



PEACE RIVER REGIONAL DISTRICT

Committee of the Whole Meeting Agenda

October 17, 2024, 10:00 a.m.
Pomeroy Hotel and Conference Centre
11308 Alaska Road, Fort St. John, BC

Pages

- | | | |
|-----|---|---|
| 1. | CALL TO ORDER | |
| 2. | ADOPTION OF AGENDA | |
| 3. | GALLERY COMMENTS OR QUESTIONS | |
| 4. | DELEGATIONS | |
| 4.1 | TC Energy/Coastal GasLink Re: Update on Coastal GasLink and Review of Socio-Economic Impacts in the Region

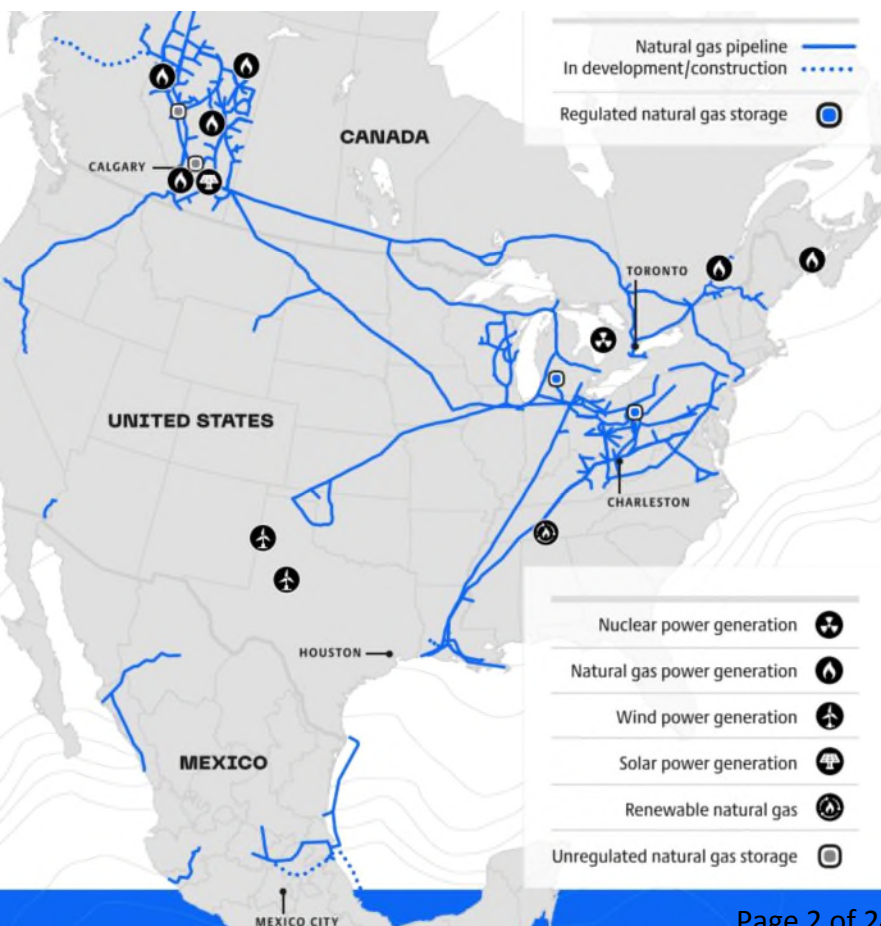
Heather Desarmia, Team Lead, Community Relations
Sian Weaver, Manager of Socio-Economics | 2 |
| 4.2 | PSD Citywide Re: Asset Management Update

Israr Ahmad, Director, Integrated Product Development
Peter Paine, Senior Manager, Financial Advisory Services | 8 |
| 5. | REPORTS | |
| 6. | MEDIA QUESTIONS | |
| 7. | ADJOURNMENT | |

Coastal GasLink Socio-economic Overview Peace River Regional District

October 17, 2024

Coastal GasLink



About TC Energy

- One of North America's largest natural gas pipeline operators
- Canada's largest private-sector power generator
- 50 years in B.C.
- Offices in B.C.
 - Vancouver
 - Prince George
 - Fort St. John
 - Cranbrook



About South Bow

- Spinoff completed October 1, 2024
- Low-risk, liquids transportation and storage business
- Connecting critical western Canadian crude oil supply to key markets

