

---

## CITY OF KELOWNA

# MEMORANDUM

---

**Date:** April 4, 2007  
**File No.:** 5380-03  
**To:** City Manager  
**From:** Environment & Solid Waste Manager  
**Subject:** **OGOGROW Facility Joint Operating Agreement;  
between City of Kelowna and City of Vernon.**

---

### **RECOMMENDATION:**

THAT Council receives the report detailing the OGOGROW Site Project and the Regional Biosolids Composting Facility Joint Operating Agreement, from the Environment and Solid Waste Manager, dated April 4, 2007;

AND THAT Council approve the Joint Operating Agreement between the City of Kelowna and the City of Vernon, and authorize the Mayor and Clerk to execute it;

AND FURTHER THAT Staff be directed to prepare an amendment to the Fees & Charges Bylaw #9301, in order to provide for the Biosolids Processing Fee(s) at the OGOGROW Facility associated with processing materials, and forward the bylaw for reading consideration.

### **Background:**

The City of Kelowna has had an ongoing commitment to composting since the early 90's. The BC Regulations have encouraged the continuing evolution of composting in BC and in particular Kelowna. The local knowledge (since 1995) of Aerated Static Pile (ASP) composting including the public acceptance of biosolids compost led to further long range planning with the City of Vernon as a full partner in a new Aerated Static Pile Facility. The Kelowna-Vernon Biosolids Composting Facility demonstrates the principles of sustainable development with the re-use of wastewater residuals (biosolids) to produce compost (Ogogrow<sup>tm</sup>) using an advanced ASP composting process.

- 1) New OGOGROW Facility History: In July of 2004 a Memorandum of Understanding was executed between the City of Kelowna (COK) and City of Vernon (COV) for establishment of a Regional Biosolids Composting Facility (RBCF). After an extension land search a site was selected near the Vernon Landfill.
- 2) Engineering and Construction Estimates: In December 2004 a Request for Proposals for Engineering Consultants to provide design and construction supervision was issued. Based on a comprehensive review of the proposal, Associated Engineering was selected. The scope and project is anticipated to provide capacity for a 5 – 8 year time horizon with provision to facilitate future expansion of the facility. The project was completed in July 2006 with an estimated cost overrun of less than 6.5% during a period of high material and labour cost escalation (\$7.8 million capital including 2008 capital).

The project was separated into three construction projects (initial grading, final grading and paving, and facilities construction). This strategically allowed for more competitive bidding and allowed design to advance with initial construction activities underway.

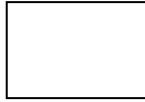
- 3) Initial Start-up-Operations: There were many technical challenges during start up that included construction deficiencies and optimization opportunities that led to re-design of some components in order to more efficiently process materials and meet regulatory requirements. The site technicians designed the leachate collection and drainage system (installed Dec. 2006) to have the primary aeration leachate (2200 liters/day) collected and disposed to the Vernon WWTP. As well they have recently installed 16 blowers (from previous ASP system) to increase the effective composting time to the 30-33 day range. This secondary aeration has had immediate benefits in compost quality/maturity (time reduction) and odour reduction. Another construction project done in-house is the biofilter installation now underway to capture the negative aeration volume from the primary aeration system (April 2007 installation). Final budget requests include recent costs.
- 4) Final Product: The final product is meeting both the Organic Matter Regulation (OMR-BC) and Canadian Food Inspection Agency (CFIA) criteria and is in high demand. Ogogrow™ has a loyal following and community identity with the customer base built over the last 10 years. This customer base and an updated marketing study point towards a continued success in the horticultural, landscaping and home use compost market.
- 5) Joint Operating Agreement: the attached agreement (attach #1) has been drafted by COV and COK staff and reviewed by our legal counsel. COK will operate the facility. The Agreement details our mutual interests in the land and infrastructure assets however primarily deals with operations and mechanisms for resolving operating issues, budgeting, cost recovery, capital works and new capital.
- 6) Fees by-law: Staff has developed preliminary fee estimates for the usage of the facility by other customers based on capital and operating expenditures. The fee proposed per tonne of biosolids processed is approximately \$90/tonne. Fees & Charges Bylaw #9301 to be amended by staff.

