



Electoral Area "F"

Sage Mesa Water System Community Conversation

Wednesday, October 30, 2024

6:30 to 7:30 pm

**West Bench Elementary School
1604 West Bench Drive**

RDOS staff will be in attendance, including the Chief Administrative Officer, the Senior Manager of Public Works, and the Deputy Corporate Officer. Electoral Area "F" Director Riley Gettens will also be present.

**Information about next steps in the
RDOS acquisition of the Sage Mesa Water System:**

**Projects and upgrades
Costs and funding
Borrowing referendum**



**RDOS Utilities
utilities@rdos.bc.ca
250-490-4135**

Sage Mesa Water System Acquisition Process

October 2024



Keeping the Community Informed

The Sage Mesa Water & Public Service Co. Ltd. is privately owned by MK Chapman. It provides water to Sage Mesa, Sandstone, Westwood Properties, Pine Hills Golf Course, WOW Golf Course, and Husula Highlands within Electoral Area "F" of the Regional District of Okanagan-Similkameen (RDOS).

While the Sage Mesa Water & Public Service Co. owns the assets and water licences of the system, the Provincial Comptroller of Water Rights (the "Comptroller") has been managing the utility since 1990. For the past several years, the RDOS has been contracted by the Comptroller to operate the water system. The Comptroller has been and still is the decision-maker for planning capital improvements, setting water rates, and billing or collecting fees for this system.

In efforts to work towards improving the water system to meet regulatory requirements and replace aging infrastructure, the Sage Mesa Water & Public Service Co. formally initiated the utility acquisition process with the RDOS on December 23, 2022.

Utilities Acquisition Process

The RDOS Utility Acquisition Policy provides an outline on the steps and conditions for the acquisition process. Schedule of activities and milestones to date:

- **February 2023:** RDOS Board approval to proceed with the acquisition process
- **April 2023:** Background information collection

RDOS Regional Connections

An online project page has been created on RDOS Regional Connections. All available information, including completed work, anticipated schedule, and frequently asked questions will be posted.

Please visit the project page for the latest information on the acquisition process:

<https://rdosregionalconnections.ca>

- **June 2023:** Consultant hired to complete first main milestone: Engineering and Financial Assessment
- **December 2023:** Draft report review and revisions underway
- **July 2024:** Engineering Report finalized and presented to RDOS Board
- **October 2024:** Service area creation and borrowing bylaws received 3 readings at the Board and assent process was initiated

With direction to begin the assent process, where the public votes on the RDOS taking over the utility, public engagement is initiated.

The meeting scheduled for October 30, 2024, will be the first of several events in the coming months to discuss the assent process and financial implications, and answer questions.



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Keeping the Community Informed

Next Steps in the Acquisition Process

October 2024: Completion of communication plan. Update project page on RDOS Regional Connections.

October 2024 to Referendum date in 2025: Public engagement activities, including public meetings, newsletters, and fact sheets.

Referendum 2025: Decision made by residents whether to support or reject the service establishment and borrowing of funds for the RDOS to take ownership of the water system.

Referendum PASSES:

Acquisition Process continues with the following steps:

Referendum FAILS:

Acquisition process stops. Water System remains private.

Next Board Meeting 2025: RDOS Board endorsement to proceed with acquisition and borrowing of funds to attain all required regulations and standards.

Following Board Endorsement: Transition plans will be prepared and an official transfer date will be set.

Selected Transfer Date: Transfer of ownership to the Regional District occurs.

Following ownership transfer, the RDOS would begin working on design and construction of system upgrades as detailed during public engagement information and events.

Sage Mesa Water System Engineering and Financial Assessment Findings

The assessment revealed two viable water supply options:

- Option 1: Okanagan Lake, which would require a new water treatment plant
- Option 2: City of Penticton, which would use the existing West Bench system, but would require upgrading treatment systems to support increased volumes

The assessment also identified:

- Infrastructure required to support each of the new water supply options
- Reservoir replacement
- Pumping station and pressure control system upgrades
- Pipe distribution system upgrades to address aging infrastructure

Distribution System

The existing water pipe distribution system includes infrastructure and piping more than 60 years old. There are approximately 68 connections in the Lower Zone and 176 connections in the Upper Zone.

Extensive upgrades are required to the watermains to ensure guidelines related to velocity, flow, and pressure are met regardless of which water supply source is chosen.

Information contained in this newsletter will be expanded upon and discussed at the October 30 meeting.

RDOS staff will be present to answer questions.

The table below provides high-level estimates presented in the Engineering and Financial Assessment report. The upgrades of \$10.2 million are required to meet the immediate needs of the water system independent of which option is selected for the water source. These upgrades include a new reservoir, booster station upgrades, backup power, essential watermain replacement, and new hydrants. The replacement of all aging watermain and equipment, estimated at \$14.6 million is also independent of what water source is selected. This would completely replace all the remaining watermain not previously upgraded. The two water supply options identified in the assessment report are the installation of a water treatment plant for only the Sage Mesa water system or connection into the City of Penticton system through West Bench water system.

These numbers represent the highest estimate calculated for completing all the necessary work. The RDOS continues to seek grants to assist in reducing costs to property owners as much as possible.

In efforts to reduce overall costs, the RDOS has engaged with the Penticton Indian Band to investigate the feasibility of a joint water treatment facility which, if successful, could result in lower overall project costs.

WATER SOURCE OPTIONS	OPTION 1: NEW WATER INTAKE AND TREATMENT PLANT FOR SAGE MESA WATER SYSTEM	OPTION 2: CONNECTION TO THE CITY OF PENTICTON THROUGH WEST BENCH
UPGRADES IN YEARS 2025-2032:		
REQUIRED UPGRADES Applicable in both Options	\$ 10.2 million	\$ 10.2 million
UPGRADES ONLY WITH OPTION 1	\$ 8.2 million	NOT APPLICABLE
UPGRADES ONLY WITH OPTION 2	NOT APPLICABLE	\$ 6.4 million
TOTAL FOR INITIAL UPGRADES BETWEEN 2025-2032:	\$ 18.4 million	\$ 16.6 million
UPGRADES IN YEARS 2033-2037:		
REPLACEMENT OF ALL AGING WATERMAINS AND EQUIPMENT Applicable in both Options	\$14.6 million	\$14.6 million
TOTAL COST FOR UPGRADES:	\$ 33.0 million	\$ 31.2 million



Please direct questions to:

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