

# Sage Mesa Water System Information Meeting

September 10, 2025 – Public Meeting

*One Region Working Together*

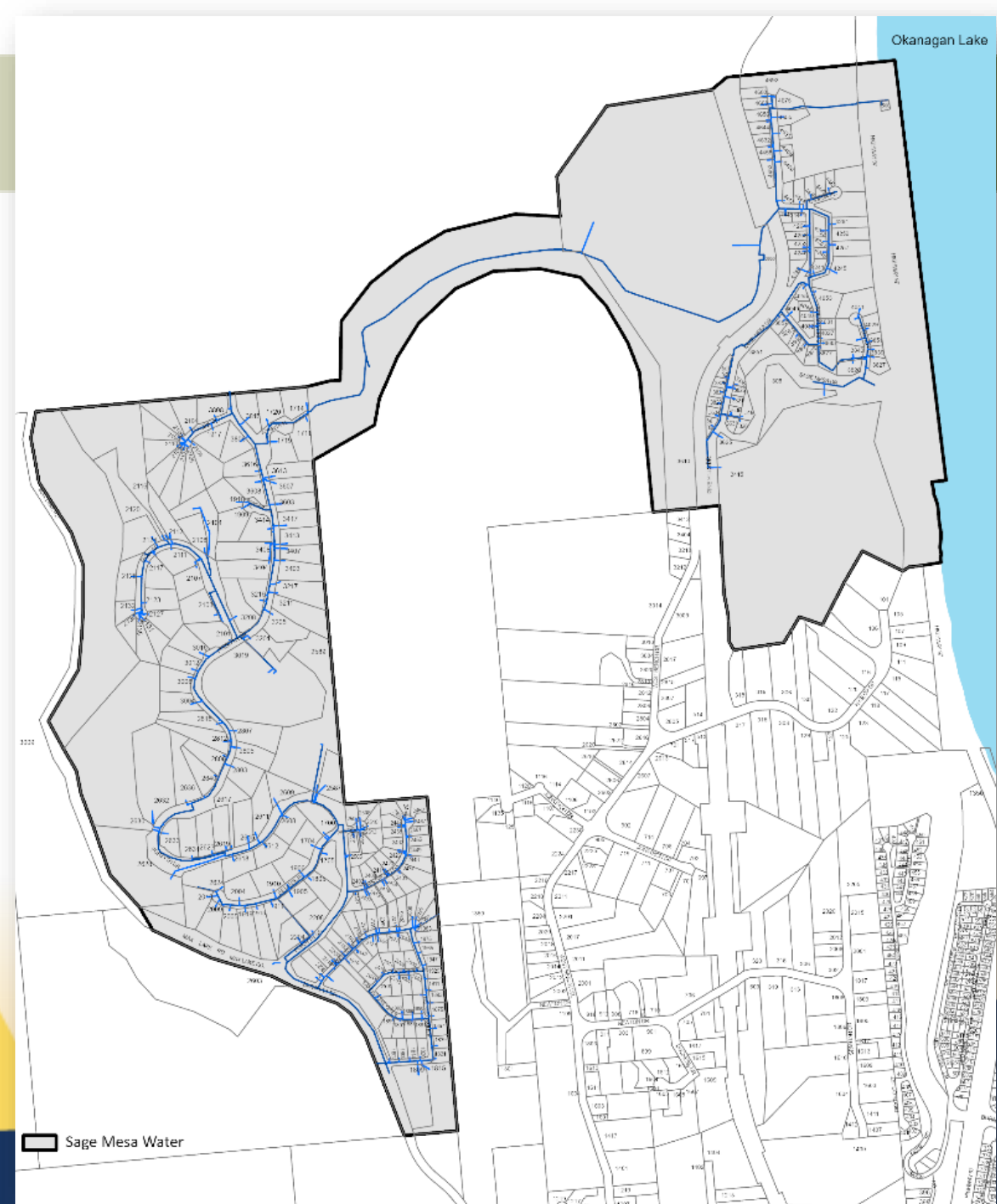
# Sage Mesa Water System Topics

- General water system information
- Required upgrades and costs
- Conversations with the Province
- Questions