The new site is expected to attract interest from other municipalities across Canada for this innovative and sustainable project. This collaborative approach for technology and partnering has lead to a sustainable and viable solution for recycling wastewater biosolids. Ogogrow™ has community and commercial acceptance and is a valuable amendment to the dry Okanagan soils. The project received the 2006 UBCM award for Innovation.

Considerations not applicable to this report:

INTERNAL CIRCULATION TO: N/A  
LEGAL/STATUTORY AUTHORITY: N/A  
LEGAL/STATUTORY PROCEDURAL REQUIREMENTS: N/A  
EXISTING POLICY: N/A  
FINANCIAL/BUDGETARY CONSIDERATIONS: N/A  
PERSONNEL IMPLICATIONS: N/A  
TECHNICAL REQUIREMENTS: N/A  
EXTERNAL AGENCY/PUBLIC COMMENTS: N/A  
ALTERNATE RECOMMENDATION: N/A

Submitted by:



---

Mark Watt  
Environment Solid Waste Manager

Approved for inclusion:  
John Vos  
Director of Works & Utilities

Attach # 1: Joint Operating Agreement

Cc: Leon Gous (CAO, City of Vernon), Jeremy Kinch (Manager of Planning Development and Engineering Services , COV), Dale Danallanko, Manager of Environmental Services (COV), Conrad Pryce (Pollution Prevention), MOE, Penticton; Director of Finance (COK) and Wastewater Manager (COK)



1  
Ogogrow<sup>tm</sup> Facility with Kalamalka Lake in background.

## **REGIONAL BIOSOLIDS COMPOSTING FACILITY JOINT OPERATING AGREEMENT**

THIS AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_, 2007

BETWEEN:

### **CITY OF KELOWNA**

City Hall  
1435 Water Street  
Kelowna, BC V1Y 1J4  
("Kelowna")

AND:

### **CITY OF VERNON**

City Hall  
3400 – 30<sup>th</sup> Street  
Vernon, BC V1T 5E6  
("Vernon")

### **WHEREAS:**

- A. Kelowna and Vernon are both local governments pursuant to the Local Government Act, R.S.B.C. 1996 c 323;
- B. Both Kelowna and Vernon are responsible for wastewater treatment and management within their respective corporate boundaries as well as limited areas outside of their corporate boundaries;
- C. The parties have cooperated to establish a regional biosolids composting facility (hereinafter called the "Facility") which will serve the long term needs to both municipalities in dealing with biosolids from their respective wastewater treatment facilities; the Vernon Water Reclamation Centre (VWRC) and the Kelowna Wastewater Treatment Plant (KWWTP);
- D. The Facility is generally described as an aerated static pile biosolids composting facility designed to produce a Class A biosolids compost suitable for unrestricted distribution or Class B biosolids compost suitable for restricted use.
- E. The Facility, as constructed, has processing capacity for the 3-5 year horizon for dewatered biosolids production from the KWWTP and VWRC.
- F. The Facility has been designed to accommodate projected dewatered biosolids production in the 10-15 year horizon from the KWWTP and

VWRC. Incremental expansion of the aeration capacity at the Facility will be required.

- G. Both municipalities wish to enter into an operating agreement for the facility which outlines the obligations and commitments of each of the respective municipalities.

IN CONSIDERATION of the mutual premises and assurances set out herein, the municipalities AGREE AS FOLLOWS:

**1. NATURE OF AGREEMENT**

- a. Vernon and Kelowna agree that this Facility operating agreement sets out the mutual understanding of the two municipalities with respect to the operation and future expansion of the Facility, and the future acquisition of the property on which a portion of the Facility has been constructed;
- b. Each municipality acknowledges and agrees that future expansion of the Facility or the future acquisition of the property on which a portion of the Facility has been constructed may necessitate further approvals or consents of each municipality and does not in any way fetter or limit the discretion of the City Council of each municipality to approve the need for further expenditures, borrowing or the need for third party consents.

**2. TERM**

- a. Both Kelowna and Vernon agree to participate in the operation of the Facility and be bound by this agreement for a minimum of 12 years.
- b. The effective date of the operating agreement is July 1, 2006.
- c. This agreement will remain in effect until terminated by mutual agreement or until either Kelowna or Vernon wish to withdraw from the Facility as outlined herein.
- d. Kelowna and Vernon agree to enter into negotiations to renew or extend this operating agreement at least one year in advance of June 30, 2018.
- e. Vernon agrees and acknowledges that Kelowna is the day to day "Operator" of the Facility.

