

MEMORANDUM OF UNDERSTANDING

AMONG

Her Majesty the Queen in Right of the Province of British Columbia

represented by

**The Ministry of Community, Sport and Cultural Development
(the "Province")**

and

Peace River Regional District

and

District of Chetwynd

and

City of Dawson Creek

and

City of Fort St John

and

District of Hudson's Hope

and

Village of Pouce Coupe

and

District of Taylor

and

District of Tumbler Ridge

(the "Region" or "Signatories")

**Memorandum of Understanding Between the Province and the Region for Payments
in Place of Direct Access to the Unincorporated Industrial Tax Base
[“Peace River Agreement”]**

Preamble

Whereas the Province and the Region believe that citizens are best served when both orders of government acknowledge and respect the jurisdiction of each, work to harmonize their actions and foster co-operative approaches to matters of mutual interest.

Whereas the Province and the Region intend to work collaboratively to ensure that investments made by the Signatories to this MOU are strategic, purposeful and forward-looking.

Whereas the Province and the Region intend that this MOU provide the basis for a long-term, respectful relationship that builds strong communities, with the capacity to support the sustained economic growth of the region.

Whereas the Province and the Region agree that a key part of building such capacity is ensuring that the municipal Signatories benefit from the unincorporated industrial tax base located outside their boundaries.

Whereas an agreement on the amount and distribution of the payments in place of the unincorporated industrial tax base is required to enable the municipal Signatories and electoral areas to address historic infrastructure deficits and make sound investment decisions related to future growth.

Whereas in 2005 the Province and the Region entered into a Memorandum of Understanding dated March 22, 2005 (the “2005 MOU”).

Whereas the Parties wish to terminate the 2005 MOU and replace it with this MOU.

Whereas pursuant to Part 4, Division 5 of the *Local Government Grants Regulations*, B.C. Reg. 221/95, the Province is authorized to make special assistance grants to assist in the resolution of municipal or regional district problems that are unusual or unique.

NOW THEREFORE the Province and the Region (the “Parties”) agree and undertake that:

Considerations

1. The Parties recognize the unique situation of the Region with respect to limited access to the industrial property tax base.
2. In particular, the Parties recognize that much of the industry is located in areas outside of municipal boundaries and therefore is not subject to municipal taxes. Municipal boundary adjustments, inter-municipal tax sharing arrangements, and the regionalization of services cannot adequately address this issue.
3. The Parties recognize that the Region's municipalities are the service centres to industry and its workers and that industry growth will continue to place additional demands on municipal infrastructure and services.
4. The Parties recognize that historical infrastructure deficits continue to exist in some of the Region's municipalities.
5. The Parties recognize that the considerations in paragraphs 1 through 4 must be addressed with the objective of achieving a reasonable degree of comparability with the revenues from property classes 2, 4 and 5 ("Industrial Revenues") available in other industrial municipalities across British Columbia.

Objective

6. The objective of this MOU is to address issues respecting historic infrastructure deficits, parity, responsiveness, local autonomy, accountability, certainty, industrial competitiveness, economic development and regional infrastructure needs while having limited precedent effect with other local governments in British Columbia. In addition, the Parties have a mutual interest in ensuring that the Signatories to this MOU have the resources to upgrade, maintain and expand the services and infrastructure necessary to facilitate the economic expansion of the oil, gas, forest and other industries within the region.

Partnership Committee

7. The Province and the Region will establish a Partnership Committee to collaborate on issues of shared interest to the Province and Region in meeting the spirit of this MOU.
8. Terms of appointment, membership, responsibilities and decision-making for the Partnership Committee are set out in Appendix 3 of this MOU.
9. The Province will provide the Peace River Regional District (PRRD) with \$1 million in 2015 for the purposes of supporting the work of the Partnership Committee.

