



For immediate release:

CITY OF PENTICTON & REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN AGREE ON REGIONAL BULK WATER INITIATIVE

March 26, 2012

Penticton, B.C. – The City of Penticton and Regional District of Okanagan Similkameen (RDOS) have reached an agreement on terms for a 25-year deal for the sale of bulk water to the West Bench Water System, should those ratepayers approve the deal through referendum, and provisions for the future sale of water to the Sage Mesa Water System,

The agreement is for a bulk water sale only with the RDOS retaining ownership and management of the West Bench Water System and will open discussions with the provincial government to discuss the inclusion of the Sage Mesa System.

“This is seen as a positive step in regional cooperation to take advantage of provincial grants to address a difficult and expensive issue: the provision of quality water to the West Bench and Sage Mesa areas while still providing a financial benefit to Penticton tax payers,” said City of Penticton Mayor, Dan Ashton.

The one-time payments from RDOS will be funded by the Province of BC through grant programs, and by the West Bench Water Service area property owners through repayment of a loan authorized through the public assent process. A similar arrangement could be used for Sage Mesa following discussions with the Province.

The Sage Mesa Water system is currently privately owned, with management responsibility resting with the provincial government and maintenance being performed by the RDOS. “As the West Bench and Sage Mesa systems are next to one another at some point in time it is logical to assume that they will be conjoined and provided with treated, filtered water that meets provincial drinking water guidelines. The agreement that is being executed anticipates this and sets the rates and mechanism for doing so,” said Michael Brydon, Director of Electoral Area “F”, RDOS.

The RDOS will purchase bulk water for West Bench through a combined package of an up-front payment of \$3,600,000 and an ongoing fee of \$0.22 per cubic meter. Should the Province of BC recognize a benefit in transferring the Sage Mesa Water System to the RDOS, treated, filtered water will be made available on the same terms developed for West Bench, including a one-time payment of \$2,667,000 indexed for inflation. The per cubic meter cost for water will increase by the same amount as City residential water rates. New properties in the RDOS connecting to the system will pay a \$1,300 per lot connection fee in lieu of Water Development Cost Charges for each additional connection, increased in concert with changes to the City of Penticton Development Cost Charges.

Producing water for the West Bench and Sage Mesa areas will cost the City of Penticton \$0.39/m³. The substantial up-front payments made by West Bench and Sage Mesa will result in a below cost usage rate of \$0.22 / m³. Over the 25-year life of the agreement, the City of Penticton will see positive revenue of \$1,234,000 to \$1,616,000 and \$1,425,000 to \$1,606,000 from West Bench and Sage Mesa respectively.

The RDOS will pay for all required infrastructure upgrades to tie into the City water system and to convey the water to the West Bench. All properties on the RDOS system will be metered.

- 30 -

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