**3. WITHDRAWAL FROM FACILITY**

- a. If, at the end of this agreement, either Kelowna or Vernon elect to no longer participate in the Facility, they may cease participation in the

Facility on one years written notice and their obligations under this agreement will cease, save as expressly provided herein;

- b. The exiting municipality will have no claim for compensation of any kind from the remaining municipality for any capital contributions;
- c. The remaining municipality shall retain the option to purchase and the rights of first refusal contained in the Agreement for Lease and Option to Purchase with the property owner. The withdrawal by the exiting municipality shall operate as an assignment of all of its rights under the Agreement for Lease and Option to Purchase to the remaining municipality. The exiting municipality shall execute and deliver to the remaining municipality any documents, deeds, instruments and do and perform such acts as may be reasonably necessary to permit the remaining municipality to exercise the rights given to the City under the Agreement for Lease and Option to Purchase. The exiting municipality shall have no claim for compensation of any kind from the remaining municipality with regards to these rights.
- d. If, at the end of this agreement, both municipalities elect to no longer participate in the Facility, all costs associated with the demobilization of the Facility and restoration of the site will be shared as if they were an operating cost and any revenue generated from the disposition of the assets of the Facility will be shared as if they were revenue from product sales.

#### **4. FACILITY LOCATION**

- a. The Facility is located within the Regional District of North Okanagan (RDNO) approximately 3.4 km southwest of the intersection of Bench Row Road and Commonage Road.
- b. The Facility is located on two parcels legally described as follows:
  - i. Lot A, Section 7, Township 9, Osoyoos Division Yale District, Plan 26702, except Plan KAP 64450 and;
  - ii. Lot A, Section 7 and 8, Township 9 Osoyoos Division Yale District, Plan KAP 79361.

#### **5. LEASE AND LAND OWNERSHIP**

- a. Kelowna and Vernon acknowledge that they are both party to a lease agreement and to an option to purchase for Lot A Section 7, Township 9, Osoyoos Division Yale District, Plan 26702, except Plan KAP 64450 with

the property owners, Mr. and Mrs. Ira French dated September 13, 2004 and subsequent amendments.

- b. Kelowna and Vernon acknowledge that they are both party to a right of first refusal agreement for Lot 1, Sections 7, 8 and 17, Township 9, Osoyoos Division, Yale District, Plan 23286 except plans 26702 and KAP63396 with the property owners, Mr. and Mrs. Ira French dated September 13, 2004 and subsequent amendments.
- c. Vernon and Kelowna acknowledge that they jointly entered into a lease agreement for Lot A, Section 7 and 8, Township 9 Osoyoos Division Yale District, Plan KAP 79361 and that the parcel is jointly leased by Kelowna and Vernon.

## **6. CONSTRUCTION OF THE FACILITY**

- a. Construction (capital component) of the Facility was substantially complete on July 20, 2006.
- b. Kelowna and Vernon acknowledge that all capital costs incurred to establish the Facility have been shared by the municipalities on a 2/3 Kelowna – 1/3 Vernon ratio.
- c. Kelowna and Vernon have each been responsible for their portion of capital costs and have made their own arrangements for funding, independent of the other regarding borrowing or other financing obligations necessary to construct the Facility.
- d. Vernon is not responsible for any of the costs associated with the decommissioning of the former Kelowna Biosolids Composting Facility located in Lake Country.
- e. Any capital assets transferred from the existing Kelowna biosolids composting facility to the facility have been credited towards Kelowna's share of the capital cost of the facility at fair market value and the cost of installing same has been credited towards Kelowna's share of the operating cost of the facility.

## **7. OPERATION OF THE FACILITY**

- a. The Facility will be managed and operated by Kelowna.
- b. Kelowna will establish account numbers to track facility operating costs including, but not limited to, wages, utilities, equipment, materials, laboratory analysis, etc.



