

up at Heritage Hills on Skaha Lake, where their water infrastructure was privately owned, put in when the development was built, I believe, in the early '90s.... Might have been the '80s. The upgrades that are required to their water system to make their drinking water usable are \$23 million. This is being assessed on 321 doors in the community. And the direction path forward they have been provided....

Because the private water owner obviously does not have \$23 million, and there is a segment of those 321 doors that also has a sewer upgrade that's required for them to be able to continue to flush their toilets, the only option they were really able to do was either they were all going to have to pay \$65,000 or \$84,000, depending on if they needed the sewer upgrade as well, or they could vote to move their assets into the regional district, which did not take away the liability of the \$23 million. It just allowed those residents to amortize that over 25 or 30 years, depending how they chose.

Those residents have made that choice to move their assets into the regional district in the hope that they're going to be eligible for grant funding by making that move. One of the key things in making drinking water our first priority — it also says that we are going to make it affordable. For these particular residents, that's \$2,500 a year when it was amortized, plus an increase and a meter that is now required on their houses, which will increase their water bills, also, to another.... It could be up to 2,000 — we're still assessing — per resident.

How is it the intent or the policy, going forward, that the only way that these systems can be funded is by moving them into a municipality or a regional district that's willing to take on that liability?

[2:50 p.m.]

Hon. Randene Neill: Thank you for your question.

I do just want to let you know that regardless of type or size, all water systems are expected to be financially self-sufficient, setting water rates appropriately to operate, maintain, upgrade and replace their infrastructure.

That said, I do want to acknowledge what you are finding in your riding is that it is an expensive, complicated issue. And it's not one shared solely by WLRS, this ministry, alone. The question you're asking for the extent of moving water infrastructure into municipalities is the responsibility of Minister of Housing and Municipal Affairs.

We do share and partner in that, as does the public health officer as well, where she does an annual report into drinking water and drinking water safety. She does study this issue, and she has come to the conclusion in her report that smaller water systems aren't resilient, especially over the long term. This is something that we are all learning and understand.

What we're looking to in terms of our water security and sustainability is resiliency. So when we know that these smaller water systems aren't as resilient, we have to look at better, longer-term solutions. So that's what we're doing in partnership with Housing and Municipal Affairs.

Again, it's not inexpensive. It's incredibly expensive. And there are so many of these smaller water infrastructure and private systems that we need to work on. We will work on these closely with the Minister of Housing and Municipal Affairs.

Donegal Wilson: I could repeat the story in about 12 different subdivisions within my one corner of my riding. We were joking a little bit about it before we started.

But one of the challenges.... Is it not the role of WLRS to be monitoring these private water systems to ensure that they are meeting that obligation of ensuring they have the funding available when these things happen? Why are so many small water systems in the position they are in? Somebody, I assume, should have been checking on them.

[2:55 p.m.]

Hon. Randene Neill: Thank you for the question, Member.

A couple of things I just want to point out. First of all, this ministry does regulate private water utilities, and we do work with private companies to do the upgrades that are necessary. It is the private companies' responsibility to do those upgrades.

But as you so rightly point out, we're also aware of the costs to upgrade that — often prohibitively expensive. And often it's not just the drinking water pipes that need to be upgraded. It's also the sewage or other infrastructure. In fact, that's what we're facing across the province right now. Roads and bridges — I'm sure you have many examples in your riding. I know I have many in mine. These types of upgrades are needed across the board.

So we do regulate the private water utilities, but it is the private water companies' responsibility. But we're also aware of the cost and the rate impact that is on homeowners.

Donegal Wilson: I just heard clearly that it is the manager of the small operator, small water system's job to ensure that the money is there to manage and replace the infrastructure.

I will ask a question on behalf of my colleague from Penticton-Summerland, because she's not here. I was at a meeting, very clearly, where the province took over management of a water system referred to as Sage Mesa. I believe it was in the early '90s. Don't quote me on that, but it has been a significant period of time.