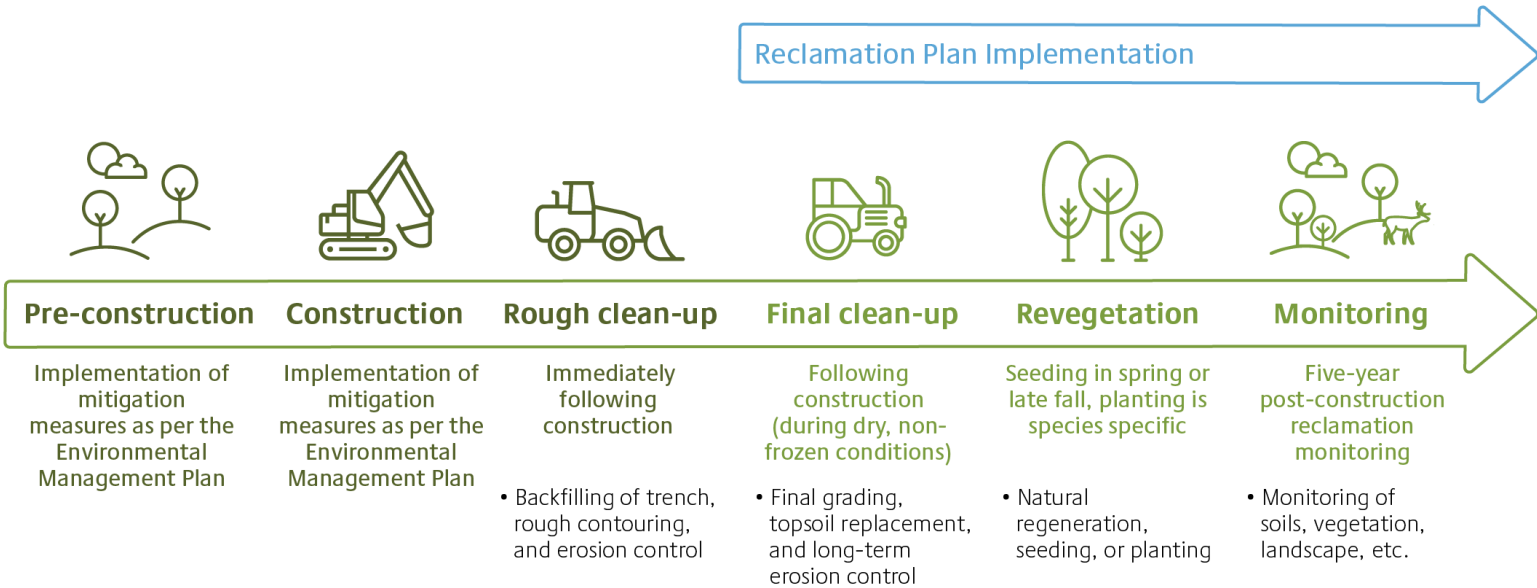


Project overview

- 670-kilometres in length, spanning from northeastern B.C. to Kitimat
- Approved initial capacity of 2.1 billion cubic feet per day, with potential future capacity of 5 billion cubic feet per day.



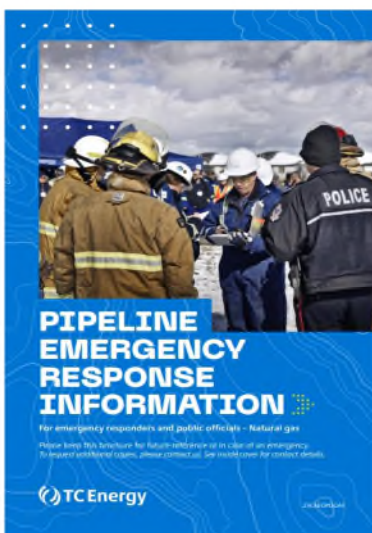
2024 Peace Region Summer Construction



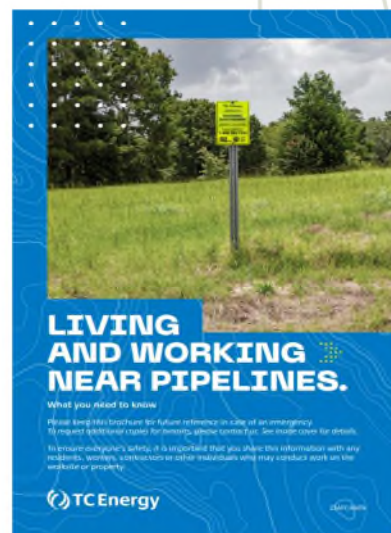
Coastal GasLink Public Awareness + Operations



Excavators and farmers



Emergency and public officials



Affected public

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What matters to you, matters to us.



Apply for funding to help meet your community needs.
We support local and regional non-profit organizations
through grants and in-kind donations with a focus on Safety,
Education, Environment and Resilient Communities.

Apply Today!