- c. Kelowna will be responsible for ensuring that all bills associated with the operation of the Facility are paid in a timely fashion.
- d. Kelowna will be responsible for the preparation of the annual operating budget for the Facility.
- e. A common services allocation to cover costs borne by Kelowna administration and finance divisions associated with operating the Facility will be included as part of the annual operating budget.
- f. An appropriate amount will be included in the Facility annual operating budget allocation for equipment replacement and maintenance for those pieces of equipment that were acquired as part of the capital component of the Facility (See schedule A Equipment & Maintenance).
- g. Other equipment required in the future either as a change in operations, as a required component due to “contracting in” or as a result of expansion will be deemed “Facility” operational requirements and be purchased and maintained by Kelowna .The Facility will pay an annual equipment fee for equipment reserve and maintenance to Kelowna.
- h. Kelowna will determine the appropriate amount to be budgeted annually for equipment rental from Kelowna Equipment Division to ensure that adequate funds are available to replace the Schedule “A” equipment as required. Vernon will be informed of the amount of the equipment rental allocation through the annual operating budget. Kelowna will provide to the Facility, on an annual basis, a summary of the amount of funds in reserve to replace Facility equipment.
- i. A copy of the annual operating budget for the Facility will be provided for review by Vernon prior to submission to Kelowna City Council. Should Vernon have questions regarding the annual operating budget for the Facility, Vernon may request that the Kelowna Environment and Solid Waste Manager, or designate, present the annual operating budget for the Facility to Vernon and be available to answer questions.
- j. The annual operating budget for the Facility will be subject to Kelowna and Vernon Council approvals.
- k. If either Council fails to approve the annual Facility operating budget for a given year by January 31<sup>st</sup> of that year, the parties agree to resolve the matter via arbitration as described in section 23.
- l. Vernon will provide reclaimed water from the Vernon reclaimed water distribution system to the Facility for the term of this agreement. The annual fee for the supply of reclaimed water to the Facility will be as per

the Vernon Fees and Charges Bylaw No. 3909. For billing purposes, the facility will be classified as a commercial operation with an equivalent irrigated area of 2.0 Ha.

- m. Kelowna may use contractors or Kelowna staff to operate the Facility.
- n. Kelowna will be responsible for the management and administration of all contract services.
- o. Kelowna will inform Vernon prior to the issuance of any tender, request for proposals, request for quotations or request for statement of qualifications related to the operation of the Facility.
- p. Vernon and Kelowna management staff will meet on a regular basis to review Facility operations and finances.

**8. TERMS AND CONDITIONS UNDER WHICH DEWATERED BIOSOLIDS WILL BE ACCEPTED AT THE FACILITY**

- a. Kelowna and Vernon acknowledge that the facility operates independently of both the KWWTP and the VWRC and that the KWWTP and the VWRC are customers of the facility.
- b. The Facility will set the terms and conditions upon which the Facility will accept dewatered biosolids from the KWWTP and the VWRC. The facility may specify the following terms and conditions;
  - i. The days and times during which dewatered biosolids may be discharged at the Facility.
  - ii. The location at the Facility where dewatered biosolids must be discharged;
  - iii. The minimum and maximum moisture content of dewatered biosolids that may be discharged at the facility.
  - iv. Requirements for analysis of dewatered biosolids including the frequency of analysis and analysis parameters;
  - v. Maximum metals content that may be present in the dewatered biosolids discharged at the Facility to ensure that Class A biosolids compost criteria are met in the end product.
- c. The facility may direct that Kelowna and Vernon periodically weigh loads of dewatered biosolids from the KWWTP or the VWRC. Loads are to be

weighed at a Certified Scale and copies of the scale tape provided to the Facility.

- d. The Criteria for material acceptance and processing is set out in a separate "Criteria Agreement" between the Facility and the VWRC and WWTP.
- e. Kelowna and Vernon acknowledge that the facility may impose surcharges for the discharge of dewatered biosolids or for "Criteria" excursions which do not meet the terms and conditions set by the Facility. Any surcharges will reflect the additional cost of handling and processing such material in order to produce Class A or Class B Biosolids Compost.

## **9. COMMENCEMENT OF FACILITY OPERATIONS**

- a. The Facility began accepting dewatered biosolids from the KWWTP and the VWRC on July 5, 2006.
- b. Kelowna began incurring Facility operating costs prior to July 5, 2006. These operating costs were associated with accepting and processing dewatered biosolids prior to substantial completion of the Facility on July 20, 2006.
- c. Operating costs incurred prior to July 5, 2006 will be allocated in the same manner as operating costs incurred after July 5, 2006.