# Sage Mesa Water Service Area

- 249 Authorized parcels
  - Some unserviceable or vacant
- For Acquisition Process
  - Consistent number for cost estimates
  - 242 residential parcels



# Water System Deficiency Summary

- Does not meet drinking water standards
- Aging critical infrastructure
  - Reservoirs
  - Watermains
  - Pump house
- Geotechnical risks



# Sage Mesa Water System

- **Owner:** Sage Mesa Water & Public Service Co. Ltd.
- **Manager:** Water, Land and Resource Stewardship (WLRS)
- **Operator:** RDOS
  - Operating Agreement since 2009 for day-to-day operations
  - System checks, 24-hour standby, water quality monitoring
  - Critical failures, breaks and leaks repaired
- **Regulator:** Interior Health Authority (IHA)
  - Permit to Operate

# Infrastructure Upgrades Required

McElhanney report - three types of upgrades

- A. Required Upgrades – Independent of Treatment**
  - Reservoir & initial critical upgrades
- B. Supply Upgrades and Water Treatment**
  - Either connect to City of Penticton or build a new WTP
- C. Longer Term Upgrades – Aging Infrastructure**
  - Older pipes to be replaced; geotechnical risks

# Infrastructure Upgrades Required

| Types of Upgrades                                     | Estimated Cost   | When Required* |
|-------------------------------------------------------|------------------|----------------|
| A. Required Upgrades                                  | \$10.2M          | 2026-2033      |
| B. Supply & Treatment<br>(assume highest cost option) | \$8.2M           | 2027-2030      |
| C. Remaining Watermain upgrades                       | \$ 14.6M         | 2034-2038      |
| <b>Total Cost for All Upgrades</b>                    | <b>\$ 33.0 M</b> |                |

\*Note: Timeline has been adjusted from dates in report

# Estimated Initial Timeline

## 2026-2028+

- Critical upgrades including reservoir
- Distribution watermain replacement
- Water meter installations

## 2028-2030+

- Design and construction of new supply infrastructure

# Supply Option: Joint Water Treatment Plant

- Feasibility study underway with snpink'tn (Penticton) Indian Band for shared intake and treatment facility
- Anticipate initial results mid-2026
- If positive outlook, discussions on next steps to occur – i.e. funding, design, and operations

## Supply Option: Connection to City of Penticton

- Initial discussion on costs for assessment report
- No agreement in place for supplying Sage Mesa
- City currently undertaking an analysis of their distribution system to determine the necessary upgrades for a potential water connection to Sage Mesa – will impact connection cost
- Once this is completed, the report will be provided to the RDOS

# Evaluating Source and Treatment Options

- Costs are gathered for two likely options:
  - City of Penticton connection
  - Joint treatment plant with snpink'tn (Penticton) Indian Band
- Negotiations with one or both parties
- Decision is made based on full evaluation
- Earliest estimated time for start of design and construction - 2028

# Strategic Priorities Fund Grant

- UBCM Strategic Priorities Fund
  - Application focused on supply reliability of infrastructure, i.e. reservoir, watermain upgrades
  - Up to \$ 7 million
  - Announcement not expected until spring 2026
- Received letter of support from Honourable Randene Neill, Minister of Water, Land and Resource Stewardship

# What is being done by the RDOS?

- Advocacy continues with various Ministers and provincial staff including:
  - Ministry of State for Local Governments & Rural Communities
  - Ministry of Housing & Municipal Affairs
  - Ministry of Infrastructure
  - Ministry of Water, Land, and Resource Stewardship
  - UBCM

# What is being done by the RDOS?

- Asked for an interest free loan (denied)
- Asked to waive provincial sales tax for the project (no response yet)
- Asked if we can extend the borrowing period from 5 to 20 years. (permission given to extend from 5 to 12, still pursuing 20 years).
- Asked the Ministry for a letter of support regarding the grant application (letter received)

# Based on Questions and Comments

## **Key Facts for the Community**

# Key Facts for Community

## West Bench Bulk Purchase Agreement

- Expiry of 25-year agreement: 2037
- Schedule included in agreement for considering Sage Mesa
  - Starting point for negotiations with City
- A new Bulk Purchase Agreement for Sage Mesa would be required