► TCEnergy.com/BuildStrong





SEEMP Implementation 2024 Highlights

- Submitted SEEMP Status Report #11 on June 14
- Based on feedback received, an updated SEEMP Status Report #11 was sent out on September 18
- Currently engaging with SEEMP contacts for the 12th reporting period
- Planning to engage on the Phase 1 SEEMP final report late 2024 / early 2025

Education and Training

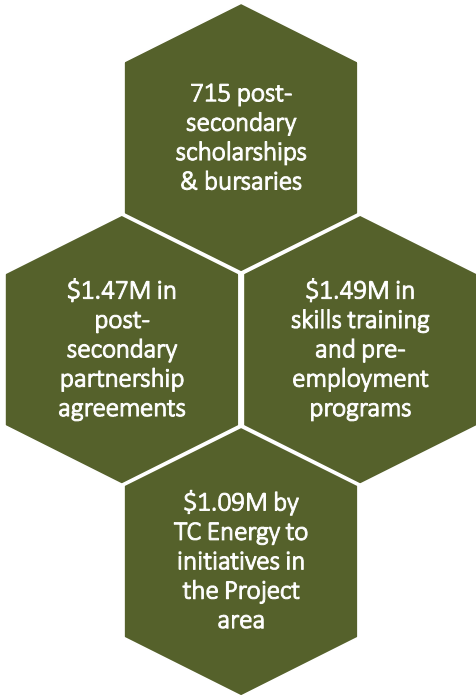
2024 TC Energy scholarship awards: 16 in B.C.

New partnership programs

- College of New Caledonia: bursary agreement to support students pursuing social service and community support work or upgrading
- BC Construction Foundation: Road-to-Red-Seal which provides support for selected trades apprentices working toward full certification

Recent skills training and pre-employment initiatives

- Pipeline inspector training for 20 Indigenous candidates
- Outland Youth Employment Program
- UNBC Project Management Fundamentals



Coastal GasLink



24-HOUR EMERGENCY NUMBER


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Peace River Regional District


Corporate Asset Management Plan 2024

Presentation to the Board | October 2024




Israr Ahmad, Director
Integrated Product Development

Peter Paine, Senior Manager
Financial Advisory Services




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Agenda

1. Project Overview
2. Key Findings from the Corporate Asset Management Plan
3. Recommendations
4. Questions



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Project Overview

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Project Background and Progress

- PRRD and PSD Citywide worked together to develop the District's first comprehensive asset management plan (AMP).
- Detailed cross-section of the District's asset portfolio, developed through asset-by-asset level analysis
 - Used to support long-range financial planning, prioritizing projects, and building a risk-based capital program



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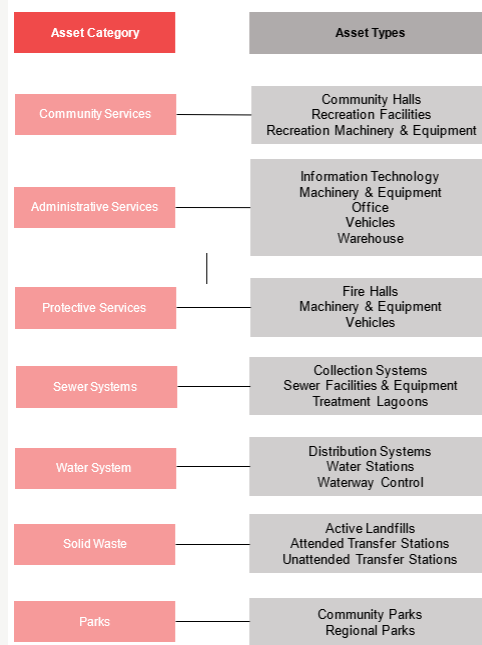
Key Findings from the AMP

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Asset Classification

- Most analysis is presented at the asset category and asset type levels.
- However, financial analysis was conducted at the Functional level.