## **10. ALLOCATION OF NET OPERATING COSTS**

- a. For the quarters ending September 30, 2006 and December 31, 2006, Kelowna's share of share of net Facility operating costs will be 2/3 and Vernon's share of net operating costs will be 1/3.
- b. Commencing in the first quarter of 2007, the share of net operating costs allocated to the City of Kelowna and the City of Vernon will be amended every six months. The share of net operating costs for the 1<sup>st</sup> and 2<sup>nd</sup> quarters of each year will be based on the actual mass of dewatered biosolids discharged at the facility for processing during the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the preceding year. The share of net operating costs for 3<sup>rd</sup> and 4<sup>th</sup> quarters of each year will be based on the actual mass of dewatered biosolids discharged at the facility for processing during the 1<sup>st</sup> and 2<sup>nd</sup> quarters of the same year.
- c. Allocation of Operating Cost will be determined as follows

- i. Vernon Operating Cost Allocation = Total mass (in tonnes) of dewatered biosolids from the VWRC discharged at the Facility / Total mass (in tonnes of COK and COV total) of dewatered biosolids discharged at the Facility.
- ii. Kelowna Operating Cost Allocation = Total mass (in tonnes) of dewatered biosolids from the KWWTP discharged at the Facility / Total mass (in tonnes of COK and COV total) of dewatered biosolids discharged at the Facility.
- d. Kelowna will provide Vernon with details of the calculation of the allocation of Facility operating costs within 45 days of the end of the 2<sup>nd</sup> quarter and the 4<sup>th</sup> quarter of each year, commencing at the end of the 4<sup>th</sup> quarter of 2006.

## **11. ALLOCATION OF REVENUE FROM PRODUCT SALES**

- a. The Kelowna Finance Department will establish account numbers to track revenue generated from the sale of Class A or Class B biosolids compost produced at the Facility.
- b. All revenue generated from the sale of Class A or Class B biosolids compost produced at the Facility will be applied to cover Facility operating costs during the quarter during which the revenue was received.
- c. All costs related to the marketing of the end product from the Facility will be included as an operating cost of the facility.

## **12. DETERMINATION AND PAYMENT OF NET OPERATING COSTS**

- a. Vernon will pay to Kelowna, on a quarterly basis, its share of budgeted annual net Facility operating costs as determined in Section 10.
- b. Kelowna will invoice Vernon its share of quarterly budgeted annual net Facility operating costs prior to end of each quarter of each calendar year, with payment to Kelowna by Vernon to be made within 30 days of receipt to the invoice.
- c. Actual annual net Facility operating costs will be determined by Kelowna on an annual basis by subtracting the revenue generated from the product sales and sales of service; from total actual annual Facility operating costs; i.e. Net Facility operating costs = Total actual annual Facility operating costs – Revenue from product sales and sales of service.
- d. On an annual basis, Kelowna will make an adjustments to ensure that Vernon has been invoiced the correct proportion of actual annual net

Facility operating costs. Any necessary adjustment will be made within 30 days of the end of each calendar year. Should Vernon have paid an amount greater than required, any such overpayment will be applied to the first quarterly payment of the following year. Should Vernon have paid an amount less than required, Kelowna will invoice Vernon for the amount owing, with payment to Kelowna by Vernon to be made within 45 days of receipt to the invoice.

### **13. OTHER CUSTOMERS**

- a. Local governments agencies located within the Regional District of North Okanagan (RDNO) or the Central Okanagan Regional District (CORD) may be permitted to discharge dewatered biosolids from municipal wastewater treatment facilities at the Facility.
- b. Acceptance of dewatered biosolids from other local government agencies located within the RDNO or the CORD at the facility will be considered on a case by case basis. The Facility is under no obligation to accept dewatered biosolids from any other local government agencies but may accept biosolids from other jurisdictions under mutual agreement if it benefits the Facility.
- c. Should the Facility agree to accept dewatered biosolids from other local government agencies located within the RDNO or the CORD, a per tonne fee will be levied for all dewatered biosolids discharged at the facility. The per tonne fee will be determined by Kelowna and Vernon and may be reviewed and/or amended from time to time.

