

UPDATED OCTOBER 2020

BC Hydro/Regional District Site C Community Measures Agreement

Background Brief on Regional District Requests



Peace River
Regional
District

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Introduction

The Site C Clean Energy Project (“Site C Dam” or “Site C”) is a \$10.7 billion hydroelectric power project located within the Peace River Regional District (“Regional District”). Site C Dam construction is having a variety of adverse impacts on the Regional District, its services and residents. These impacts would not be happening were it not for the construction of Site C. While community measures agreements to address adverse impacts have been concluded between BC Hydro and other local governments in the Peace Region, such an agreement has not been concluded between BC Hydro and the Regional District.

Both BC Hydro and Premier John Horgan recognize the importance of ensuring local communities such as the Regional District benefit rather than suffer when it comes to Site C impacts.

- BC Hydro has stated that it is *‘working with communities to reach agreements that will provide lasting benefits for residents of the Peace Region’* (excerpt from Site C Clean Energy Brochure on Regional and Community Benefits, March 2018).
- Premier Horgan expressed his desire to see communities benefit from the Site C project. A Provincial news release on December 11, 2017, following the review of the Site C project by the BC Utilities Commission and government decision to proceed with the project, stated that Premier Horgan’s government would *‘launch a Site C turnaround plan’* which would include *‘establishing new community benefits programs, mandated with making sure that project benefits assist local communities.’*

Importantly, BC Hydro has signed agreements with all other affected local governments in the Peace Region – the City of Fort St. John (2016) and the Districts of Chetwynd (2013), Hudson’s Hope (2017) and Taylor (2014). There are also agreements in place with First Nations communities in the region. The Regional District remains the missing piece in the Site C local government community agreement puzzle. While it is unfortunate that a Regional District Community Measures Agreement was not concluded earlier, one of the advantages is that there is better information now available on actual, rather than forecast, impacts to guide us.

The balance of this background brief sets out the following:

1. The joint principles that the Regional District believes should guide the formulation of a Community Measures Agreement.
2. The relationship between a Community Measures Agreement and the other Site C-related local government agreements with BC Hydro in which the Regional District is a participant.
3. The specific impacts that the Regional District wishes to see fully addressed in the Regional District – BC Hydro Community Measures Agreement.

North Peace Regional Landfill – Wood Waste Processing. The Regional District will seek financial compensation for costs incurred to manage Site C solid waste as part of the Community Measures Agreement. (PRRD)



Guiding Principles

The Regional District proposes that both BC Hydro and the Regional District acknowledge and apply the following principles when identifying and addressing the adverse impacts of Site C on the Regional District.

Regional District as a Local Government

The Regional District is a vital form of local government in the Peace Region, an important provider of programs and services to residents, and a voice for regional interests.

Regional District Services to Be Kept Whole

Regional District services will be maintained at least at pre-Site C levels, and BC Hydro will keep the Regional District whole in financial and non-financial terms.

BC Hydro Support to Address Concerns of Regional District Residents

BC Hydro and the Regional District agree that a central purpose of a Community Measures Agreement is to fully and fairly address the concerns raised by residents and businesses in the Regional District so that they are no worse off, and preferably better off, after Site C construction and operation.

Impacts During Site C Construction

BC Hydro and the Regional District acknowledge that a primary, but not sole, purpose of the Community Measures Agreement is to address issues that have arisen during construction that will not be fully addressed by financial or other means once Site C becomes operational.

Equity and Fairness

BC Hydro will treat the Regional District in an equitable and fair manner in comparison to other local governments and First Nations with whom it has concluded agreements.

Affordability

The Community Measures Agreement should be funded by BC Hydro as part of the estimated \$10.7 billion project construction budget, which includes a substantial contingency. This Community Measures Agreement should not therefore be funded by the BC Government. (Sources – Provincial news release on December 11, 2017 stating \$10.7 billion estimate; BC Utilities Commission Inquiry Respecting Site C Final Report, November 1, 2017 noting contingency percentage as part of Site C Final Investment Decision, and possible Treasury Board reserve).

