16 LOCAL GOVERNMENT REVENUE

16.1 Approach

The Project's use of, or effects on others use of, the land, services, and infrastructure could affect local government revenues and expenditures. Changes in local government revenues and expenditures are valued by local residents because they receive services from and pay property taxes to local governments. Federal and provincial governments would also receive revenues in the form of income taxes, consumption taxes, or royalties, as reported in Volume 1 Section 7 Project Benefits.

16.1.1 Regulatory and Policy Setting

The key statute governing local government revenues is the provincial Community *Charter,* Part 7, Municipal Revenue. The Charter sets outs revenue sources and management guidelines for local governments, including the rules around borrowing funds and recovering costs through taxation associated with local services. The *Local Government Act* requires municipalities and regional districts to prepare a financial plan annually. The financial plan must be adopted annually by bylaw and it must cover a minimum five-year period (B.C. Ministry of Community, Sport and Cultural Development No Date a, No Date b).

Local governments generate revenue primarily through property taxes (property, parcel, and local service taxes), sale of services, and transfers received from the provincial and federal governments. There are clear rules around borrowing and repaying funds that often require consideration and direct input from voters.

The *Local Government Grants Act* establishes the statutory funding framework for provincial government support to local governments by providing authority to make conditional and unconditional grants to local governments and related organizations. The Fair Share Memorandum of Understanding (MOU) is an agreement between the provincial government, the Peace River Regional District (PRRD), and member municipalities. In the Peace River region, most of the industry infrastructure is located outside of municipal boundaries, which prevents municipalities from collecting tax on the properties. This agreement helps Peace River municipalities provide services despite not being able to access some of the industrial tax base (B.C. Ministry of Community, Sport and Cultural Development 2012). The current agreement began in 2005 and runs until 2020, and the funding has no conditions attached; however, the funding is renewed annually and can be terminated by the province at any time (PRRD, Chief Administrative Officer 2011, pers. comm.).

The *Hydro and Power Authority Act* authorizes BC Hydro to pay grants-in-lieu of general municipal, regional district and local improvement taxes. Order-In-Council 1218/65 and Order-In-Council 268/11 set out the formula used to calculate the grant payments. Annual grants paid include the following items:

- Grants equivalent to general, regional district, and local improvement taxes on the assessed value of all land owned by BC Hydro and on the assessed value of improvements such as office buildings, garages, warehouses, line stores, and

substation buildings; assessed values of generating plants, substation equipment, transmission lines, and distribution lines are excluded from this calculation

- Revenue grants equal to 1% of gross revenue from sales of electricity to BC Hydro customers within the province, excluding revenue from power sold to other distribution systems for resale
- Special grants-in-lieu of general taxes on dams, reservoirs, and powerhouses; these grants are based on installed capacity, or imputed nameplate-generating capacity, in the case of storage dams

16.1.2 Key Issues and Identification of Potential Effects

Issues, concerns, and interests identified during consultation with the public, local governments, and government agencies guided the scope of the local government revenue assessment (refer to Volume 1 Section 9 Information Distribution and Consultation). The key issues identified and the approaches used to address issues are outlined in Table 16.1.

There is the potential for adverse effects on local government revenue due to changes in the following as a result of the Project:

- Changes to population and demand for community infrastructure and services, increasing expenditures
- Change in expenditures for services demand by non-residents but no corresponding increase in revenues
- Change in revenues and expenditures and the difference in timing when revenues would begin to be received and when expenditures would need to take place
- Change to in-place infrastructure and the associated cost that would be created by the Project
- Change in land use that would decrease the property tax paid to local government

Table 16.1 Key Issues: Local Government Revenue

Key Issues	Approach to Addressing Key Issues
Change in population and demand for community infrastructure and services, increasing expenditures	▪ Issues were used to identify indicators such as property taxes, grants-in lieu, sales of services, transfers, program expenditures, and service expenditures ▪ Included direction in magnitude and timing of population change generated by BCIOM (Refer to Volume 3 Appendix A Economic Assessment, Part 2 Project Economic Impacts: B.C. Stats) ▪ Included consideration of the findings for local governments in the community infrastructure and services (Refer to Volume 4 Section 30 Community Infrastructure and Services) ▪ Recognition of the policy and legal framework in which local government budgeting and finance is undertaken ▪ Assessment of local property tax loss due land use change prepared in cooperation with the PRRD and BC Hydro
Change in expenditures for services demand by non-residents but no corresponding increase in revenue	
Change in revenues and expenditures and the difference in timing when revenues would begin to be received and when expenditures would need to take place	
Change to in-place infrastructure and the associated cost created by the Project	
Change in land use would decrease the property tax paid to local government	
Follow-up monitoring for methylmercury	

