



DISTRICT OF HUDSON'S HOPE

Special Council Meeting Agenda

Council Chambers

Monday, November 3, 2014

5:00 p.m.

1. Call to Order:

2. Notice of New Business:

3. Adoption of Agenda by Consensus:

4. Declaration of Conflict of Interest:

5. Staff Reports

SR1 NEBCRMC Structure

SR2 April 9, 2014 Mayors Partnership Meeting Agenda

SR3 NEBC Mayors' Partnership on Resource and Community Development

6. New Business:

7. Adjournment:

PKG 1



**HUDSON'S
HOPE**
PLAYGROUND OF THE PEACE

Box 330
9904 Dudley Drive
Hudson's Hope BC V0C 1V0
Telephone 250-783-9901
Fax: 250-783-5741

November 12, 2014

Black Print: Dan Bouillon;
Red print: Tom Matus, CAO;
Brown Print: Quotes from NEBCRMC.

Re: NEBCRMC STRUCTURE

Hello Colin,

Find below a summary of the notes and ideas that Council would like satisfactorily addressed and resolved prior to Council signing on as a member of the Mayor's LNG Partnership.

Proposed Key Messages:

1. Hudson's Hope appreciates the initiative of the organizing committee to prepare the draft material and to bring us all together for discussion.
2. It is a worthwhile concept to bring our communities together to address common industrial development impacts and to speak to the provincial government with a common voice. The potential industrial impacts are unprecedented in our region and require unique and thoughtful solutions to ensure that the communities of the northeast can continue to effectively and efficiently support shale gas and LNG development, and to manage social and economic impacts in our communities.

We are questioning the prudence of excluding the PRRD and the Electoral Areas. We think we can accommodate their issues as well as they are also being impacted though in a separate and distinct way, akin to the rural areas of the Districts, thus bringing a unity to the whole of the NEBC, not just a unity of the municipalities within the NEBC.

3. Without agreement of all communities in the region, achieved through an equitable distribution of benefits to all members of our broader regional community, the proposed group will not achieve legitimacy with the provincial government.

The comment that the NEBCRMC will have is that the Fair Share will still be applicable and sharing formulas will still be in effect, this is noted in the NEBCRMC Terms of Reference Goals of the NEBCRMC ss 6), to paraphrase: ensures that the existing Fair Share Agreement is protected and sustained; and Policy Principle #8 which reads in part:

“Summary Points

- The existing Peace River MOU must be protected and extended to ensure that the costs to the resource municipalities attributable to resource development are adequately addressed.”

This supports the Coalition's reasoning for representing the impact issues on municipalities' infrastructure due to increased activities that cannot be taxed: roads, recreation services etc. Impacts to the rural population within the Districts seem not to be addressed by this Coalition.



4. Hudson's Hope would like to continue to work with all members of our regional community to seek supporting benefits from the provincial government.
5. The documents provided are a great start but they do not yet provide the supporting language that clarifies the benefit to Hudson's Hope or other communities in the "under 5000" club.
6. Before Hudson's Hope can support the proposed process we would like to see clearer language on governance, decision making, dispute resolution and terms of reference. We are willing to continue to work with the group to achieve this.

Though consensus is the preferred method to reach an agreement, each community carries a vote, this does not protect the District of Hudson's Hope's interests or its ability to control its own destiny. We are concerned that we could lose control of our destiny. There is a fundamental dichotomy in this concept for the District of Hudson's Hope, being that the District of Hudson's Hope has a sizeable population living in the rural area, akin to the Electoral Areas and we have a municipal infrastructure which provides services. How we compensate those in the rural areas at the same time we provide upgrading to our infrastructure has not been addressed by any agreements we have entered into in the past. We need to insure that the District of Hudson's Hope receives enough funding to attain this – this dichotomy is not so prevalent in the other districts and cities. This structure does support those communities that do not wrestle with this dichotomy.

7. In particular, there are a number of issues that we believe need to be addressed before a decision on participation can be made including:
 - a) Decision making process clearly articulated in writing

"As per Org. Policy Position #4 NEBCRMC document:

ORG. POLICY POSITION #4 – MEETING POLICY AND PROCEDURES

The NEBC Resource Municipalities Coalition represents resource municipalities that are governed by the community charter. The Coalition intends to function by the same principals of openness and transparency that is practised by the member municipal councils. Additionally it is important that the public be aware of the processes to communicate and to meet with the various committees within the Coalition structure.

BACKGROUND

The NEBC Resource Municipalities Coalition will be undertaking extensive research, studies, and negotiations related to all aspects of the future economic development of NEBC and the funding of community and regional infrastructure. In this environment the Coalition will be:

- a) Partnering with a whole range of local and regional organizations in advancing mutual interests.
- b) Conducting ongoing meetings with industry and industry associations where some degree of confidentiality may be periodically required for proprietary reasons.
- c) Conducting ongoing meetings discussions and negotiations with the Premier, Ministers, senior staff as well as numerous provincial agencies and some degree of confidentiality may be required during various stages of these discussions.



- d) Municipal councils (owners of the Coalition) will be periodically considering policy proposals at their municipal council meetings in order to provide mandates and directions to the Coalition.

KEY MEETING POLICY AND PROCEDURE

- The Coalition policy and procedure for meetings will be as follows:
 - Jim Chute to draft.
 - Jim Chute to draft.
 - Jim Chute to draft.
 - Jim Chute to draft.
- Meetings of the Coalition (all elected officials from the member municipalities) these meetings will be held every 4 months and there will be briefing sessions on the status of the work of the Coalition for the benefit of the individual municipal councillors.
- Meetings of the Mayors' Partnership Group – this is the key decision making body for the Coalition and meetings will be held every second Tuesday of every month at 11am in Fort St John, BC and these meetings will be open to the public with an in camera component to deal with confidential issues.
- The mandate of the Executive Committee and Secretariat is to implement decisions, policies and procedures authorized and approved by the Mayors' Partnership Group and these committee meetings will be open to the public with an in camera component to deal with confidential issues. The Executive meetings are open to all Mayors and the Secretariat meetings are open to all CAOs.”

See also the attached document #3 – “Mayor’s Partnership Governance Protocols” that was issued in March/April 2014.

- b) Dispute resolution mechanism identified:

We understand that consensus is the primary approach but a vote, though the foundation of a democratic process, can easily subjugate the important issue/s of a smaller community.

- c) More evenly distributed representation on the executive and secretariat:

- a. Written clarification on the voting structure within the Executive Committee in regard to the “under 5000” club:

See the NEBCRMC document Org. Policy Position #4 Key Meeting Policy and Procedure d)

“... The Executive meetings are open to all Mayors and the Secretariat meetings are open to all CAOs.”

Though this does not clarify if all Mayors present may vote.



- d) A one-class structure established: "over-5000's" and "under-5000's" be abolished

This is apparently still the voting structure and the 4th bullet of the Key Meeting Policy and Procedure section in Org Policy Position #4 may not be clear. We will have to clarify if the Executive Committee is still as initially formed and if the phrase: "The Executive meetings are open to all Mayors and the Secretariat meetings are open to all CAOs." allows a vote to all the Mayors at the Executive Committee.

8. A full discussion on the representation of electoral area residents and understanding of how they will benefit: a new agreement with the provincial government must benefit ALL members of our broader regional community:

- a) While it is reasonably clear the potential benefit that will accrue to the larger communities, the new regional body must clearly identify in its terms of reference how it will create benefit for all classes of residents in the smallest communities and unincorporated areas, and specifically how it proposes to accommodate communities with small populations but relatively larger impacts which are difficult to address using simply mathematical sharing formulas.

As noted above and it is worth reiterating: there is a fundamental dichotomy in this concept for the District of Hudson's Hope, being that the District of Hudson's Hope has a sizeable population living in the rural area, akin to the Electoral Areas, coupled with the fact that we have a municipal infrastructure which provides services. How we compensate both those in the rural areas at the same time we provide upgrading to our infrastructure has not been addressed by any agreements we have entered into in the past. We need to insure that the District of Hudson's Hope receives enough funding to attain this balance of service – this dichotomy is not so prevalent in the other Districts and Cities and Villages within the NEBCRMC. This structure does support those communities that do not wrestle with this dichotomy.

We would also add that the identity of the 'coalition' needs to be reconsidered:

- a. Not a coalition that is confrontational.
May not be possible to change due to the vote of the name at the incorporation of this group.
- b. Is it strictly LNG we are addressing? If not, take out 'LNG'.
Addressed by the NEBCRMC through its present name.
- c. Mayors' Partnership' could be anywhere. Give it a name that identifies the northeast.
Addressed by the NEBCRMC through its present name.
- d. Keep in mind that any agreement we make with the province will be replicated in every other region unless it clearly identifies that the rationale for the agreement is to manage a scale of change that is unprecedented and is imposing great hardship on north eastern communities.

Addressed by the NEBCRMC through all its Organizational Policies and Policy Positions.

Synopsis

We have been reticent to join the Coalition due to:

- a) The uncertainty of the terms of reference;
- b) The uncertainty, once signed, of our ability to share fairly and responsibly in the resources;
- c) The uncertainty, once signed, of our ability to have control of our community's resources vis-a-vis industrial property taxation/GIL;
- d) The uncertainty of our ability to include the PRRD and Electoral Areas in having a role/membership in this Coalition;
- e) Our past experience with our signed/unsigned agreements with the same members i.e. Fair Share/Regional Legacy Benefits Agreement Term Sheet;
- f) Certainty of Minister Oakes and the Ministry's position on this matter;
- g) Lack of certainty of the Fair Share Agreement renewal and term conditions in 2020 for the extension to 2030;
- h) Uncertainty of mitigation and compensation of the impacts on rural residents of the District of Hudson's Hope;

Without any past NEBCRMC meeting minutes it is difficult to determine how successful and in what direction the Coalition is heading. As we know there is much "hype" and optimism with what this Coalition may achieve.

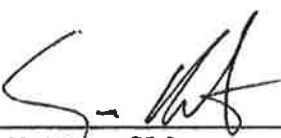
Tom Matus, CAO

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List of attached documents:

1. Mayor's Gas Shale Partnership: partner request
2. Mayor's Natural Gas Partnership: Governance Model and ToR;
3. Mayor's Partnership: Governance Protocols - meetings, communication, funding;
4. Historical Overview and background Info: (a primary document for future presentations - as justification for the formation?);
5. Policy Position #8 Protection and extension of existing funding Agreements: the Grant in Lieu of Rural Industrial Tax (2005 MOU, Fair Share);
6. Policy Positons #11 "Benefits of resource development..." and the sharing of the resources thereof:
"...to reflect the value that the resource municipalities are providing in supporting resource development...";
7. Policy Position #12 Proposed Resource Infrastructure Planning Process:
 - a. Building capacity within resource municipalities "...to support regional resource development...";
8. DHH letter dated April 17th: our "Proposed Key Messages" penned by Dan Bouillon;
9. DHH letter dated May 13th: declining membership referring to the inadequate response to our "Proposed Key Messages" letter;
10. NEBCRMC letter dated June 10th: noting the NEBCRMC standing invitation to the District of Hudson's Hope re membership;

I have requested the minutes from the NEBCRMC meetings we missed but they have not yet been received.



Tom Matus, CAO



March 28, 2014

Mayor and Council
cc Tom Matus, CAO
Box 330
Hudson's Hope, BC V0C 1V0

Dear Mayor and Council,

In response to the meeting hosted by Mayor Bumstead, Mayor Jarvis and Mayor Ackerman last week in Taylor, we would like to invite the District of Hudson's Hope to consider becoming a member of the Mayor's Shale Gas Partnership (subject to change).

Attached you will find for your consideration a draft resolution and for your information the proposed Governance Model, Terms of Reference and Structure as well as historical information on Fair Share.

We would appreciate receiving your response prior to April 30th, 2014 as we would like to formally launch this initiative at the upcoming NCLGA annual general meeting to be held in Fort St John in May 2014. A Plenary Session of all participating Councils (Mayor and Council members) will be held in mid-May to establish strategic initiatives for 2014. Agenda and meeting details will be finalized once we have received everyone's response.

Please contact Colin Griffith, interim Executive Director, at 780-933-9054 if you have questions, need clarification or would appreciate a briefing to your individual Council.

We look forward to your participation in this important initiative.

Yours Truly,

Bill Streeper
Mayor, NRRM

Lori Ackerman
Mayor, Fort St John

Fred Jarvis
Mayor, District of Taylor

Dale Bumstead
Mayor, Dawson Creek



Draft Resolution:

The _____ hereby approves in principle, participating in and becoming a member of the Mayors' Partnership as outlined in the attached Governance Model and terms of reference and Organizational Structure; and that a formal Memorandum of Agreement be submitted, in due course, for Council's consideration which will formalize the membership of the _____ in the Mayor's Shale Gas Partnership (subject to change).

Initial Partners



FORT ST JOHN
The Energy City



Private and
Confidential

Mayors' Natural Gas Partnership

"It would be a disservice to British Columbians, and particularly to those living in resource-based communities, if the energy sector in B.C. develops as a predominantly frontier industry, serviced by a temporary and itinerant skilled labour force, dependent on intellectual capital imported from other jurisdictions, and bringing little long-term benefit to the regions from which it derives its profits"

Charles Jago - President-UNBC (2003)

Governance Model
and Terms of
Reference

As Finalized at the April 9th,
2014 Mayors' Meeting for
Consideration by Municipal
Councils

Potential Partners



Colin J Griffith & Associates – March 12th, 2014

Mayors' Natural Gas Partnership

Model and Terms of Reference

Private and Confidential

Preamble

- Given the Province's Natural Gas and LNG Strategies and the extensive resource development being contemplated for NEBC and the challenges and opportunities this will present to each and every municipality the Mayors' steering committee is recommending that a permanent Partnership be formed to represent the common and shared interests of all 8 municipalities in NEBC.
- The Mayors' Natural Gas Partnership would be a formal and permanent organization fully mandated by its members to act on their behalf to advance their common positions and interests.
- Municipal governments are recognized in legislation (Provincial Community Charter) as a separate and autonomous order of government that is directly elected by and accountable to its electorate and has jurisdiction in matters that are separate and distinct from those of senior levels of government.
- As a separate, autonomous and accountable level of government, municipal government is one of four key partners, along with First Nations, industry and the Provincial government, in the development of British Columbia's extensive natural resources and must be recognized as such by its other partners.
- As an equal partner in the development of the extensive natural resources of Northeast B.C., municipalities must be consulted and directly engaged in the planning and development of the natural resources of the region.
- Members of the Partnership will support one another in their dealings with the Provincial Government, First Nations and industry and will advance their common interests by undertaking research and analysis, monitoring of industrial development and associated impacts and advancing the interests of the Northeast region.
- *The members of the partnership are committed to promoting, fostering and embodying cooperation, collaboration, coordination and communication in their relationships with each other and to base that relationship on the principles of mutual respect and trust;*

The Purpose of the Mayors' Natural Gas Partnership

"To protect and enhance the existing quality of life and level of services for citizens in the Peace Region and Northern Rockies while facilitating resource development in North Eastern British Columbia "

Goals of the Mayors' Natural Gas Partnership

The Mayors' Natural Gas Partnership will support natural resource development in Northeast B.C. based on the following goals and conditions and will:

1. Have as their top priority the development of vital, permanent, sustainable communities that provide its citizens with a high quality of life through the provision of municipal services that ensure community safety, education, health, economic vitality and a high quality natural environment.
2. Support building permanent communities rather than unbridled, long term reliance of the Provincial government and industry on the fly in/fly out and drive in/drive out models for securing the necessary labour supply for industrial development as this model places large costs on municipal governments without corresponding benefits.
3. Advocate for extensive and timely investments by the Provincial government in both provincially and municipally funded services and infrastructure in order to ensure that adequate services and infrastructure are in place before growth occurs in order to avoid a decline in the quality of existing health care, education, social services, justice and municipal services and to ensure required capacity to serve population growth associated with increased levels of industrial activity.
4. Will ensure that the costs of industrial growth are fairly allocated to industry and the Provincial Government and will oppose any measures that place the cost of growth on existing residential and business taxpayers of the municipalities.
5. Recognize the importance of long term, integrated and ongoing planning involving all four key partners to ensure coordinated management of the socio economic and other impacts associated with resource development and will support natural resource development only where such planning has been carried out.
6. Ensure that both the existing Peace River Fair Share Agreement and the Northern Rockies Regional Municipality infrastructure Development Contribution Agreement are maintained, protected and sustained.

Recognition of the Rights and Autonomy (Issues and functions not included in the mandate of the Mayors' Natural Gas Partnership)

- Each municipality maintains its legitimate authority to make decisions in the best interest of their taxpayers.
- Each municipality will respect the mandate and jurisdictional integrity of each municipal council.
- Existing provincial and federal environmental review process and the rights of municipal councils to represent the interests of their citizens as they deem appropriate.
- The role, functions and jurisdiction of the Peace River Regional District.

Strategic Objectives for 2014

NEBC Initiatives

1. To complete the formation of the Mayors' Natural Gas Partnership and its organizational structures and processes.
2. To hold workshops and meetings involving all of the member municipalities, and to assess the issues challenges and concerns of each municipality and to incorporate them into strategic objectives to be pursued by the Partnership.
3. To communicate to the Province and Industry that the Partnership will seek full involvement in building permanent communities in NEBC to minimize long term reliance of the industry and Provincial government on the fly in/fly out and drive in/drive out business models.
4. To advocate and pursue a full Partnership with the Province and Industry in the planning for the expansion of Provincial services and infrastructure required to support economic expansion including transportation, policing and health.
5. To work in Partnership with the Province and Industry to develop long term plans for development of regional and municipal infrastructure and services and to develop funding and financing models that fairly distribute the costs of such upgraded infrastructure and service between the Province, Industry and municipalities.
6. To work in Partnership with the Province and Industry for securing the necessary labor supply for economic expansion and to engage in planning for housing and accommodating both the permanent and transient work force and families.
7. That a Memorandum of Understanding be developed, and negotiated with the Province, that establishes a process for the development of a long term Comprehensive Regional Economic Plan for the Peace Region that will include:
 - Step 1 – determination of the magnitude of integrated resource development impacts of Natural Gas, LNG, Mining, Forestry, Transportation, Agriculture, and Hydro-electric developments in the Region over the next 25 years,
 - Step 2 – identification of all regional and community infrastructure that will be essential to facilitate the integrated development and growth of all resource sectors in the Peace Region and that will increase quality of life in permanent communities, as well as ensuring community capacity to attract and retain workers and their families. In this step barriers to effective planning and development of infrastructure and services will be identified.
 - Step 3 - To work with the Province and Industry on a determination and role that each partner will play in planning, construction and financing of the required regional and community infrastructure with the goal of ensuring that a timely and orderly process is developed to avoid the negative deficits that arise from lack of planning and uncontrolled, uncoordinated development.
8. Development, maintenance and implementation of communication plans and strategies.

