

Introduction – What is Planned?

The Englishman River Water Service (ERWS) is planning to expand the joint venture drinking water supply system with:

- A new surface water intake and water treatment plant along the Englishman River - Water main upgrades and the installation of new water supply lines.

What is the Englishman River Water Service?

The Englishman River Water Service joint venture agreement parallels and complements the Arrowsmith Water Service joint venture agreement; it has only the City of Parksville and the Regional District of Nanaimo as joint venture participants.

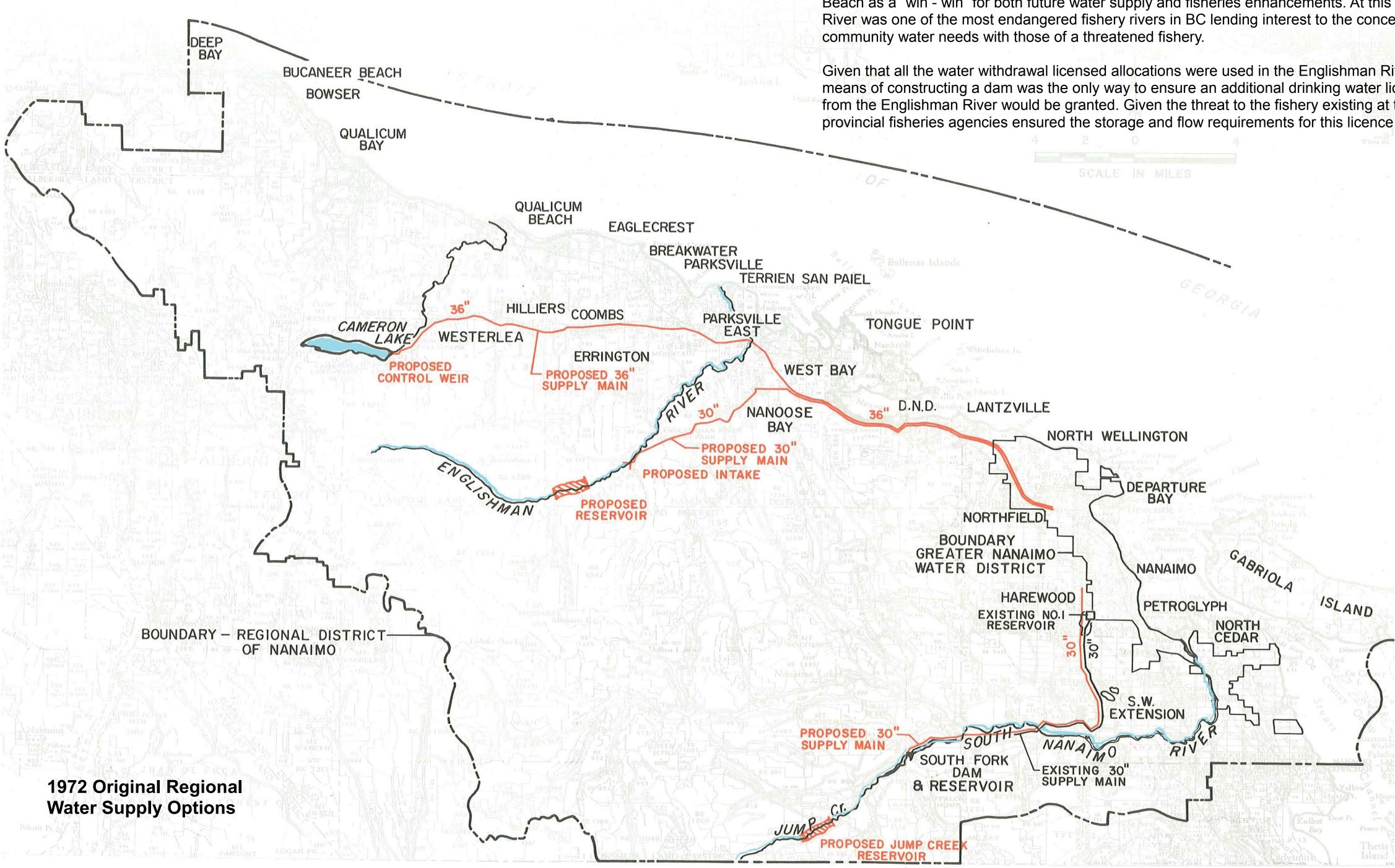
The ERWS joint venture agreement describes the infrastructure (intake and treatment plant) that will be cost shared by its two joint venture participants, and contains language that gives the option for the Town of Qualicum Beach to join the agreement in the future. While the Town of Qualicum Beach would not be a signatory to the Englishman River joint venture agreement, under the AWS Agreement the town would have the option to "buy in" to this infrastructure at a future date. The Town would have the right to do so due to the rights it possesses as a Joint Venture partner on the AWS water licence for the Englishman River and as joint owner of the Arrowsmith Lake dam and related infrastructure.