Potential project interactions with local government revenue are summarized in Volume 2 Appendix A Project Interactions Matrix, Table 2. As defined in Volume 2 Section 10 Effects Assessment Methodology, a "2" ranking is assigned where an interaction may result in an adverse effect and where mitigation measures are not well understood to be effective. These interactions were taken forward through the effects assessment.

Project interactions with a ranking of "2" are set out in Table 16.2 below.

Table 16.2 Interactions of the Project with Local Government Revenue

Project Activities and Physical Works	Key Aspects
	Change in Government Revenues and Expenditures
Construction	✓

NOTE:
Only Project interactions ranked as "2" in Volume 2 Appendix A Project Valued Component Interactions Matrix, Table 2 are carried forward to this table. A ✓ indicates that a project component or activity is likely to interact with local government revenue.

16.1.3 Standard Mitigation Measures and Effects Addressed

A "1" ranking was given where an adverse effect may result from an interaction, but standard mitigation measures to avoid or minimize the potential effects are available and well understood to be effective, and any residual effect is negligible. A "0" ranking was given where there were no identified adverse effects identified arising from an interaction with the Project. These interactions were not carried forward through the effects assessment.

Potential effects on local government revenue and expenditures were assigned a "0" for Project operations, as there would be no or negligible change to local government expenditures on services or infrastructure during Project operations, as 1) the operations-phase workforce is very low relative to the existing and forecast population, and 2) there would be no Project demand that wouldn't be addressed through normal fees (e.g., fees for landfill use).

There would be a beneficial effect on local government revenue during Project operations, as local governments would receive a reliable annual income from BC Hydro in the form of annual grants-in-lieu payments once the generating station begins operations. The amount payable and the recipient governments will be determined by the provincial government. Based on current rates, BC Hydro would make an estimated total annual payment of approximately $1.3 M (in 2012 dollars) beginning in the first year of operations to local governments (BC Hydro, Property Tax Specialist 2012a, pers. comm.). BC Hydro would also pay an estimated further $800,000 per year for school taxes for transmission assets to the provincial government. See Volume 1 Section 7 Project Benefits for further information. As the grants-in-lieu approach is established under order-in-council by the provincial government, the operations phase is not considered further in this assessment.

16.1.4 Selection of Key Indicators

The key indicators for assessing Project effects on local government revenue are shown in Table 16.3 and include:

- Local government expenditures on specific programs and services

- Local government revenues from BC Hydro grants-in-lieu payments, property taxes, and transfers

Governments would be affected by changes in revenue streams, including property taxes and fees for service. They would also incur costs related to the provision of services and demand on infrastructure from the Project.

Table 16.3 Key Indicators for Local Government Revenue

Key Aspect	Key Indicators	Rationale for Selection of the Key Indicators[a]
Potential change in local and regional government expenditures and revenue	▪ Local government expenditures o programs, services ▪ Local government revenues o property taxes o grants-in-lieu o sales of services o transfers o other (income, royalties, etc.)	The indicators provide information on local government revenues and expenditures, how local governments raise revenues, and how revenues are applied against provision of local programs and services.

NOTE:

[a] Includes input from consultation with regulators, First Nations, affected stakeholders, and the public, as well as regulatory guidelines, policies and/or programs

16.1.5 Spatial and Temporal Boundaries

16.1.5.1 Spatial Boundaries

The local assessment area (LAA) for local government revenues includes the City of Fort St. John, the District of Taylor, the District of Hudson's Hope, the District of Chetwynd, the City of Dawson Creek, and the PRRD (Electoral Areas B, C, D, and E) (Table 16.4 and Figure 16.1). This is the area where physical and workforce effects would impact local government revenues and expenditures. First Nation communities are excluded from this analysis.

