

ADMINISTRATIVE REPORT

TO: Board of Directors

FROM: J. Zaffino, Chief Administrative Officer

DATE: July 3, 2025

RE: **2025 Strategic Priority Fund Application Recommendations**

Administrative Recommendation:

THAT the Board approve three major infrastructure projects and one capacity building project for application to the Strategic Priorities Fund for 2025 as follows:

- Vintage Views Wastewater System Upgrades
- Lakeshore Waterworks and Skaha Estates Water Systems Upgrades
- Sage Mesa Water System Reservoir and Treatment Plant Upgrades
- Capacity Building - GIS and Mapping updates for RDOS Infrastructure

Purpose:

The Strategic Priorities Fund (SPF) is one of three funding streams delivered through the Canada Community Building Fund (CCBF) in British Columbia. The SPF is an application-based funding program, which pools a portion of the annual CCBF for strategic investments that are considered large in scale, regional in impact, or innovative and support the CCBF national objectives of productivity and economic growth, a clean environment, and strong cities and communities. The SPF program can contribute a maximum of 100% of the cost of eligible activities – to a maximum of \$7 million.

Each Regional District may submit four (4) applications with a maximum of three (3) applications under the Capital Infrastructure Stream and one (1) in the Capacity Building Stream.

Strategic Priorities:

- 5.3 Provide Infrastructure
- 4.2 Support Protective Services
- 4.1 Secure Regulations and Funding
- 1.2 Create Connections

Background & Analysis:

To assist the Board in assessing the projects for inclusion in the RDOS application for Strategic Priority Funding, staff have prepared project summaries, expected budgets and project readiness.

Further to this, staff have scored each project in relation to the project alignment with the Strategic Priority Fund to identify which projects serve the best chance of securing funding.

Infrastructure Project summaries (in random order):

Project A – Regional Emergency Management and Fire Department Revitalization

The proposed project seeks grant funding to construct a new, safe and modern fire hall and regional training facility in Keremeos servicing Similkameen Valley, alongside essential upgrades to existing fire halls throughout the region. This initiative will enhance emergency response capacity, improve firefighter training, and ensure that local communities are better protected against fire and other emergencies.

The main Fire Hall in Keremeos is not in compliance with WorkSafe BC requirements and there is a significant risk for volunteer fire fighter safety, as well as community safety.

The new facility in Keremeos will serve as a central hub for advanced training and coordination for the Similkameen region, while upgrades to fire halls throughout the RDOS will address critical infrastructure needs, support volunteer recruitment and retention, and strengthen public safety across the Similkameen and Okanagan Valleys. Specific Fire Halls to be supported for upgrades in this grant funding application will be Tulameen, Kaleden, Okanagan Falls, North Naramata and Anarchist Mountain.

Budget:

Fire Hall - \$4M (design and build)

Training Facility – TBD, estimated at \$1.6M

Fire Hall Capital Upgrades - TBD

Total Estimated Budget: ~\$6.5M

Funding Sources – Strategic Priority Fund (primarily) + Reserve Funds. There are limited options for grant funding for fire departments and if not funded through grant funding, borrowing will be required and approved by the taxpayers in the service area (Village of Keremeos, Area G and Area B).

Readiness:

The project is ready to be carried out pending securing a location for the Fire Hall and Training Facility. Design and planning will be the first phase and delivery in the second phase. Fire Hall upgrades are to be determined with each RDOS Fire Department and will be refined in the coming months.

Strategic Priority Fund Alignment: 94%

Project B - Regional Trails Network Repairs and Upgrades

This project will deliver critical upgrades to the Southern Okanagan and Similkameen Regional Trails network, specifically targeting the Adra, Faulder, and Similkameen trail segments. Planned improvements also include the restoration of the Skaha Lake and Tulameen trestles, as well as the enhancement of trail surfacing and the addition of user amenities east of Princeton.

The Skaha Lake Trestle is not in immediate danger of failure, but several components require attention within the next two years to prevent further deterioration and to maintain safety for users. The Tulameen Trestle has exceeded its useful life and requires immediate restrictions, monitoring, and planning for full replacement. Failure to address decay in piles, ties, and stringers could lead to structural collapse, especially under prohibited loads (equestrian/heavy vehicles).

Trail resurfacing is required, and final lengths are to be determined during the grant application process, an expected upgrade cost per kilometre of trail upgrade is \$160,000.

These upgrades aim to improve trail safety, accessibility, and user experience for residents and visitors alike.

