

REGIONAL DISTRICT OF OKANAGAN-SIMILKAMEEN

July 18, 2025

Sage Mesa Water System Information Meeting Q&A



The following questions were discussed during the Sage Mesa Water System information meeting on June 12, 2025.

- **Please explain the 1/3 federal, 1/3 provincial, 1/3 user split for grants and what that would actually look like?**

If a grant application is successful, the Regional District of Okanagan-Similkameen (RDOS) would generally be required to contribute approximately one-third of the total grant amount. (e.g., A \$9 million grant would be funded \$3 million federal, \$3 million provincial, and \$3 million RDOS/Sage Mesa users.

In September 2025, the RDOS will be applying for a grant opportunity that has a maximum contribution of \$7 million and does not require matching funding (e.g., 100% funding rather than 1/3).

- **Have the water system owners been charged depreciation?**

This is not within RDOS authority. The province has indicated the goal was to transfer the system to local government.

- **Who was blocking the transfer agreement?**

The owners of the system were Mr. and Mrs. Chapman.

- **Why are we voting on one assessment instead of getting multiple estimates?**

Property owners will be voting based on an assessment which estimates the cost of the necessary upgrades. If the RDOS assumes ownership of the system, capital projects will be pursued using competitive bidding processes to ensure best value is achieved.

- **How will new developments pay for water?**

Upon development, Development Cost Charge (DCC) and a connection charge.

Developers pay a Development Cost Charge (DCC) and a connection charge, once development is complete, individual units will pay user fees.

- **How much will the assent vote cost and who is paying for it?**

The province pays for the assent voting process.

- **Class B versus Class D report information-based vote?**

The report is a Class D. A class B estimate would be more costly and take significant more time to compile. A Class B will eventually be completed, but only upon voter assent for the RDOS to assume ownership.

- **What is the cost difference between connecting to Penticton versus upgrading the system?**

The assessment report identifies an estimated cost difference of approximately \$2 million.

- **Were reserves used to pay for the engineering report, and if so, how much is now left in reserves?**

The Engineering Assessment was funded from Utilities Trust Fund (customer money from rates collected).

- **What needs to be in place as part of a utility transfer process?**

First, an agreement needs to be in place indicating the current owner is willing to transfer the system. Second, the RDOS is willing to consider taking on the system. Third, the customers must be in favour of transferring the system; indicated via the assent process.



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- **Why was money not put into reserves to cover the cost of the upgrades?**

It was always in the public interest to transfer the utility to local government, which would have allowed for grant applications to eliminate or reduce costs.

- Construction Reserve Trust Fund: \$382,000
- Replacement Reserve Trust Fund: \$182,000

- **What grants have been pursued with the extra time provided by the delayed vote (since the meeting in the fall?)**

The RDOS is constantly looking for government grants to apply for.

- **Are there grants available right now and who is competing for them?**

Grants are continually becoming available, and the competition is amongst eligible applicants which in most cases are other similar provincial infrastructure projects.

open to eligible applicants.

- **There was mention that there is a potential collaboration with the PIB (snpink'tn Indian Band). What is the result of those discussions?**

There is discussion about conducting a pre-feasibility study to explore various options to provide water to Sage Mesa, snpink'tn Indian Band and West Bench areas. All options will be explored.

- **Where do Development Cost Charges (DCCs) go?**

New developments will pay their portion to join the system and will go to the overall system within that service. Development costs go to the service that the DCC is collected for. In this case if a new development was to be done in Sage Mesa service area the DCC collected for water would go to the Sage Mesa water system.

- **Why does the RDOS not extend the shallow intake in the lake to address turbidity?**

The RDOS does not have the authority to execute works on the existing system on its own. This would be explored if the standalone water treatment plant option is chosen for Sage Mesa.

- **What is the success rate of grant applications for the Skaha Estates system so far?**

The RDOS took over ownership of Skaha Estates at the end of May 2025. No grants have been available, applied for, nor secured at this time. However, a federal/provincial grant has just been released.

- **Does the RDOS know why there have not been any grant opportunities over the past 18 months?**

No, the federal and provincial governments are in control of that.

- **How do interest charges factor in?**

Interest charges are paid on monies borrowed from the Municipal Finance Authority (MFA). For the first 10 years, the interest rate is locked at the rate on the application date then at the end of year 10, 15, 20, and 25, the interest rate is reset to current MFA rates. Money borrowed would be drawn as needed for the first 5 years with payments only made on what is drawn. In year 5 the remaining amount of the loan is released by MFA and payments are then made on the total amount for the remainder of the loan.

- **Why not wait to vote until the snpink'tn Indian Band agreement is in place?**

This has not been confirmed as a viable option. If it is, it may take years to determine the best way forward. It is in the public interest to move ahead with upgrades and not delay the assent vote.

- **Does the province follow Water Act regulations and best practices? Yes.**
- **With regards to the provinces sustainability act, has the province completed water sustainability plans for the Sage Mesa Water System?**

Please direct questions to Chris McMillan with the province (Water Utilities Regulations).

- **Who is currently doing long-term planning for the system?**

The province is responsible for the system.

- **What has the province done since taking over that the owners were not doing?**

It has always been the intent that the water system would be converted to public ownership.

- **If feasibility study regarding a shared water treatment plant with snpink'tn Indian Band results in that option moving forward, when would that work begin?**

A timeframe has not been established.

- **Why are we not going with the fastest option to getting improved water quality for residents?**

The Regional District would take immediate steps to improve water quality upon voter assent for the RDOS to assume ownership.

- **Is \$33 million to replace everything or just main lines?**

It will replace approximately 80% of the pipes.

- **Will the RDOS take action concerning the owner's management or potential liabilities?**

No, the RDOS will not pursue legal action against the owner.

- **If assent vote results in not moving forward, how much more expensive will costs be in five years when the matter could go back to referendum?**

It is difficult to predict potential costs.

- **Is \$33 million going to be enough?**

The class D estimate provides a contingency that should be adequate.

- **Is it possible to get a clearer picture of grants and potential partnerships prior to the vote?**

This information has not been confirmed. The RDOS will explore all grant opportunities.

- **Why do users have to guarantee the loan amount when the RDOS can't promise grant funding amounts?**

The RDOS intends to provide a functional, safe water system for the community. However, the RDOS cannot promise grant funding.

- **Is annexation by Penticton an option?**

If the City of Penticton intended to annex Sage Mesa and West Bench, an assent vote would need to take place. The city would likely need to borrow funds to address the shortcomings of the current system.

- **Does Interior Health (IH) have an order to upgrade the system in place?**

In working with the RDOS and the province, Interior Health (IH) has delayed issuing an order. However, if the RDOS does not assume ownership of the water system, IH has indicated it would issue an order to proceed with treatment.