The RAA is the local municipal governments in the PRRD, including the City of Fort St. John, the District of Taylor, the District of Hudson's Hope, the District of Chetwynd, the City of Dawson Creek, and the PRRD, but excluding First Nation communities. This is the regional government boundary within which both regional (i.e., PRRD) and local government revenues would be affected by other projects at the same time as the Project, potentially resulting in cumulative effects.

Table 16.4 Spatial Study Areas for Local Government Revenue

Local Assessment Area	Regional Assessment Area
▪ District of Chetwynd ▪ City of Dawson Creek ▪ City of Fort St. John ▪ District of Hudson's Hope ▪ District of Taylor ▪ PRRD	▪ District of Chetwynd ▪ City of Dawson Creek ▪ City of Fort St. John ▪ District of Hudson's Hope ▪ District of Taylor ▪ PRRD

16.1.5.2 Temporal Boundaries

The temporal boundary for the assessment is the Project construction phase as described in Volume 1 Section 4 Project Description and runs from year 0 to year 8.

As described in Section 16.1.3, the grants-in-lieu approach is established under order-in-council by the provincial government and would mitigated any potential effects during operations; thus, the operations phase is not considered further in this assessment.

16.2 Information Sources and Methodology

16.2.1 Literature Review

The baseline description of local government revenues used historical and current information including:

- Consolidated expenditure information (i.e., how expenditures were allocated among program and service areas) from 2004 to 2010 for the PRRD and local municipalities reported by B.C. Ministry of Community, Sport and Cultural Development
- Consolidated revenue information from 2004 to 2010 for the PRRD and local municipalities reported by the B.C. Ministry of Community, Sport and Cultural Development
- Direct grants-in-lieu payments by BC Hydro to local governments (BC Hydro)

Property tax information was available for incorporated communities and the PRRD. Literature and data sources used in the assessment are listed at the end of this section.

16.2.2 Interviews

Interviews were undertaken with municipal governments, PRRD, provincial government, and BC Hydro representatives concerning current services utilization and infrastructure demand. Plans for infrastructure and service expansion and for a review and interpretation of property taxation rates were also discussed. The PRRD assisted in calculating the local property tax that would be lost as a result of the Project. Personal contacts are listed at the end of this section. Volume 3 Appendix A Economic Assessment, Part 1 Economic Assessment Interview Methodology outlines details on the interview methodology.

16.3 Baseline Conditions

Local governments have both capital and operating budgets in their financial plan. This baseline description focuses on operating expenditures, as they are most directly linked to changes in service demand. Further detail on specific services that might be affected by the Project is provided in Volume 4 Section 30 Community Infrastructure and Services.

16.3.1 Revenues

Local government revenues are generated primarily through property taxes (including grants-in-lieu from Crown corporations such as BC Hydro) and sale of services. Communities in the LAA region also receive revenue from the provincial government through the Fair Share agreement. For the PRRD, electoral area requisitions, local government requisitions, and Municipal Finance Authority contributions are additional sources.

Table 16.5 shows total revenues for each PRRD community between 2004 and 2010. The annual Fair Share agreement funding from the province flows through the PRRD to the municipalities and rural areas in the LAA and is therefore reflected in the revenue of the PRRD and the municipalities. For example, in 2010, this resulted in a transfer of $31.2M from the PRRD to municipalities ($29.3 M) and Electoral Areas B, C, D, and E ($1.9 M) (Sander Rose Bone Grindle 2011). The communities experienced variation in revenue between 2004 and 2010. During this time, revenues have varied primarily as a result of capital project spending which includes those supported through lump sum funding from provincial and federal governments.