Peace Region Initiatives

9. To represent the Municipal interests in any Fair Share Coalition.
10. To take necessary measures to ensure that the existing Fair Share Program is protected and honored.
11. To initiate and implement, the municipal interests, in a communication strategy to ensure that the grant in lieu of access to the industrial tax base (commonly referred to as Fair Share) is clarified as being an industrial tax base replacement program and to clarify that it is not a

- revenue sharing grant or community benefit grant provided to the Peace Region to the exclusion of other regions and municipalities in the Province.
12. To represent the municipal interest by taking necessary measures to secure an extension to the existing Fair Share agreement to 2030, with the Premier and respective Minister, prior to the next Provincial election.
 13. To acknowledge that the current Fair Share agreement that remains in effect until 2020 is an Industrial Tax Base grant in lieu of access grant and that the Province established the criteria for the allocation formulae.
 14. To acknowledge that any proposed amendment to the existing formulae pursuant to the MOU must meet the Provincial Criteria as outlined in the MOU
 15. To acknowledge that signatories to the agreement have the autonomy to determine the manner in which they would to have their interests advanced whether this is singularly and directly to the Province.
 16. To acknowledge that any extension or change to the existing Fair Share agreement will require the unanimous consent of the signatories being the municipalities and the PRRD
 17. Work with the PRRD and electoral areas to deal with any changes to the existing MOU agreement.

Membership

Membership in the Mayors' Natural Gas Partnership is open to all municipalities within the area described as NEBC subject to participants agreeing to support and abide by the purposes, goals and strategic objectives contained in the Memorandum of Understanding.

The Mayors' Natural Gas Partnership will also include a classification for Honorary Members who may be appointed from time to time by the Mayors' Partnership Group.

Funding

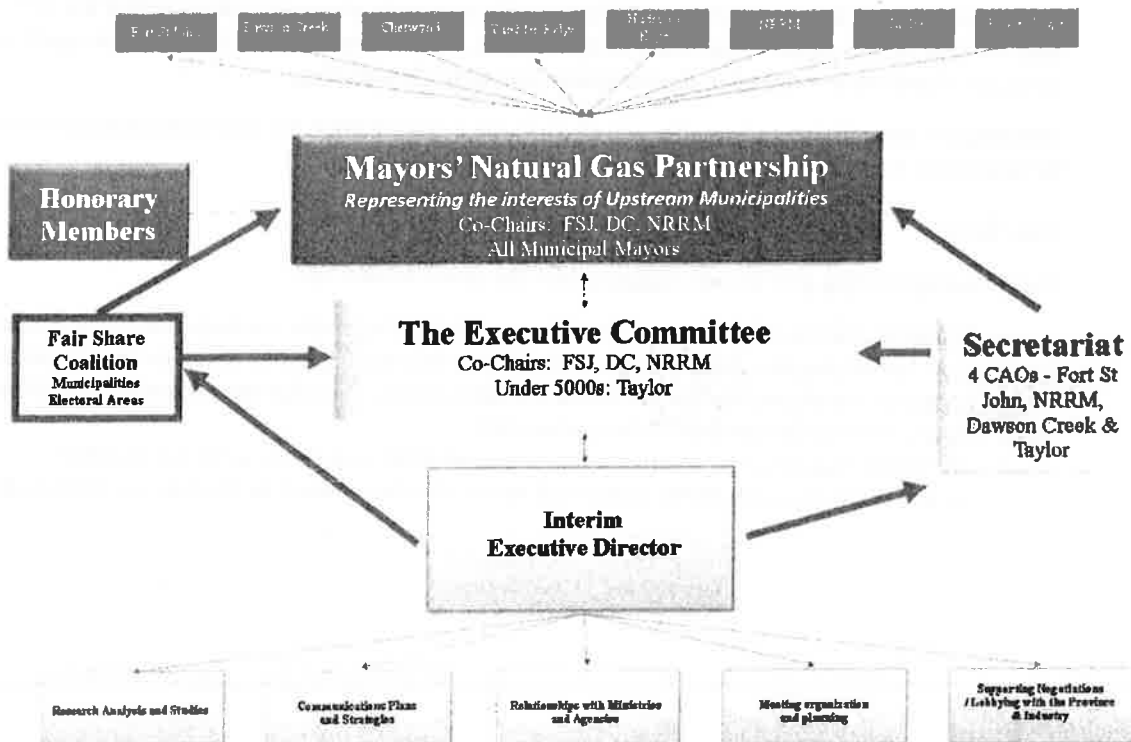
The following funding policies are suggested for the new Partnership:

- Municipalities pay for their own travel costs and staff costs for participation in the Partnership.
- Cost for funding the Partnership will be paid by the municipalities based on the allocation formulae developed for the various MOU agreements. The allocation ratios will be utilized based on the membership of the partnership.
- The costs related to the advancement of overall NEBC objectives will have to reflect a contribution from the NRRM which will have to be determined by the Mayors' Partnership.

Proposed Organizational Structure

Following is the first draft of a sample organizational structure for review and discussion.

- The model provides that there would be 3 co-chairs at both the Mayors' Partnership Group and Executive Committee level. (FSJ, DC, and NRRM)
- The model provides that the under 5,000 municipalities would nominate one (or two) Mayors to represent that group on the Executive Committee (if the partnership proceeds it would be recommended that Mayor Jarvis would be appointed to that position for the first term by virtue of his leadership in formation of the partnership).
- **Plenary Session - Meeting of all elected officials**
 - *Plenary Sessions to be held every 6 months*
- **Mayors' Natural Gas Partnership Committee - a meeting of all Mayors (CAOs).**
 - *Meetings to be held monthly.*
- **Executive Committee Meetings - Mayors (Secretariat)**
 - *Meetings to be held on an as required basis.*
- **Implementation Schedule for Partnership:**
 - *Formal decisions by Municipal Councils on Joining the Partnership - April 14-30th, 2014*
 - *Formal Announcement Event - Prior to May 15th, 2014*





Mayor's Partnership

Governance Protocols:

The following are suggested for consideration:

Meetings:

1. Scheduling:
 - a. The full partnership to meet semi-annually.
 - b. The Executive Committee to meet monthly.
 - i. All Executive Committee meetings open to all Mayors.
 - c. The Secretariat to meet monthly.
 - i. All Secretariat meetings open to all CAO's
 - d. Special meetings of the Executive Committee as needed, with 48 hours notice provided if possible.
2. Conduct:
 - a. The Executive Committee to select a chairperson for each meeting.
 - b. To the extent possible, decisions to be made by consensus.
 - c. Where a vote is required, a one person one vote model, majority to prevail.
3. Attendance:
 - a. Electronic participation to be accommodated.
4. Minutes:
 - a. The Partnership Executive Coordinator to record minutes for all meetings.
 - b. Minutes and records to be retained under the control of the Interim Executive Director.
5. Confidentiality:
 - a. All partnership matters to be considered confidential, with no public release unless authorized by the Executive Committee.
 - b. All meetings closed to the public.

Communications:

1. Spokesperson:
 - a. The Executive Committee to determine, on a case by case basis, who is designated as point of contact on media releases, frequently asked questions, documents, etc.
 - b. The Executive Committee to determine, on a case by case basis, who will participate in presentations and public events.



- c. Speaking notes and key messages to be provided to all persons authorized to provide public comment on any partnership matter.
- 2. Social Media
 - a. All partners to create partnership pages on their individual websites in order to disseminate information authorized for public release.

Funding:

Two options are presented for consideration:

- 1. Partnership distributes costs based on current Fair Share allocations, as a percentage of the total.

2014 Fair Share Allocations:

Fort St. John	\$21,029,191.00	52.0%
Dawson Creek	\$12,955,954.00	32.0%
Chetwynd	\$2,525,063.00	6.2%
Tumbler Ridge	\$1,361,163.00	3.4%
Taylor	\$1,131,083.00	2.8%
Pouce Coupe	\$879,338.00	2.2%
Hudson's Hope	\$581,578.00	1.4%
TOTAL	\$40,463,367.00	100%

- 2. Partners distribute costs based on per capita allocations, as a percentage of total:
 - a. For instance:

2013 Population per BC Stats (as used in Fair Share Formula)

Fort St. John	20,268	49.0%
Dawson Creek	12,285	29.7%
Tumbler Ridge	2,785	6.8%
Chetwynd	2,724	6.6%
Taylor	1,488	3.6%
Hudson's Hope	1,039	2.5%
Pouce Coupe	748	1.8%
TOTAL	41,337	100%

Note: The first method reflects more an "ability to pay" perspective, whereas the second method reflects more a "equal distribution" to all residents perspective.



For illustrative purposes, the annualized costs of the scope of work outlined in the terms of reference is estimated as between \$300,000 and \$500,000. That would potentially be distributed as follows:

	\$300,000		\$500,000	
	Option 1	Option 2	Option 1	Option 2
Fort St. John	\$156,000.00	\$147,000.00	\$260,000.00	\$245,000.00
Dawson Creek	\$96,000.00	\$89,100.00	\$160,000.00	\$148,500.00
Chetwynd	\$18,600.00	\$19,800.00	\$31,000.00	\$33,000.00
Tumbler Ridge	\$10,200.00	\$20,400.00	\$17,000.00	\$34,000.00
Taylor	\$8,400.00	\$10,800.00	\$14,000.00	\$18,000.00
Pouce Coupe	\$6,600.00	\$5,400.00	\$11,000.00	\$9,000.00
Hudson's Hope	\$4,200.00	\$7,500.00	\$7,000.00	\$12,500.00
TOTAL	\$300,00.00	\$300,000.00	\$500,000.00	\$500,000.00

For administrative simplicity Fort St. John has agreed to receive and pay all bills from consultants and bill back to the other parties for their share. All travel and staff costs incurred by the partners will be carried by the individual municipalities.

For initiatives involving the Northern Rockies Regional Municipality, separate cost sharing arrangements will be negotiation by the Executive Committee.

Yours truly,

Dale Bumstead
Mayor, Dawson Creek

Lori Ackerman
Mayor, Fort St. John

Fred Jarvis
Mayor, District of Taylor

Private and Confidential

Historical Overview and Background Information

The following historical overview can be used as primary elements for future presentations and advancement of the formalization of a Mayors'/Directors' Municipal Coalition.

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1. Current Challenges facing NEBC Upstream Municipalities & Electoral Areas

- The advent of massive Shale Gas Resource discovered and located in the Montney, Liard , Horn River and Cordova Basins
- The extensive investments and expansion of the upstream component of the oil and gas industry since 2005 in exploring , developing and marketing shale gas from the Regions' four shale gas basins
- The Province's aggressive Natural Gas and LNG strategies based on over a dozen competing proposals for LNG facilities to market BC Shale Gas to Asia and the world market
- The advent of the development of Site C and the significant cumulative impacts that this project could present to the municipalities and electoral area's in terms of service delivery and infrastructure growth demands
- The resurgence of numerous new and proposed mining developments in the foothill areas of the Peace Region
- The absence to date of integrated socio-economic planning by the Province and Industry particularly related to their aggressive plans for development of the region's shale gas resources
- The lack of recognition of the key, integral role that the region's municipalities play as service centres for existing and future economic expansion
- The exclusion of municipalities and electoral area's from a direct role and involvement in job creation and workforce planning for the expansion of the natural gas industry despite the fact that municipalities and electoral areas' are being identified as key participants in recruiting and housing the vast workforce identified by the Industry. The municipalities and electoral areas' will also play a pivotal role in provision of services to the large transient work force slated to be housed in work camps in the region.
- The issue of the access to the Region's vast oil and gas tax base has never been permanently resolved and the current Fair Share program expires in 2020
- The capacity of individual municipalities is fully utilized dealing with the industry demands and growth pressures resulting from expansion of mining, oil and gas and Site C process over the past decade and they have limited resource and capacity to fully engage the Province and Industry in socio economic planning for the massive resource expansion being contemplated by Industry and the Province
- The municipalities and electoral area's in the upstream region of BC are extremely concerned that the massive economic expansion being proposed will negatively impact the existing quality of life and will result in unplanned growth, significant increases in their cost of living, diminished access to their own facilities and services and general disruption of their lives.

2 . History and Composition of Municipal and Directors Coalitions in NEBC 1990-2005

North Eastern BC has been a major resource development area contributing significantly to BC's economic prosperity for the past 6 decades. The Region houses the Province's oil and gas industry, hydroelectric development, agricultural industry, forestry, mining, guiding outfitting, forestry and tourism. There are 8 municipalities that function as the service centres to support this vast economic cornerstone of the Provincial economy.

The structural financial problem for the Region's municipalities has always been the disconnect between the municipalities and the Province's vast oil and gas assets located primarily in the Region's vast hinterlands. The Oil and Gas development relied on the region's municipalities to service their developments and house their workforce despite the fact that their assets were not taxable by the municipalities.

This situation persisted from the 1950's through the early 1990's with individual Mayors taking the issue to the Province for over 4 decades with no resolution forthcoming.

In that time frame the municipalities endured several significant booms and busts with the 1980's severe NEP Program downturn nearly bankrupting several municipalities.

In the early 1990's the Municipalities and Electoral Areas in NEBC formed a coalition to address what was commonly referred to as the industrial tax base issue in NEBC. Extensive research was undertaken to demonstrate the inequity caused by lack of oil and gas tax base support and the Coalition convinced the Province that they should take corrective action.

An agreement was reached with the Province in 1994 referred to as Fair Share 1 which stayed in effect until 1997 and provided a total of \$16 million to the Peace Region municipalities. The coalition that negotiated Fair Share disbanded upon signature of the MOU.

In 1997 a municipal electoral area coalition was resurrected to reopen negotiation with the Province for an improved level of industrial tax base support. A new agreement was reached with the Province and Fair Share 2 provided \$85 million dollars in funding for Peace Region Municipalities and Electoral Areas. Again the coalition disbanded after the Fair Share 2 funding agreement was signed.

In 2004 a third municipal electoral area coalition, including Fort Nelson, was organized to reopen negotiations with the Province to seek a final and permanent agreement to give all of the municipalities in NEBC direct access to the oil and gas tax base. The Province would not allow direct access to the industrial tax base but did offer a \$20 million annual grant to be indexed to the growth of the industrial tax base over the 15 year lifetime of the agreement which concludes in 2020. The total grants in lieu of taxation pursuant to this agreement are projected to total over \$500 million. Again, the municipal and electoral area coalition disbanded after the Fair Share 3 agreement was executed.

The relationships between municipalities and electoral areas during the interim periods when no coalition existed were not always harmonious with the everyday presence of rural and urban dichotomy over a series of issues. Additionally, it is noteworthy that during the interludes between coalitions that the Province would not deal with individual municipalities in term of the industrial tax

base issue.

3. The Fair Share Program is a Grant in Lieu of access to the Industrial Property Tax Base

NEBC Municipalities and both Regional Districts hired Semmens and Adams in 1990 to undertake research on the disconnect between the oil and gas industrial tax base and the municipalities in NEBC. The position advanced by the 3 municipal/electoral area coalitions from 1992 to 2005 was that municipalities should be provided direct access to the unincorporated industrial tax base in NEBC.

At no point over that 20 year period did the 3 Municipal and Electoral Area Coalitions ever propose that the Province should provide a grant –in lieu of access to the Industrial tax base. A review of the vast research, analysis and position papers confirm that this issue was always and only based on the questions of lack of access to the rural industrial tax base by the regions' municipalities.

Since the inception of grants in lieu of access to the industrial tax base commonly referred to as the Fair Share Program there have been mistaken references or categorization of the Fair Share Program as being a revenue sharing grant or a community benefit grant.

These assumptions are not correct. The Fair Share Program is simply a Provincial grant in lieu of access to the rural industrial tax base.

4. The process and criteria for amending the Allocation formula

Some Electoral Area Directors are advertising that they would like to see the allocation formula amended to provide more funding to their areas. The 2005 MOU provides that amendments to the allocation formula would be entertained by the Province in 2014/15. The Electoral Area Director(s) proposing amendments should be advised that they will need to proceed with the criteria outlined in the 2005 MOU as follows:

“Requirement for Regional Consensus

- *Section 7: When the Region acts under this MOU it requires the unanimous consent of the PRRD and its member municipalities.*

Allocation Formula Review

- *Section 17: In the event of a change in circumstances that causes the Region to seek revision to the allocation formula for the annual revenue payments in Appendix 3, the Region may request a review and approval by the Province of amendments to the allocation formula during the provincial fiscal years 2009/10 and 2014/15 of the term of this MOU.*

A request for review must be submitted in writing no later than September 30 and must contain a proposed allocation formula.

Criteria that must be used in development of any proposed changes to the Allocation

Formula

- *Section 19: The proposed allocation formula should weight the allocations toward the Region's local governments that:
 - a) do not have adequate industrial tax base support, as evidenced by comparison to a representative group of industrial municipalities elsewhere in the Province;
 - b) have historically not benefited from industrial tax base support resulting in infrastructure deficits;
 - c) are experiencing high levels of population growth and demand for services, due to the growth of the oil and gas industry; and
 - d) play a vital service centre role in supporting both the oil and gas industry and a large contiguous rural population.*
- *Section 20: Upon approval by the Province, the amended allocation formula will replace the formula in Appendix 3, effective for the payments made under paragraph 14 of this MOU for the years 2010 and 2015, as the case may be."*

5. A review of Provincial Government and Electoral Area Directors Positions on accessing the Industrial Tax Base and Fair Share

5.1 Fair Share 1 – 1992-94

In 1993 the NEBC Municipal/Electoral Area Coalition engaged the Province in negotiations to provide access to the rural industrial tax base. The Coalition advanced an allocation agreement that they had all agreed to in advance of the negotiations with the Province and which included a provision that 10% of the funding off the top would be allocated to electoral areas.

The Province tabled a final offer that provided a grant of \$4 million, 50% of which was a direct grant from the Province and 50% was raised by a Provincial property tax levy against the 3 Industrial classes with the Peace Region. The tax levy was not applied to residential, business or agricultural properties in the rural areas.

In tabling this offer to the Coalition the Province advised that they did not believe that any funds should be allocated to the electoral areas as they had full access to the rural industrial tax base and that all of the services provided in the electoral areas already included taxation of the full industrial tax base. They did allow 5% of the \$2 million property tax component of the Fair Share 1 grant to be allocated to the electoral areas.

5.2 Fair Share 2 – 1996-97

In discussion between the municipalities and electoral areas leading up to formation of the Fair Share 2 coalition the electoral area directors advised that they would only join the coalition if the municipalities would agree in advance to the electoral areas being guaranteed 10% of any funds generated. They demanded that the municipalities had to make this a deal breaker meaning that the municipalities would be obligated to refuse to sign any agreement with the Province that did not guarantee they would receive 10% of the funds.