Requests not Addressed by Other Financial Arrangements

The Regional District acknowledges that BC Hydro will provide direct financial contributions to the Regional District once Site C becomes operational. These contributions will include receipt of portions of the funding provided through the Regional Legacy Benefits Agreement, as well as the Payments-in-Lieu-of-Taxes (PILT) based on the Site C generating capacity.

The Regional District notes three important aspects of these financial arrangements:

- First, both arrangements are broad regional programs which involve a number of local governments and are not specifically tailored to the unique and specific impacts on the Regional District.
- Second, neither arrangement addresses impacts on the Regional District and its services during the Site C construction period (they begin once Site C is operational).
- Third, these arrangements do not include the past property taxation losses to the Regional District in relation to BC Hydro's extensive land holdings within the Regional District.

Overview of Regional District Requests

The remainder of this document provides brief rationale for each of the Regional District's requests for inclusion in the Community Measures Agreement. These requests are summarized in the following list. The financial compensation requests presented in #1 and #2 equate to \$10 million.

- 01 Financial compensation for costs incurred to manage Site C solid waste
- 02 Financial compensation for lost property tax revenues
- 03 Design, implement and maintain measures to eliminate in perpetuity inundation effects from Site C on Charlie Lake sewer treatment system outfall
- 04 Excavate and stockpile in the Fort St. John area aggregates from the Peace View, Tompkins and Riske Pits for use by the Ministry of Transportation and Infrastructure at no cost to the Ministry; acknowledge detrimental effects which Site C will have on regional aggregate supply for users beyond the Ministry, and develop and implement a plan to address these effects
- 05 BC Hydro will not object to future community water licenses for Regional District systems drawing on the Site C reservoir, nor levy a charge for lost generation capacity in relation to these licenses
- 06 Provide finished site grades and elevations to clarify the finished site profile of the 85th Avenue lands in order to ensure that the commitment to level the site for future industrial land uses will be fulfilled
- 07 Provide the Regional District with right of first refusal for provision of fire protection services during Site C operations; minimize the role of the Regional District in the emergency management program for Site C with BC Hydro taking responsibility in a manner similar to oil and gas and other industries in the Peace region
- 08 Address Site C related traffic safety concerns at Wuthrich Quarry on Beaton Park Road through an acceleration lane along 271 Road for trucks leaving the Quarry; consider traffic issues which may arise in future at other locations

- 09 Design and construct new boat launches and recreation facilities to a high standard, and maintain them in that manner in perpetuity, at no cost to the Regional District
- 10 Continue and as necessary enhance dust suppression efforts, especially in the Site C dam construction area
- 11 Develop and implement a plan to retain heritage, cultural and archaeological artifacts in the Peace Region to the greatest degree possible
- 12 Provide information on contract arrangements for Two Rivers Lodge assets (such as kitchen, gym, treatment plants) to the Regional District to allow the Regional District to determine whether transfer of these components to the Regional District once Two Rivers Lodge is decommissioned is a possibility; and engage the Regional District in planning for decommissioning of Site C.
- 13 Additional financial compensation in recognition of the special effects which Site C construction is having on the residents and services of Electoral Area C of the Regional District.

REQUEST
01

Solid Waste Program Financial Compensation

The Regional District owns and operates the North Peace Regional Landfill, and contracts operation of the R3 Recycling Centre, which have been the destinations for landfill waste and recyclable materials from onsite construction led by Peace River Hydro Partners since Site C project inception, as well as landfill waste from ATCO Two Rivers Lodge since that facility opened. Two Rivers Lodge took its recyclable materials to a private recycler – Eco Depot – until 2019, and it is now understood that these materials are destined for the Regional District’s R3 Recycling Centre.

With respect to cost recovery, the North Peace Regional Landfill collects tipping fees, while the R3 Recycling Centre is supported primarily by taxation. The Regional District receives very limited grants-in-lieu of taxation from BC Hydro, and these are not nearly sufficient to fund the cost of managing recyclable materials generated by all activities connected to Site C construction in and around the dam (including Two Rivers Lodge). Beyond the geographic area of the dam are other Site C-related construction areas (such as highway relocation and transmission corridor areas) which also generate solid waste, presumably directed to Regional District facilities. In addition, the Regional District envisions that extensive clean-up will be required at the end of Site C construction, based upon the region’s experience at the conclusion of construction of the GM Shrum / Williston Reservoir and Peace Canyon / Dinosaur Reservoir projects.