Englishman River Water Service joint venture agreement (percentages of interest)

City of Parksville	74%
Regional District of Nanaimo	26%

COMMUNITY SURFACE WATER OPTIONS

The first formal regional water study commenced in 1972 and incorporated all the Regional District of Nanaimo's water supply needs ranging from Bowser to Cedar. Three sources of future surface water supply were identified as Cameron Lake, Englishman River and Jump Creek/South Nanaimo River.



Water Supply History

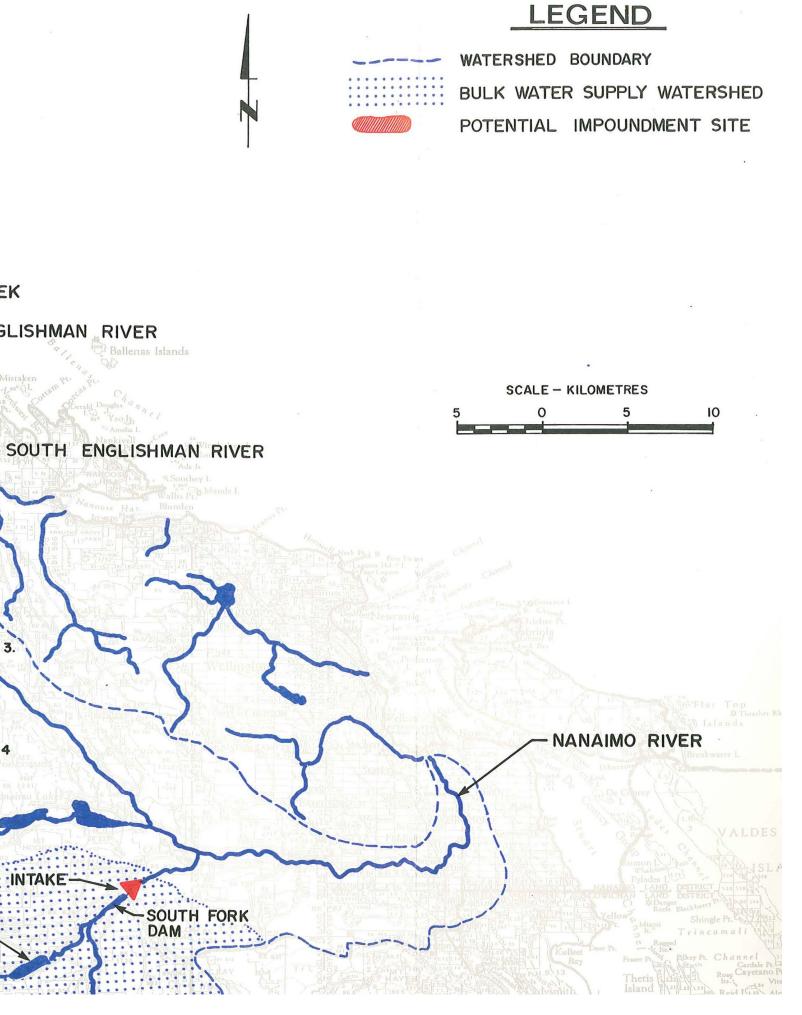
INTAKE -NILE CREEK -QUALICUM RIVER - LITTLE QUALICUM RIVER FRENCH CREEK ENGLISHMAN RIVER SITE 2 NTAKE SITE 3 **1982 Regional Water** INTAKE ----**Supply Study Options**

Between 1982 and 1994 several other studies were prepared concluding the City of Nanaimo should be served by the Jump Creek and Nanaimo River water sources. With future water supply determined for the City of Nanaimo, the province focused the region's local governments on the possibility of a joint venture partnership to consider the Englishman River as a single surface water supply from Lantzville to Qualicum Beach as a "win - win" for both future water supply and fisheries enhancements. At this time, the Englishman River was one of the most endangered fishery rivers in BC lending interest to the concept of combining

Given that all the water withdrawal licensed allocations were used in the Englishman River, water storage by means of constructing a dam was the only way to ensure an additional drinking water licence for withdrawal from the Englishman River would be granted. Given the threat to the fishery existing at the time, federal and provincial fisheries agencies ensured the storage and flow requirements for this licence included water for fish.