Figure 1 Asset Hierarchy and Data Classification

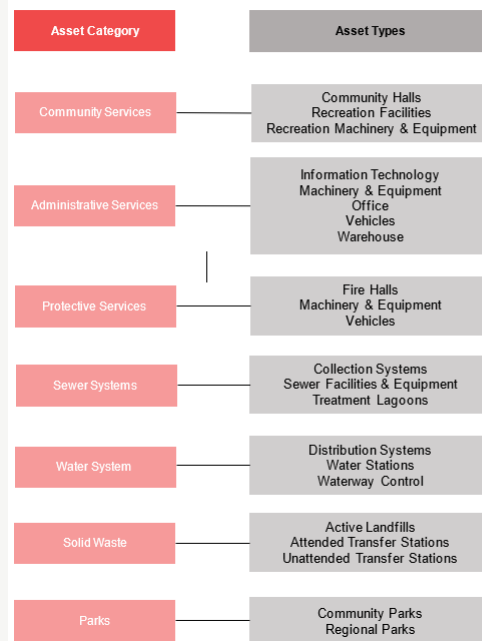


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Asset Classification

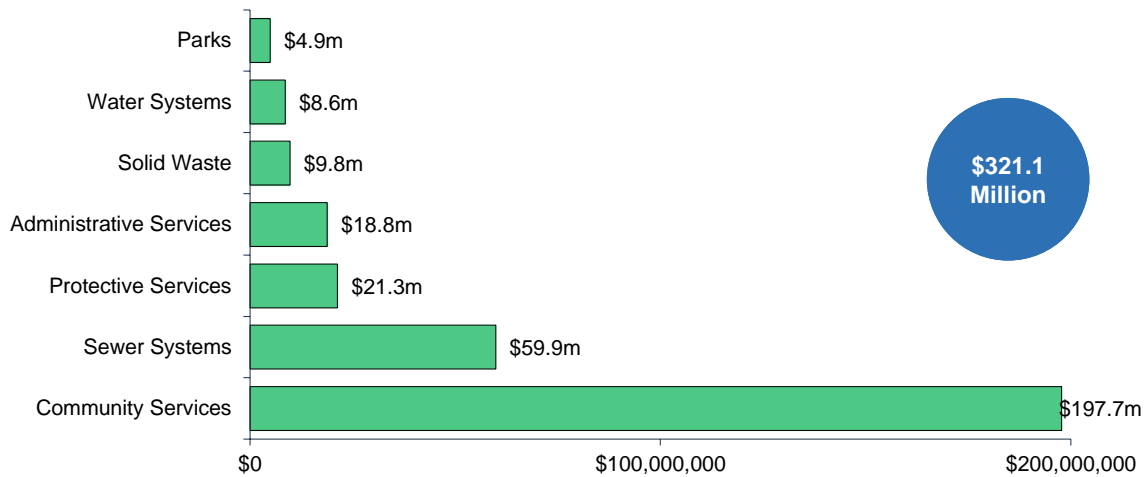
- Most analysis is presented at the asset category and asset type levels.
- However, financial analysis was conducted at the Functional level.
- Assets in these seven categories were distributed across 25 functions.

Figure 1 Asset Hierarchy and Data Classification



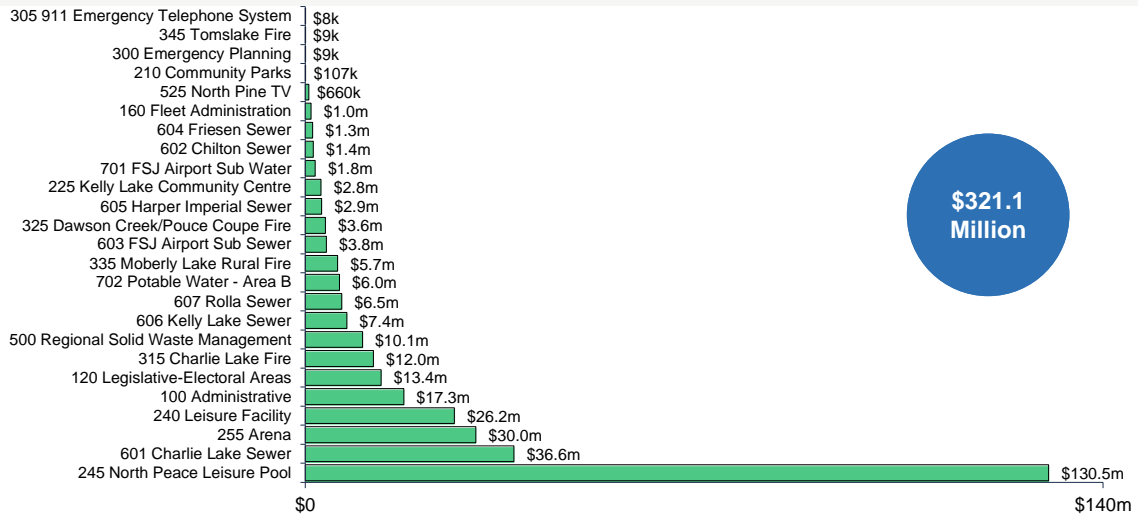
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Replacement Cost



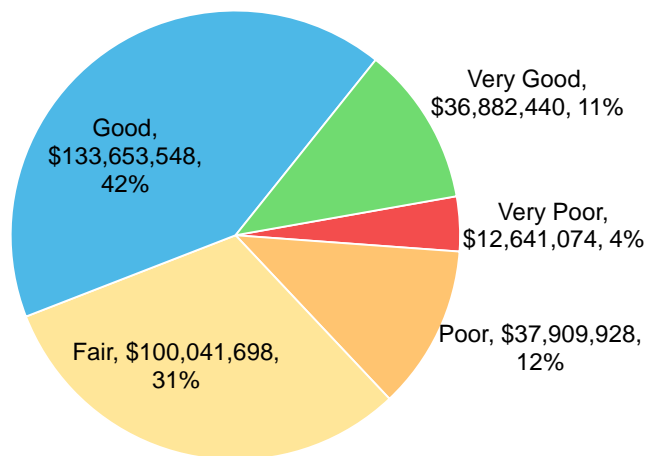
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Replacement Cost