The Regional District is seeking financial compensation for costs incurred to manage Site C solid waste as part of the Community Measures Agreement.



North Peace Regional Landfill (PRRD)

Property Tax Revenue Impact Financial Compensation

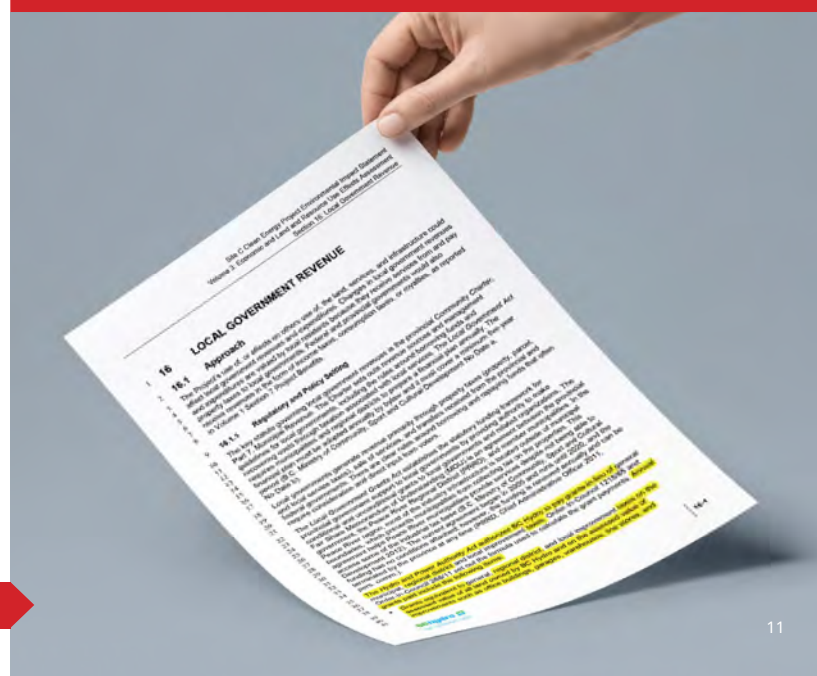
The Site C Clean Energy Project Environmental Impact Statement (EIS) prepared by BC Hydro states, on pages 16-1 and 16-2 (in Volume 3, Section 16: Local Government Revenue) that *'The Hydro and Power Authority Act authorizes BC Hydro to pay grants-in-lieu of... regional district... taxes.'*, and that *'annual grants paid include the following items: grants equivalent to... regional district... taxes on the assessed value of all land owned by BC Hydro, and on the assessed value of improvements such as office buildings, garages, warehouses, line stores, and substation buildings.'* BC Hydro pays these grants to the Province's Surveyor of Taxes as directed by the Provincial Order-in-Council 266 / 2016.

BC Hydro has considerable land holdings within the Regional District. These include the 85th Avenue lands adjacent to the southern boundary of the City of Fort St. John (for construction material extraction), the Two Rivers Lodge worker accommodation facility and main Site C construction area, and reservoir inundation lands along the Peace River towards the District of Hudson's Hope. The Site C EIS notes that BC Hydro acquired much of the land necessary for the Site C project between 1977 and 1981 and has therefore held these lands for approximately 40 years.

The Regional District has determined that if lands held by BC Hydro for Site C were privately owned, they would generate significantly more property tax revenue for services delivered by the Regional District than what is received from BC Hydro through the Provincial Surveyor of Taxes / Ministry of Finance. These additional revenues would be available to provide important services to residents.

The Regional District is therefore requesting that BC Hydro compensate the Regional District for lost property tax revenue potential for its Site C land holdings in order to honour the spirit and intent of statements made in the Environmental Impact Statement. The Regional District believes firmly that it has historically provided, and continues to provide during construction, a wide array of mandated and voluntary service functions to BC Hydro's Site C land holdings. Further, other property owners within the Regional District cannot opt out of these service functions; the Regional District believes that this should also hold true for BC Hydro.