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The province was the operator and has not been adequately funding or ready to replace the needed infrastructure. What happens in that case?

[3:00 p.m.]

Hon. Randene Neill: Thank you for the question. Yes, we do have a briefing on this. Sage Mesa owns and operates a water utility near Penticton, providing service to about 250 homes.

[Jessie Sunner in the chair.]

It is indeed managed by the province following the seizure in 1990 for mismanagement. I've been told a few times forcefully by my ADM that the province does not want to do this role. We do not want to be managing this. But I do want to say that the regional district of Okanagan-Similkameen actually operates the system on behalf of the comptroller of water rights, which is under this ministry.

Also, the regional district of Okanagan-Similkameen is conducting a referendum process now to acquire the Sage Mesa utility, which is currently managed reluctantly by the province through the comptroller of water rights. The comptroller is in support of the acquisition, as the regional district of Okanagan-Similkameen has access to grants and long-term borrowing and potentially reducing the cost to customers and the timeline for completion of the system rebuild.

I'll read this last point: "If the referendum fails, the comptroller will continue to manage the utility and will need to consider a special levy to raise the required funds for the necessary upgrades."

But again, this is not an outcome that the province ever wanted. It was seized because of mismanagement in the 1990s, and we are actively working with the homeowners to come up with the best solution for them. *how?*

Donegal Wilson: Well, I understand the answer, and I understand that we don't want these systems. I can tell you that we're going to get these systems because the reality is these homeowners don't have that money. The regional district does not have the money to continue to borrow to take on liability for these private systems.

In the case of Sage Mesa, the province was the operator, and the province stated clearly before that the operator is responsible to make sure that they're collecting enough fees and things to manage and replace the infrastructure. The province has been managing this infrastructure since 1994, and now we're being told that the owners will just be levied the \$32 million because the province doesn't have any money to do it. *1990*

The operator... While there is a referendum planned, it has not actually been planned yet; it's just something that's being considered. The operator has forbidden their staff from climbing on the tower. The tower is that unsafe that it's not safe for people to walk on the tower to fix the water. That tower is above these homes. It is in imminent failure, and the province is the operator.

I think that there is a different story with Sage Mesa, and I'd like to hear what the minister's plan is as operator of that water.

[3:05 p.m.]

Hon. Randene Neill: Thank you, Member, for the follow-up question.

First, yeah, we do want to acknowledge this is a growing problem all over the province in some cases, potentially. My answer is going to be similar to the answer I just gave you. The province, through mismanagement in 1990, became the reluctant manager of Sage Mesa.

We're looking for a pathway to a permanent solution here, and the first one is working with the regional district of Okanagan-Similkameen to conduct a referendum process to acquire the Sage Mesa utility, which is currently managed by the province through the comptroller of water rights. If that does fall through, we will continue to manage the utility, and we'll need to consider a special levy to raise the required funds for the necessary upgrades.

Donegal Wilson: Well, while I understand the position you're in, I still think that that answer is insufficient in that if this was a private water operator, they would be fined for not meeting the minimum requirements of the act. How do we allow the government to manage a utility for 30 years and not have the funds available to them to replace or manage it? And threaten with a levy, which is exactly what the owners will get anyway with 121 doors, I think it was — don't quote me on that, but it's somewhere in that neighbourhood — and a \$32 million bill that levy is going to be beyond...

With the downloading being to the regional district of Okanagan-Similkameen, what supports and funding are available for these multiple private water systems that are going to be going to the regional district of Okanagan-Similkameen? What borrowing power are they going to have when they have so much out there to manage these projects? How are they going to manage them all?

[3:10 p.m.]

Hon. Randene Neill: Thank you, again, for your question.

I understand the frustration around this issue. The simple answer is it costs money to provide water to these homes and these communities. Especially these smaller water systems.... As they age, the cost increases, and then the cost for replacement and upgrade increases even more. This is