Table 16.5 Total Revenue for PRRD and Municipalities, 2004 to 2010 ($000)

Area	2004 ($)	2005 ($)	2006 ($)	2007 ($)	2008 ($)	2009 ($)	2010 ($)
District of Chetwynd	6,329.5	10,029.0	6,521.2	6,750.3	7,145.2	7,861.7	7,989.7
City of Dawson Creek	29,421.7	56,436.9	32,267.5	33,650.6	34,278.1	37,225.9	43,783.0
City of Fort St. John	30,720.1	47,977.8	47,772.1	40,372.9	44,419.8	51,044.2	68,646.2
District of Hudson's Hope	2,600.2	2,705.9	3,515.7	5,050.6	3,711.3	4,180~~,180~~.0	3,978.8
District of Taylor	5,780.9	9,068.2	6,617.7	7,006.2	6,609.0	8,744.9	8,536.0
PRRD	38,449.4	63,572.2	45,379.3	50,936.6	54,894.4	59,639.1	63,523.0

SOURCE:
B.C. Ministry of Community, Sport and Cultural Development (No Date a–g; h–o)

Table 16.6 shows the distribution of BC Hydro property taxes and grants-in-lieu payments for 2008 and 2011. The school tax is calculated based on the assessed property value in the municipality, but is paid to the provincial government. The grant portion and other taxes accrue to the local governments.

Table 16.6 BC Hydro Net Property Tax and Grants-In-Lieu Payments by Category, 2008 and 2011

Area	Year	School Taxes ($)	Grants ($)	Other Taxes ($)	Total ($)
District of Chetwynd	2011	51,840	134,021	10	185,871
	2008	40,168	246,459	11	286,638
City of Dawson Creek	2011	100,702	185,833	0	286,535
	2008	85,133	138,948	4,292	228,373
City of Fort St. John	2011	76,920	198,529	1,221	276,670
	2008	67,295	137,585	1,221	206,101
District of Hudson's Hope	2011	1,577,560	1,250,342	9,963	2,837,865
	2008	1,501,432	1,067,196	7,226	2,575,854
District of Taylor	2011	24,604	281,860	0	306,464
	2008	23,075	218,874	0	241,949
PRRD	2011	0	1,014,869	0	1,014,869
	2008	0	838,716	0	838,716

NOTE:
School taxes accrue to the provincial government
SOURCE:
BC Hydro (No Date a, No Date b)

16.3.2 Expenditures

Local government expenditures increase in response to service expansion, population growth, and the acquisition of capital assets. Table 16.7 shows the total expenditures by community and the PRRD between 2004 and 2010. For all communities, expenditures fluctuated over the period, primarily due to the acquisition of capital assets. For example, in 2010, Fort St. John expenditures on capital assets represented $37.0 M of $70.9 M in total expenses, while in 2005 capital expenditures were $14.2 M of total expenses of $33.6 M.

Table 16.7 Consolidated Expenditures for PRRD and Municipalities, 2004 to 2010 ($000)

Area	2004 ($)	2005 ($)	2006 ($)	2007 ($)	2008 ($)	2009 ($)	2010 ($)
District of Chetwynd	7,000.0	7,100.0	6,700.0	7,700.0	7,600.0	8,200.0	7,017.1
City of Dawson Creek	30,800.0	41,300.0	46,100.0	41,100.0	41,.300.0	31,800.0	37,310.7
City of Fort St. John	28,000.0	33,600.0	48,100.0	55,800.0	55,100.0	57,400.0	70,896.1
District of Hudson's Hope	2,600.0	2,600.0	3,600.0	4,200.0	3,100.0	2,900.0	4,202.4
District of Taylor	6,100.0	10,500.0	5,400.0	6,600.0	6,400.0	8,800.0	8,845.7
PRRD	35,200.0	56,700.0	42,200.0	45,800.0	52,400.0	59,400.0	71,1136.1

SOURCE:
B.C. Ministry of Community, Sport and Cultural Development (No Date o–ab)

16.3.3 Consolidated Revenues and Expenditures, 2010

Consolidated revenues and expenditures for the municipalities and PRRD for 2010 are shown in Table 16.8 and Table 16.9. In 2010, $29.3 M of the $35.4 M transferred to the PRRD from the Province was through the Fair Share agreement and was subsequently redistributed to the municipalities (Sander Rose Bone Grindle 2011). Grants-in-lieu paid by BC Hydro on power generation facilities are included in the “own purpose taxation and grants-in-lieu” line in Table 16.7 In 2010, Fort St. John collected 31.7% or $21.8 M of its total revenues from its own purposes taxation and grants-in-lieu, while Dawson Creek collected 33.1% or approximately $14.5 M.

