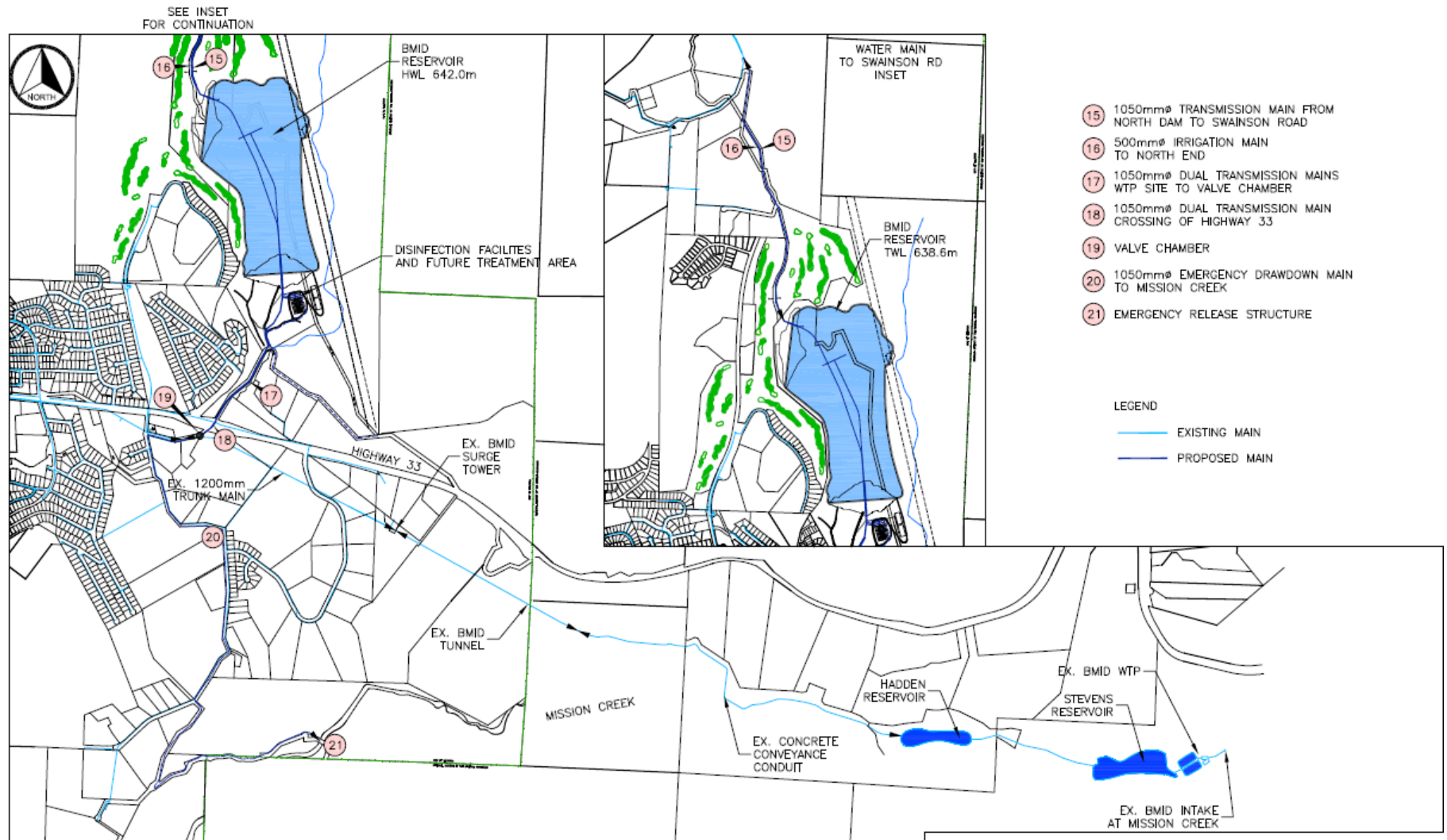
Spectrum of Light



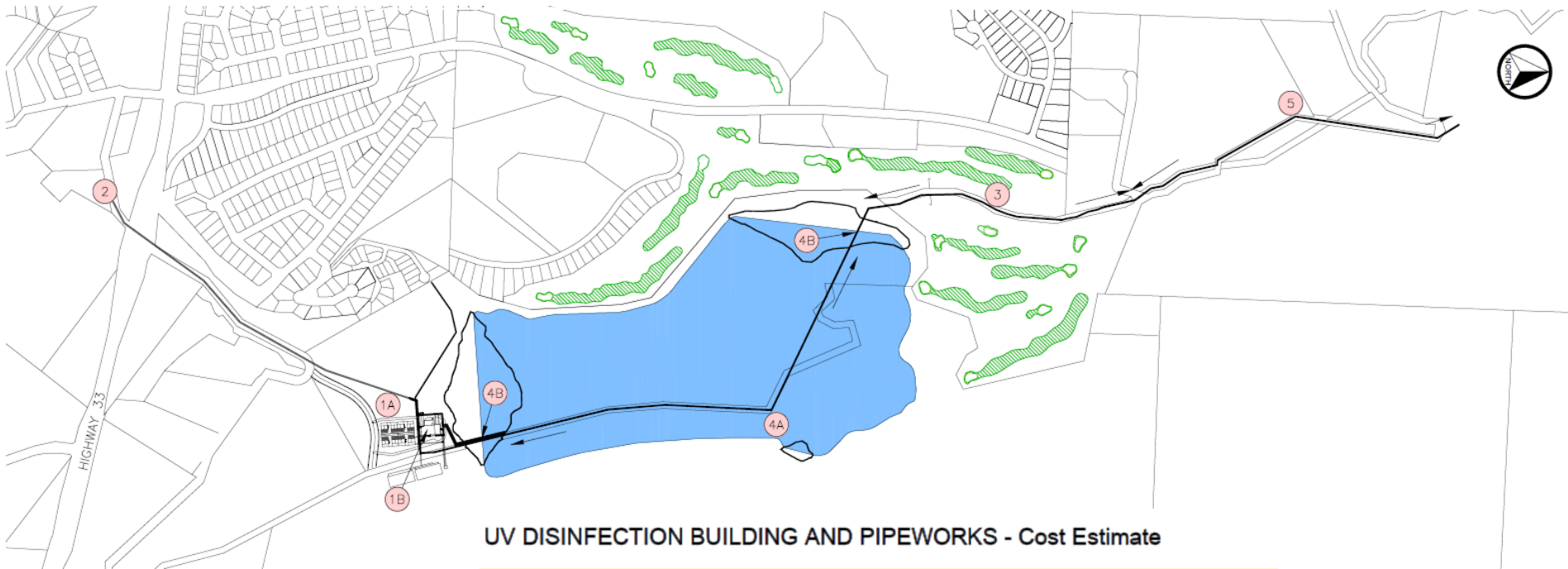
Wedeco (Xylem) – UV Disinfection reactor



4.0 Integration into the BMID Water System



5.0 Project Components and Costs



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

6.0 Project Funding Considerations

Options considered by the Board:

1. Use Capital Expenditure Charge Reserve Funds;
2. Borrow the full amount of \$9,435,000;
3. Borrow a portion of the funds (\$7,000,000) and fund remainder through revenue surplus and reserve funds.

On \$7,000,000, for 20 year term and Interest Rate of 3.50%
Annual Payment = \$ 492,527 (*Requires 14% net increase*)

Rate increases of 8.0% in 2013 and 3.5% in 2014 resulted in a significant portion of this annual payment being accounted for in the existing taxes and tolls. Total further tax and toll rate increases should be less than 4.0% for each of next 2 years.

The inflation component of the recent annual water rate increases has been 1.50% meaning the net increase has been 6.5% in 2013 and 2.0% in 2014.

7.0 Alternative Approval Process (APP)

An Alternative Approval Process (APP) 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 Electoral assent to borrow funds for the UV Disinfection Facility and Pipelines Project.