The municipalities agreed to this condition as they believed it was important to have a completely

united front.

During the Fair Share 2 negotiations the Province continued to express their concern with funds being allocated to electoral areas and twice the Cabinet rejected proposals for an increase Fair Share Grant.

The coalition appealed to the National Energy Board in January, 1997 claiming that the municipalities in the Peace Region did not have the financial capacity to support continued expansion of the oil and gas industry. In May, 1997 the Province offered the coalition a 10 year agreement of \$12 million annually and they allowed 10% of the funding to be allocated to electoral areas.

5.3 Fair Share 3 – 2004-05

The Fair Share Coalition was reconstituted in 2004 including the Town of Fort Nelson and Northern Rockies Regional District.

During discussions leading up to the formation of the Fair Share 3 Coalition the electoral area directors expressed a number of concerns with the organizational structure including the mandate given to the 3M committee and being overwhelmed by the number of municipal councilors present at the plenary meetings. An MOU was signed by all municipalities and the electoral areas approving the terms of reference.

Following preliminary discussions with the Province a formal agreement was signed by the Municipalities and both Regional Districts in NEBC containing terms of reference and target dates for reaching what was described as a “permanent solution to the industrial property tax base issue in NEBC”.

Negotiations and discussion took place in 2004 and in February, 2005 the Province tabled a final offer to the Coalition with a number of express conditions:

- \$20 million dollars annually for a 15 year period ending in 2020
- The annual grant would be indexed each year to the increase in the assessed value of the 3 industrial classes in the rural areas
- A \$40 million one shot grant was provided for historic infrastructure deficit in municipalities resulting from long term lack of access to the industrial tax base
- That an allocation would have be developed and approved by the Province based on the following Provincial criteria:

“The allocation system should weight the allocations toward local governments that:

- Do not have adequate industrial tax base support, as evidenced by comparisons to representative group of resource-based communities elsewhere in the Province.
- Have historically not benefited from industrial tax base support resulting in infrastructure deficits.
- Are experiencing high levels of population growth and demand for service, due to growth of the oil and gas industry.
- Play a vital service centre role in supporting both the oil and gas industry and

large contiguous rural population.”

The Province gave the coalition a March, 2005 deadline to develop and submit proposed allocation formulae. The Province also stipulated that they would approve the current allocation formulae only for the first \$12 million of the new total of \$20 million and that a new formula based on their new criteria would have to be developed for the remaining \$8 million.

The municipalities and electoral areas developed a new allocation formula containing two separate pools which was approved by the Province in March, 2005. The electoral area directors voted against the allocation formulae although it was approved by all municipal councils and the Regional Board, to meet the unanimous approval requirement demanded by the Province.

5.4 Efforts to Enshrine the Fair Share Agreement in Legislation 2011-2013

In 2011 the Regional District was mandated by the Municipalities to open discussions with the Province as to extending the term of the Fair Share agreement and to have it permanently enshrined in legislation. Two consultants were engaged in a series of informal discussions with the Province.

The initiative did not succeed.

5.5 Current 2014 Provincial positions:

The Premier committed, in May 2013 to extend the Fair Share Program to 2030 and to provide “Community Benefits “to NWBC municipalities. The Province is cautioning municipalities in the upstream (NEBC) and downstream (NWBC) that despite their commitment to establish a \$100 Billion dollar Prosperity Fund based on long term natural gas and LNG royalties that there is no revenue being generated at this point in the process.

The Province has also identified and communicated informally that they have serious concerns with the indexing formulae and the continued escalation of the total amount of the Fair Share grant in lieu. At this point in time the Province is heavily committed to balancing the Provincial Budget annually and over the long term.

As well, the Province has created specialized organizational structures to focus Provincial Planning on LNG issues. They are engaging and including NWBC communities in preliminary planning of the impact of LNG developments on provincial infrastructure and services in NWBC.

Although the Province has not responded at this point to requests for a meeting from the Tri-Partite Mayors to initiate discussions on socio-economic planning and extension of the Fair Share agreement it is suggested that the Peace Region municipalities and electoral areas continue to be very vigilant in protecting the existing Fairshare program, including its indexing and allocation provisions .

Given the ongoing Provincial restraint programs the coalition should seek formal confirmation that the Province will not make any unilateral changes to the Fairshare program.

6. Positions Adopted by Fort St John, Dawson Creek and Taylor Councils

Principle #1 – Maintain Legitimate Authority

Each local government jurisdiction maintains its legitimate authority to make decisions in the best interest of their taxpayers.

Principle # 2 – Respect the Mandates of Others

Each local government jurisdiction respects the mandate and jurisdictional integrity of each other's municipal council and each electoral area director to make decisions that are in the best interests of the community they represent.

Principle #3 – Work as a Coalition

That each local government jurisdiction agrees to work as a coalition similar to the coalition that was established for the negotiations of the 1994, 1997 and 2005 Fair Share Agreement.

Principle # 4 – Establish an MOU for development of Comprehensive Regional Economic Development Plan

That a Memorandum of Understanding be developed, and negotiated with the Province, that establishes a process for the development of a long term Comprehensive Regional Economic Plan for the Peace Region that will include:

Step 1 – determination of the magnitude of integrated resource development impacts of Natural Gas, LNG, Mining, Forestry and Hydro-electric developments on the Region over the next 20 years,

Step 2 – identification of all regional and community infrastructure that will be essential to facilitate the integrated development and growth of all resource sectors in the Peace Region and that will increase quality of life in permanent communities, as well as ensuring community capacity to attract and retain workers and their families. In this step barriers to effective planning and development of infrastructure and services will be identified.

Step 3 - To work with the Province and Industry on a determination and role that each partner will play in planning, construction and financing of the required regional and community infrastructure with the goal of ensuring that a timely and orderly process is developed to avoid the negative deficits that arise from lack of planning and uncontrolled, uncoordinated development.

A key element within Step 3 of the process will be the Fair Share Renewal and Extension process to ensure that Peace Region Communities and electoral areas have the necessary financial capacity to provide the infrastructure and services that fall within their jurisdiction and areas of responsibility.

Principle #5– Impacts not borne locally

That the cumulative impacts from the developments of the region's natural resources should not be solely borne by the region's taxpayers but include contributions from the province to assist with the expansion of community and regional infrastructure.

Principle #6 – Direct Link with Growth in Resource Sector

Fair Share must maintain direct linkage with the growth in the Region’s resource industries.

Principle #7- Current Allocation Formula.

That coalition members support the current Fair Share allocation formula and not accept any offer that excludes current members.

7. Existing Fairshare Program is a Property Tax Program

Total Fair Share Grants to Peace River Municipalities										
1994-2019 (In Millions)										
	2013 Fair Share Grant	Fair Share 1	Fair Share 2	2005 - One Time Grant	Fair Share 3	Total to Date	Fair Share 3	Total Grants	Allocation %	
	2012 Population	2013 Per Capita	1994-97	1998-2004	2005-2013	Jul-13	2014-2019	1994-2019		
Fort St John	20,092	\$931.74	\$7.49	\$39.06	\$16.07	\$119.77	\$155.96	\$338.35	48%	
Dawson Creek	11,475	\$946.51	\$5.10	\$16.63	\$10.96	\$40.50	\$93.55	\$216.71	33%	
Chetwynd	1,764	\$797.23	\$1.02	\$5.35	\$2.20	\$16.13	\$17.46	\$42.16	6%	
Tumbler Ridge	2,835	\$387.57	\$0.67	\$3.51	\$1.44	\$10.81	\$8.71	\$15.14	4%	
Taylor	1,553	\$639.41	\$0.00	\$0.00	\$0.64	\$5.17	\$7.87	\$13.68	2%	
Hudson Hope	1,071	\$517.41	\$0.34	\$1.78	\$0.73	\$4.86	\$4.40	\$12.11	2%	
Pouce Coupe	800	\$1,067.64	\$0.40	\$2.07	\$0.85	\$6.35	\$6.77	\$16.44	2%	
Total Municipal	42,499	\$872.42	\$13.02	\$74.40	\$32.89	\$243.38	\$294.72	\$664.63		
Peace River Rural	22,400	\$105.62	\$0.88	\$5.10	\$2.10	\$15.55	\$13.75	\$42.48	6%	
Total PRRD	66,167	\$596.04	\$16.00	\$83.50	\$34.99	\$259.14	\$393.83	\$707.10	100%	

Notes:

2014-2019 projections are based on 8% growth using 2013 as the base year.

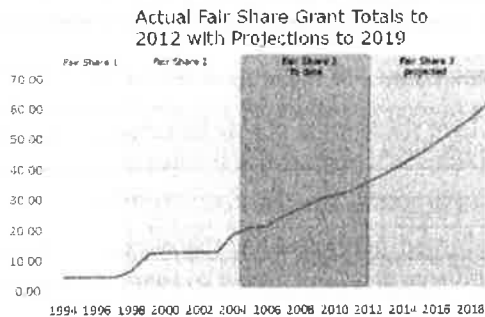
79% of Fair Share funding goes to the 2 major service centres (Fort St John and Dawson Creek)

These major service centres have no direct linkage to the oil & gas property tax base

13% of Fair Share funding is distributed to 4 district municipalities which have significant incorporated industrial tax base.

6% of Fair Share funding is distributed to 4 electoral areas in which the entire industrial tax base in the region is located

2% of Fair Share funding goes to Pouce Coupe which has no industrial tax base and which is predominately a bedroom community receiving most services from the City of Dawson Creek



8. 2014 PRRD Discussion of Invitation from Tripartite Mayors

Alaska Highway News

Published January 21, 2014

LOCAL NEWS

Regional Fairshare coalition considered

Elaine Anselmi

With Premier Christy Clark's promise of extending the Fair Share Agreement into 2030 last May, three Peace Region Mayors seek to confirm the specifics of that agreement by forming a Regional Coalition.

In a letter to the Peace River Regional District, Fort St. John Mayor Lori Ackerman, Dawson Creek Mayor Dale Bumstead and Taylor Mayor Fred Jarvis requested a planning meeting towards forming the Coalition, similar to what has represented the region in previous Fair Share dealings. The letter noted that while an extension on the Fair Share Agreement was promised, the potential for a change in the formula for distribution has been rumoured.

Bumstead said that getting those details pinned down now is necessary to plan for any possible implications of funding changes.

"Being the new Mayor in Dawson Creek, I am significantly concerned about some of the discussion I was hearing about the potential for our Fair Share Agreement, it has significant implications for all of us," said Bumstead. "It is a significant issue for me in our community. We have \$8 million of that money going into our operating budget. People can say bad, good or whatever, but that's a fact that I'm dealing with and I can't have that uncertainty in the future as I'm trying to plan the financial future of my community."

He underlined the importance of having a plan in place around the major influx of development in the region and said that the Fair Share Agreement is one facet of that.

The mayors have requested meetings with the Ministry of Community, Sport and Cultural Services, which administers the Fair Share Agreement, as well as the Minister of Finance. It was decided that Board Chair Karen Goodings would represent the PRRD if a meeting is granted in Victoria, but there was discussion around the board table on Jan. 9 that more representation for the electoral areas was needed in regards to the Fair Share dealings.

Signatories on the agreement are the Mayors of Fort St. John, Dawson Creek, Taylor, Tumbler Ridge, Chetwynd, Pouce Coupe and Hudson's Hope, while the Regional District signs on behalf of the electoral areas.

"Electoral area directors do not sign, and we've had this discussion many times – the administrator and I – in feeling as though electoral area directors should be signatories," said Goodings.

A meeting to discuss the development of a Regional Coalition was set for Jan. 30 in Taylor, and Tumbler Ridge director Mike Caisley underlined the sentiment that the invitation was open to all directors as that

was the best way to come up with a strategy from which everyone benefits.

"This letter is actually written to mayors, councils and electoral area directors, so let's have this conversation together," said Ackerman.

Area C Director Arthur Hadland said that, coming on the heels of the legacy term paper, which he felt was not in the interest of the electoral areas, that the Fair Share dealings would follow the same path under a Regional Coalition.

"I'm a little concerned about this, we did have the Fair Share Agreement done and that was done with the cooperation of the whole of this board, that included the electoral directors," said Hadland. "It was an administrative initiative in the end, at least that's what I saw. When it came to the division of the wealth pool, the electoral areas were left on the side and I don't think their interests were well represented by that process."

Hadland was reluctant to support the Regional Coalition again, as it might still leave an imbalance in the treatment of electoral areas, similarly to what he felt occurred in previous dealings.

"If you were to ask the province, my understanding is it would be the regional board that is the conduit for the electoral area directors," said Goodings. "I think when you sit around this table, what you're hearing is certainly an open discussion and a welcome to all of the directors to sit in on that discussion."

9. Official Letters of Invitation

9.1 Letter of Invitation to Municipalities and Electoral Areas



January 2, 2014

Peace Region Municipalities and Electoral Areas
By Email

Dear Mayors, Councils and Electoral Area Directors,

We, the Mayors of Taylor, Dawson Creek and Fort St. John are taking the initiative to suggest that all Peace Region Municipalities and Electoral Area Directors hold a preliminary planning meeting that will hopefully lead to the re-establishment of a Regional Coalition; similar to the coalitions that so successfully represented the Peace Region interests with the Province and Industry in securing Fair Share Agreements in 1994, 1997 and 2005.

We are very fortunate that Premier Clark has already committed in May of 2013 to extending the Fair Share Agreement to 2030. However, this positive news has been accompanied by increasing concern on our part with rumors of provincial review of the indexing formulae.

To ensure unilateral action by the Province is avoided our three communities have written to the Premier and Ministers expressing our support for continuation of the existing Fair Share program including its indexing and distribution formulas. We have also indicated that we would entertain a structured process to deal with extension of the Fair Share agreement as long as the process was structured and enshrined in a MOU mutually developed and agreed to by the Province and the Peace Region.

Copies of our correspondence are attached for your information.

We would advocate each community and electoral area consider similar communication to the Premier and Ministers to express your specific perceptions and positions.

We are all separate and independent signatories to the Fair Share agreement and we do not at this point have a mutually approved and mandated coalition in place to represent our collective interests.

We have also expressed our concerns to the Province as to the need for immediate action in terms of initiating integrated and comprehensive socio-economic planning that should

be a shared priority with the Province in order that Peace Region Municipalities and electoral areas are provided with a more detailed understanding of the cumulative impacts of natural gas, mining, forestry, power generation and Site C developments on our communities and electoral areas.

We are facing massive demands and impacts on community and regional infrastructure, on our services, water supplies, and the environment and we believe that these impacts will know no borders and will impact all of our municipalities and electoral areas simultaneously.

It goes without saying that we cannot plan, control or respond to this rapid growth in isolation of each other and that ideally we will be much better equipped if we face the future in a cooperative and coordinated coalition of mutual interests.

We recognize the individual rights of each community and electoral area to represent the best interest of their citizens in terms of the Fair Share agreement and the vast economic growth that is underway and which will likely accelerate rapidly with announcement of LNG and other major projects.

We strongly believe that the reconstitution of a Regional Coalition is in the best mutual interests of all Peace Region Municipalities and electoral areas.

In that regard we are suggesting the Peace Region Municipalities and electoral areas plan an organizational meeting at the earliest opportunity. We are prepared to host the initial meeting in Taylor on January 30, 2014 at 10:00 am. Venue information will be circulated at a later date.

In the event that the Province agrees to meeting with us prior to the organizational meeting referenced above, we are hopeful that Chair Goodings would be available to accompany us to Victoria.

Please RSVP for this meeting to Tracy Kucera at 250-789-3392 or tkucera@districtoftaylor.com.

Yours truly,



Dale Bumstead
Mayor, Dawson Creek

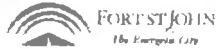


Lori Ackerman
Mayor, Fort St. John



Fred Jarvis
Mayor, District of Taylor

9.2 Letter of Invitation to Provincial Ministers



December 3, 2013

Via Email: CSCD.Minister@gov.bc.ca

Honorable Minister Oakes
Minister of Community, Sport and Cultural Services
PO Box 9056
Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister Oakes:

RE: Fair Share Program

The Premier announced this spring that the Fair Share program would be extended to 2030.

It goes without saying that the Premier's announcement did not include any reference to the existing Fair Share Agreement which simply recognizes and acknowledges that there is a formal signed agreement in place between the Province and each of the 7 municipalities and the 4 electoral areas in the Peace Region. The current agreement does not expire until March of 2020.

The existing Fair Share agreement also contains provisions that it cannot be opened without the agreement of the Peace Region municipalities and electoral areas.

We have every expectation that the Province will continue to respect the veracity and integrity of the existing Fair Share Agreement!

While the existing Agreement must be honored by the Province we acknowledge two reasons for the Province to propose a series of discussions with the Peace Region communities. The first is to open discussion on the extension of the existing agreement to 2030 and the second is the pressing mutual need to implement a planning process as to how Peace Region communities will prepare for significant four fold increases in the permanent and transient workforce as identified by the Natural Gas Workforce Action Plan.

The Peace Region municipalities will be challenged to the extreme with expansion of community infrastructure and services to accommodate the population explosion that is inherent in meeting the Province's economic objectives for LNG and Natural Gas expansion.

The municipalities that are signatory to this letter are prepared to advocate to their counterparts in the Peace Region that if a satisfactory process could be mutually developed between the Province and the Peace Region municipalities and electoral areas that it would be in their interest to participate if a formal process was in place.

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December 3, 2013
 Letter to Minister Oakes

Page 2

We will be encouraging Peace Region communities to advance to the Province that one of the first steps in any process will be joint economic impact planning to develop more precise analysis of the magnitude of the impending impacts from LNG and Natural Gas development on the Peace Region.

This stage would be followed by identification of the required Provincial and community infrastructure and services that will be necessary to support resource development of this magnitude.

The final stage would be to initiate planning and budget process that would see provincial and community infrastructure developed in synchronization with the construction of LNG facilities and the development of all of the upstream capacities to provide the natural gas resources.

It goes without saying that this is the juncture at which financial responsibilities and roles would be addressed and a key will be to ensure that municipalities actually have the long term financial resources and capacity to ensure that community infrastructure and services will accommodate the recruitment and retention of a vast permanent and transient workforce.

Minister, we look forward to meeting with you at the first opportunity for further exploration of these issues.

Yours Truly,

Mayor Lori Ackerman
 Fort St. John

Mayor Dale Bumstead
 Dawson Creek

Mayor Fred Jarvis
 District of Taylor

CC:

- Premier Clark
- Minister de Jong
- Minister Coleman
- Minister Bennett
- Minister Pimm
- MLA Bernier

9.3 Invitation Sent to Premier Clark



December 3, 2013
Via Email: premier@gov.bc.ca

Premier Christy Clark
PO Box Stn Prov Govt
Victoria, BC V8W 9E1

Dear Premier Clark:

RE: Fair Share Program

On behalf of our communities we wanted to express our sincerest appreciation for your announcement this spring that the Peace Region's Fair Share program would be extended to 2030.