Expenditures in Table 16.9 are itemized by major service area, including transportation, protective services, transit, parks, recreation, and culture. Protective services (e.g., fire, policing, bylaw services, and coordination of municipal emergency operations) made up over 16.0% of expenditures in Dawson Creek and 14.0% in Fort St. John in 2010. In the PRRD, solid waste management represented 11.3% of expenditures and was the single largest program expenditure. In addition, in all communities and the PRRD the acquisition of capital assets was a key expenditure area in 2010.

Table 16.8 Consolidated Revenues for Local Municipalities and PRRD, December 31, 2010 ($000)

Revenue	Chetwynd ($)	Dawson Creek ($)	Ft. St. John ($)	Hudson's Hope ($)	Taylor ($)	PRRD ($)
Total own purposes taxation & grants-in-lieu (municipalities only)	2,745.3	14,475.5	21,776.3	2,481.1	3,412.5	0.0
Grant-in-Lieu (PRRD only)	0.0	0.0	0.0	0.0	0.0	1,015.7
Sale of services	1,605.1	8,238.8	11,516.5	567.1	1,958.6	3,884.9
Transfers from federal government	156.1	208.9	11,897.7	0.0	1,385.3	0.0
Transfers from provincial government	1,315.5	11,373.9	15,938.6	792.2	1,564.9	35,435.7
Transfers from regional & other governments	2,308.8	1,340.1	683.0	90.8	105.8	367.5
Investment income	15.0	738.9	258.0	34.5	119.8	244.6
Developer contributions	12.5	4,159.1	6,613.0	0.0	0.0	0.0
Disposition of assets	(168.7)	(79.6)	(36.9)	13.2	(10.9)	0.0
Other revenue	0.0	3,327.4	0.0	0.0	0.0	25.5
Actuarial adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Electoral area & local government requisitions	0.0	0.0	0.0	0.0	0.0	15,877.2
Member Municipal Finance Authority debt payment	0.0	0.0	0.0	0.0	0.0	6,672.1
Total revenue	7,989.6	43,783.0.0	68,646.2	3,978.9	8,536.0	63,523.2

NOTE:

The $29.3 M in other adjustments in the PRRD expenditures is from the Fair Share funds received from the provincial government and is redistributed to municipalities and electoral area communities in the PRRD

SOURCES:

B.C. Ministry of Community, Sport and Cultural Development (No Date a, p, ac, ad); District of Chetwynd (No Date); Sander Rose Bone Grindle (2011); City of Dawson Creek (2012); City of Fort St. John (2012)

Table 16.9 Consolidated Expenditures for Local Municipalities and PRRD, December 31, 2010 ($000)

Expenditure	Chetwynd ($)	Dawson Creek ($)	Ft. St. John ($)	Hudson's Hope ($)	Taylor ($)	PRRD ($)
General government	1,140.7	2,814.3	4,759.2	903.1	706.0	2,783.3
Protective services	424.2	6,093.7	9,945.9	231.3	326.9	2,717.1
Solid waste management & recycling	341.0	480.7	972.8	104.6	33.2	8,033.9
Health, social services & housing	119.5	89.6	0.0	4.1	129.4	536.5
Development services	571.6	998.6	1,775.4	106.3	72.9	1,035.9
Transportation & transit	1,484.6	3,761.8	7,181.1	423.6	492.6	240.5
Parks, recreation & culture	380.5	7,886.8	4,775.3	673.7	2,814.7	9,882.8
Water services	628.6	2,636.9	2,700.5	115.1	242.3	35.9
Sewer services	340.4	743.6	1,663.9	72.6	204.7	254.7
Other services	0.0	1,279.7	109.0	0.0	0.0	0.0
Acquisition of tangible capital assets	1,586.0	10,525.0	37,013.0	1,568.0	3,823.0	9,643.0
Debt payment for member municipalities	0.0	0.0	0.0	0.0	0.0	6,672.1
Other adjustments	0.0	0.0	0.0	0.0	0.0	29,300.4
Total expenditures	7,017.1	37,310.7	70,896.1	4,202.4	8,845.7	71,136.1

NOTE:

The $29.3 M in other adjustments in the PRRD expenditures is from the Fair Share funds received from the provincial government and is redistributed to municipalities and electoral area communities in the PRRD