Site C Clean Energy Project Environmental Impact Statement (BC Hydro)



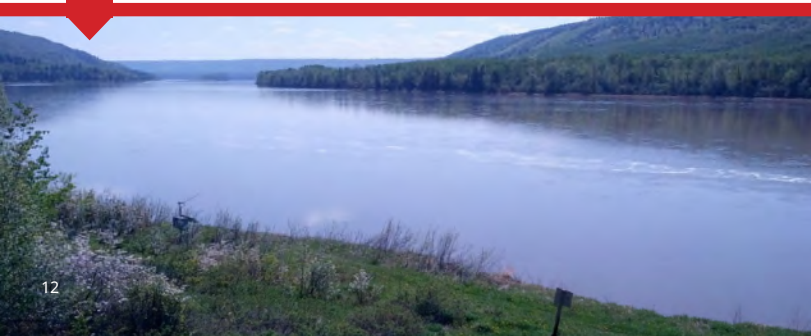
REQUEST
03

Charlie Lake Sewer Treatment System Outfall

The Site C Clean Energy Project Environmental Impact Statement (EIS) prepared by BC Hydro notes on p. 30-5 (in Volume 4, Section 30: Community Infrastructure and Services) that 'Site C reservoir inundation towards the end of construction would displace... the Charlie Lake sewage outfall.' The EIS goes on to say in Section 30.4.3.2 on p. 30-48 that 'The effects of inundation may result in functional loss and/or a change to discharges requirements. In the portion of the outfall above the inundation of the Site C reservoir, there could be bank erosion within the erosion impact line.' The Table of Conditions attached to the Environmental Assessment Certificate (EAC) issued by the Province requires that BC Hydro mitigate these effects.

Against this background, the Regional District is requesting that BC Hydro take on full responsibility to determine the mitigation measures required to ensure functionality of the Regional District's Charlie Lake sewer treatment system outfall, design and implement these mitigation measures, maintain the functionality of mitigation measures in perpetuity, and fund all associated costs in perpetuity.

Charlie Lake outfall (PRRD)



REQUEST
04

Maintenance of Available Aggregate Resources

BC Hydro conducted an assessment of effects from Site C on available aggregate resources within the Peace region with an exclusive focus on Provincial Ministry of Transportation and Infrastructure (MoTI) needs. This assessment considered both Site C-related construction needs, as well as lost access to aggregate due to reservoir creation and consequent inundation / erosion within and along the reservoir. The assessment concluded that there would be no residual adverse or cumulative impacts on aggregate resources in the region following construction of Site C. This conclusion is based, in part, on access to new or enhanced aggregate sources which would be available to MoTI following construction. These new or enhanced sources are, however, distant from centres of activity and high-traffic areas of the region, particularly the West Pine Quarry which is proposed to have the largest remaining regional supply.

The Regional District envisions current and future challenges with respect to availability and cost of aggregate resources for Provincial highway construction, as well as municipal government, land development and resource industry needs. In order to address the effects on highway construction, the Regional District is requesting that the estimated aggregate reserves in the Peace View Pit (1.5 million cubic metres), Tompkins Pit (135,000 cubic metres) and Riske Pit (100,000 cubic metres) be extracted from these locations prior to inundation, and stockpiled in the Fort St. John area. In addition, the cost of this extraction and stockpiling process is to be borne by BC Hydro, and not transferred to the Ministry of Transportation and Infrastructure as another agency of government.

Finally, with respect to the adverse impacts on municipal government, land development and resource industry needs, the Regional District is requesting that BC Hydro acknowledge the detrimental effects of Site C on aggregate supplies available to these sectors, and that BC Hydro develop and implement a plan to address these effects.

REQUEST
05

Provision of Access to Reservoir for Future Community Water Supplies

The Regional District's Official Community Plans (OCPs) for areas in the vicinity of the Site C reservoir envision continued residential development on these lands. In addition, some existing settled areas, such as Charlie Lake, may require supplemental water supplies in the future. This will be especially the case if creation of the Site C reservoir alters the groundwater regime in the area which is currently relied upon for water supplies.