Our communities were deeply concerned with the uncertainty created by the March, 2020 expiry date of the existing agreement falling in the midst of the vast Natural Gas and LNG growth and expansion that will be underway at that point in time.

The Natural Gas Workforce Action Plan is calling for a fourfold increase in the workforce in NEBC over the next 10 years and our communities will be fully challenged with expanding our community infrastructure and services to accommodate the vast increase in our population and the transient work force.

Our communities are committed to fulfilling our role in facilitating and supporting the biggest resource development undertaken in BC's history, however, we will need to have financial certainty and predictability in order to properly plan and expand our community infrastructure and services in line with your economic goals.

We are awaiting communication from your Minister of Community, Sport and Cultural Services who has responsibility for the Fair Share program as to the process by which the Province will open discussions as to the parameters by which the existing Fair Share Program will be extended to 2030.

The Conference Board of Canada study released in January, 2013 concluded that 75% of the total industry investment, job creation and economic activity involved in development of BC's Natural Gas and LNG facilities will occur in the upstream. That means in Northeastern BC, the area's defined as the Peace Region and Northern Rockies. The Province is using job creation numbers ranging from 75,000 to 100,000 new jobs.

It goes without saying that the ability of the Peace Region communities to support your jobs plan is directly linked to the current Fair Share program and its future extension.

This Province's LNG targets call for 3 to 5 plants to be up and running within 6-7 years and upstream natural gas infrastructure and capacity will need to be developed simultaneously by the industry.

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December 3, 2013
Letter to Premier Clark

Page 2

Industry tells us that, to bring three LNG plants online, \$150 billion will have to be invested in the Northeast of BC.

The one essential ingredient to making this all possible will be ensuring that the communities have adequate community infrastructure and services to accommodate a vast population increase in both the permanent and transient workforce. The standard for services and facilities must be sufficiently attractive to be the basis for successful recruitment of workers and families. These communities must be developed as permanent resource centre communities that offer a consistent high quality of life.

At this juncture we submit that economic impact planning and identification of essential Provincial and community infrastructure and services requirements needs to start now as an integral element in ensuring that BC's massive LNG and Natural Gas Development is achieved.

Premier, we are prepared to work hand and hand with your government to ensure this magnificent opportunity materializes.

Sincerely,

Mayor Lori Ackerman
Fort St. John

Mayor Dale Bumstead
Dawson Creek

Mayor Fred Jarvis
District of Taylor

CC:

- Minister Oakes
- Minister de Jong
- Minister Coleman
- Minister Bennett
- Minister Pimm
- MLA Bernier



Date Adopted:
Date Amended:
Date Amended:
Date Amended:

Policy position # 8 - Protection and extension of existing funding agreements

The funding provided through the Grant In Lieu of Rural Industrial Tax (2005 MOU) negotiated between the provincial government and the local governments of the Peace River must be protected and extended to ensure adequate tax base or revenue support to address the financial impacts on the resource municipalities as well as the need to provide for the economic sustainability of the resource municipalities. The NRRM IDCA negotiated between the provincial government and the NRRM must be fully implemented and revised to address not only natural gas development but resource development in general.

Background

The existing Peace River MOU is not a royalty or revenue sharing agreement between the seven resource municipalities in the Peace Region, the Peace River Regional District and the provincial government. It is an agreement that rectifies an anomaly in the Peace Region where the municipalities of the region do not have the legal authority to tax the oil and gas industry which relies on the municipalities for services. This is due to the dispersed nature of the industrial tax base which is largely outside of municipal boundaries. The agreement allows "virtual" access to the industrial tax base for the municipalities of the Peace River region and enables revenues to rise as growth and development take place. The Peace River MOU was largely negotiated with the objective to enable the resource municipalities to address infrastructure deficiencies and needs which had arisen over time due to the lack of access to the industrial tax base. As the agreement enables revenues to rise as development and growth in the industrial assessment base takes place, it has the potential to provide the funding required to address future municipal servicing costs. There are two issues in this regard. First, the Peace River MOU ends in 2020. While the premier has made a commitment to extend the agreement to 2030, it is unclear whether the provincial government will place conditions on the promised extension. Secondly, most municipalities are still investing a large share of the funding provided through the agreement in addressing current deficiencies in their infrastructure. The degree to which revenue will be available to address new growth in the future is not certain.

The NRRM IDCA agreement, unlike the Peace River MOU, is intended to address future municipal infrastructure requirements related to the growth and development of the natural gas industry including that generated by the development of the LNG industry. Funding through the agreement will begin in 2015 based on approved annual, five year and twenty year capital plans. Decisions on annual funding are made by Treasury Board and it is still to be determined how effective the process will be in providing the necessary funding to address the municipal costs associated with future natural gas related growth. The NRRM IDCA also addresses only growth related to the further development of the natural gas industry and does not address growth related to the re-establishment of the forest industry or the

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Objectives & Policy Positions of NEBC Resource Municipalities Coalition

Policy #8 - External



potential for other resource developments.

While the two agreements that are now in place provide opportunity to address future growth related servicing and infrastructure costs, the extent to which these agreements will enable the resource municipalities to address future servicing and infrastructure costs is not certain. At the minimum, the Peace River MOU must be protected (in terms of the existing provisions) and extended while the NRRM IDCA must be fully implemented to assess its potential to fully address future costs.

Summary Points

- The existing Peace River MOU must be protected and extended to ensure that the costs to the resource municipalities attributable to resource development are adequately addressed.
- The implementation of the IDCA must be monitored to ensure that adequate funding is provided to support growth and development of the NRRM and expanded to address not only natural gas development but resource development in general.

Objectives & Policy Positions of NEBC Resource Municipalities Coalition

Policy #11 - External



Policy Position # 11 - The benefits of resource development in Northeast B.C. must be shared with the resource municipalities of the region.

The economic and financial benefits generated by future industrial development must be shared with the resource municipalities of Northeast B.C. to reflect the value that the resource municipalities are providing in supporting resource development and to enable them to invest in their future development and sustainability.

Date Adopted:

Date Amended:

Date Amended:

Date Amended:

Background

It is recognized by the Resource Municipalities Coalition that the resources of the region belong to all citizens of the province and that the benefits associated with the development of these resources must be shared fairly. The resource municipalities believe that an increased level of sharing of the benefits is warranted for the people and communities of Northeast B.C. when such benefits are realized by the provincial government.

The resource municipalities of NEBC have historically played a vital service center role in the development of the provincial oil and gas industry as well as other industries. They have accommodated the commercial and industrial services on which the industries rely and have accommodated and provided services to a large share of the industrial workforce. Given the cyclical nature of certain industries such as the mining and oil and gas industries, they have survived the challenges associated with numerous boom and bust cycles. The resource municipalities have had to carefully manage these cycles to ensure the continued economic and financial viability and quality of life within the communities.

The coalition believes that the people and communities of Northeast B.C. have not always benefitted from past resource booms to the extent that they should have. In fact, the resource municipalities have disproportionately borne many of the costs and realized few of the benefits. The coalition intends to work with the provincial government to increase the economic and financial benefits from resource development in the region. Toward this objective, it intends to:

- Invite the provincial government to engage in planning for future resource development as set out in Policy Position #6.
- Increase the proportion of workers who reside in B.C. as described in Policy Position # 3.

The Resource Municipalities Coalition will also advocate for an increased share of the benefits of resource development to remain in the region. Benefits must not be narrowly defined as financial benefits required to make investments in the future development of the municipalities but may take other forms including increasing the local content of goods and services provided to industry. This will

Objectives & Policy Positions of NEBC Resource Municipalities Coalition

Policy #11 - External



require:

- Investments by industry and the provincial government in training and developing the skills of the local labor force;
- Transferring important technologies to local businesses and industries;
- Enhancing the capacity of existing enterprises and expanding the services provided;
- Targeting and developing sectors of the local economies that will provide for diversification.

Benefits may also take other forms and should be largely left to the resource communities to define based on their plans for the future. This may include ensuring that industries located near resource municipalities are included within municipal boundaries.

Benefits should also not be confused with compensation for mitigating impacts associated with development. These are the costs of “doing business” and should not be confused with benefits which are over and above such compensation. The funding provided to the resource municipalities through the 2005 MOU or the IDCA should also not be interpreted as benefits arising from resource development but rather a means of providing the resource municipalities with revenue that they would have received if they had direct or unfettered access to the industrial tax base.

Summary Points

- The benefits associated with the development of the resources of Northeast B.C. must be shared fairly with all citizens of the province.
- An increased level of sharing of the benefits with the citizens and communities of Northeast B.C. is justified given the important support provided by the resource municipalities and rural communities to industry over the years.
- Benefits are not limited to financial benefits but include an array of benefits that are best defined by the resource municipalities themselves.
- Funding to address the impacts associated with resource development is not defined as a benefit but the “cost of doing business.”

Objectives & Policy Positions of NEBC Resource Municipalities Coalition

Policy #12 - External



Policy #12 - Overview of Proposed Resource Infrastructure Planning Process

Objectives and Guiding Principles

Overarching Objective

The overarching objective is to build permanent, strong, sustainable and resilient resource municipalities to support regional resource development in Northeast B.C.

The achievement of this objective will result in the following:

- Industry will be more competitive due to a higher proportion of the workforce locating in the resource municipalities and the region as a whole.
- Provincial Government economic and financial benefits will be increased as a greater proportion of the industrial workforce will be located in the province and pay taxes to the provincial government.
- An increased share of the economic, employment and financial benefits associated with resource development will remain in the region and in the resource municipalities.
- The level of skill development and local participation of the regional workforce in future industrial development will be enhanced.
- The quality of life within the region and in the resource municipalities of the region will be protected and enhanced.
- Greater emphasis will be placed on protecting the environment to ensure long term sustainability.
- Overall, the resource municipalities and rural communities in the region will be made better off with resource development.

Guiding Principles

The following are the guiding principles established for the proposed planning process.

The Need for Planning

- A consensus between the provincial government and the resource municipalities on broad goals for regional resource and economic development is vital to the achievement of economic and financial benefits.
- Impacts of resource development on the resource municipalities must be addressed to protect the quality of life within the municipalities and region as a whole and to enable the municipalities to support development.
- The cumulative impacts of resource development on the resource municipalities and the region as a whole must be identified and addressed through appropriate mitigation.

Date Adopted:
Date Amended:
Date Amended:
Date Amended:

Objectives & Policy Positions of NEBC Resource Municipalities Coalition



Policy #12 - External

- Local and regional economic benefits associated with resource development must be optimized.
- The plans, policies, initiatives and investments of the provincial government, the resource municipalities and industry must be coordinated and aligned to enable the full benefits of regional resource development to be realized.

Oversight and Organization of the Planning Process

- The NEBC Resource Municipalities Coalition will initiate and fund the Resource Infrastructure Planning Process.
- While the coalition of resource municipalities will lead the process, the cooperation and participation of key provincial government ministries, industry and industry associations are essential to the planning process.
- The Coalition will continue to recognize the role and authority of the Electoral Area Directors and their committee to represent the rural residents and areas in terms of this infrastructure planning process and information from step 2 of the process on population and employment projections will be shared with the Electoral Area Committee to facilitate growth planning that they may wish to undertake.
- The authority, jurisdictions, mandates and responsibilities of both the provincial government and the resource municipalities will be respected and not compromised through the planning process.
- Ideally, provincial government involvement in the planning process will be coordinated through a single coordinating body that has the authority and mandate to participate in the process.
- The provincial government will be consulted at key points in the planning process to ensure consensus on the plan when it is completed and will be formally asked to participate in the planning process at the end of the 2014 calendar year.
- All costs incurred in the preparation of the planning will be borne by the resource municipalities.

Implementation of Plan

- A consensus on regional resource development will enable the provincial government, the resource municipalities and industry to take initiatives that complement each other in order to achieve the greatest economic and financial benefits to all parties.
- The plan will form the basis of agreements between the provincial government and the resource municipalities on funding of municipal and regional infrastructure and services, land use policies, and other matters identified in the plan.
- If the agreements involve the MOU negotiated with the provincial government entitled "Grant in Lieu of Rural Industrial Tax", the PRRD will be involved in the discussions.

Process and Scope for the Preparation of Plan

The following steps are proposed in the preparation of plan:

Step 1: Projection of Regional Industrial Development (RMC responsibility with provincial government & industry input)

- Identification of the location, scope and timing of resource development within the region (i.e. industry investments, projects etc.).
- Projection of direct employment during both construction and operations phases of projects.
- Projection of the percentage of workers locating permanently in the resource municipalities and region as a whole.
- Projection of secondary employment effects (indirect and induced) within the region and within individual resource municipalities.
- Analysis of local labour force and the identification of initiatives required to enable increased participation of the local labour force (e.g. local training and skills development)
- Projection of population growth within the region and the individual resource municipalities within the region (both during construction and operations phases) based on an analysis of local labour supply/skills, specific recruiting plans of companies for individual projects (e.g. long distance commuting versus in-community location of workforce).

Step 2: Review of Regional Industrial/Employment and Population Projections (Carried out jointly with the participation of the RMC, the provincial government and industry).

- Population growth and employment projections from this stage of the work will be shared with the Electoral Area Committee.

Step 3: Projection of Impacts on Provincially Funded Regional and Community Services/Infrastructure (Responsibility of RMC with participation of provincial government ministries)

- Provincial highways, rural roads and resource roads.
- Police and emergency services.
- Schools and post-secondary education.
- Training and skills development.
- Health care facilities and services.
- Justice/court facilities and services.
- Social services and associated facilities.
- Other provincial services.
- Population growth and employment projections from this stage of the work will be shared with the Electoral Area Committee.

Population growth and employment projections from this stage of the work will be shared with the Electoral Area Committee.

Objectives & Policy Positions of NEBC Resource Municipalities Coalition

Policy #12 - External



Step 4: Projection of Impacts on Resource Municipalities (Responsibility of RMC)

- Projection of housing requirements during construction and operations phases for region as whole and specific resource municipalities within the region (includes both worker accommodation and in-community housing).
- Projection of serviced land requirements within each resource municipality based on projected growth and development.
- Identification of servicing and infrastructure needs within resource municipalities based on projected growth and serviced land requirements.
- Preparation of capital and operating cost estimates for required infrastructure and enhancement of services in each resource municipality to accommodate projected growth.
- Assessment of the financial capacity and funding options available to each resource municipality to assume projected costs of services and infrastructure.

The analysis would be carried out on the basis of alternative scenarios to reflect realistic outcomes related to the location and extent of employment, population growth, housing and serviced land requirements as well as infrastructure and servicing needs.

The Coalition is aware that the Electoral Area Directors through their committee will likely be preparing a parallel projection of resource development impacts on the rural areas, their services and their facilities.

Step 5: Review and Agreement on the Outcome of Steps 3 and 4 Above (Carried out jointly between resource municipalities, the provincial government and industry).

The Coalition is aware that the Electoral Area Directors through their committee will likely be preparing a parallel projection of resource development impacts on the rural areas, their services and their facilities.

Step 6: Preparation of Plans to Address Impacts on Provincially Funded Infrastructure and Services (Provincial Government Responsibility with RMC input).

Plans for upgrading and expansion of facilities and services due to increase levels of activity and growth including prioritization of proposed initiatives:

- Provincial highways, rural roads and resource roads.
- Police and emergency services.
- Schools and post-secondary education.
- Training and skills development.
- Health care facilities and services.
- Justice/court facilities and services.
- Social services and associated facilities.
- Other provincial services.

Objectives & Policy Positions of NEBC Resource Municipalities Coalition



Policy #12 - External

The Coalition is aware that the Electoral Area Directors through their committee will likely be preparing a parallel projection of resource development impacts on the rural areas, their services and their facilities.

Step 7: Preparation of Plans for Resource Municipalities to Address Projected Growth (RMC with input from individual resource municipalities).

Plans to address projected growth would be prepared for each resource municipality addressing land use, infrastructure/servicing needs and the funding of infrastructure and services. Plans would reflect the broader policies of the municipalities relating to land use, servicing (e.g. level of services), and financial policies of each resource municipality.

- Revisions may be required to existing OCPs to enable the resource municipalities to accommodate projected growth.
- Issues of land supply would be addressed if required.
- Infrastructure and servicing needs would be identified based on proposed land use and servicing policies as well as the alternate growth scenarios.
- Capital plans, including cost estimates would be prepared to provide required infrastructure and services.
- Assessment of the financial capacity of local governments to pay for future growth related infrastructure and servicing costs would be carried out.
- Proposed methods of funding future capital and operating costs including grants and revenue sharing would be identified.

The Coalition is aware that the Electoral Area Directors through their committee will likely be preparing a parallel projection of resource development impacts on the rural areas, their services and their facilities.

Step 8: Integration of Plans - Resource Municipalities and Provincially Funded Services and Infrastructure (jointly prepared by RMC, Electoral Area Committee and the provincial government)

- Individual plans of the resource municipalities and provincial plans to address community/regional servicing and infrastructure needs would be consolidated and integrated to prepare the overall plan.
- The plan would provide a regional as well as municipal perspective on future resource development and would address opportunities as well as impacts and measures required to address impacts.
- The plan would incorporate:
 - ✓ Land use and development strategies of the resource municipalities.
 - ✓ Strategies to address land supply issues.
 - ✓ An infrastructure and servicing strategy for the various resource municipalities as well as for provincially funded infrastructure and services.
 - ✓ An overall capital plan and an infrastructure investment strategy;

Objectives & Policy Positions of NEBC Resource Municipalities Coalition



Policy #12 - External

- ✓ A funding strategy that will address local options (e.g. tax base or tax revenue sharing), compensation from industry and grants from the Provincial government);
- ✓ An implementation plan that would establish the basis for specific agreements between the Provincial Government and the resource municipalities addressing provision of community facilities funded by the provincial government, Crown land issues where these are relevant to future development.

It is anticipated that the resource municipalities would ultimately be required to make changes to key policy documents such as OCPs, Asset Management Plans, Capital Plans and other documents.

Step 9: Negotiation of Agreements

Based on the plan, various agreements would be negotiated between the provincial government and the resource municipalities. These could address the following:

- Sharing of benefits arising from resource development.
- Protection and extension of existing agreements between the provincial government and the local governments such as the 2005 MOU entitled "Grant in Lieu of Rural Industrial Tax" for the Peace Region and the IDCA for the Northern Rockies Regional Municipality to ensure that the cost of future growth is adequately addressed (Electoral areas of PRRD involved if the 2005 MOU is involved).
- Provision of provincially funded services and infrastructure.

The Coalition is aware that the 2005 MOU requires unanimous consent if there is going to be any change to the existing Fair Share agreement.