Budget:

Skaha Trestle - \$1.2M

Tulameen Trestle – \$4.2M

Adra Tunnel Section Trail Surfacing – Length TBD.

Princeton Trail Resurfacing and Amenities - Length TBD. Amenities cost estimate of \$300,000.

Total Estimated Budget: ~\$6-6.5M

Funding Sources – Strategic Priority Fund (primarily). If not funded via grant funding, the Regional Trails service would require significant reserve allocations or borrowing to deliver works.

Readiness: The project is ready, with some elements in urgent need of attention, detailed design will be required to confirm final costs and ensure the project is delivered in the most cost-effective manner.

Strategic Priority Fund Alignment: 90%

Project C - Similkameen Recreation Hub Renewal

The Similkameen Recreation Hub Renewal project consolidates three major renewal initiatives identified as priorities in recent RDOS reports. The first component focuses on the replacement and upgrade of the aging Similkameen arena, which is nearing the end of its operational life. Phase 1 will see a complete overhaul of the rink infrastructure, including a new slab, brine lines, and boards, along with multi-sport line painting to support year-round use. The upgraded arena will

accommodate five pickleball courts, two basketball courts, floor hockey, and lacrosse, with further enhancements planned through the addition of a shade structure in a subsequent phase.

The second component targets significant improvements to the Similkameen Community Pool. This will involve the rejuvenation of critical infrastructure, including the construction of new changerooms, washrooms, and a lifeguard room. The upgrades will also provide accessible, universal, and family-friendly change areas and showers, an accessible ramp into the pool, a new kiddie pool, expanded deck space, and new storage and mechanical rooms, all designed to improve accessibility and user experience.

The third component addresses energy and accessibility upgrades at the Similkameen Recreation Centre. Planned renovations include making washrooms and showers fully accessible, installing button-operated doorways for visitors with limited mobility, and replacing outdated windows, doors, and the HVAC system with energy-efficient alternatives. The project also features the installation of a solar PV array and a battery energy storage system, which will supply renewable energy to the facility and the grid, enhance energy resilience, and reduce operational costs. Together, these upgrades will ensure the recreation hub remains a safe, accessible, and sustainable community asset for years to come.

Budget:

Similkameen Recreation Centre Renewal - \$1,500,000

Similkameen Arena Renewal Phase 1 - \$4,200,000

Similkameen Community Pool Renewal - \$1,500,000

Total Estimated Budget: ~\$8.0M

Funding Sources – Strategic Priority Fund (primarily). If not funded through grant funding, borrowing will be required and approved by the taxpayers in the service area (Village of Keremeos, Area G and Area B).

Readiness:

The project has strong costing and business case to proceed ASAP. Due to the nature of the tax base, the area is sensitive to increased taxation costs. If work can be completed under the Strategic Priorities Fund, this would be a huge win for the region.

Strategic Priority Fund Alignment: 88%

Project D – Sage Mesa Reservoir Upgrades and Water Treatment Plant

Sage Mesa Water System has well documented concerns related to the status of the reservoir. In the acquisition process, the infrastructure review has estimated \$33,000,000.00 for the value of upgrades necessary to bring the system into regulatory compliance with Interior Health.

Total Budget of all upgrades: \$33M

Anticipated project budget for application: \$15-\$18M (exact collection of projects to be determined during application preparation)

Request for grant program - \$7M maximum

Readiness: There is a feasibility study currently underway to collaborate with both Penticton Indian Band and City of Penticton on a joint Water Treatment Plant project. The resulting recommendations may impact the overall cost of the upgrades required.

Strategic Priority Fund Alignment: 88%

Project E – Vintage Views Wastewater Upgrades

Vintage Views Sewer Service is currently involved in the acquisition process. The system is under a Pollution Prevention Order which limits the ability for development in the community as no new connections are permitted until upgrades are complete.

The project is proposing to connect Vintage Views to the Okanagan Falls Wastewater system. The \$7 million grant will contribute a significant amount to the total project cost and reduce the reliance on borrowing by users of the system. Previous predesign work to bring sewers out to Skaha Estates is providing the starting point to updating the cost for the connection along Eastside Road.

Once the infrastructure is in place, there is also the potential for adding connections for other portions of Heritage Hills and Skaha Estates as requested to create a regional wastewater network in the South Okanagan.