SOURCES:

B.C. Ministry of Community, Sport and Cultural Development (No Date a, p, ac, ad); District of Chetwynd (No Date); Sander Rose Bone Grindle (2011); City of Dawson Creek (2012); City of Fort St. John (2012)

16.4 Effects Assessment

16.4.1 Effects Assessment Construction Change in Local Government Revenue and Expenditures

The potential effect on local government revenues and expenditures during Project construction is assessed by taking into account how local population increases, and therefore the incremental demand for local government services and infrastructure, would be influenced by the the timing and magnitude of project-related activities (reported using the BCIOM Volume 3 Appendix A Economic Assessment) and the related factors for local governments to raise new revenue to address new population-based expenditures. In addition, the physical change to land use would affect existing property taxes collected and existing local infrastructure (see Volume 4 Section 30 Community Infrastructure and Services).

The BCIOM was used to produce the timing and magnitude of direct, indirect, and induced jobs associated with the Project, including estimates of regional employment. Potential local employment participation rates and the number of estimated new residents were used to estimate potential changes in population in the LAA, and specifically for Fort St. John. The potential population increases caused by the Project during construction inform potential changes to local government revenue and expenditures.

16.4.2 Timing and Magnitude of Local Population Growth Due to Project-Related Activities

During construction, direct workers would come to the area and, despite the availability of rooms in the construction camps, may choose to live in LAA communities, primarily Fort St. John and the surrounding area. In addition, other in-migrants would come to the area during construction to potentially fill indirect and induced positions and would settle in LAA communities. It is anticipated that workers settling in communities and those living in camp would place increased demand on local services, but in different ways.

Workers and their families living in the community would create demand typical of existing residents, while camp workers would have less need for many services, but this would still increase demand in areas where on-site services are not feasible. Aggregate demand would increase for local government services for policing, fire, recreation and leisure, municipal solid waste, sewer and water service delivery, and transportation (refer to Volume 4 Section 30 Community Infrastructure and Services and Volume 4 Section 31 Transportation).

Communities in the LAA are experiencing population growth; this growth is projected to continue. The net effect of the Project on local government revenues and expenditures would be to accelerate the expected increases in service and infrastructure needed to serve the growing population. Based on forecasting in Volume 4 Section 28 Population and Demographics, the population would be advanced by approximately two years for the LAA and three years for Fort St. John. As the construction workforce tapers off at the end of construction, natural population growth would be expected to replace the construction-induced population change; therefore, an overall population decline at the

end of construction would not be expected (see Volume 4 Section 28 Population and Demographics).

Local governments that receive new residents would experience increased property tax revenues. Increased taxes paid to local government by supplier and induced industries would also increase revenues. Collectively, own-source taxation to local governments would increase. Based on proximity to the Project, most of this new resident population and business activity would likely be in the Fort St. John area.

16.4.3 Legal and Policy Factors

The legal and policy framework that local governments operate within defines the way local governments manage their local finances and establish the budgeting process to follow.In particular, this limits the way in which local governments can deficit finance for capital projects and constrains the flexibility for operation variances. This could create challenges associated with the timing of when new revenues would accrue and when the expenditures would be required. Overall, local governments are bound by clear rules and procedures for budget planning and deficit financing.

16.4.4 Change in Land Use

Private land in the LAA that would be inundated by the Site C reservoir would result in a loss in the assessable property tax base at the time of reservoir filling. These lands would also no longer require municipal services.

In the PRRD, the estimated own-purpose property taxes lost permanently due to the Project reservoir filling would be $1,050 annually. An additional $1,640 annually in hospital taxes would be permanently lost. However, the PRRD would also be expected to receive grants-in-lieu payments that would more than offset this small loss of tax revenue.

Due to permanent loss of land due to reservoir filling, the District of Hudson's Hope's own-purpose property tax would decline by $14,105 annually and hospital taxes by $1,865 annually, or a total of approximately $16,000 per year.

The Project would affect local infrastructure, specifically water intake and sewer outfall infrastructure currently sited along the Peace River. These effects are addressed in Volume 4 Section 30 Community Infrastructure and Services and Volume 4 Section 31 Transportation. Services and infrastructure provided by local government that could, if not mitigated, increase local government expenditures due to Project effects are summarized in Table 16.10.