The Coalition's adopted positions are that the 2005 MOU should be honour through to its end date in 2020 and that the existing allocation formula should remain unchanged.

The Coalition will consult with the Electoral Areas and their committee in the event that the Province proposes any changes to the existing agreement.

3. Scope of the Plan

The plan is not intended to supplant existing provincial and local government planning processes nor is intended to address all land use, environmental or social issues related to growth. Rather, it is solely focused on the required investments that will need to be made in provincial and local government infrastructure and services to accommodate growth in the resource municipalities that support resource development.

Given its focus on municipal infrastructure and services the two key stakeholders in the process will be limited to the provincial government and the resource municipalities. The involvement of industry groups is desirable at key points in the process to verify the analysis and to obtain industry's support for the plan. The outcome of the various phases of the planning process would also be shared with the

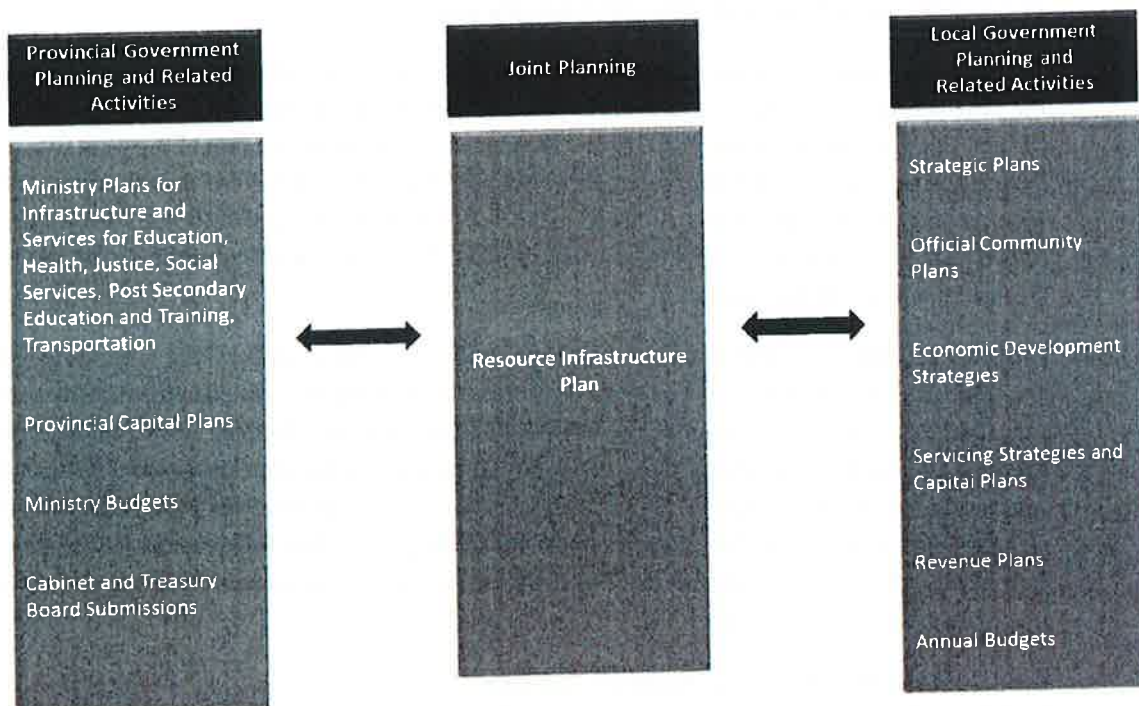
Objectives & Policy Positions of NEBC Resource Municipalities Coalition

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electoral area directors of the PRRD to enable the PRRD to address growth issues through its own planning process if it so wishes. While First Nations will be apprised of the process and the outcome of the planning process, they will not be directly engaged in this process given that they have engaged the provincial and federal governments directly on a broader range of issues than would be addressed in the proposed planning process.

The planning process is intended to provide the necessary direction to both the provincial and the resource municipalities of the region to prepare more detailed plans and budgets that fall within their respective areas of jurisdiction as shown in the figure below.



Schedule

In developing the schedule, two important considerations have been taken into account:

- The Minister of Community, Sport and Cultural Development has indicated that the provincial government will not be able to devote time and resources to the planning process until the end of this (2014) calendar year.
- There is a need to complete the plan by the spring of 2016 in order to provide sufficient time for negotiation of agreements in advance of the provincial election to be held in May of 2017

It proposes that the work begin on August 1, 2014 with completion in Mid-May of 2016. A more detailed schedule will be developed once the work program for the specific components of the planning process are finalized.

5. Proposed Organizational Structure for Preparation of Plan

An organizational structure is proposed to enable the RMC to lead the process with the participation of the provincial government and industry.

5.1 Involvement of the Provincial Government

It is not clear how the provincial government wishes to be involved in the process given the Minister's (MCSCD) indication that the provincial government is not prepared to become involved in the proposed planning process until the end of the 2014 calendar year.

The provincial government has established an internal structure to address natural gas development in the province which includes the Cabinet Committee on Natural Gas, Deputy Minister's Committee on Natural Gas and various working groups including the Community Development Working Group which includes representation from the Ministries of Community, Sport and Cultural Development; Jobs, Tourism and Skills Training; Energy and Mines; Forests, Lands and Natural Resource Operations; and Natural Gas Development. It is not clear to what extent this structure will be relied on for provincial involvement in the planning process.

The proposed organizational structure recognizes that the provincial government may not be fully involved until the end of the 2014 calendar year but still proposes that specific provincial ministries are consulted before that time to enable the NEBC RMC to proceed with the plan consistent with the schedule identified in Section 4 above. There may be an opportunity after the end of 2014 to formally engage the provincial government in the process and to define respective roles and responsibilities in a memorandum of understanding. Important aspects of the plan such as the development of strategies to address impacts on provincially funded infrastructure and services must be carried out by the provincial government with input from the RMC.

Northeast B.C. Resource Communities Coalition

An RMC has been established that represents the key service centres in Northeast B.C. on resource development issues impacting the municipalities. The RMC will initiate, lead and fund the planning process as shown in the attached figure. The Executive of the RMC will be appointed as the steering committee to oversee the planning process. All members of Councils of the resource municipalities would participate in plenary sessions that would enable all relevant information related to future resource development, its impacts and strategies to address impacts and benefits to be presented and discussed. The planning process would be organized as follows:

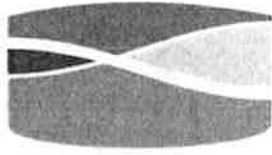
- ✓ A Steering Committee to provide overall guidance to the planning process at the elected official's level would be established consisting of the Executive of the RMC.
- ✓ A Steering Committee of appointed officials consisting of the Secretariat would be established to provide guidance to the Executive Director.
- ✓ The Executive Director would be responsible for providing direction and oversight to the consulting team in carrying out the necessary analysis and planning work.

Objectives & Policy Positions of NEBC Resource Municipalities Coalition



Policy #12 - External

- ✓ The consulting team would be responsible for the preparation of all assessments and planning work either directly or through the use of consultants.
- ✓ Both steering committees would ensure liaison with appropriate provincial government elected officials, committees or senior appointed officials in the course of the planning process.
- ✓ Presentation would be made by the Steering Committee (Elected Officials) to the electoral area directors of the PRRD at certain points in the process to enable them to be apprised of the outcome of the planning process and to address issues of mutual concern.
- ✓ Towards the end of 2014, the RMC would formally approach the provincial government to become directly involved in the planning process and to secure its involvement through the preparation of a memorandum of agreement.



HUDSON'S
HOPE
PLAYGROUND OF THE PEACE

Box 330
9904 Dudley Drive
Hudson's Hope BC V0C 1V0
Telephone 250-783-9901
Fax: 250-783-5741

April 17, 2013

Colin J. Griffith
Colin J. Griffith & Associates Inc.
10602-81st Ave
Grand Prairie, AB
T8W 2H2

Re: Mayor's LNG Partnership

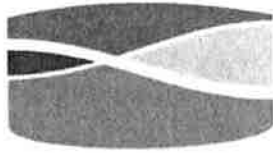
Hello Colin,

Find below a summary of the notes and ideas that Council would like satisfactorily addressed and resolved prior to Council signing on as a member of the Mayor's LNG Partnership.

Proposed Key Messages:

1. Hudson's Hope appreciates the initiative of the organizing committee to prepare the draft material and to bring us all together for discussion.
2. It is a worthwhile concept to bring our communities together to address common industrial development impacts and to speak to the provincial government with a common voice. The potential industrial impacts are unprecedented in our region and require unique and thoughtful solutions to ensure that the communities of the northeast can continue to effectively and efficiently support shale gas and LNG development, and to manage social and economic impacts in our communities.
3. Without agreement of all communities in the region, achieved through an equitable distribution of benefits to all members of our broader regional community, the proposed group will not achieve legitimacy with the provincial government.
4. Hudson's Hope would like to continue to work with all members of our regional community to seek supporting benefits from the provincial government.
5. The documents provided are a great start but they do not yet provide the supporting language that clarifies the benefit to Hudson's Hope or other communities in the "under 5000" club.
6. Before Hudson's Hope can support the proposed process we would like to see clearer language on governance, decision making, dispute resolution and terms of reference. We are willing to continue to work with the group to achieve this.
7. In particular, there are a number of issues that we believe need to be addressed before a decision on participation can be made including:
 - a) Decision making process clearly articulated in writing
 - b) Dispute resolution mechanism identified
 - c) More evenly distributed representation on the executive and secretariat:

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Box 330
9904 Dudley Drive
Hudson's Hope BC V0C 1V0
Telephone 250-783-9901
Fax: 250-783-5741

- a. Written clarification on the voting structure within the Executive Committee in regard to the "under 5000" club
 - d) A one-class structure established: "over-5000's" and "under-5000's" be abolished
8. A full discussion on the representation of electoral area residents and understanding of how they will benefit: a new agreement with the provincial government must benefit ALL members of our broader regional community:
- a) While it is reasonably clear the potential benefit that will accrue to the larger communities, the new regional body must clearly identify in its terms of reference how it will create benefit for all classes of residents in the smallest communities and unincorporated areas, and specifically how it proposes to accommodate communities with small populations but relatively larger impacts which are difficult to address using simply mathematical sharing formulas.

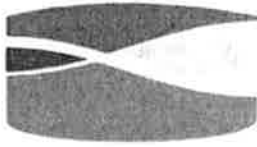
We would also add that the identity of the 'coalition' needs to be reconsidered:

- a. Not a coalition that is confrontational.
- b. Is it strictly LNG we are addressing? If not, take out 'LNG'.
- c. Mayors' Partnership' could be anywhere. Give it a name that identifies the northeast.
- d. Keep in mind that any agreement we make with the province will be replicated in every other region unless it clearly identifies that the rationale for the agreement is to manage a scale of change that is unprecedented and is imposing great hardship on north eastern communities.

We look forward to addressing the above matters with you at your earliest convenience.

Kindest Regards,

Mayor Gwen Johansson



**HUDSON'S
HOPE**
PLAYGROUND OF THE PEACE

Box 330
9904 Dudley Drive
Hudson's Hope BC VOC 1V0
Telephone 250-783-9901
Fax: 250-783-5741

May 13, 2014

Colin J. Griffith
& Associates
10602-81 Ave
Grande Prairie, AB T8W 2H2

Re: District of Hudson's Hope Membership

Hello Colin,

At a duly assembled Council meeting held on May 12, 2014 the District of Hudson's Hope Council had discussed further our position as a partner in the newly formed "Mayor's Resource Development Partnership". Council moved to pass a motion which reads as follows:

"The District of Hudson's Hope declines to participate in this Partnership until all our issues that we have proffered in our previous letter dated April 17, 2014 (attached) have been addressed to Council's satisfaction."

Council is open to further discussion on this matter.

Sincerely,

Mayor, Gwen Johansson

c.c. District of Hudson's Hope Council
Tom Matus, CAO

**NEBC
RESOURCE
MUNICIPALITIES
Coalition**

"The Engine of BC's Economic Future"

District of Hudson's Hope
Box 330, 9904 Dudley Drive
Hudson's Hope, BC V0C 1V0

June 10, 2014

Dear Mayor Johansson and Council;

The Executive Committee of the NEBC Resource Municipalities Coalition has received your letter of May 13th, 2014 where in you advise as follows:

"The District of Hudson's Hope declines to participate in this Partnership until all our issues that we have proffered in our previous letter dated April 17, 2014 (attached) have been addressed to Council's satisfaction."

The letter of April 17th, 2014 was placed on the agenda for the May 2nd inaugural meeting where all eight NE BC Mayors had discussion on the Issues raised by Hudson Hope and you took the opportunity to move a number of resolutions to give effect to your primary concerns. Unfortunately, the resolutions you proposed to change the Coalition's Terms of Reference, Membership, etc. were not supported and the other Municipalities together with Senator Neufeld all agreed to formalize the organization.

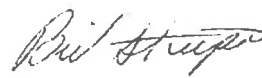
Hudson Hope has a standing invitation to join the NEBC Resource Municipalities Coalition if it chooses to support the Terms of Reference and Organizational Structure as approved and agreed to by all other Municipalities.

Yours Sincerely;

NEBC Resource Municipalities Coalition Executive



Mayor Dale Bumstead
City of Dawson Creek



Mayor Bill Streeper
Northern Rockies Regional Municipality



Mayor Lori Ackerman
City Fort St John



Mayor Fred Jarvis
District of Taylor



Agenda - April 9th, 2014 Mayors' Partnership Meeting

Time: 1:30 to 4:30pm

Location: Urban Systems Office, 10808 – 100th Street, Fort St John, BC

Purpose: Review of terms of reference and organizational structure for Mayors Partnership for NEBC.

Invitees: NEBC Mayors and CAO's

Agenda Items:

1. Introduction/Welcome/Purpose of meeting - Mayor Ackerman
2. Review of proposed terms of reference
3. Review of proposed organizational structure
4. Report on March 31st, 2014 meeting with Minister Oakes
5. Review of Comprehensive Economic Development Planning Model – Colin
6. Relationship to the PRRD and other local agencies
7. Discussion of next steps in formalizing the Mayors Partnership
8. Review of action plan for April and May, 2014
9. New Business
10. Adjournment

Mayors' Shale Gas Partnership

Summaries - See Terms of Reference for complete document

Goals for 2014

The Mayors' Shale Gas Partnership will support natural resource development in Northeast B.C. based on the following goals and conditions and will:

1. Have as their top priority the development of vital, permanent, sustainable communities.
2. Support building permanent communities.
 - Reduce reliance on fly-in fly-out / drive-in drive-out business model
3. Functioning as effective and key service centres.
 - If given adequate financial resources.
4. Advocate timely investments by the Provincial government in regional infrastructure and Provincial services.
5. Oppose the cost of growth being placed on existing residential and business taxpayers of the municipalities.
6. Being recognized by the Province and industry as being a full and equal partner in resource development.
 - Natural resource development supported only when proper socio economic planning is in place.
7. Protect and maintain the Fair Share Agreement and the NRRM Infrastructure Funding Agreement.

Strategic Objectives for 2014

1. The Partnership will seek full partnership with the Province and industry to build permanent communities:
 - To minimize long term reliance on the fly in/fly out and drive in/drive out business models.
2. To advocate and pursue a full Partnership with the Province and Industry in the planning for the expansion of Provincial services and infrastructure required to support economic expansion including transportation, policing and health.
3. To work in Partnership with the Province and Industry to develop long term plans for development of regional and municipal infrastructure and services and to develop funding and financing models that fairly distribute the costs of such upgraded infrastructure and service between the Province, Industry and municipalities.
4. To work in Partnership with the Province and Industry for securing the necessary labor supply for economic expansion and to engage in planning for housing and accommodating both the permanent and transient work force and families.
5. That a Memorandum of Understanding be developed, and negotiated with the Province, that establishes a process for the development of a long term Comprehensive Regional Economic Plan for the Peace Region.
6. Development, maintenance and implementation of communication plans and strategies.
7. That a Memorandum of Understanding be developed, and negotiated with oil and gas industry, that would address the social license to operate in NEBC.

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Mayors' Shale Gas Partnership

Organizational Structure

Membership

Membership in the Mayors' Shale Gas Partnership is open to all municipalities within the area described as NEBC subject to participants agreeing to support and abide by the purposes, goals and strategic objectives contained in the Memorandum of Understanding.

The Mayors' Shale Gas Partnership will also include a classification for Honorary Members who may be appointed from time to time by the Mayors' Partnership Group.