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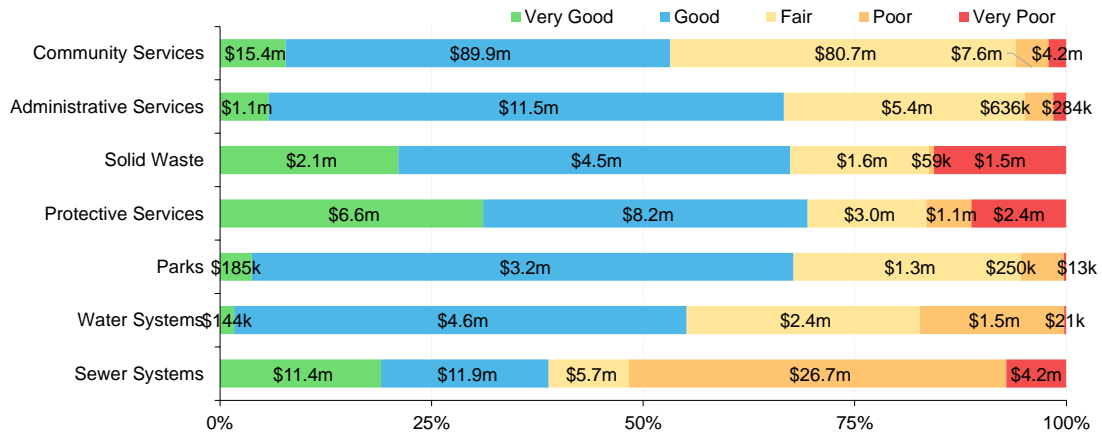
Asset Condition



84%
Assets in Fair
or better
Condition

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Asset Condition



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Asset Condition

- How condition ratings are determined can change the analysis in fundamental ways.

Approach	Costs	Benefits
Age-based Analysis	<ul style="list-style-type: none"> • May over- or underestimate actual condition • Less accurate for well-maintained assets or assets exposed to threats 	<ul style="list-style-type: none"> • Quick and free • Provides critical long-term forecasts
Inspection-based Analysis	<ul style="list-style-type: none"> • Expensive and time consuming • Requires specialized knowledge, staff, and equipment 	<ul style="list-style-type: none"> • Accurate estimate of actual condition ratings • Identifies specific, short-term issues and improves decision-making



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Asset Condition

- Inspection data was available for 84% of assets in this AMP.

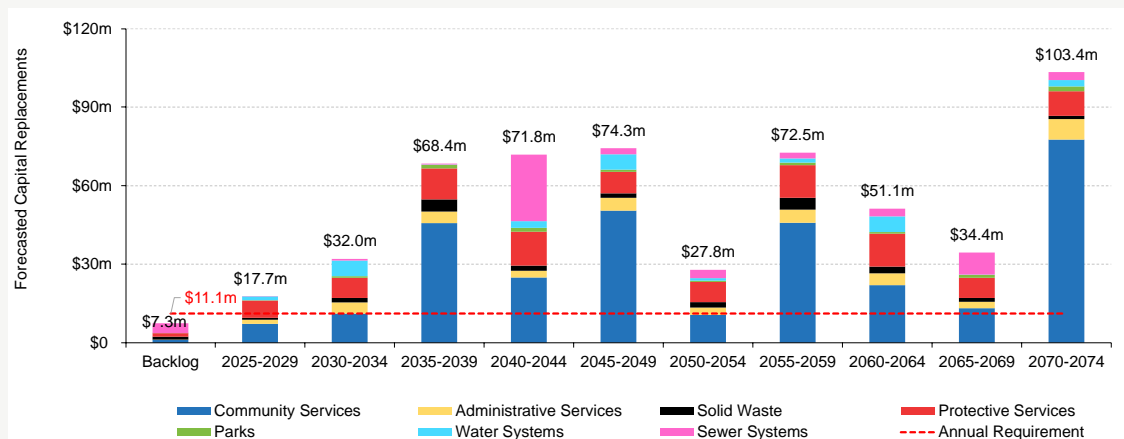
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Forecasted Replacement Needs