Table 16.10 Summary of Potential Local Government Expenditure and Revenue Effects by Service Area

Service	Jurisdiction & Funder	Source of Incremental Expenditures	Typical Revenue Source	Potential Project Effect
Community Services				
Recreation and Leisure	Fort. St. John and Taylor	Increased service capacity to meet demand from camp population using Fort. St. John's and Taylor's recreation and leisure services	Property taxes User fees	Increased costs for programming and staff that exceed user fees (i.e., increase in local government subsidy)
Water & Sewer Lines	Fort. St. John	Planning and hook-up costs for new homes and businesses	Developers – developer's cost charges currently apply in Fort St. John	None identified
Water & Sewer Service Delivery	Fort St. John, Taylor	Increased demand on sewer and water facilities by new residents	User fees	None identified
Water & Sewer Intakes/Facilities	Fort St. John, Taylor, Charlie Lake & Hudson's Hope	Costs for upgrading or moving facilities affected by project activities	None for unscheduled capital upgrades	Incremental capital expenditures
Solid Waste	PRRD	Increased service capacity to meet demand of new residents, project waste management	User fees, tipping fees	None identified
Emergency Services				
Policing	Fort St. John	Increased service capacity to meet demand of new residents	Property taxes	None identified
		Increased service capacity to meet demand of camp population, and road safety policing	None	Increased costs for staffing to maintain service levels and public safety
Fire and Rescue Services	Fort. St. John	Increased service capacity to meet demand of new residents	Property taxes	Emergency rescue service provided for motor vehicle accidents
	Fort. St. John	Increased service capacity to meet demand of project facilities and work sites	Service fees	None identified–if services are provided there would be an agreed upon fee structure for services rendered

16.4.5 Mitigation Measure – Change in Local Government Revenue and Expenditure

Local governments may experience increased costs related to meeting the demands of new local residents and Project workforce camp populations, or may have infrastructure that, if affected and not mitigated, would increase local government expenditures. Volume 4 Section 30 Community Infrastructure and Services addresses these issues directly, and where adverse effects have been identified, mitigation and monitoring measures have been proposed.

In recognition of the potential impact on the District of Hudson Hope's community development which would be caused by the Project's permanent inundation of land BC Hydro agrees to provide a onetime contribution of $160,000 to the District payable within one year of when the Site C reservoir is filled. This payment will be without prejudice to any powers, rights, immunities or exemptions that BC Hydro may have under any statute or otherwise, and will not set a precedent for any other similar matter in the future.

16.5 Summary of Effects Assessment and Mitigation Measures

A summary of potential effects and mitigation measures is shown for local government revenues in Table 16.11.

Table 16.11 Project Effects and Mitigation Measures on Local Government Revenue

Project Phase	Potential Effect	Mitigation Measures	Mitigation Effectiveness	Responsibility
Construction	Change in local government revenue – increased costs to serve residents, damage to infrastructure	▪ Local governments may experience increased costs related to meeting the demands of new local residents and Project workforce camp populations, or may have infrastructure that, if affected and not mitigated, would increase local government expenditures. Volume 4 Section 30 Community Infrastructure and Services identifies adverse effects and mitigation and monitoring measures as appropriate ▪ Permanent inundation of land no longer available for development will be addressed by providing a one-time contribution of $160,000 to the District of Hudson's Hope within one year of reservoir filling. ▪ Standard Mitigation: Once operational, BC Hydro will provide annual grants-in-lieu payments to local governments as directed by as per provincial funding obligations order-in-council.	▪ Measures to manage demand for local services and infrastructure would address potential net increases in local government expenditures ▪ Infrastructure damages and loss of taxable land base have been identified and compensation will be provided	BC Hydro

16.5.1 Other Mitigation Options Considered

There were no other mitigations measures considered by BC Hydro for effects on local government revenue.

16.6 Residual Effects

No residual effects on local government revenue are anticipated following mitigation.

16.7 Cumulative Effects Assessment

No cumulative effects on local government revenue are anticipated, because no residual effects following mitigation are anticipated.

16.8 Monitoring and Follow-up

Monitoring specific to local government revenue is not required.

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