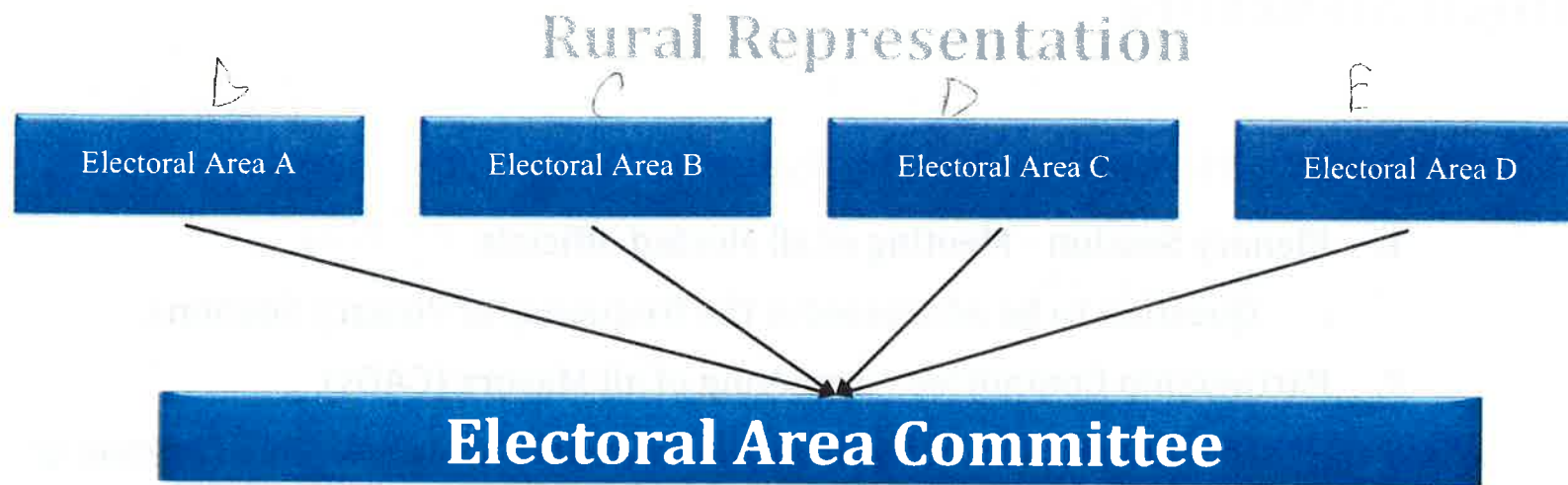


Organizational Issues for Review

1. Plenary Session - Meeting of all elected officials + CAOs
 - Question to be addressed is the frequency of Plenary Sessions. *DEBARRING*
2. Partnership Committee - a meeting of all Mayors (CAOs).
 - Question to be addressed is the frequency - Suggest consideration of regular monthly meetings.
 - Question is related to the location and timing of Partnership Committee meetings.
3. Executive Committee Meetings - Mayors (Secretariat) *MONTHLY, OPEN*
 - Question is frequency - Maybe regularly scheduled or adhoc as required (open to all Mayors/CAOs)
 - Question is related to the location and timing of Partnership Committee meetings.
4. Interim name for the Mayors Partnership:
 - Suggest inclusion of the descriptor 'Natural Gas'
5. Implementation Schedule for Partnership:
 - Meetings with all Mayors- April 9th, 2014
 - Purpose is to reach consensus on organizational issues
 - Formal decisions by Municipal Councils on Joining the Partnership - April 14-30th, 2014
 - Formal Announcement Event - by May 15th, 2014

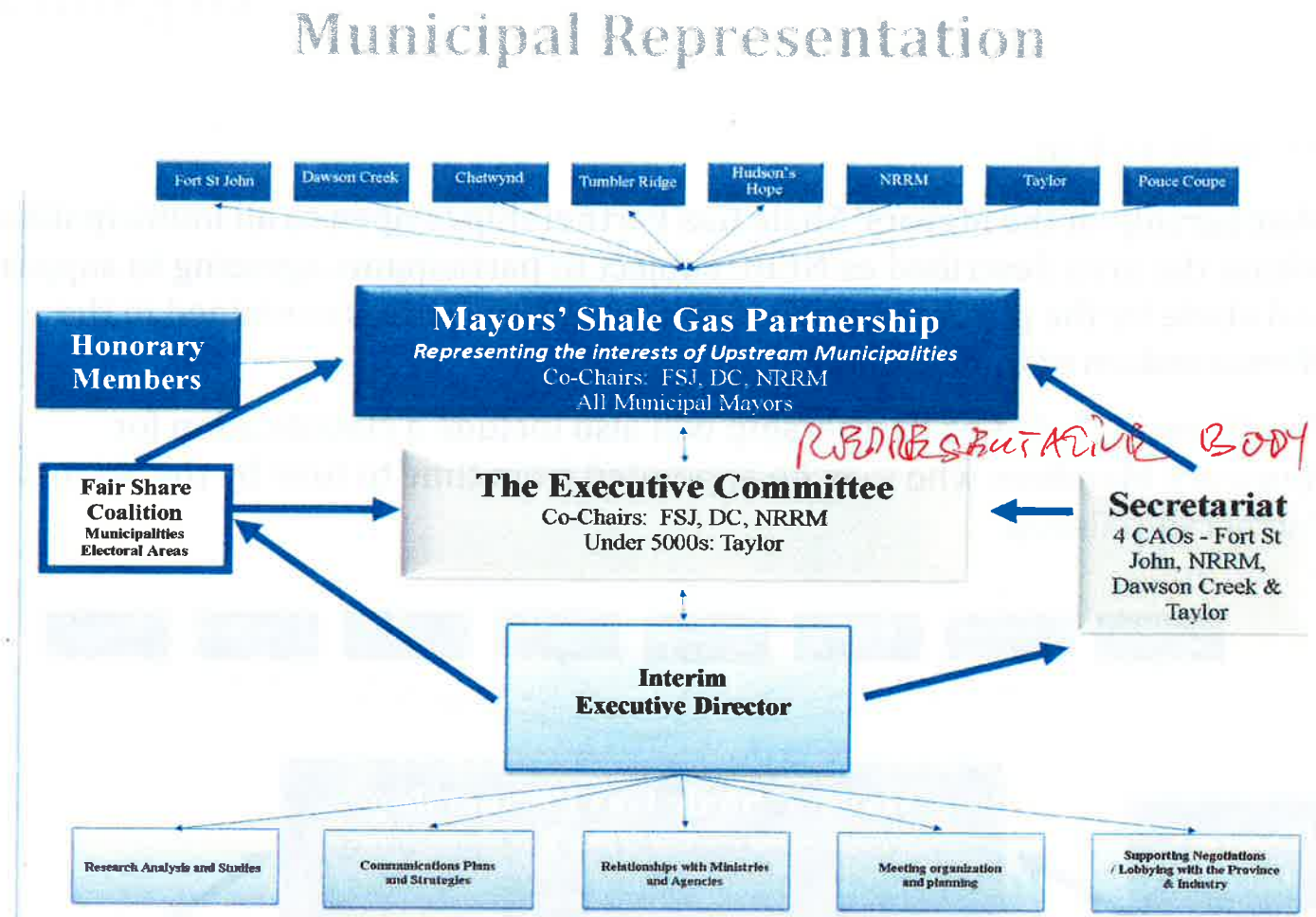
Mayors' Shale Gas Partnership

Organizational Structure



Represents the Interests of Rural Citizens in:

- The electoral area funding component of the Fairshare agreement.
- The impacts of economic growth and development on electoral areas.
- Representing electoral area interests on economic growth and planning to the Province.



Mayors' Partnership

Represents the Collective Municipal Interest in:

- The municipal funding component of the Fairshare agreement.
- The impacts of economic growth and development on municipalities.
- Representing municipal interests on economic growth and planning to the Province.

Recognition of the Rights and Autonomy Mayors' Shale Gas Partnership

- Each municipality maintains its legitimate authority to make decisions in the best interest of their taxpayers.
- Each municipality will respect the mandate and jurisdictional integrity of each municipal council.
- Existing provincial and federal environmental review process and the rights of municipal councils to represent the interests of their citizens as they deem appropriate.
- The role, functions and jurisdiction of the Peace River Regional District.

4/10

The Provincial Focus on LNG and on Prince George

NDIT, province team up to present LNG-opportunity forums

Posted On 07 Apr 2014 By : Staff Reporter

Hearing a lot about the possible economic boom from liquefied natural gas but don't know how to get in on the benefits?

A series of seminars over the next couple of months will help you find out about possible opportunities from the LNG sector.

This month, contractor-supplier boot camps and request for proposal seminars will take place throughout various regions in B.C. in an effort to help local businesses better understand industry procurement processes and bid on contracts.

So far, there are a number of contractor-supplier boot camps and RFP seminars scheduled for Terrace, Prince Rupert, Kitimat, Prince George and Kelowna throughout the year. As well, two more boot camps and RFP seminars will be held at the International LNG in B.C. Conference held in Vancouver May 21- 23.

The contractor-supplier boot camps will focus on procurement opportunities and processes associated with major LNG projects. The RFP seminars will also focus on LNG opportunities, and provide local business owners with a step-by-step guide to industry RFP processes that will help them bid on major contracts.

The events are being put on by the ministry of jobs, tourism and skills training and Northern Development Initiative Trust.

In 2013, Northern Development's contractor-supplier boot camps were helpful for local businesses throughout central and northern B.C. wanting to position themselves to take advantage of the major industrial projects coming their way

MULTIPLE STRATEGIES TO TAKE ADVANTAGE OF LNG JOBS



John Rustad Minister of Aboriginal Relations and Reconciliation

The BC Natural Gas Workforce Strategy Committee has prepared an analysis as well as labour market outlook statistics on the opening of five LNG plants in northern B.C. by 2021. Based on that model, B.C. could see over 60,000 jobs at peak construction. Of those, 21,600 jobs could be directly involved in the building of LNG export facilities and associated pipelines during peak construction - expected to occur 2016-17.

A further 41,900 jobs could be created in the industries that supply goods and services during the construction phase at its peak, with another 75,000 jobs once the LNG projects are fully operational. That would include 2,400 permanent jobs to operate and maintain the plants and pipelines on an ongoing basis; 61,700 jobs to support LNG operations, including workers required to drill, produce, process and transport the natural gas required to feed the export facilities; and more than 11,000 jobs in industries benefiting from LNG workers spending their wages in the broader economy. These numbers highlight the enormity of the opportunity and current plans will help ensure we have the necessary information to align B.C.'s training system with these jobs.

BC Premier Attract LNG Workforce

THE PRINCE GEORGE CITIZEN

B.C. premier says report makes 15 recommendations to attract LNG workforce

The Canadian Press
April 3, 2014 01:37 PM



5

April 9th, 2014

Building a Strong Liquefied Natural Gas Industry in British Columbia

Date: April 11, 2014 Time: 11:30 AM - 1:00 PM
Register Online

Event Description

Join us at the Twisted Cork for a delicious Pasta Buffet while the Minister of Natural Gas Development Rich Coleman shares the B.C. Government's progress on its plan to build a strong liquefied natural gas industry in British Columbia. He will provide an update on the status of the various proposed projects, his recent outreach efforts, and the opportunities for local businesses to get involved.



S/ro

Shale Gas - A Key Driver of BC's Economic Future

The Shale Gas Era started in 2003

Net Cash Expenditures of the Petroleum Industry in British Columbia (\$Billion)

Year	Exploration	Development	Total Capital Expenditure
2003	\$1.50	\$2.30	\$3.80
2004	\$1.20	\$2.70	\$3.90
2005	\$1.40	\$3.60	\$4.90
2006	\$1.90	\$4.20	\$6.10
2007	\$2.30	\$3.30	\$5.50
2008	\$4.00	\$3.80	\$7.90
2009	\$2.10	\$3.10	\$5.20
2010	\$2.10	\$4.90	\$7.10
2011	\$1.50	\$5.20	\$6.70
2012	\$0.80	\$4.40	\$5.20
2013**	\$1.88	\$3.75	\$5.63
Total	\$20.68	\$41.25	\$61.93

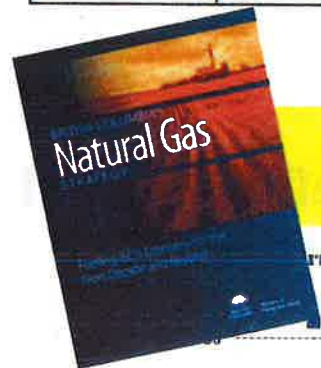
** Projection based on average

1. BC's #1 future economic driver will be the Horn River, Montney, Liard & Cordova Shale Gas fields.
2. The Petroleum Industry has invested over \$62 Billion since 2003.
3. BC Gas production has increased from 1.10 tcf to 1.58 tcf in 2013 an increase of 70% in the last 10 years.
4. Provincial LNG projections call for industry investments of a minimum of \$140 Billion in upstream and the creation of up to 62,000 new jobs.

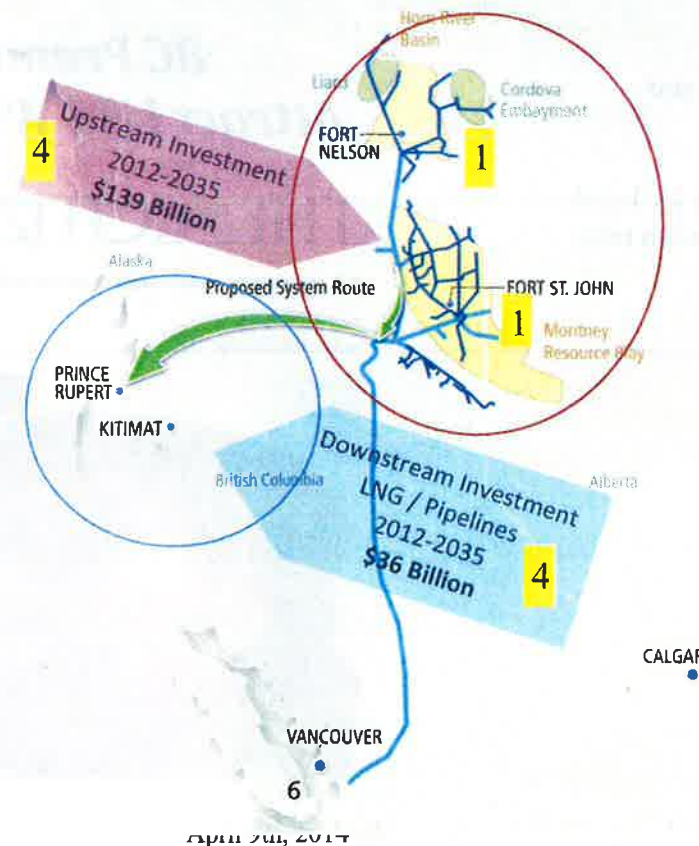
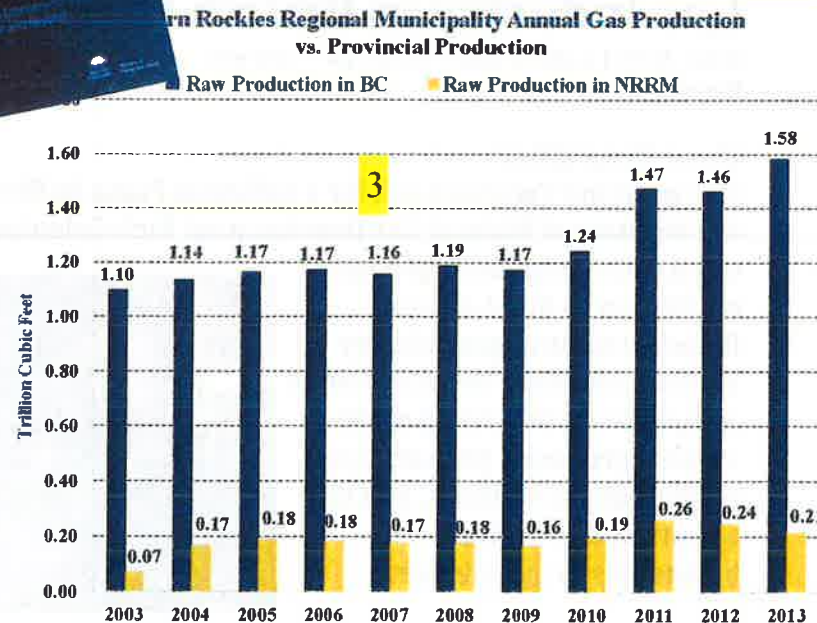
No socio economic planning has been started on the massive impact this growth will have on the municipalities and rural areas in NEBC.

Province of BC Projections Total LNG Estimated Production: 82 mtpa Based on Projections for 5 LNG Plants

- LNG (downstream) - 21,600 jobs building the LNG facilities and associated pipelines between 2014 and 2020.
- LNG (downstream) - 2,400 permanent jobs are required to operate LNG plants and pipelines.
- 61,700 jobs (upstream) are required to drill, produce, process and transport the natural gas required to feed the LNG facilities.



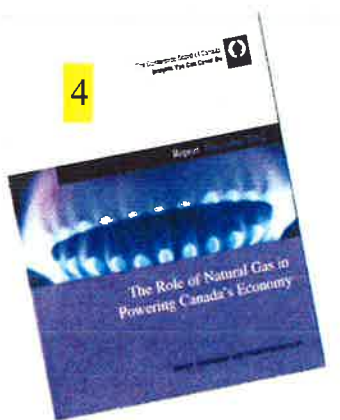
Natural Gas Production in BC 2003—2013



Conference Board of Canada Projections 2012-2035 Total LNG Estimated Production: 20 mtpa

BC Investments 2012-2035

- \$181 billion will be invested.
- \$139 billion will be invested in NEBC (upstream).
- \$40 billion will be invested in LNG Facilities in NWBC (downstream).



Industrial Tax Base Support in Resource Municipalities

1. BC Provincial policy has been for resource industries to be incorporated into municipal boundaries.
2. Growth in the industrial tax base (indexing) forms new and additional municipal revenues.
3. In the case of Quesnel and Kitimat the municipalities had complete access and support from the industrial tax base from the 1950s to date.
4. In the Peace Region, Fort St John and Dawson Creek have been the service centres for the oil and gas industry since the 1950s.
5. Dawson Creek and Fort St John had no access or support from the industrial tax base for a period of over 40 years (1950 to 1994).
6. In 1994 the province introduced a grant in lieu of access to the oil and gas tax base and refused to give Dawson Creek and Fort St John any direct access.
7. In 2005 the Province finally agreed to link Fair Share grants in lieu to the growth of the oil and gas tax base this linkage has only existed for 9 years.

Summary of Total Industrial Revenue For Selected Communities – 1985 to 2013

Community	Industrial Revenues (\$ millions) ¹			2013 Population	Average Industrial Revenue per Person
	Industrial Taxation ²	Fair Share ³	Total		
Kitimat	\$309.4	n/a	\$309.4	9,000	\$34,378
Quesnel	\$152.7	n/a	\$152.7	10,000	\$15,270
Dawson Creek	\$15.0	\$123.2	\$138.2	12,500	\$11,056
Fort St. John	\$15.9	\$182.4	\$198.3	21,000	\$9,443

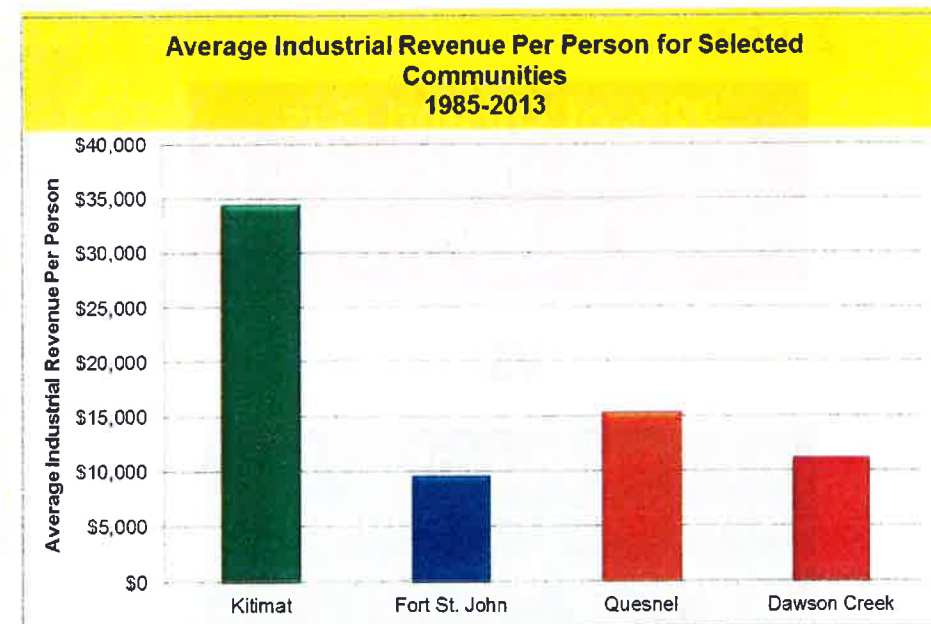
Notes: ¹ Values rounded

² Industrial taxation for Class 2, 4 and 5 properties; municipal purpose taxation only

³ Fair Share available to Peace River municipalities and electoral areas; not available to District of Kitimat or City of Quesnel

Industrial Tax Support in Resource Municipalities								
	1950	1960	1970	1980	1990	2000	2010	2014
Kitimat								
Alcan - Rio Tinto Alcan								1, 2 & 3
Eurocan Pulp								
Quesnel								
West Fraser								1, 2 & 3
Caiboo Pulp & Paper								
Quesnel River Pulp								
Canfor Saw Mill								
Dawson Creek / Fort St John								
West Coast Transmission Line / Gas Processing	No Access to the Industrial Tax Base							1994 - A Grant in Lieu of Access to the Industrial Tax Base
Major Oil & Gas Companies	No Access to the Industrial Tax Base							1994 - A Grant in Lieu of Access to the Industrial Tax Base

7 2005 The Province Agrees to Link Fair Share Grants in Lieu to the Growth of the Oil and Gas Tax Base



Fair Share Mythology

Fair Share is a Provincial Solution for the Lack of Access to the Industrial Tax Base

1. The Peace Region municipalities always proposed they be given direct access to the oil and gas property tax base in NEBC (1994-2005).
2. The Province of British Columbia decided starting in 1994 to introduce grants in lieu of access to the unincorporated oil and gas tax base.
3. The provincial decision was based on their objective of encouraging investment in BC's oil and gas sector.
4. On average oil and gas industry property tax levels in NEBC average \$10 to \$15 while BC's forest industry averages between \$30 and \$50 and the port authority rate runs between \$22 and \$27. *CHRISTYAN FORESTRY - \$18*
5. Severe infrastructure deficits accumulated over 40 years because of the disconnect between the municipalities and the oil and gas tax base.