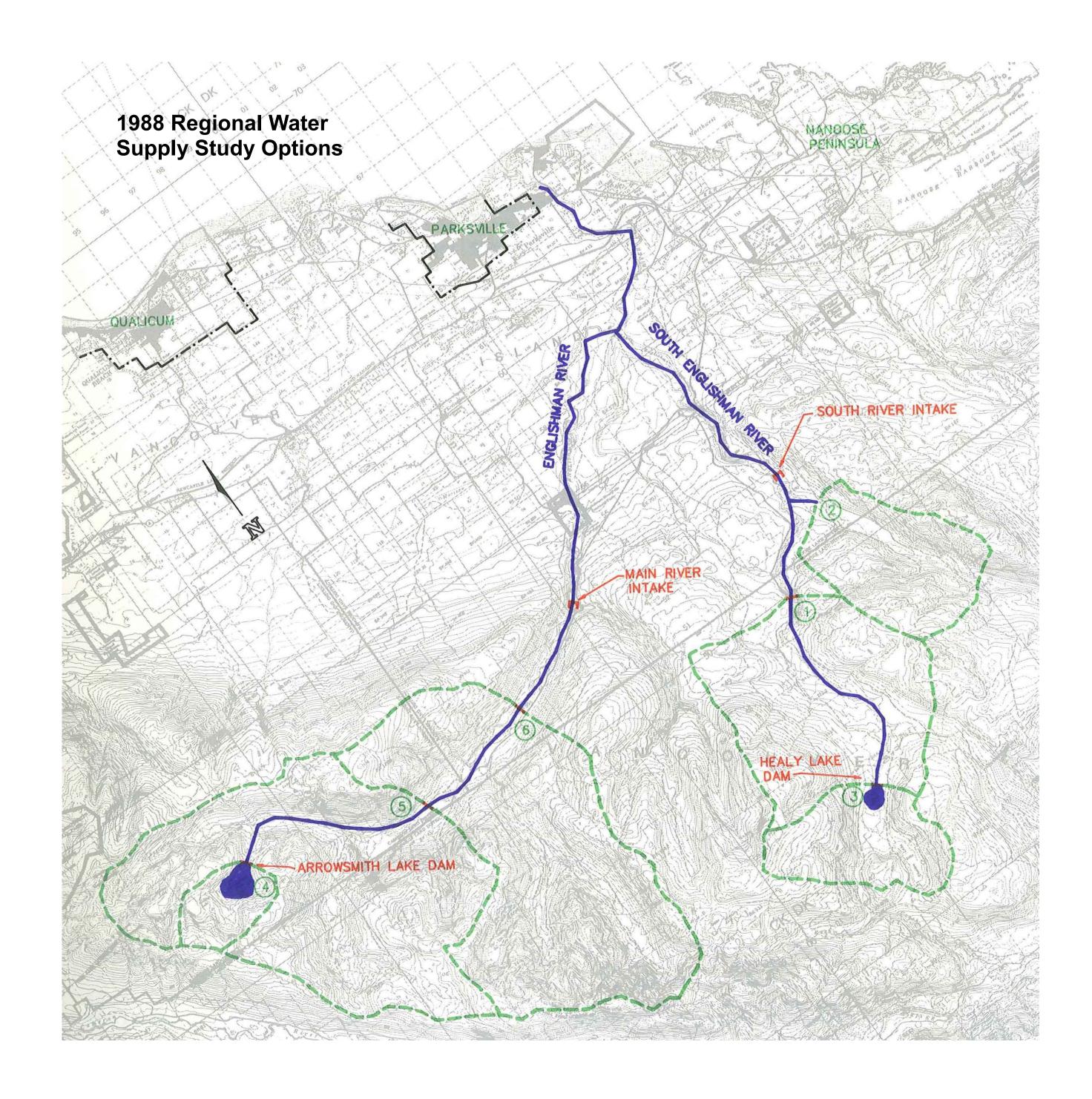




HISTORY IN DETAIL

- In 1990, a referendum approved the borrowing of \$ 450,000 for pre-design of a regional water supply system to serve the area from Lantzville to Qualicum Beach with a focus on Englishman River and Bonell Creek.
- Pre-design was conducted between 1991 to 1993. Concluded that it was more feasible to have two separate water systems (Qualicum Beach, Parksville and Nanoose (RDN) to be served by the Englishman River and Lantzville to be served by Bonell Creek).
- A referendum held in 1995 to approve design and construction of a bulk water supply system under the auspices of the Regional District of Nanaimo was defeated.
- Englishman River for additional fisheries benefit .
- The Arrowsmith Water Service was formed in July 1996, as a joint venture between the Regional District of Nanaimo, the City of Parksville and the Town of Qualicum Beach.
- The original capital plan, presented as part of the 1995 pre-design of the bulk water supply system, went to referendum in 1996 and was approved for the design and construction of the Arrowsmith Dam by all partners of the AWS joint venture. The original plan concentrated on an intake at the confluence of the Englishman and South Englishman River with the remainder of the treatment facility located on Block 602.
- The City of Parksville limited its referendum to the borrowing for the dam only, whereas the Regional District of Nanaimo referendum provided authority for borrowing its projected share of the entire bulk water supply system over a 25 year period to supply bulk water to its systems in French Creek and Nanoose. Qualicum Beach paid for its share of the dam from reserves and thus did not hold a referendum.
- The bulk water volume required for Breakwater bulk water residents (currently EPCOR—French Creek) was included in the RDN's allocation as it is part of the overall RDN bulk water service area.
- In 1996, a water licence application was submitted based on locating the proposed water intake at the confluence of the South Englishman River and the Englishman River.

A comprehensive water supply study was completed in 1988. This was an integrated regional water study which focused on the Englishman River and Nanaimo River, South Fork - Jump Creek. At this time it was determined the Greater Nanaimo Water District (now the City of Nanaimo) would proceed on their own as it was determined to be more feasible to develop their own water supply system.





• Cameron Lake was ruled out by the Province and the focus was put on the