Total Budget: \$10-12 million

Requested grant for the project: \$7M maximum

Strategic Priority Fund Alignment: 99%

Project F – Lakeshore Waterworks and Skaha Estates Treatment Plant

As both water systems are proceeding with acquisition by the RDOS, the recommendations provided by the consultant indicate that the water filtration treatment facility would provide the most stable and reliable drinking water supply for residents. By design and construction of a joint water treatment facility to include both communities, the cost is shared by a larger area and eases the burden for residents within the service area. Additionally, there are water quality concerns with other water systems in the area and this project could provide an opportunity to provide safe and excellent quality water to several additional communities.

Budget: \$15 M

Requested grant for the project: \$7M maximum

Strategic Priority Fund Alignment: 100 %

Capacity Building Project summary:

Project 1: GIS and Mapping updates for RDOS Infrastructure

Current GIS mapping of the water and sewer utility infrastructure is unreliable and inaccurate. This project would provide verified data for all water and sewer systems in the Regional District. A targeted and strategic collection of data for infrastructure will improve operational activities, maintenance tasks and the ability to schedule upgrades. This project will also benefit the Parks and Trails team by providing the opportunity for tracking scheduled work, invasives species treatment areas and future projects.

Budget: \$2M (maximum grant request)

Readiness: Budget limitations are restricting progress on this activity. If unsuccessful, the project would be phased in smaller components and budgeted as isolated services across the region.

Capacity Building Alignment: 89%

Financial Implications:

Financial implications have been considered and detailed in each Project.

Sage Mesa	With out Grant	With \$7 million Grant
Parcels	242	242
Borrowing Amount	\$ 33,000,000	\$ 26,000,000
Term (yrs)	30	30
Borrowing Rate	4.75%	4.75%
Debt servicing per year	\$ 2,201,512	\$ 1,734,524
Cost per parcel	\$ 9,097.16	\$ 7,167.45
Vintage Views Sewer System	With out Grant	With \$7 million Grant
Parcels	110	110
Borrowing Amount	\$10,000,000	\$ 3,000,000
Term (yrs)	30	30
Borrowing Rate	4.75%	4.75%
Debt servicing per year	\$ 667,125	\$ 200,137
Cost per parcel	\$ 6,064.77	\$ 1,819.43
Lakeshore Water Works & Skaha Estates	With out Grant	With \$7 million Grant
Parcels	518	518
Borrowing Amount	\$ 15,000,000	\$ 8,000,000

Term (yrs)	30	30
Borrowing Rate	4.75%	4.75%
Debt servicing per year	\$ 1,000,687	\$ 533,700
Cost per parcel	\$ 1,931.83	\$ 1,030.31
Keremeos Fire Hall Improvements	With out Grant	With \$7 million Grant
Assessed Value (2025 revised)	\$ 872,227,053	\$ 872,227,053
Borrowing Amount	\$ 6,500,000	\$ -
Term (yrs)	30	30
Borrowing Rate	4.75%	4.75%
Debt servicing per year	\$ 433,631	\$ 533,700
Cost per \$1,000 Land & Improvements	\$ 0.00041703	\$ -
Estimated average per household	\$ 168.32	\$ 0.00
Regional Trails Network Repairs	With out Grant	With \$7 million Grant
Assessed Value (2025 revised)	\$ 28,780,537,316	\$ 28,780,537,316
Borrowing Amount	\$ 6,500,000	\$ -
Term (yrs)	30	30
Borrowing Rate	4.75%	4.75%
Debt servicing per year	\$ 433,631	\$ 533,700
Cost per \$1,000 Land & Improvements	\$ 0.000012	\$ -
Estimated average per household	\$ 8.36	\$ 0.00
Similkameen Recreation Hub	With out Grant	With \$7 million Grant
Assessed Value (2025 revised)	\$ 671,650,539	\$ 671,650,539
Borrowing Amount	\$ 8,000,000	\$ 1,000,000
Term (yrs)	30	30
Borrowing Rate	4.75%	4.75%
Debt servicing per year	\$ 533,700	\$66,712
Cost per \$1,000 Improvements only	\$ 0.000648	\$ 0.000054
Estimated average per household	\$ 171.41	\$ 21.43

Communication Strategy:

Information will be posted on RDOS web and social media channels, sent to local media via email, and published on dedicated project pages on the RDOS Regional Connections interactive website where applicable.

Alternatives:

The Board could approve different projects for the grant program.

Will a PowerPoint presentation be presented at the meeting? No

Respectfully submitted:

Liisa Bloomfield

L. Bloomfield, Senior Manager of Public Works

Endorsed by:

"insert digital signature; or name in italics"

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