The Regional District is requesting that BC Hydro not object to licenses being issued to the Regional District for provision of community water supplies which draw on the Site C reservoir, and that BC Hydro not levy a charge for lost generation value or other considerations in relation to these future Regional District water licenses.

Site C - Artist Rendering (BC Hydro)



REQUEST
06

Suitability of 85th Avenue Lands for Industrial Uses Following Site C Construction

BC Hydro owns 96 hectares (237 acres) of land within the Regional District, adjacent to the City of Fort St. John's southern boundary, referred to as the 85th Avenue lands. These lands are a source of material for construction of the Site C Dam, and are also used for associated construction purposes. There are two Regional District planning documents which envision both current and future use of these lands for industrial activity – the Fort St. John and Area Comprehensive Development Plan, and the North Peace Fringe Area Official Community Plan Bylaw No. 1870.

The Regional District is concerned that the 85th Avenue lands will not be left in appropriate condition for industrial activity following excavation of material from the lands for dam construction. The Regional District wishes to ensure that the elevation and grade of the lands are returned to their pre-material excavation state, that they can be properly drained, and that they can be easily accessed from adjacent roads. With respect, the BC Hydro 85th Avenue Industrial Lands brochure published in April 2018 does not provide sufficient assurance in this regard. The 'Site Reclamation and Post Construction Use' section of this brochure refers to conveyor belt removal, land reclamation, removal of berms / fencing / structures and equipment, restoration of public roads, and good condition of remaining fencing and landscaping. These provisions do not address the elevation, grade, drainage and access concerns of the Regional District. The reclamation work is to include consultation with the Regional District and City (as well as the Ministry of Transportation and Infrastructure for public roads within the Regional District).

The Regional District would also note the Peace River Hydro Partners 'Detailed Operations Plan - 85th Ave. Industrial Lands' which states '*Previously excavated overburden as well as rejected material from the excavation will be utilized in the reclamation measures, material will be leveled in conformance with future land uses.*'

The Regional District requests that BC Hydro provide finished site grades and elevations to clarify the finished site profile of the 85th Avenue lands. The purpose of receiving this information is to ensure the Regional District (and City) that BC Hydro honours its commitment to properly reclaim the 85th Avenue lands for future industrial use.

85th Avenue Industrial Lands Site (BC Hydro)



REQUEST
07

Fire Protection and Emergency Services

The Regional District understands that BC Hydro has made arrangements with another local government for the provision of fire protection services to the construction site and Two Rivers Lodge during the Site C construction period. The Regional District requests that BC Hydro enter discussions with the Regional District regarding fire protection services during the operational period of Site C, and that the Regional District be provided the right of first refusal with respect to the provision of those services within its boundaries.

The Regional District also requests that BC Hydro enter discussions with the Regional District regarding roles and responsibilities for emergency service delivery during Site C operations, with the objective of minimizing the burden on the Regional District and placing responsibility with BC Hydro. As a backdrop to this request, the Regional District has limited staff capacity to provide emergency services in the case of a major or catastrophic event at Site C. The discussion of roles and responsibilities could incorporate the Regional District's experience working with another industrial sector in the Peace region – natural gas and oil development / extraction / conveyance – wherein this industrial sector has taken on major roles and responsibility in terms of emergency service delivery.

Site C - Artist Rendering (Province of British Columbia)

REQUEST
08

Traffic Safety Considerations

BC Hydro is utilizing the Wuthrich Quarry for riprap materials during Site C construction. The Quarry is accessed by 271 Road. Residents of the area have reported traffic safety issues relating to loaded trucks leaving the Quarry, turning on to 271 Road, and having difficulty accelerating to appropriate travel speeds along 271 Road. The Regional District requests that BC Hydro review this situation and institute appropriate traffic safety measures, including an acceleration lane along 271 Road for loaded trucks leaving the Quarry.

The Regional District also requests that BC Hydro be open to addressing further traffic safety issues which may arise from residents during Site C construction.