**Fort St John's Infrastructure Deficit
After 40 Years of NO Support from the Oil & Gas
Industry Tax Base**

Fort St John - 2004

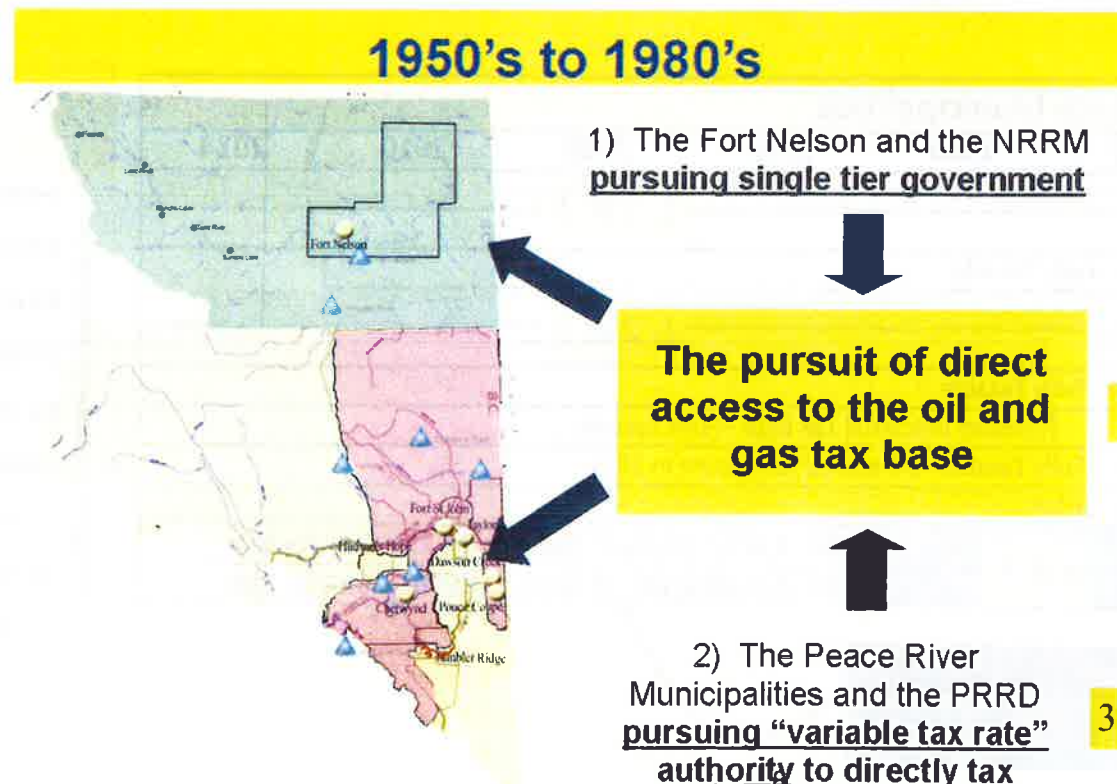
- 50% of the roads have open ditches
- 63 kms / 60% of roads do not have street lights
- 94 kms / 52% of roads are gravel
- 35kms of paved roads need to be reconstructed
- 60% of the town has no sidewalks

2, 3 & 4

**92% of Oil and Gas
assets in NEBC are not
taxable by Municipalities**

VS.

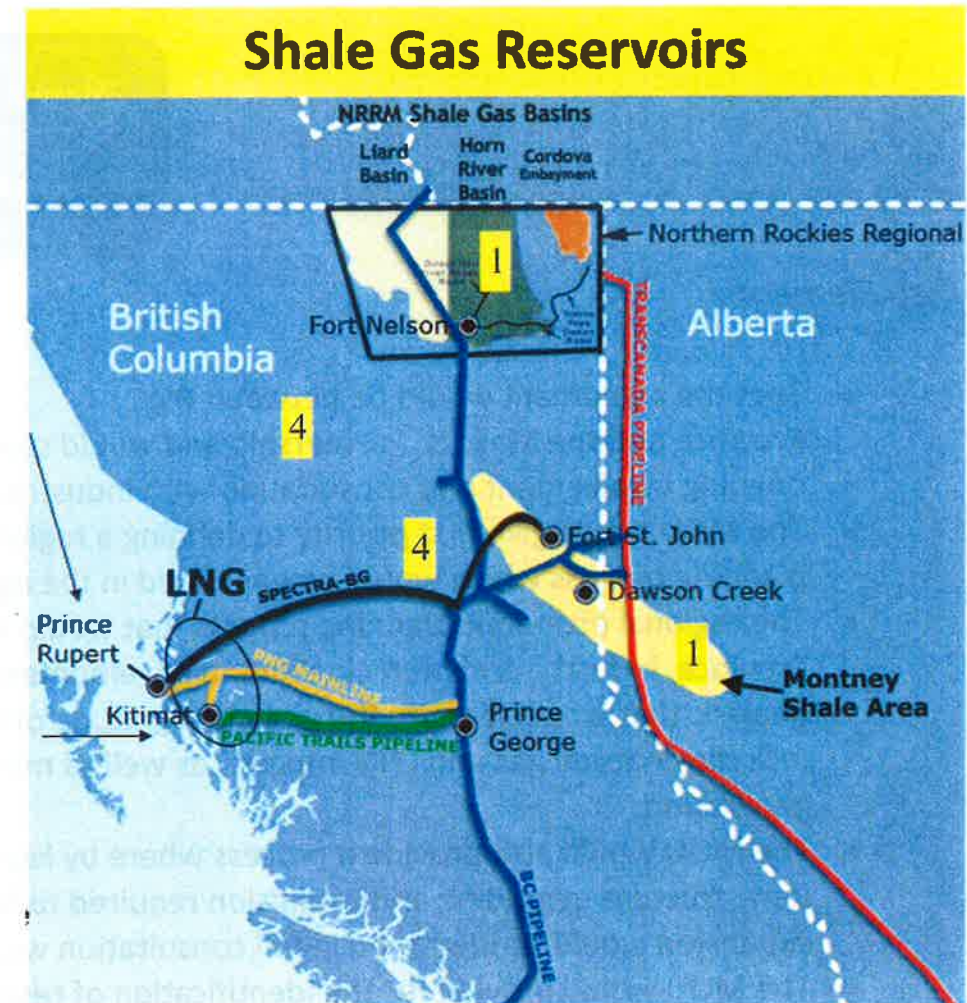
**In the balance of BC 94%
of the forestry industry is
taxable by Municipalities**



Municipality's Revenue must be Directly Linked to Economic Growth

Since 2003 the Province has taken \$17.8 Billion out of NEBC in Royalties and Land Sales

1. The Shale Gas industry boom in BC started in 2003 with the discovery of 4 world class shale gas reservoirs.
2. The Province agreed in 2005 that Fair Share Grants should be directly linked to the growth of the oil and gas industry.
3. Since 2003 the Province has taken \$17.8 Billion out of NEBC in Royalties and Land Sales
4. Provincial property tax revenues will continue to be fully indexed for school and rural tax levies - in other words the Province reaps new and additional revenues each year from the oil and gas industry growth in NEBC.
5. Peace Municipalities (DC / FSJ / Taylor) have taken positions that the existing Fair Share Agreement be honoured and protected through to 2020 and that they request the Province to honour the Premier's commitment to extend the agreement through to 2030 at a minimum.

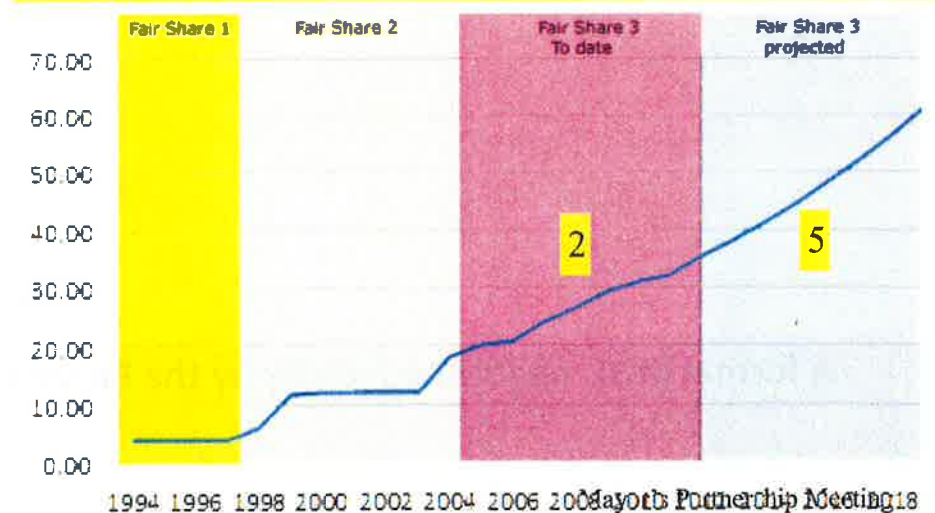


British Columbia Royalties & Land Sales			
Year	Land Sale Bonuses (\$ Million)	Total Royalties (\$ Million)	Annual Total
2003	\$647	\$1,329	\$1,976
2004	\$232	\$1,388	\$1,620
2005	\$534	\$1,935	\$2,469
2006	\$630	\$1,206	\$1,836
2007	\$1,047	\$1,161	\$2,208
2008	\$2,663	\$1,359	\$4,022
2009	\$893	\$413	\$1,306
2010	\$844	\$317	\$1,161
2011	\$223	\$308	\$531
2012	\$139	\$157	\$296
2013	\$225	\$199	\$424
Total	\$8,077	\$9,772	\$17,849

Municipalities Revenue must be Directly Linked to Economic Growth

Further shale gas development is dependant upon the capacity of the upstream municipalities to expand community infrastructure and services of high quality to enable industry to attract and retain a large permanent and transient work force number in the 10s of thousands.

Actual Fair Share Grant Totals to 2012 with Projections to 2019

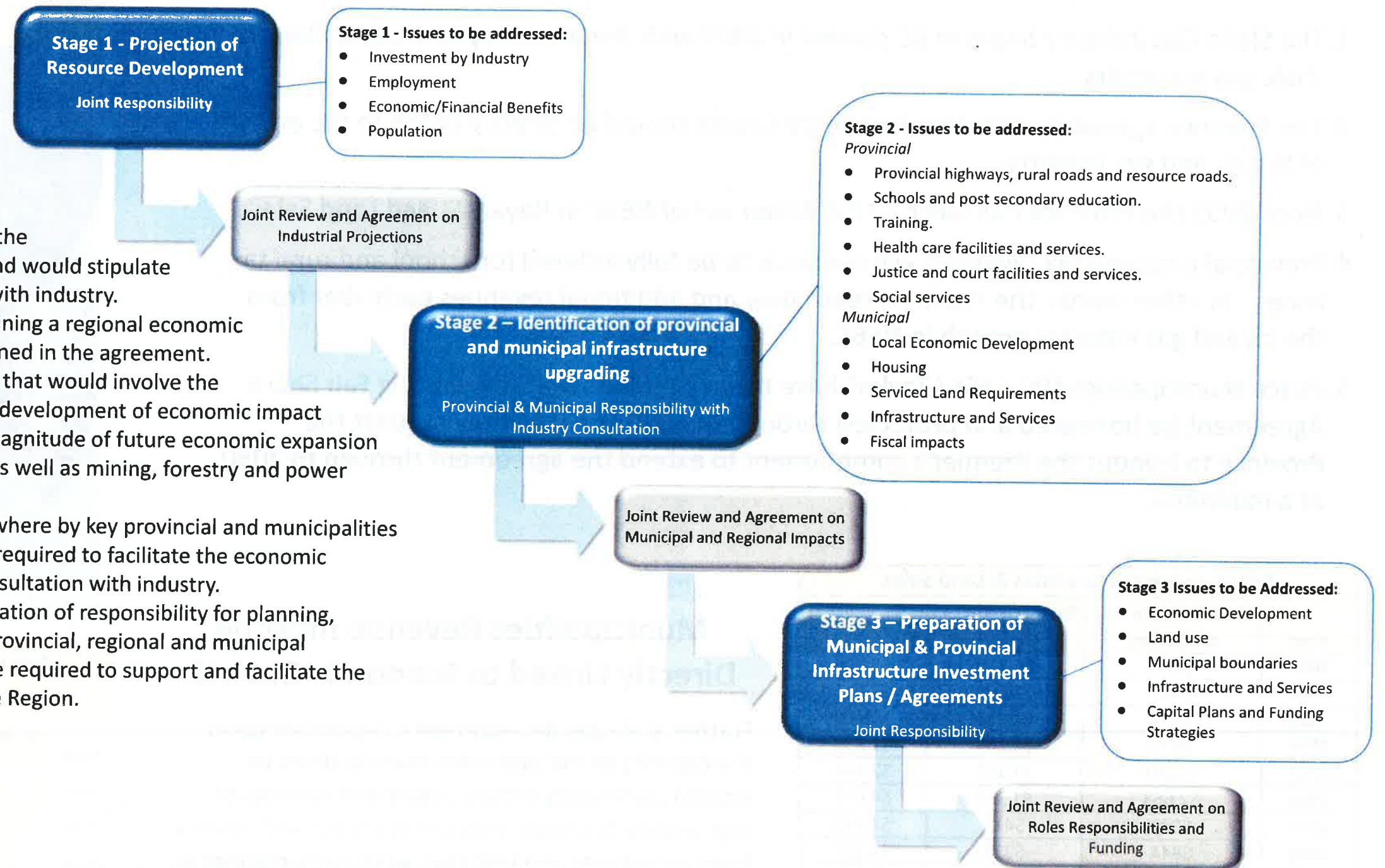


9/10

A Comprehensive Planning Model for Shale Gas Development in NEBC

Key Elements:

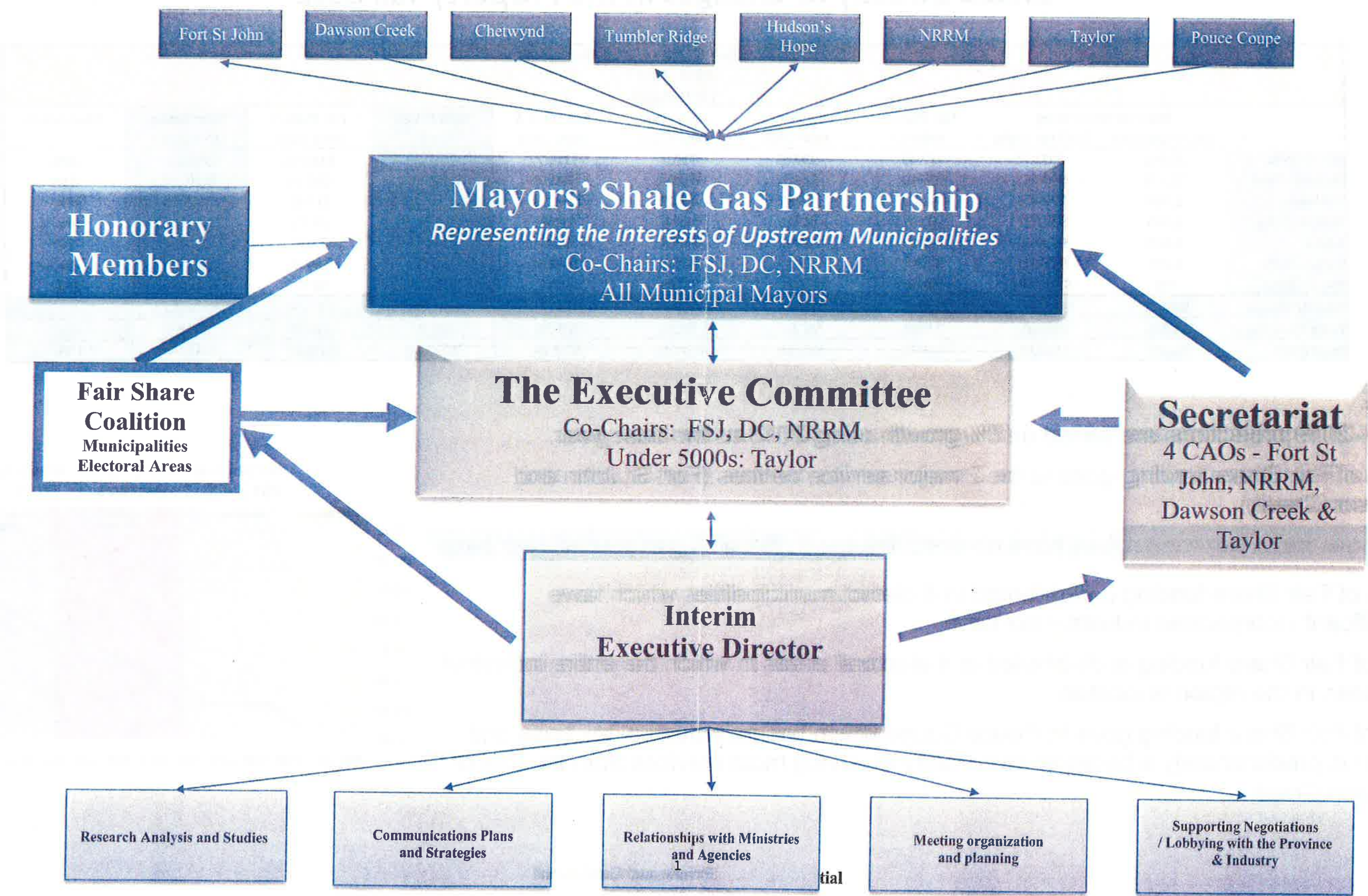
- That the agreement would be between the Province and the Mayors' Partnership and would stipulate ongoing involvement and consultation with industry.
- The MOU would give first priority to defining a regional economic planning process which would be enshrined in the agreement.
- The regional economic planning process that would involve the Province, industry, and municipalities in development of economic impact analysis that would identify the global magnitude of future economic expansion including natural gas and LNG impacts, as well as mining, forestry and power generation.
- The MOU would also provide a process where by key provincial and municipalities infrastructure upgrading and expansion required to facilitate the economic expansion would be identified in full consultation with industry.
- The MOU would provide for the identification of responsibility for planning, scheduling, and funding of the various provincial, regional and municipal infrastructure and services that would be required to support and facilitate the planned resource expansion in the Peace Region.



