



Regional Board Report

Information

To: Regional Board
From: Associate Director, Engineering Services
Date: February 19, 2026
Subject: North Westside Regional Water System – 2026 Budget Discussion

Voting Entitlement: All Directors – Unweighted Corporate Vote – Simple Majority (LGA s.208)

Purpose: To provide the Board with a review of the scope, drivers, alternatives, timelines, funding, risks, and opportunities associated with the North Westside Regional Water Line project in advance of consideration of a related Notice of Motion.

Executive Summary:

The planning of a North Westside Regional Water Line was initiated to bring the Killiney Beach and Westshore Estates water systems into alignment with provincial drinking water treatment objectives and through creating a single, regionalized solution that improves water quality, operational reliability, and long-term affordability. Following more than a decade of studies inclusive of a 2022 options analysis by Urban Systems, the RDCO Board selected the North Westside Regional Water Line as the preferred option based on comparative lifecycle cost, regulatory alignment, and technical feasibility, and concurrently directed staff to continue the project to distribute water from the Upper Finter Water System via pipeline as captured in the following resolution.

September 26, 2022 Regional Board Meeting:

THAT the Regional Board receive the Killiney Beach and Westshore Estates Water Systems Study: Summary and Evaluation of Supply and Treatment Options (rev.5) as prepared by Urban Systems, and attached to the report from the Director of Engineering Services dated September 26, 2022 for information;

AND THAT the Regional Board support staff preparing a Killiney & Westshore Water System Upgrade project plan for Board consideration at a future meeting based on the recommended Option 1 (A or B) as outlined in the Killiney Beach and Westshore Estates Water Systems Study.

The North Westside Regional Water Line was confirmed as the least-lifecycle-cost path, with a total Engineering and Construction Class D cost estimate of approximately \$28M. The current project plan sequences regulatory, land, and design tasks to achieve “shovel-ready” status necessary for grant eligibility and a goal of maximizing grant competitiveness for 2028.

At the January 22, 2026 Board Meeting, the following Notice of Motion was brought forward:

THAT the Regional Board direct staff to cease advancement of the North Westside Regional Water System project in its entirety and remove all associated project costs from the 2026-2030 Financial Plan.

Provincial Feedback:

Following the Notice of Motion on January 22, 2026, Interior Health provided the following statement for Board consideration:

“It’s important that the Board clearly understands that this approach was considered an acceptable option for meeting the Conditions of Permit if it was accompanied by a corresponding implementation plan. If the Board decides not to proceed with the North Westside Regional Water Line, Interior Health will consider the condition out of compliance until an alternative plan is submitted. In that case, the systems would effectively no longer be progressing toward compliance.

Interior Health is willing to discuss and update timelines for achieving compliance in consideration of logistical and financial challenges, provided that these challenges are not introduced because of further exploration of options, like Point-of-Entry/Use, that have already been confirmed as not feasible. When there is no practical plan and/or commitment to implement improvements, compliance activities are expected to progress beyond permit conditions.”

Key considerations:

- Cancelling would derail alignment with Provincial Water Treatment objectives and Conditions of Permit for Killiney and Westshore, delay grant readiness, and will increase lifecycle costs, as the existing surface-water systems require higher treatment levels, involve duplicate infrastructure, face ongoing material cost escalation, and demand more staffing and monitoring.
- Interior Health has indicated flexibility in timelines for achieving compliance in consideration of financial or logistical challenges and has also signaled that compliance actions against the RDCO should be expected if the Board resolves to cancel the North Westside Regional Water System without a feasible alternative in its place. Alternatives already explored and confirmed not feasible, like Point of Entry, are not acceptable to Interior Health.
- Proceeding with the project positions the RDCO to be eligible to apply for significant grant funding for up to two-thirds construction funding from senior governments.

Recommendation(s):

THAT the Regional Board receive the *North Westside Regional Water System* report from the Associate Director of Development and Engineering Services dated February 19, 2026 for information.

Respectfully submitted by: Travis Kendel, Associate Director of Engineering Services

Report Approved by: Danielle Noble-Brandt, Director of Development and Engineering Services

Approved for Agenda: Sally Ginter, Chief Administrative Officer

Strategic Plan Alignment:

- | | |
|--|---|
| <input type="checkbox"/> Emergency preparedness | <input type="checkbox"/> Truth and reconciliation |
| <input type="checkbox"/> Health and wellness | <input type="checkbox"/> Environment and climate – Regional priority only |
| <input type="checkbox"/> Regional transportation | <input checked="" type="checkbox"/> Growth and development – Electoral Area priority only |
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Project Background:

The North Westside Regional Water Line project is part of a planned regional system that sources drinking water from the RDCO's Upper Fintry System and distributes it overland through Killiney Beach and to Westshore Estates. While each reservoir within the Killiney Beach and Westshore Estates Water Systems provides water by gravity to users, the water within all reservoirs relies upon pumped uphill from Lake Okanagan. Through the North Westside Regional Water Line project, water would be conveyed between communities via pipeline by gravity, allowing for water flow between systems during power failures.