Wuthrich Quarry Boundary (BC Hydro)



REQUEST
09

Boat Launches and Recreation Facilities

BC Hydro is required to provide the following mitigation programs to fulfil Condition 40 of the Environmental Assessment Certificate - 'Establish... new boat launch/day use sites, complete with parking, picnic areas and toilets, at Cache Creek, Lynx Creek', and 'Establish at least one public viewpoint of the Site C dam site.' With respect to the public viewpoint, it is understood that BC Hydro is proposing the North Bank Viewpoint located at the south end of 269 Road, and that this viewpoint will include amenities such as signage, seating and telescopes.

Although it is not included within BC Hydro's proposed recreation facility mitigation efforts, the Regional District requests that Blackfoot Park, which was established to commemorate the Old Clayhurst Ferry Crossing Site, be included. This park is located downstream of the Site C Dam on the south bank of the Peace River, near the Alberta border. The current boat launch at Blackfoot Park is not recommended for use; it is specifically requested that BC Hydro reinstitute this boat launch.

The Regional District requests regarding the Cache Creek, Lynx Creek and Blackfoot Park boat launches (and day use sites at Cache Creek and Lynx Creek), as well as the North Bank Viewpoint, include the following:

- Design all facilities to a high standard, in consultation with the Regional District.
- Construct all facilities at no cost to the Regional District.
- Retain responsibility to operate and maintain all facilities to a high standard, in perpetuity, and at no cost to the Regional District.

Past experience of the Regional District and its member municipalities with respect to standards of ongoing operation and maintenance of BC Hydro's other recreation facilities in the Peace region has not been positive. In order to ensure that this situation is remedied with respect to Site C-related facilities, the Regional District further requests that minimum operation and maintenance standards be established, funding be provided to the Regional District to monitor adherence to these standards, and that BC Hydro commit to address any shortfalls.

Conceptual rendering of typical boat launch (BC Hydro)



Excavation on the foundation for the concrete spillways on the south bank (BC Hydro)