A Joint Venture MOU is Mandatory

A formal MOU negotiated jointly by the Province and Mayors' Partnership clearly outlining terms of reference, timelines, and roles and responsibilities.

NEBC Mayors' Partnership on Resource and Community Development



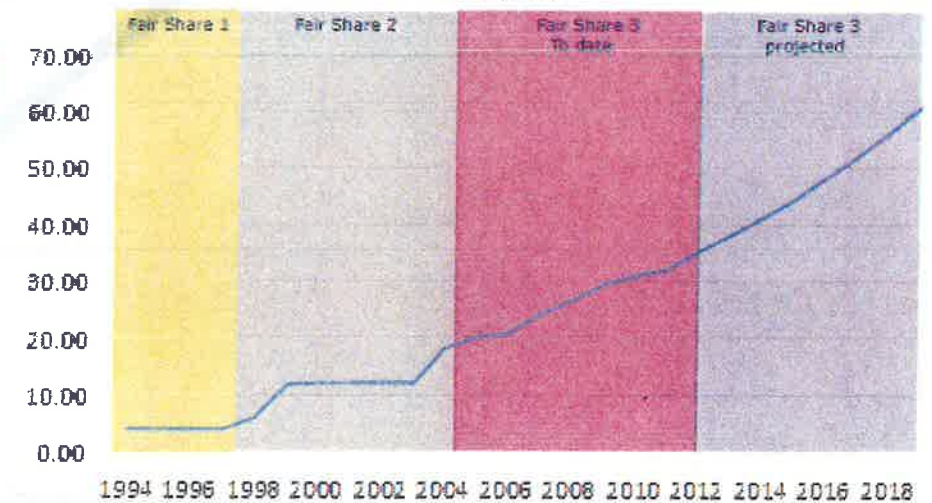
Existing Fair Share Program is a Property Tax Program Linked Directly to Changes in the Property Tax Base

Total Fair Share Grants to Peace River Municipalities 1994 - 2019 (In Millions)										
	2013 Fair Share Grant		Fair Share 1	Fair Share 2	2005 - One	Fair Share 3	Total to Date	Fair Share 3	Total Grants	Allocation %
	2012 Population	2013 Per Capita	1994-97	1998-2004	Time Grant	2005-2013	Jul-13	2014 -2019	1994-2019	
Fort St John	20,992	\$931.74	\$7.49	\$39.06	\$16.07	\$119.77	\$182.39	\$155.96	\$338.35	48%
Dawson Creek	12,475	\$946.51	\$5.10	\$26.63	\$10.96	\$80.50	\$123.19	\$93.55	\$216.74	31%
Chetwynd	2,764	\$797.23	\$1.02	\$5.35	\$2.20	\$16.13	\$24.70	\$17.46	\$42.16	6%
Tumbler Ridge	2,835	\$387.57	\$0.67	\$3.51	\$1.44	\$10.81	\$16.43	\$8.71	\$25.14	4%
Taylor	1,553	\$639.41	\$0.00	\$0.00	\$0.64	\$5.17	\$5.81	\$7.87	\$13.68	2%
Hudson Hope	1,074	\$517.41	\$0.34	\$1.78	\$0.73	\$4.86	\$7.71	\$4.40	\$12.11	2%
Pouce Coupe	800	\$1,067.64	\$0.40	\$2.07	\$0.85	\$6.35	\$9.67	\$6.77	\$16.44	2%
Total Municipal	42,493	\$872.42	\$15.02	\$78.40	\$32.89	\$243.59	\$369.90	\$294.72	\$664.62	
Peace River Rural	22,403	\$105.62	\$0.98	\$5.10	\$2.10	\$15.55	\$23.73	\$18.75	\$42.48	6%
Total PRRD	66,167	\$596.04	\$16.00	\$83.50	\$34.99	\$259.14	\$393.63	\$313.47	\$707.10	100%

Notes:

1. 2014-2019 projections are based on 8% growth using 2013 as the base year.
2. 79% of Fair Share funding goes to the 2 major service centres (Fort St John and Dawson Creek)
 - These major service centres have no direct linkage to the oil & gas property tax base
3. 13% of Fair Share funding is distributed to 4 district municipalities which have significant incorporated industrial tax base.
4. 6% of Fair Share funding is distributed to 4 electoral areas in which the entire industrial tax base in the region is located
5. 2% of Fair Share funding goes to Pouce Coupe which has no industrial tax base and which is predominately a bedroom community receiving most services from the City of Dawson Creek

Actual Fair Share Grant Totals to 2012 with Projections to 2019



Preliminary Job Creation & Population Impacts

Major Resource Development Projects - Peace River Region

2013-2025

LNG & Natural Gas - Total Job Creation

Geoff Stevens, chair of the B.C. Natural Gas Workforce Strategy Committee

"B.C.'s northeast only has about 14,000 mature workers, said Stevens, meaning the expansion and production to feed five plants would increase labour demands fourfold, including long-term maintenance and operational jobs."

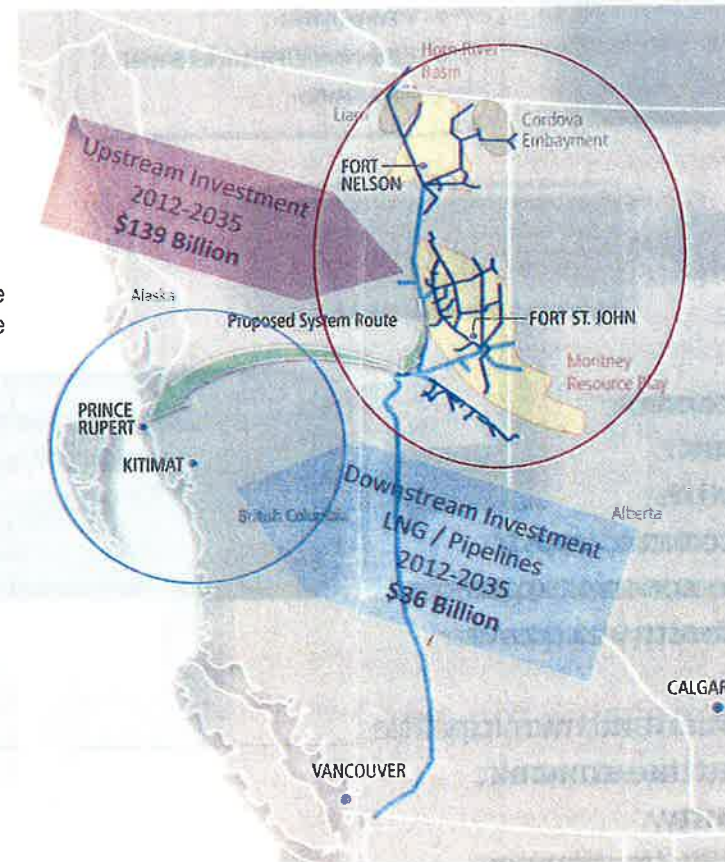
September 16, 2013 - Journal of Commerce - Liquefied natural gas projects will require massive labour force

Conference Board of Canada, December 2012 (based on 20 mtpa)

"Total employment (direct, indirect and induced) in period 2012 to 2035 is 1,295,431 or 54,000 jobs annually."

Grant Thornton, Employment Impact Review, February, 2013 (based on Five plants assumed producing 82 mtpa)

"Total indirect and induced during operations is 75,000 Full Time Employees (FTEs)"



Major Projects Over and Above Natural Gas & LNG would include Site C, Mining & Forestry

Proposed **Site C:**

✓ Construction phase (2014 to 2022) average is 800 person years/ year with a peak of 1,700 in 2019

Proposed **mining projects** in the Peace Region. The following projects are now involved in the Provincial EA process:

- ✓ Carbon Creek Coal Mine
- ✓ Bething Coal Mine
- ✓ Farrell Creek Mine
- ✓ Echo Hill Coal Project
- ✓ Sukunka Coal Mine Project
- ✓ Murray River Coal Project
- ✓ Horizon Mine Project.

For the purposes of this overview projection, it has been assumed of the 600 man workforce proposed for accommodation in the City for the Farrell Creek Mine, 66% would permanently locate within the City of Fort St. John. No other mining job projections have been used to drive population projections.

Fort St John Preliminary Estimate based on annual production of 35.71 mtpa (amount used in the NRRM analysis and is higher than CBC but less than Grant Thornton) the average annual direct jobs in the PRRD could be as follows:

Projection Period	Total Direct Employment (Low Range)	Total Direct Employment (High Range)
2013-2015	1,681	1,681
2016-2020	3,437	6,010
2021-2025	5,557	8,814
2026 -2030	5,363	7,904
2030 - 2035	5,426	7,736

As the population of the City is now approximately 21,000, the population is projected to grow to 28,500 in the period 2016 to 2020 and to almost 30,000 in the period 2021 to 2025.

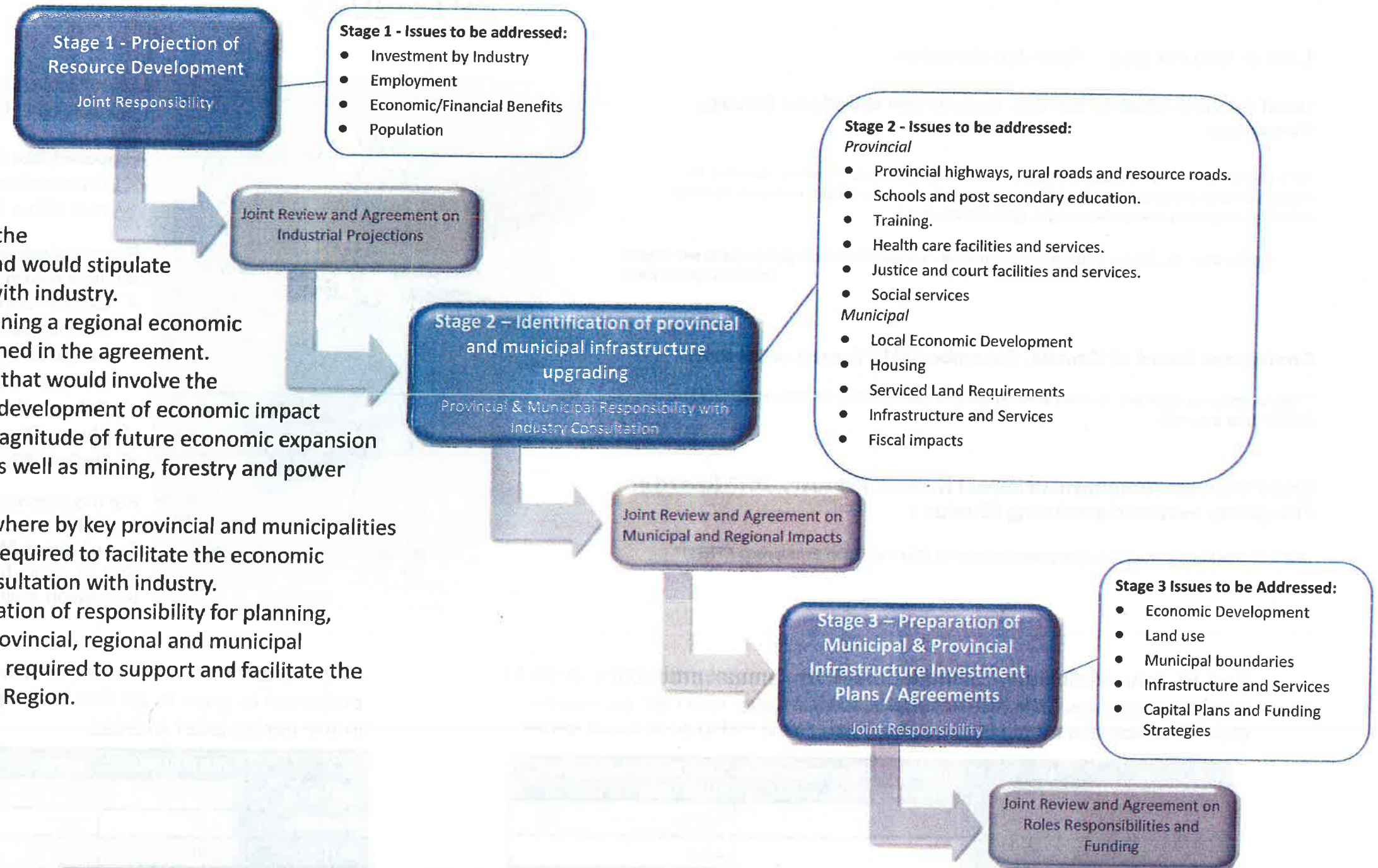
	LNG Related	Pipelines	Energy	Mining	Total
2013-2015	875	400	809	0	2,084
2016-2020	3,125	1,600	1,217	1,600	7,542
2021-2025	5,208	1,638	370	1,600	8,816
2026-2030	4,113	1,638	240	1,600	7,591
2031 - 2035	4,023	1,638	240	1,600	7,501

20% of all direct jobs would be filled by permanent residents of the Peace Region.

A Comprehensive Planning Model for BC Resource Development

Key Elements:

- That the agreement would be between the Province and the Mayors' Partnership and would stipulate ongoing involvement and consultation with industry.
- The MOU would give first priority to defining a regional economic planning process which would be enshrined in the agreement.
- The regional economic planning process that would involve the Province, industry, and municipalities in development of economic impact analysis that would identify the global magnitude of future economic expansion including natural gas and LNG impacts, as well as mining, forestry and power generation.
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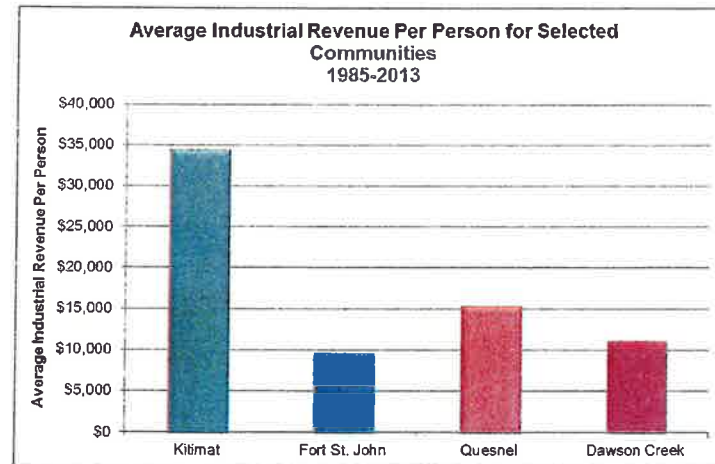


A Joint Venture MOU is Mandatory

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Fair Share Mythology

Summary of Total Industrial Revenue For Selected Communities – 1985 to 2013



- 50% of the roads have open ditches
- 63 kms / 60% of roads do not have street lights
- 94 kms / 52% of roads are gravel
- 35kms of paved roads need to be reconstructed
- 60% of the town has no sidewalks



Community	Industrial Revenues (\$ millions) ¹			2013 Population	Average Industrial Revenue per Person
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Quesnel	\$152.7	n/a	\$152.7	10,000	\$15,270

Notes: ¹ Values rounded

² Industrial taxation for Class 2, 4 and 5 properties; municipal purpose taxation only

³ Fair Share available to Peace River municipalities and electoral areas; not available to District of Kitimat or City of Quesnel

Comparison of 2013 Tax Rates for Selected Communities

Community	2013 Tax Rates (per \$1,000 assessed value) ¹			
	Residential	Utility	Major Industry	Light Industry
Dawson Creek	\$5.16	\$43.13	\$17.25	\$17.25
Fort St. John	\$5.23	\$40.00	\$29.00	\$26.49
Kitimat	\$2.11 ²	\$40.00	\$52.73	\$45.30
Quesnel	\$4.17	\$40.00	\$74.41	\$27.83

Notes: ¹ Municipal purpose tax rates

² Flat rate of \$527 also levied on residential properties with improvements

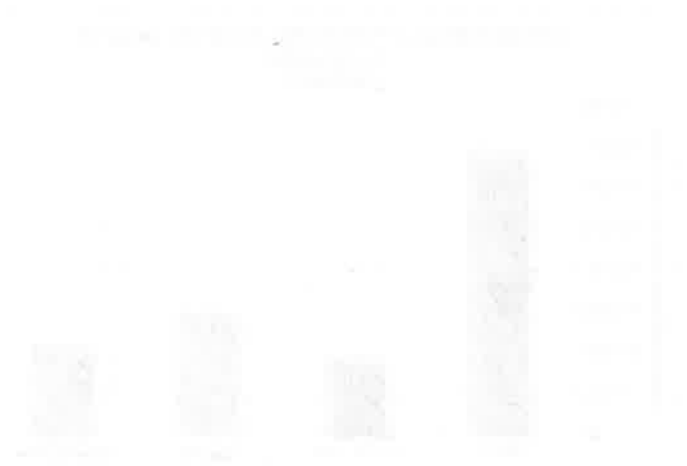
Fair Share Mythology

Summary of Total Personal Income
of Selected Countries - 1975 vs 1979

Country	1975	1979	% Change
United States	10,000	12,000	20%
France	8,000	9,500	19%
West Germany	7,000	8,500	21%
Japan	6,000	7,500	25%

Comparison of 1979 Tax Rates for
Selected Countries

Country	1975	1979	% Change
United States	25%	30%	20%
France	20%	25%	25%
West Germany	15%	20%	33%
Japan	10%	15%	50%



While the United States has the highest total personal income, it is not the only country to show significant growth. Japan shows the highest percentage increase in total personal income, rising 25% from 1975 to 1979. West Germany and France also show strong growth, with increases of 21% and 19% respectively. The United States shows a 20% increase over the same period.