Requirement for Regional Consensus

10. When the Region acts under this MOU it requires the unanimous consent of the PRRD and its member municipalities.

Commencement

11. This MOU will commence on May 31, 2015

Special 2015 Payment

12. If a local government Signatory to this MOU provides to the Province, prior to May 20, 2015, a Resolution of its council or board which confirms approval in principle of this MOU, the Province will pay to the Signatory, in 2015, an amount equal to that Signatory's share of \$3 million to be distributed in accordance with the allocation formula set out in Appendix 2.
13. If a local government Signatory does not provide to the Province, prior to May 20, 2015, a Resolution as described in section 12, that local government Signatory's allocated share of the payment referred to in section 12 shall be divided amongst the remaining local government Signatories that met the requirements of section 12 in accordance with the allocation formula set out in Appendix 2.

Annual Payments

14. Upon the Signatories meeting the requirements established in sections 15 through 19 of this MOU, the Province will pay to each Signatory, no later than April 30 of each year, an amount determined in accordance with Appendix 1 and Appendix 2 of this MOU to and including April 30, 2034 unless any portion of the annual amount is withheld under section 18. Annual payments beyond April 30, 2034 are subject to new annual payment amounts to be negotiated pursuant to section 25.

Eligibility

15. In order for a Signatory to be eligible for payments under this MOU, it must annually meet the following eligibility criteria:
 - (a) the Signatory must be located within the PRRD;
 - (b) By October 31, 2015, the Signatory must submit to the Province's Assistant Deputy Minister responsible for Local Government ("ADM for LG") a Long-Term Development Plan ("LTDP") that outlines the intended policies, operational activities and capital investments for a five-year period identifying how the annual payment under this MOU will contribute to the objective of enhancing the region as a service centre for industry and its workers. The LTDP may be amended at any time and any amendments must be submitted to the ADM for LG. Every five years from 2015, each Signatory must submit a revised LTDP to the ADM for LG by October 31 of that year;

- (c) By January 31, 2016, each Signatory must submit to the ADM for LG an Annual Development Plan ("ADP") that provides a prospective report on the anticipated policies, operational activities and capital investments the Signatory expects to undertake during the upcoming calendar year utilizing the upcoming annual payment in alignment with that Signatory's LTDP;
- (d) By January 31, 2016 each Signatory must submit to the ADM for LG an Annual Progress Report ("APR") that provides a retrospective review of the policies, operational activities and capital investments the Signatory has undertaken during the previous two calendar years, with alignment to the ADP submitted in the previous year; and,
- (e) For all years after 2016, each Signatory will submit an annual ADP and APR by January 31 of each year to the ADM of LG. With the agreement of the ADM of LG an annual ADP or APR may be submitted after January 31.

Reporting, Application and Approval Requirements

16. The ADM for LG will receive and review both the ADP and APR provided by each Signatory as an application for the annual funding to be approved for the following year, in consideration of the following criteria:
 - (a) The applicant Signatory continues to meet the eligibility criteria established in section 15;
 - (b) The applicant Signatory has met all annual statutory requirements under the *Community Charter* and/or the *Local Government Act*;
 - (c) The ADP submitted by the applicant Signatory reasonably demonstrates that annual payments provided for the upcoming year will contribute to the implementation of policies, operational activities or capital investments consistent with that signatory's LTDP; and
 - (d) The APR submitted by the applicant Signatory reasonably demonstrates that annual payments provided during the previous year have contributed to the implementation of policies, operational activities or capital investments consistent with that Signatory's LTDP and the previous year's ADP.
17. No later than April 7 of 2016 and each year thereafter, the ADM for LG will confirm for each applicant Signatory whether their ADP and APR are approved based upon the criteria in section 16. Meeting all criteria will result in approval of that Signatory's payment on April 30 of that year pursuant to section 14.
18. If the ADM for LG determines that one or more of the criteria in section 16 have not been met by a Signatory, he or she may withhold some or all of the annual payment of that Signatory or may request additional information from the Signatory before authorizing payment. The ADM of LG may not unreasonably withhold payment if the above criteria have been satisfied.
19. Within 30 days of the ADM for LG's decision to withhold some or all of the annual payment from a Signatory, the Signatory may seek reconsideration of the decision of

the ADM for LG through a dispute resolution process established by the Partnership Committee within one year from the commencement of this MOU.