# Key Facts for Community

**Is the City interested in, or open to taking over, the ownership and management of the Sage Mesa Water System?**

City's response:

- “No, the City has not had any discussions about taking over any ownership of the Sage Mesa Water System, and it is not something we will be considering.” – Anthony Haddad, CAO

# Key Facts for Community

## Future Development

- Upgrades will not be upsized to accommodate future development
- Geotechnical hazards limits development potential



Proposed Debt Servicing for Sage Mesa Water System

Required MFA Approval

|         | Est . Amount<br>Borrowed per<br>year | Yearly Debt<br>Servicing<br>Interest and<br>Principal | Yearly Cumulative<br>Debt Servicing | Parcel Tax  |                |
|---------|--------------------------------------|-------------------------------------------------------|-------------------------------------|-------------|----------------|
| Year 1  | \$622,500                            | \$ 41,964.26                                          | \$ 41,964.26                        | \$ 173.41   |                |
| Year 2  | \$2,443,000                          | \$ 164,688.67                                         | \$ 206,652.93                       | \$ 853.94   |                |
| Year 3  | \$3,059,000                          | \$ 206,214.75                                         | \$ 412,867.68                       | \$ 1,706.06 |                |
| Year 4  | \$2,586,000                          | \$ 174,328.65                                         | \$ 587,196.33                       | \$ 2,426.43 |                |
| Year 5  | \$2,990,000                          | \$ 201,563.29                                         | \$ 788,759.62                       | \$ 3,259.34 |                |
| Year 6  | \$3,734,500                          | \$ 251,751.87                                         | \$ 1,040,511.49                     | \$ 4,299.63 |                |
| Year 7  | \$2,177,500                          | \$ 146,790.66                                         | \$ 1,187,302.15                     | \$ 4,906.21 |                |
| Year 8  | \$787,500                            | \$ 53,087.32                                          | \$ 1,240,389.47                     | \$ 5,125.58 | End of phase 2 |
| Year 9  | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 1,322,407.98                     | \$ 5,464.50 |                |
| Year 10 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 1,404,426.49                     | \$ 5,803.42 |                |
| Year 11 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 1,486,445.00                     | \$ 6,142.33 |                |
| Year 12 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 1,568,463.51                     | \$ 6,481.25 |                |
| Year 13 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 1,650,482.02                     | \$ 6,820.17 |                |
| Year 14 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 1,732,500.53                     | \$ 7,159.09 |                |
| Year 15 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 1,814,519.04                     | \$ 7,498.01 |                |
| Year 16 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 1,896,537.55                     | \$ 7,836.93 |                |
| Year 17 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 1,978,556.06                     | \$ 8,175.85 |                |
| Year 18 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 2,060,574.57                     | \$ 8,514.77 |                |
| Year 19 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 2,142,593.08                     | \$ 8,853.69 |                |
| Year 20 | \$ 1,216,666.67                      | \$ 82,018.51                                          | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 21 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 22 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 23 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 24 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 25 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 26 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 27 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 28 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 29 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
| Year 30 | \$ -                                 |                                                       | \$ 2,224,611.59                     | \$ 9,192.61 |                |
|         |                                      |                                                       |                                     |             |                |
|         | \$33,000,000.00                      | \$ 2,224,611.59                                       | \$ 2,260,911.56                     |             |                |

# Finance

- Budget for project is worst case scenario
- Municipal Finance Authority interest after year 10 will change
- Using MFA Rates as of September 5, 2025
- Borrowing over 30 years rate used per MFA 4.82%
- As the Sage Mesa project enters its 8th year (end of phase 2), a formal re-evaluation will be conducted to determine what components of Phase 3 are necessary and to what costs

# Contacts and Information

- RDOS Acquisition: [utilities@rdos.bc.ca](mailto:utilities@rdos.bc.ca)
- RDOS Assent process: [elections@rdos.bc.ca](mailto:elections@rdos.bc.ca)
- Information: [rdosregionalconnections.ca](http://rdosregionalconnections.ca)



Thank you for attending