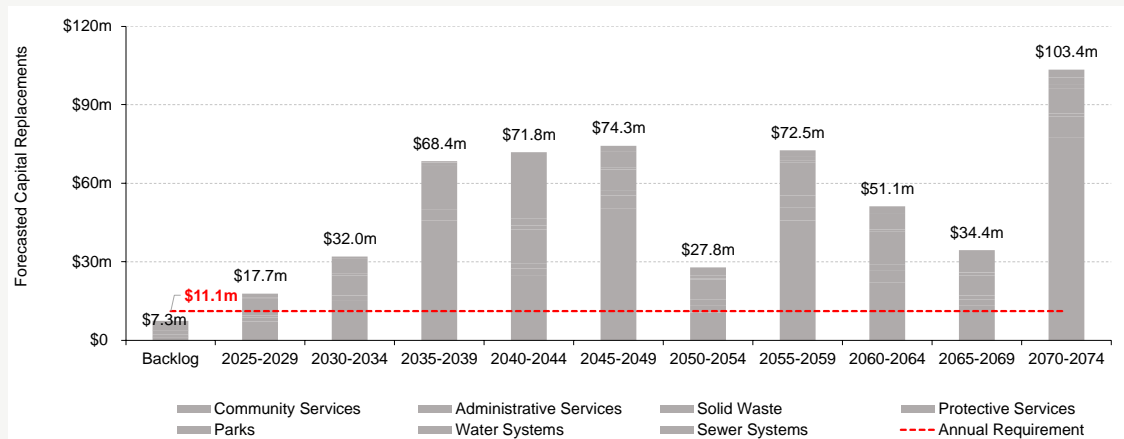
- Eventually, assets need to be replaced. This requires long-term planning that can span decades.



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Forecasted Replacement Needs

- To stay current with replacement needs, \$11.1 million is required on an annual basis. This equates to an annual target reinvestment rate of 3.5%.



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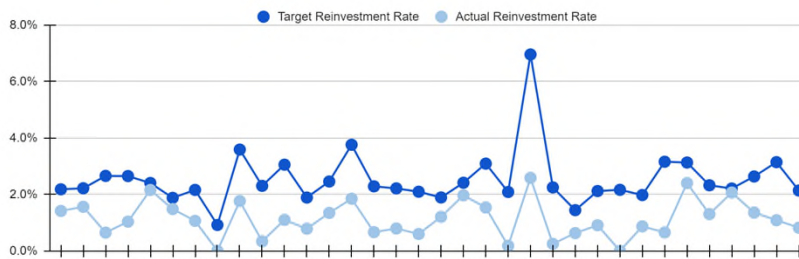
Forecasted Replacement Needs

- This is a substantial challenge for most local governments.
- Most organizations, including PRRD, experience annual infrastructure deficits.
- Deficits result when organizations cannot reserve sufficient funds from **sustainable revenue streams** to meet their infrastructure needs.
 - Sustainable funding streams include property taxes, parcel taxes, utility rates
 - “Permanent and predictable”
 - Unsustainable funding streams include senior government grants, debt, one-time capital injections
 - May change or disappear with policy shifts

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Forecasted Replacement Needs

Target vs. Actual Reinvestment Rates



Most municipalities are underinvesting in their infrastructure programs.

Average reinvestment rate is about 1%, compared to a target reinvestment of about 2.1%.

On average, municipalities are funding about 44% of their annual capital requirements.



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Financial Analysis and Strategy

- Two key inputs
 - Average annual requirements to keep up with replacement needs
 - Average funding available
 - 3-year average expenditures on capital and maintenance lifecycle activities
- This comparison determines existence of any annual deficits.
- Analysis conducted at the function level
- Functions are separated based on their primary and **sustainable funding streams**, namely:
 - Property Tax Funded Functions
 - Parcel Tax Funded Functions



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Financial Analysis and Strategy

- Annual deficits

	Average Annual Requirements	Annual Funding Available	Deficit	Funding Level
Property Tax Funded Functions	\$9.9 million	\$4.0 million	\$7.1 million*	40%
Parcel Tax Funded Functions	\$1.2 million	\$55k**	\$1.2 million	4%

*Some functions were in an artificial surplus position

**\$1.7 million reinvested annually, on average, funded by grants



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Financial Analysis and Strategy

- Closing annual deficits

- Balancing timelines against asset needs
 - Long timelines, or 'phase-in' periods, means less burden on rate payers, but assets needs may remain unmet, leading to further accumulation of backlogs
 - Shorter phase-in periods results in higher burden on rate payers
- Use only sustainable revenue streams



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Financial Analysis and Strategy