### **14. OTHER FACILITY PARTNERS**

- a. Kelowna and Vernon acknowledge that in future, other local government agencies located within the RDNO or the CORD may have an interest in becoming partners in the Facility.
- b. Kelowna and Vernon agree to consider allowing other local government agencies to become partners in the Facility on a case by case basis.
- c. Specific terms and conditions under which other local government agencies would be allowed to become partners in the Facility would be compiled and would be subject to approval by the Councils of both Kelowna and Vernon.
- d. Kelowna and Vernon agree that any capital contribution from new partners that may join the Facility in future will be used exclusively to increase capacity at the Facility and will not be returned to either Kelowna or

Vernon to offset their original capital contribution to the establishment of the Facility.

- e. Should other local government agencies become partners in the Facility, this agreement will be amended to include the new partners(s).

#### **15. FACILITY EXPANSION, CONSULTING SERVICES AND LAND ACQUISITION**

- a. Kelowna and Vernon acknowledge that incremental expansion(s) of the facility will be required in future in order to accommodate increases in dewatered biosolids production at the KWWTP and the VWRC and that it is the desire of both Vernon and Kelowna to exercise the option to purchase the property on which the site is located once the option to purchase can be exercised.
- b. Vernon will be notified, in writing, by the Kelowna Environment and Solid Waste Manager, or designate, of any requirements to undertake capital works to increase Facility capacity or improve Facility operations at least 6 months in advance of the additional works being required. The notification shall include justification for the works, a description of the required works and an order of magnitude cost estimate for the works.
- c. Kelowna and Vernon agree to support future incremental expansion or operational improvements at the Facility.
- d. Kelowna and Vernon agree that from time to time engineering consulting services will be required to review facility operations and to assess needs for capital works. Costs for capital works and consulting services will be allocated using the ratio that was used most recently to allocate net operating costs.
- e. Costs for capital works, facility expansion and property acquisition will be allocated using the ratio that was used most recently to allocate net operating costs.
- f. Kelowna and Vernon will each be responsible for their portion of future capital works and property acquisition costs and will make their own arrangements for funding, independent of the other regarding borrowing or other financing obligations necessary to fund future capital works and property acquisition.
- g. Any further capital commitments in relation to the Facility will also be subject to Kelowna and Vernon Council approvals.

#### **16. COMMUNICATIONS PROTOCOL**

- a. Kelowna staff will be responsible for dealing with inquiries/complaints received from the general public regarding operation of the Facility.
- b. Kelowna will coordinate public announcements or media releases in connection with the Facility. Vernon will be notified at least 24 hours in advance of any such public announcement or media release.
- c. Kelowna and Vernon will act reasonably and cooperate to the extent reasonably possible to ensure that there is consultation prior to any public announcements or media releases in connection with the Facility.

#### **17. COMPLIANCE WITH REGULATORY REQUIREMENTS**

- a. Kelowna and Vernon agree that the Facility will be operated so as to comply with all regulatory requirements and that both municipalities will exercise all reasonable due diligence to comply with all regulatory requirements.
- b. Kelowna and Vernon will work cooperatively to ensure that all necessary regulatory approvals are obtained and that both Kelowna and Vernon will be named in any regulatory approvals.

#### **18. CONFIDENTIALITY**

- a. Kelowna and Vernon will at all times treat as confidential, all information or material supplied or obtained by either municipality or its subcontractors as a result of this agreement and will not permit the publication, release or disclosure of the same without the prior written consent of the other municipality, subject always to the Freedom of Information and Protection of Privacy Act, R.S.B.C., 1996, c. 165.

#### **19. CONFLICT OF INTEREST**

- a. Neither Kelowna nor Vernon will, during the term of this agreement, perform a service for or provide advice to any person, firm or corporation where the performance of the service or provision of the advice may, in the reasonable opinion of the other municipality, give rise to a conflict of interest.

#### **20. INDEMNIFICATION**

- a. Kelowna and Vernon will indemnify and save harmless the other municipality and officials, employees and agents, from and against any and all losses, claims, damages, actions, causes of action, costs and expenses that such municipality may sustain, incur, suffer or be put to at

any time either before or after the expiration or termination of this agreement, where the same or any of them are based upon, arise out of or occur, directly or indirectly, by reason of any act or omission of the other municipality or of any agent, employee, officer, director or subcontractor of the other municipality pursuant to this agreement.

