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## CITY OF KELOWNA

# MEMORANDUM

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**Date:** November 25<sup>th</sup> 2005  
**File No.:** 5600-04 North Kelowna Water Supply  
**To:** City Manager  
**From:** Water /Drainage Manager  
**Subject:** **Water Supply – Kelowna International Airport and North Industrial Area**

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### **RECOMMENDATION:**

THAT Council authorizes an expenditure of \$888,510. by the City Water Utility for the construction of the first phase of works to supply water to the City's north industrial area;

AND THAT Council authorizes staff to enter into formal agreements with other stakeholders (GEID, UBCO, Pier Mac, KIA) that reflect this amount as the Water Utility's contribution to the shared works being constructed by all stakeholders;

AND FURTHER THAT the financial plan for the Water Utility be amended to reflect this expenditure with funding from short term borrowing.

### **DISCUSSION:**

In May of 2005 Council authorized the City Water Utility to enter into a Memorandum Of Understanding (MOU) between the GEID, UBCO, Pier Mac, Kelowna Industrial Airport (KIA) and the Water Utility. This MOU identifies the necessary water system improvements outlined in the GEID 20-year Servicing Plan to support the future water supply needs for all stakeholders in the north end of the City. Since that time financial contributions from each benefiting stakeholder have been identified for the construction of these works and formal agreements are now being finalized between the stakeholders and GEID to reflect necessary stakeholder commitments.

The first component of work includes the construction of the Tutt Booster Station, a transmission main from the booster station to a new reservoir (UBCO reservoir) and all associated reservoir site works for a total estimated cost \$3,714,850 to be shared by all stakeholders. The financial contribution required from the KIA and the Water Utility for this component is \$1,116,734 and \$297,564 respectively.

The second component of work includes a transmission main from the new reservoir, across Highway 97 to the KIA as well as all on site servicing requirements for the KIA. This component will also provide for the future water supply needs to the City's north industrial area. The financial contributions required from the KIA and the Water Utility for this component are \$1,155,471 and \$590,946 respectively. The total contribution from the KIA for both components of this work is \$2,588,206 and the total contribution from the Water Utility for both components is \$888,510. As development occurs within the respective service areas CEC credits will be paid by the GEID to each party.

Earlier this year Council approved a \$2.5 million dollar capital plan for water system improvements at the KIA on the basis of this expenditure occurring over the 2005 and 2006 time frame and the improvements benefiting the KIA will now be completed during this period. In addition those works that represent the first phase of supply to the City's north industrial area will also be completed during this time frame. Revisions to the Water Utility financial model will be required to reflect the \$880,510 in expenditure to provide for these future supply needs. The funding recommended is through short term borrowing and will be repaid over a five year period. All components of this work are expected to begin in early December and be completed by June 2006.



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Don Degen  
Water/Drainage Manager

Approved for inclusion:  
John Vos  
Director of Works and Utilities

Cc: Water Utility Manager,  
Director of Financial Services  
Airport General Manager  
Director of Planning & Corporate Services