• Closing annual deficits: Property Tax Funded Assets

Function	Annual Deficit	1 Year	5 Years	10 years	15 Years	20 Years
100 Administrative	\$608,141	11.51%	2.20%	1.10%	0.73%	0.55%
120 Legislative-Electoral Areas	76,211	13.49%	2.56%	1.27%	0.85%	0.63%
210 Community Parks	7,027	15.23%	2.88%	1.43%	0.95%	0.71%
225 Kelly Lake Community Centre	3,234	64.88%	10.52%	5.13%	3.39%	2.53%
245North Peace Leisure Pool	3,974,647	86.98%	13.33%	6.46%	4.26%	3.18%
300 Emergency Planning	930	0.31%	0.06%	0.03%	0.02%	0.02%
305 911 Emergency Telephone System	791	0.06%	0.01%	0.01%	0.00%	0.00%
315 Charlie Lake Fire	1,380,175	143.93%	19.52%	9.33%	6.13%	4.56%
325 Dawson Creek / Pouce Coupe Fire	179,500	26.10%	4.75%	2.35%	1.56%	1.17%
335 Moberly Lake Rural Fire	172,979	115.32%	16.58%	7.97%	5.25%	3.91%
345 Tomslake Fire	1,846	1.31%	0.26%	0.13%	0.09%	0.07%
500 Regional Solid Waste Management	260,757	2.82%	0.56%	0.28%	0.19%	0.14%
525 North Pine T.V.	8,800	100.00%	44.83%	17.89%	11.16%	8.11%
702 Potable Water - Area B	327,307	31.93%	5.70%	2.81%	1.86%	1.40%
Total	\$7,078,583					

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Financial Analysis and Strategy

• Closing annual deficits: Parcel Tax Funded Assets

Function	2024 Requisition	1 Year	5 Years	10 Years	15 Years	20 Years
601 Charlie Lake Sewer	\$178,125	459.01%	41.09%	18.78%	12.16%	8.99%
602 Chilton Sub Sewer	35,000	68.52%	11.00%	5.36%	3.54%	2.64%
603 FSJ Airport Sewer	36,050	117.02%	16.76%	8.06%	5.30%	3.95%
604 Friesen Sewer	17,000	86.05%	13.22%	6.41%	4.23%	3.15%
605 Harper Imperial Sewer	65,000	56.83%	9.42%	4.60%	3.05%	2.28%
606 Kelly Lake Sewer	23,437	390.77%	37.46%	17.24%	11.19%	8.28%
607 Rolla Sewer	91,397	92.40%	13.98%	6.76%	4.46%	3.33%
701FSJ Airport Water	34,330	168.40%	21.83%	10.38%	6.80%	5.06%
Total	\$480,239					

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Financial Analysis and Strategy

• Asset Retirement Obligations (AROs)

- AROs are legal or regulatory liabilities related to the future decommissioning, disposal, or remediation of capital assets at the end of their useful life.
- AROs are part of the lifecycle cost of assets.
- PRRD is innovative, being one of a few (only?) organizations that have included AROs within their asset management plans.



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Financial Analysis and Strategy

• Asset Retirement Obligations (AROs)

Category	2024 Opening ARO	2024 Accretion
Landfills Obligations	\$27,852,540	\$762,706
Well and Holding Pond Decommissioning	318,844	8,928
Asbestos	1,594,628	43,594
End of Lease Requirements	40,601	997
Total	\$29,806,613	\$816,225



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Financial Analysis and Strategy

- Asset Retirement Obligations (AROs)

- The District has an unfunded liability of \$27.2 million based on current reserve balances earmarked for capital asset retirement.
- Gradually closing this ARO funding deficit is important to avoid sudden and large hikes in rates for future residents to fund retirement costs.



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Financial Analysis and Strategy

- Gradually closing ARO deficits and funding accretion targets

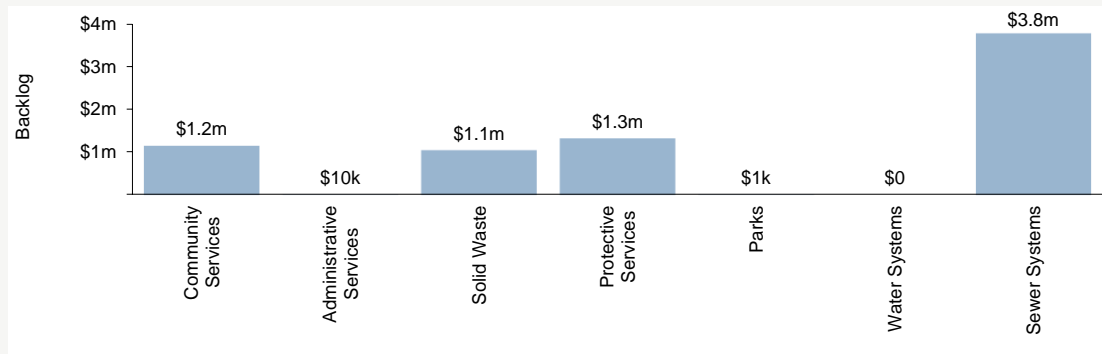
Function	1 Year Option	5 Year Option	10 Year Option	15 Year Option	20 Year Option
100 Administrative	0.28%	0.06%	0.03%	0.02%	0.02%
200 Regional Parks	0.17%	0.01%	0.00%	0.00%	0.00%
225 Kelly Lake Community Centre	1.51%	0.32%	0.17%	0.12%	0.13%
250 Chetwynd Recreation Complex	7.76%	1.59%	0.85%	0.61%	0.65%
500 Regional Solid Waste Management	8.49%	1.73%	0.84%	0.58%	0.51%
702 Potable Water - Area B	0.90%	0.19%	0.10%	0.07%	0.08%