## **21. INSURANCE**

- a. In order to minimize costs, Kelowna and Vernon shall cooperate to seek mutual or joint insurance in respect of the Facility.

## **22. NOTICES**

- a. Any notice the either municipality may be required or may desire to provide to the other municipality will be deemed to have been delivered and received, if delivered personally on the date of such personal delivery or if mailed, on the third business day after mailing in British Columbia by pre-paid post addressed to either municipality at its City Hall address, and to the attention of:

Mark Watt  
Environment and Solid Waste Manager  
Kelowna

Or

Dale Danallanko  
Manager, Environmental Services  
Vernon.

## **23. DISPUTE RESOLUTION / ARBITRATION**

- a. Disputes arising out of or in connection with this agreement, or in respect of any defined legal relationship associated therewith or derived there from, may be referred to and finally resolved by arbitration under the rules of the British Columbia International Commercial Arbitration Centre (BCIAC). If either Kelowna or Vernon desires to have the dispute resolved by arbitration, they may submit the dispute to the BCIAC to appoint an arbitrator and the case will be administered by the BCIAC in accordance with its 'Procedures for Cases Under BCIAC Rules'. Notwithstanding the foregoing, the parties may choose to submit to mediation prior to any arbitration proceedings as an initial step to resolving any such dispute.



IN WITNESS WHEREOF, each of the municipalities hereto has hereunto affixed its corporate seals on the presence of its duly authorized officers as of the day and year first written above.

The Corporate Seal of the City of Vernon was hereunto affixed in the presence of:

---

MAYOR

---

CITY CLERK

The Corporate Seal of the City of Kelowna was hereunto affixed in the presence of:

---

MAYOR

---

CITY CLERK

**SCHEDULE "A"**

**Annual Equipment allocation for original capitalized equipment in the year 2006 purchase year**

| Equipment Number | Type                     |
|------------------|--------------------------|
| 6318             | CEC 6X16 Screening Plant |
| 6347             | Radial Stacking Conveyor |
| 6319             | KW Compost Turner        |

**Total annual allocation to operating budget for Schedule "A" Equipment = \$86,000.**

| A<br>Unit<br>I.D.<br>No. | B<br>Unit<br>Description       | C<br>Rental<br>Unit | D<br>Original<br>Costs<br>Actual | E<br>Useful<br>Life<br>(Years) | F<br>Trade-In<br>Value<br>Est. | G<br>Annual<br>Depreciation<br>(D-F)/E | H<br>Annual<br>Operating<br>Costs<br>History/Est. | I<br>Annual<br>Insurance<br>Costs<br>Actual | J<br>Annual<br>Overhead<br>6% | K<br>Annual<br>Inflation<br>D*5% | L<br>Annual<br>Maint.<br>Costs<br>Inflation<br>(I+J)*5<br>% | M<br>Total<br>Annual<br>Costs<br>G+H+I+J<br>+K+L | N<br>Annual<br>Opr.<br>Units<br>History | O<br>Rental<br>Hourly<br>M/N |
|--------------------------|--------------------------------|---------------------|----------------------------------|--------------------------------|--------------------------------|--|---|---|-------------------------------|----------------------------------|---|--|---|------------------------------|
| 6318                     | 2006 CEC<br>6x16<br>Screen     | Monthly             | \$277,345                        | 10                             | \$25,000.                      | \$25,235.                              | \$25,050.   | \$0   | \$0                           | \$0                              | \$0   | \$50,285.  | 12                                      | \$4,190.38                   |
| 6319                     | KW Compost<br>Turner           | Monthly             | \$220,148                        | 10                             | \$25,000.                      | \$21,015.                              | \$10,400.   | \$0   | \$0                           | \$0                              | \$0   | \$31,415   | 12                                      | \$2,617.90                   |
| 6347                     | Radial<br>Stacking<br>Conveyor | Monthly             | \$23,995                         | 10                             | \$10,000.                      | \$2,300.                               | \$2,000.  | \$0   | \$0                           | \$0                              | \$0   | \$4,300  | 12                                      | \$358.29                     |