If the proposal is rejected, BMID would be required to fund the project by depleting reserve funds and/or through rate increases.

To oppose the borrowing proposal, Electors are to fill out an Electoral Response Form available at the meeting, BMID office or off of the BMID website at www.bmid.ca

8.0 Project Funding Continued

Table 1 - Water Rate Increases and Tax and Toll Revenue 2012-2016

Yr End	Revenue (increasing at inflation rate)	Total Annual Increase %	Year End Revenue \$	Net Revenue Increase \$	Cumulative Revenue incr.	Total Net % Increase
2012	\$ 3,726,914	3.00%	\$ 3,726,914			
2013	\$ 3,782,818	9.27%	\$ 4,072,533	\$ 289,715	\$ 289,715	7.77%
2014	\$ 3,839,560	3.50%	\$ 4,215,072	\$ 81,451	\$ 371,166	2.00%
2015	\$ 3,897,153	3.00%	\$ 4,341,524	\$ 63,226	\$ 434,392	1.50%
2016	\$ 3,955,611	3.00%	\$ 4,471,770	\$ 65,123	\$ 499,515	1.50%
	<i>italicized - estimated numbers</i>					12.77%
	Inflation Rate	1.500%	target Revenue	\$ 492,500		

If 1/10th of the Electors oppose the borrowing plan, BMID cannot proceed with a borrowing bylaw unless they get approval from the public through a referendum.


