

## ADMINISTRATIVE REPORT

**TO:** Board of Directors

**FROM:** J. Zaffino, Chief Administrative Officer

**DATE:** October 3, 2024

**RE:** **Sage Mesa Water Service**

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### **Administrative Recommendation:**

THAT Sage Mesa Water System Service Establishment Bylaw No. 3075, 2024, being a bylaw to establish the Sage Mesa Water System as a service of the Regional District of Okanagan-Similkameen, and Sage Mesa Water System Loan Authorization Bylaw No. 3076, 2024, being a bylaw to authorize the borrowing of up to \$33,034,000.00 for capital upgrades to the Sage Mesa Water System, be read a first, second, and third time and be forwarded to the Inspector of Municipalities for approval; and

THAT upon approval of the Inspector, elector assent for Bylaw No. 3075, 2024, and Bylaw No. 3076, 2024, be obtained within the service area through an Assent Voting (referendum) process in accordance with the *Local Government Act*; and,

THAT the assent vote take place on Saturday, April 12, 2025; and,

THAT Gillian Cramm be appointed as the Chief Election Officer and Marc Aucoin be appointed as Deputy Chief Election Officer for the Sage Mesa Water System Assent Vote; and,

THAT the assent vote question be:

‘Are you in favour of the Regional District of Okanagan-Similkameen adopting Sage Mesa Water System Service Establishment Bylaw No. 3075, 2024, to provide for water service for a portion of Electoral Area “F”; and, Bylaw No. 3076, 2024, Sage Mesa Loan Authorization Bylaw to authorize the long-term borrowing of up to \$33,034,000.00 (Thirty-three million, thirty-four thousand dollars) for capital upgrades to the Sage Mesa Water System?’

### **Purpose:**

To establish the Sage Mesa Water System as a service of the Regional District and to authorize the borrowing for capital upgrades to the Sage Mesa Water System.

### **Reference:**

*Local Government Act* Part 4 Division 2  
RDOS Utility Acquisition Policy

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**Business Plan Objective:**

Key Success Driver 2.2: To meet public needs through the continuous improvement of key services

Key Success Driver 3.1: To develop a healthy and socially sustainable region

**Background:**

The Sage Mesa Water & Public Service Co. Ltd. is privately owned. It provides water to Sage Mesa, Sandstone, Westwood Properties, Pine Hills Golf Course, WOW Golf Course, and Husula Highlands within Electoral Area "F".

While the assets and water licenses of the system are owned by Sage Mesa Water & Public Service Co., the Provincial Comptroller of Water Rights has been managing the utility since 1990 and for the past ten years has contracted the RDOS to operate the system.

On December 23, 2022 the Regional District received a signed agreement from the Sage Mesa Water & Public Service Co. formally initiating the utility acquisition process. At the January 19, 2023, Board meeting, the Board resolved that the Regional District commence the utility acquisition due diligence to evaluate the Sage Mesa Water System.

**Analysis:**

The [Engineering and Financial Assessment Report](#) is available on the RDOS Regional Connections page. The assessment report was used to determine the extent of capital upgrades required and amount to be borrowed.

The option exists to obtain elector approval through an alternative approval process (AAP) but administration is recommending the assent process due to the large amount to be borrowed.

**Financial Implications:**

Property owners within the service area will have a quarterly utility bill for user fees and ongoing maintenance of the system.

After adoption of the service establishment and loan authorization bylaws, the Board will be asked to consider a bylaw imposing a parcel tax for the debt financing of the capital upgrades. Parcel taxes are separate from the property value taxes, which are levied on the assessed value of a property. Administration estimates that the annual parcel tax will be approximately \$8,700 over 30 years.

Staff will be seeking grant opportunities in order to lessen the financial impact on property owners.

**Alternatives:**

1. THAT Bylaw No. 3075, 2024, and Bylaw No. 3076, 2024, not proceed.
2. THAT elector approval be obtained for Bylaw No. 3075 and 3076 through an alternative approval process.

**Communication Strategy:**

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The following public engagement initiatives will be offered:

- The statutory requirements for advertising the assent vote in accordance with the *Local Government Act*.
- RDOS Facebook and Twitter social media sites.
- Open Houses in the community.
- A data sheet containing the details of the bylaws, financial implications, and assent voting process will be included on the Regional Connections webpage, along with the bylaw and all required forms.

**Respectfully submitted:**

"Gillian Cramm"

G. Cramm, Deputy Corporate Officer