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Infrastructure Backlogs

- In addition to **annual** infrastructure funding deficits, there are also accumulated backlogs, totaling \$7.3 million.



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Infrastructure Backlogs

- Backlogs can be addressed using debt, reserves, and external sources of funding.

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Recommendations

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Recommendations

- Addressing infrastructure deficits and ARO funding needs is a long-term endeavour. Phase-in periods with associated rate increases are provided for further review and potential adoption.
- Increasing funding for infrastructure programs is essential, but not the only lever available:
 - Risk assessments and levels of service targets can help reduce annual needs and backlogs.

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Recommendations

- Provisional risk models have been built to identify high risk assets. These should be continuously reviewed and refined to improve capital program and budget development.
- State of the infrastructure section should be updated annually to account for changes in the inventory.
- Maintain awareness of long-term replacement needs.
 - Not all assets will need replacement
 - Awareness important for planning



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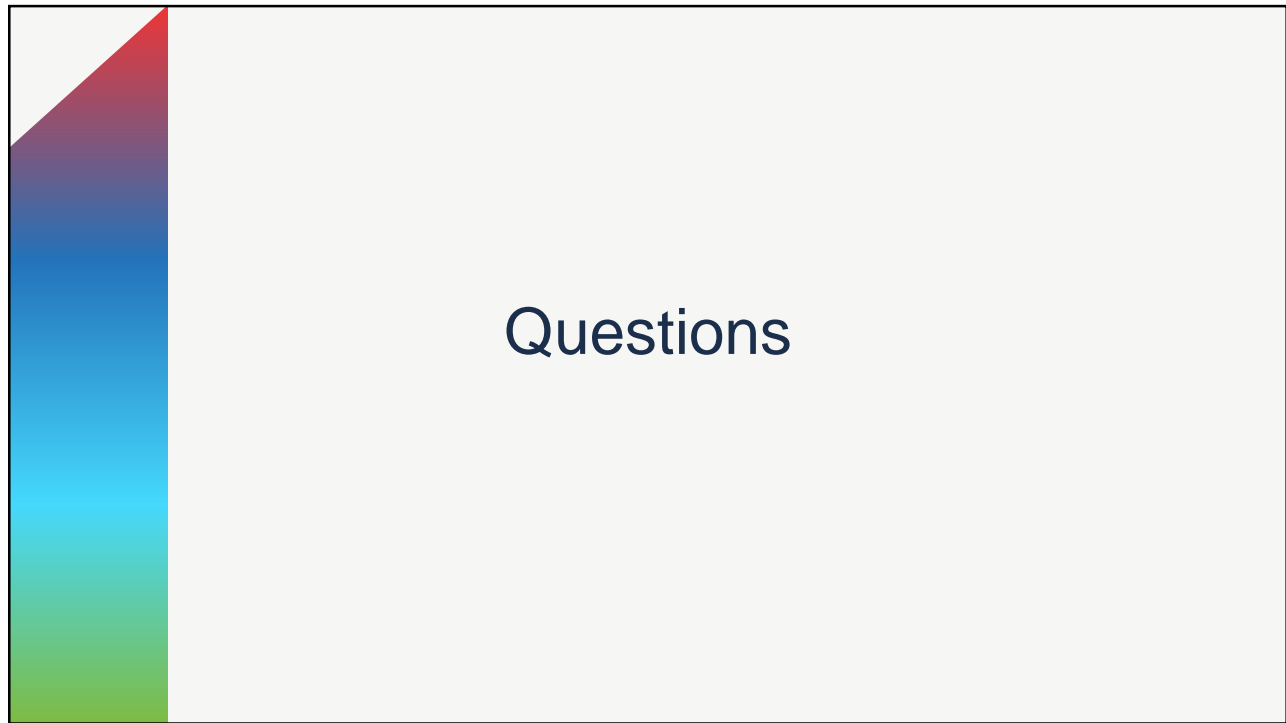


Recommendations

- External sources of funding may be available but should not be considered 'sustainable'. Use these funds to tackle backlogs or invest in upgrades ('higher service levels').



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