REQUEST
10

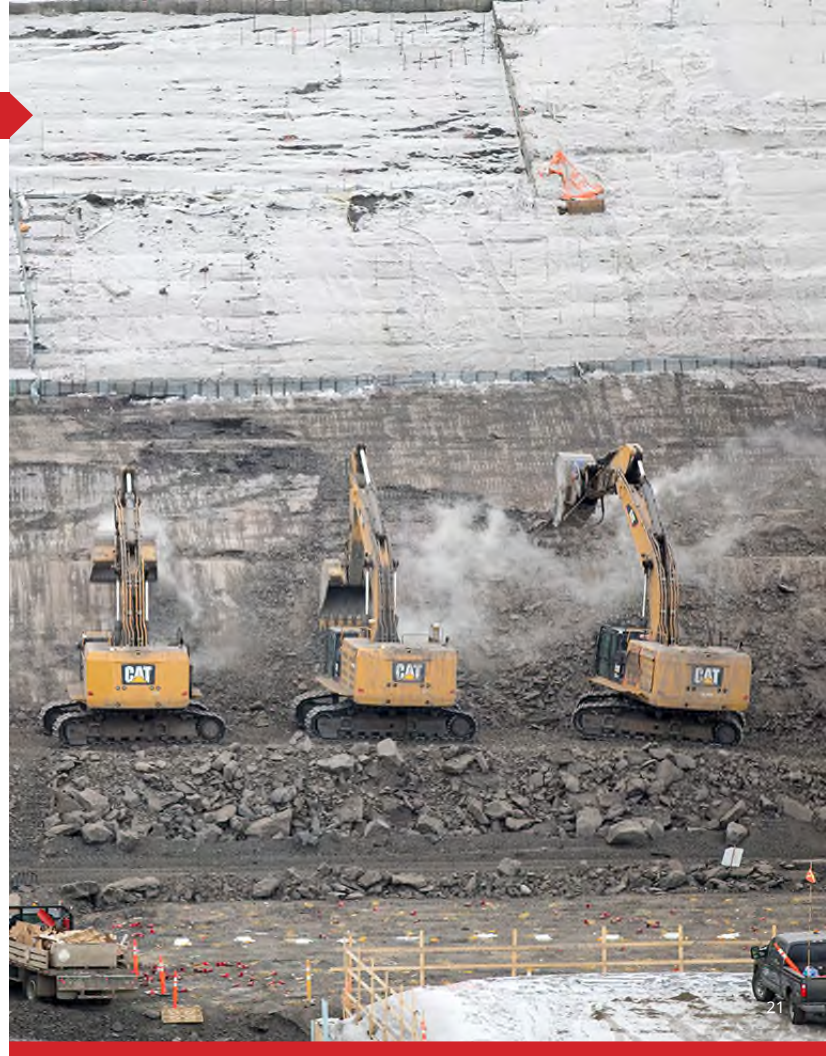
Dust Suppression

The Regional District requests that BC Hydro continue and as necessary enhance dust suppression efforts through use of water dampening, liquid calcium chloride and other appropriate mitigation techniques, particularly in the dam site construction area. Residents in the vicinity of Old Fort Road continue to experience elevated amounts of airborne dust and particulate matter with potential health consequences, as evidenced by threshold exceedances noted in annual climate and air quality monitoring reports.

REQUEST
11

Heritage, Cultural and Archaeological Artifacts

The Regional District requests that BC Hydro develop and implement a plan to retain these artifacts within the Peace region to the greatest practical degree, and that they be made available to First Nation, local government, non-government organization and other affiliated groups interested and capable of preserving the artifacts.



REQUEST
12

Planning for Decommissioning of Two Rivers Lodge and Site C

The Regional District understands that the Two Rivers Lodge worker accommodations will be decommissioned at the conclusion of Site C construction. The Regional District may be interested in some of the components of the Lodge (such as the commercial kitchen, gymnasium equipment, water and sewer treatment facilities), but is unaware of the contract arrangements between BC Hydro and ATCO regarding potential disposition of these components. In this regard, the Regional District requests that BC Hydro provide information on these contract arrangements to the Regional District to allow the Regional District to determine whether transfer of these components to the Regional District once Two Rivers Lodge is decommissioned is a possibility.

Over the much longer term, the Regional District also requests that it be engaged with BC Hydro in planning for the decommissioning of Site C.

ATCO Two Rivers Lodge (BC Hydro)



REQUEST
13

Financial Request To Address Effects On Electoral Area C

Other sections of this Background Brief present some items which are specific to Electoral Area C, notably the Charlie Lake Sewer Treatment System Outfall and future of the 85th Avenue Lands. There are other effects specific to Electoral Area C which are not set out in this Brief, including those services funded in part by Electoral Area C – the North Peace Leisure Pool, North Peace Regional Airport, and the North Peace Cultural Centre / Library. In addition, many of the effects noted herein are felt most acutely in Electoral Area C, including in the Old Fort area. Traffic, dust and noise effects are excellent examples of these.

In recognition of the special situation of Electoral Area C, the PRRD is seeking a financial arrangement similar in intent to that of the City of Fort St. John. This arrangement with the City is intended to address impacts associated with the project, and is over-and-above other measures provided to the City. Given that Electoral Area C has and continues to experience the effects of Site C in a more pronounced way than the City, we are seeking twice the annual funding provided to the City when measured on a per capita basis. This equates to \$675,000 annually (value rounded) for Electoral Area C commencing in 2016 and continuing throughout the Site C construction period. Also, in keeping with the City agreement, this amount is to be indexed forward at 3.5% annually through the period of Site C construction.

Conclusion

The Regional District and BC Hydro share the common objective of ensuring that the adverse effects of Site C on the Regional District, its services and residents are fully addressed. Beyond this objective, both parties wish to leave the Peace region better off as a result of Site C.

This brief outlines a variety of financial and non-financial requests being put forward by the Regional District for inclusion in a Community Measures Agreement with BC Hydro. From a financial perspective, total direct compensation being sought from BC Hydro for solid waste management and lost property tax revenue effects is \$10 million. This is a very small portion of the total Site C construction budget of nearly \$11 billion.

The Regional District is the last local government in the Peace region without a Community Measures Agreement. Concluding the agreement will do much to address the adverse impacts of Site C being experienced by the Regional District and fulfil the objective of both the Regional District and BC Hydro.



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