Why it matters:

- Killiney and Westshore currently rely on Okanagan Lake surface water with chlorination only and do not meet provincial water treatment objectives.
- Drinking water within the RDCO Upper Fintry System already meets these objectives by withdrawing high quality and compliant groundwater, eliminating the need for new and costly treatment infrastructure, and entirely avoiding risks associated with surface water withdraw like invasive species, pollution, and algae blooms.
- The regional system concept addresses compliance, reduces costs, and simplifies operations.
- The 'North Westside Regional Water System' as proceeding has the lowest lifecycle cost of all evaluated options.

Financial Implications:

- Construction cost of approximately ~\$28M.
- Continuing the project allows cost refinement and value engineering.
- Land, legal, and preliminary expenses to be 'construction ready' for future grant applications are already approved and funded via reserves .
- Construction contingent on grants to cover 2/3 of costs.
- Estimated community funded portion is \$9.451 million. Over 30 years at 4%, that equates to an estimated annual cost per user of \$595/year, or about \$50/month.

Project Phases:

- Pre-construction Phase (2025 – 2027):
- Budget: \$450,000 funded from reserve to be 'construction ready' for future grant applications.
 - Approvals, land, field investigations, design, refined costs.
- 'Construction-Ready' Phase (Target: 2028):
 - Project ready for construction grant application.
- Construction Phase (TBD):
 - Funded 2/3 with Grants, and 1/3 with debt.
- Interior Health is willing to discuss and update timelines in consideration of financial challenges.

Board Direction (resolutions):**Sept 26, 2022 Board Meeting:**

***THAT** the Regional Board receive the Killiney Beach and Westshore Estates Water Systems Study: Summary and Evaluation of Supply and Treatment Options (rev.5) as prepared by Urban*

Systems, and attached to the report from the Director of Engineering Services dated September 26, 2022 for information;

AND THAT the Regional Board support staff preparing a Killiney & Westshore Water System Upgrade project plan for Board consideration at a future meeting based on the recommended Option 1 (A or B) as outlined in the Killiney Beach and Westshore Estates Water Systems Study.

Nov 28, 2024 Board Meeting:

THAT the Regional Board receive the North Westside Regional Water System Project Plan Update report from the Associate Director of Development and Engineering Services dated November 28, 2024, for information.

Provincial Feedback:

Following the Notice of Motion on January 22, 2026, Interior Health provided the following statement for Board consideration:

“It’s important that the Board clearly understands that this approach was considered an acceptable option for meeting the Conditions of Permit if it was accompanied by a corresponding implementation plan. If the Board decides not to proceed with the North Westside Regional Water Line, Interior Health will consider the condition out of compliance until an alternative plan is submitted. In that case, the systems would effectively no longer be progressing toward compliance.

Interior Health is willing to discuss and update timelines for achieving compliance in consideration of logistical and financial challenges, provided that these challenges are not introduced because of further exploration of options, like Point-of-Entry/Use, that have already been confirmed as not feasible. When there is no practical plan and/or commitment to implement improvements, compliance activities are expected to progress beyond permit conditions.”

Alternatives:

Alternative Projects: Compared against current North Westside Regional Water System				
	Regulatory Feasibility	Technical Feasibility	Capital Cost	Operating Cost
North Westside Regional Water Line**	✓	✓	~\$28M	~\$40k/yr
Submarine Transmission	✓	✓	27% more	Similar
Independent WTPs	✓	✓	64% more	156% more
Common WTPs	✓	✓	21% more	131% more
Point of Entry (PoE)*	✗	✓	10% less	2150% more

Alternative Water Sources			Unknown	Unknown
OKIB Connection			Unknown	Unknown

*Staff estimate based on cyst reduction, small UV reactor, panelized installation, equipment renewal.

**Class D estimate provided in 2023.

Impacts of Project Cancelation:

Consideration	Impact
Regulatory Alignment	Killiney and Westshore remain un-aligned with provincial treatment objectives (dual treatment and cryptosporidium/giardia removal for surface water), prolonging reliance on advisories and incremental mitigations.
Compliance Status	Interior Health will consider the RDCO out of compliance until an alternative plan is submitted. Compliance activities against the Regional District would be expected.
Grant Eligibility	Will not achieve “construction-ready” status for significant grant eligibility.
Escalation & Lifecycle Costs	Market escalation since 2015 has already materially increased costs. Cancellation or delays will not avoid costs, only shift them into a future where treatment requirements will be stricter, and costs demonstrably higher. Existing surface-water systems require higher treatment levels, involve duplicate infrastructure, face ongoing material cost escalation, and demand more staffing and monitoring.
Operational & Reputational Risk	Extended period without a clear path to compliance with provincial objectives may invite regulatory pressure, heighten public concern about water quality, and reduce confidence in infrastructure planning.
Asset Renewal Pressures	Without regionalization, maintaining two small lake systems to rising standards may require Board consideration of earlier WTP investments and higher renewal fees to maintain existing service levels.
Stranded Assets and System Resiliency	Without an approved commitment to regional infrastructure, pressure may build to introduce short-term and piecemeal infrastructure changes that may not be compatible with long term plans (improved intakes, generators)

Risks and impacts associated with project cancelation, including treatment non-compliance, escalating costs for required interim measures and future capital investment, and loss of grant eligibility, have a significant long-term impact on service sustainability and affordability.

Considerations:

Organizational/External:

- If the Board chooses not to proceed with this project, the Regional District remains responsible for working with Interior Health to identify an acceptable path to compliance.