The total estimated number of Electors in the BMID service area is 11,400 persons, therefore 1,140 Electoral Response Forms must be submitted to stop the borrowing bylaw.

9.0 Project Feedback - AAP

If you **are not opposed** to the proposed borrowing bylaw, no action is required on your part.

If you **are opposed** to the proposed borrowing bylaw, you must first determine if you qualify as an Elector within the BMID boundaries. If you do qualify, fill out an **Electoral Response Form** and submit it to the BMID office by Sept. 5th, 2014.

BMID also is accepting general comments on the feedback forms that are provided at the open house and on our web page at **www.bmid.ca** .



**Alternative Approval Process (AAP)
Elector Response Form**

UV Disinfection Facility and Pipelines Project

I am **OPPOSED** to the Black Mountain Irrigation District (BMID) proceeding with the formation of a bylaw to authorize the borrowing of \$7,000,000 for the construction of the BMID UV Disinfection Facility and Pipelines and related works.

Instructions:

- If you **ARE NOT OPPOSED** to the borrowing of \$7,000,000 for the BMID UV Disinfection Facility and Pipelines Project, no action is required.
- If you **ARE OPPOSED** to the BMID borrowing \$7,000,000 for the UV Disinfection Facility and Pipelines Project, and you qualify as an Elector of the BMID, you may sign an Elector Response Form. To qualify as an Elector you **MUST** be a landowner within the BMID boundary. Proof of land ownership will be verified at the District office. If you are uncertain if you qualify, please review the requirements below.
- Exact copies of the blank alternative approval process Elector Response Forms may be reproduced.
- To sign an alternative approval process Elector Response Form, you **MUST** meet the following criteria for either a Resident Elector, OR a Non-resident (Property) Elector.
 - I am eighteen (18) years of age or older;
 - I am a Canadian citizen;
 - I have been a resident of BC for six (6) months; and
 - I am a landowner within BMID boundaries; or
 - I am an Authorized Agent** of any Board or Corporation that is an owner of such land or a legal representative of an owner of land in the Improvement District who has died, become insolvent, or insane;
 - I am not disqualified by the Local Government Act or any other enactment or otherwise disqualified by law from voting in local elections; and
 - I am entitled to sign this alternative approval process Elector Response Form and have not previously signed an Elector Response Form for the proposed project.

NOTE: In order to sign this Elector Response Form so it is valid, you **MUST** own property within the boundary of BMID and meet the above requirements. If you are still uncertain if you qualify, please contact the BMID office at (250) 765-5189.

Elector's Full Name (please print)	Residential Address with BMID	Signature of Elector

- All Elector Response Forms must be received by the Black Mountain Irrigation District at the BMID Main office at 285 Gray Road, Kelowna, BC on or before 4:00 pm on September 5, 2014 to be counted.
- Blank Elector Response Forms are available at the Black Mountain Irrigation District Office between 8:00 am and 4:00 pm weekdays, or online at www.bmid.ca or at the informational Open Houses held at Black Mountain Golf Course, located at 575 Black Mountain Drive, on July 21 and July 28, 2014 from 3:00 – 8:00 pm.
- NO** faxed or e-mailed forms will be accepted. Forms must have original signatures, and can either be mailed to BMID attention of the Administrator at 285 Gray Road, Kelowna, BC, V1X 1W8 or dropped off at the BMID office located at the same address. Completed forms must be received by the deadline. Post office delays may render mailed submissions invalid if received after the deadline.
- NOTE:** A person may not sign the Alternative Approval Process Elector Response Form more than once and may not withdraw his or her name from the Alternative Approval Process Elector Response Form after the deadline for submission of the petition has passed. The requirements above must be met in order for this form to be considered valid. Elector Response Forms must have an original signature to be acceptable, must be via mail or delivered in person, and may not be submitted by email or facsimile.
- The number of Electors within the Black Mountain Irrigation District boundary is estimated to be 11,400. If ten (10%) percent (1,140 Electors) of the estimated number of Electors within the Black Mountain Irrigation District boundary signs an Elector Response Form in opposition to the proposed borrowing bylaw, BMID will not proceed to register a borrowing bylaw without then receiving the assent of the Electors by referendum.
- Personal information gathered on this form is collected under the authority of the Local Government Act and Freedom of Information Act and will be used only by the Legislative Services Branch to verify the validity of the petition.

** Authorized Agent – A Letter from Corporation designating you as representative must be included. No.

