

MEMORANDUM OF UNDERSTANDING
Kelowna Integrated Water Supply - Implementation Plan



This agreement made the 1st day of December 2012

Between:

CITY OF KELOWNA
a municipal corporation having its offices at 1435 Water Street,
Kelowna, British Columbia V1Y 1J4

And:

Black Mountain Irrigation District

And:

Glenmore-Ellison Improvement District

And:

Rutland Waterworks District

And:

South East Kelowna Irrigation District

WHEREAS:

- A. The parties affirm their responsibility for supplying safe, affordable and reliable water for their current domestic, agricultural and Industrial/Commercial/Institutional (ICI) customers while considering future service areas, and agree that:
 - a. Water quality should be appropriate for the intended use (domestic or agricultural)
 - b. Domestic water must meet Interior Health regulatory requirements
 - c. All customers expect reasonable equity in water quality and the use of similar principles to determine a fair price.
- B. The parties acknowledge that their customers would be best served with the financial participation of senior governments in capital projects, and agree to follow the key principles established by the Minister of Community and Rural Development in the letter dated January 12, 2010, and as affirmed by the Minister of Community, Sport and Cultural Development in the letter dated July 24, 2012:
 - a. Best-Lowest Cost Solutions (physical infrastructure efficiency and effectiveness)
 - b. Flexibility (operational and administrative efficiency and effectiveness)
 - c. Achievement of Public Health Outcomes
 - d. Agricultural Interests Maintained.
- C. The parties affirm that the final Kelowna Integrated Water Supply Plan (KIWSP), as approved by the parties, represents a mutually agreeable and phased capital plan that illustrates a coordinated expansion and improvement of the supply and treatment infrastructure over a 20+ year term that serves all customers in the water service area.

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- D. The parties are pleased that the Minister of Community, Sport and Cultural Development, by letter dated July 24, 2012, is prepared to accept guidance on future provincial financing opportunities by way of an implementation strategy for the final KIWSP that:
 - a. meets the four principles of the January 12, 2010 letter;
 - b. is staged according to the capital project phases identified in the KIWSP or mutually agreeable amendments;
 - c. describes how the water systems will be administered, operated, maintained, managed and financed as constrained by project implementation to conform to the KIWSP, outlining, where required, the policies, procedures and contracts required at each stage to assign decision-making, authority and accountability as listed in Section 6 of the KIWSP "Executive Summary";
 - d. includes a mutually agreeable list of capital priorities for the water service area; and
 - e. is achieved through a thorough, open and transparent process.
- E. The parties recognize that implementing the strategy (see "D") will reduce public liability and risk.
- F. The parties recognize that consideration of the future needs of un-serviced areas within the City limits or adjacent to existing service areas must be contemplated as part of any long-term implementation strategy.
- G. The elected officials will work together to find overall efficiencies so that limited senior government grants can be directed at the highest priorities for a safe, healthy and vibrant community as determined by the citizens as a whole.
- H. The parties wish to collaborate for the mutual benefit of the citizens of Kelowna.

Now therefore, in consideration OF THE MUTUAL PREMISES AND ASSURANCES SET OUT HEREIN, THE Parties AGREE AS FOLLOWS:

NATURE AND LIMITATIONS OF THE AGREEMENT

The parties agree that the Technical Committee of the KJWC will be the working group to recommend the details of an integrated implementation plan. Each party acknowledges that approvals and consents are subject to the approval of their respective governing Boards or Council, i.e. the MOU does not bind the parties to future agreements. This MOU does not fetter or limit the discretion of any party in the administration of their independent operations.

DECISION MAKING

The parties shall make best-efforts to co-operate in reaching consensus decisions based on the best interests of the citizens of Kelowna while recognizing the authority of Interior Health.

If the parties are not able to reach consensus, any party can evoke the participation of a mutually agreeable facilitator who will be engaged from a short-list established in the initial phase of the work. If facilitation fails to expedite a decision, dispute resolution will proceed.

PUBLIC ANNOUNCEMENTS PROTOCOL

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The parties will provide the MOU to the public. The parties will agree on any public announcement regarding the work of the MOU, as well as any public engagement processes.

OTHER PURVEYORS

Other small systems in the water service area are contemplated in the KIWSP. However, requests from other utilities to participate in the MOU will not be considered. Other purveyors within the City limits would need to be represented by one of the original parties.

TERM

This MOU shall be in force for the period of 4 months following the date of execution provided that the parties may by mutual consent extend the agreement. The intent is to endorse an implementation plan. The execution of the plan will follow. The MOU will expire when the implementation plan is adopted.

BUDGET ALLOCATIONS AND COST SHARING

All common costs (technical consultants, technical writers, facilitators) will be funded and administered by the KJWC Technical Committee current available funds (estimated allowance \$10,000). Extra costs will be approved and covered by the KJWC.

CONFIDENTIALITY

No party can publish, release or disclose any information or documents produced in the work of the MOU without consent of all parties until the end of the term of the MOU.

CONFLICT OF INTEREST

No representative of a party shall provide advice that results in personal benefit.

DISPUTE RESOLUTION

All disputes arising out of or in connection with the MOU that cannot be resolved through facilitation will be referred to mediation on agreement of all the parties. Failing mediation, the parties will seek resolution through binding arbitration.

ADMINISTRATIVE & PROCEDURAL ARRANGEMENTS


- A. Scheduling of meeting: KJWC meetings will be devoted as needed to the work described by the MOU.
- B. Consulting contracts: The signing authority for all contracts is the Chair of the Technical Committee of the KJWC
- C. Interior Health, as well as Mr. Glenn Brown, Executive Director, Local Government Infrastructure and Finance Branch, Ministry of Community, Sport and Cultural Development will be invited to observe and participate in the proceedings, as well as to comment on the draft documents.

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The signatures below confirm that all parties understand and agree to the terms set out herein. IN WITNESS WHEREOF the parties have executed this Agreement this ___ day of ___, 2012.

IN WITNESS WHEREOF THE CHAIR OF THE Corporate Seal of the Black Mountain Irrigation District



CHAIR, Gordon Ivans



ADMINISTRATOR, Robert Hrasko

IN WITNESS WHEREOF the Corporate Seal of the City of Kelowna was hereunto affixed in the presence of:



MAYOR, Walter Gray



CITY CLERK, Stephen Fleming

IN WITNESS WHEREOF the Corporate Seal of the Glenmore-Ellison Improvement District



CHAIR, Bob Fugger



ADMINISTRATIVE TREASURER, Linda O'Neil

IN WITNESS WHEREOF the Corporate Seal of the Rutland Waterworks District

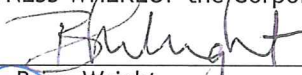


CHAIR, Garry Zarr




ADMINISTRATOR, Jim Csek

IN WITNESS WHEREOF the Corporate Seal of the South East Kelowna Irrigation District



CHAIR, Brian Wright



MANAGER, Toby Pike