Policy Change

20. If the Province implements a policy change, legislative amendment to an enactment, or a change to any order under the *Assessment Act* (a "Policy Change"), and the Province or the Region believes that the Policy Change impacts the Region in a materially different manner than other industrial municipalities:
- a) the Parties will enter into negotiations with the intent to ensure that the Region is maintained within the average per capita Industrial Revenues of the top ten industrial municipalities in the rest of British Columbia; and,
 - b) the negotiations will be concluded within 6 months of the announcement of the Policy Change.

Allocation Formula Review

21. In the event of a change in circumstances that causes the Region to seek revision to the allocation formula in Appendix 2, the Region may request a review and approval by the Province of amendments to the allocation formula every five years, beginning in 2020, for the duration of the term of this MOU.
22. A request for review must be submitted in writing no later than September 30 of the previous year and must contain a proposed allocation formula.
23. Any 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 benefitted 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 industry; and,
 - d) play a vital service centre role in supporting both industry and a large contiguous rural population.
24. Upon approval by the Province, the amended allocation formula will replace the formula in Appendix 2, effective for the payments made under section 14 of this MOU for all years to follow.

Renewal of MOU

25. (a) In 2023 and 2031, the Parties agree to review this MOU with respect to the amount of the annual rate of growth described in Appendix 1. Any agreed upon change will apply to the next payment required to be made pursuant to section 14 of this MOU.
- (b) In 2031, the Parties will review the total annual payment, including the annual rate of growth, to determine a new total annual payment which will commence on April 30, 2035. This agreement will replace Appendix 1 and may include specification of the term of the total annual payments as well as future review periods for the annual payments and annual rate of growth.
- (c) Unless otherwise agreed to by the Parties, the annual payments and annual rate of growth will be reviewed in 2039 and every eight years thereafter.
- (d) The reviews referred to in subsections (a) and (b) are subject to the following
- i. The assessed need for additional infrastructure and services within the Region related to the growth of the industrial tax base; and
 - ii. The state of Provincial revenue flowing from industrial growth in the Region, such as growth in gas royalties and bonuses from the sale or lease of subsurface rights.
- (e) With respect to the reviews referred to in subsections (a) and (b), any Signatory may request the retention of an external third party to assist in identifying, evaluating and analyzing key indicators and trends related to these principles. The third party must be selected by mutual agreement of the Parties.

Amendments

26. Any amendments to this MOU shall be in writing and signed by the Parties.

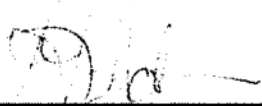
Termination of 2005 MOU

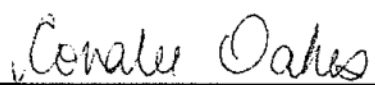
27. Upon the execution of this MOU by all parties below, the 2005 MOU is hereby terminated.

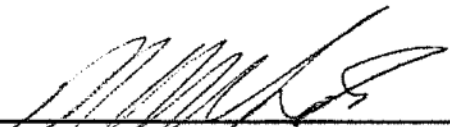
Execution in Counterpart

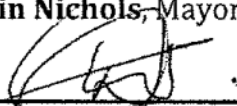
28. This MOU may be executed in counterparts. Each counterpart, when so executed and delivered to each of the other Parties, will be deemed an original and all such counterparts together will constitute one and the same document. Delivery of each executed counterpart shall be by facsimile to each of the other parties.


DATED this 29th day of May, 2015

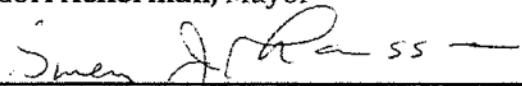

PEACE RIVER REGIONAL DISTRICT
Lori Ackerman, Chair

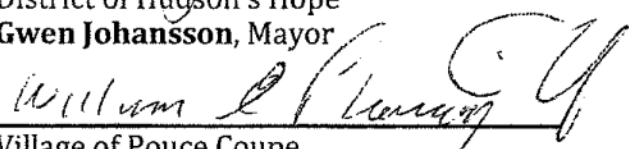

HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF BRITISH COLUMBIA
represented by
The Minister of the Ministry of Community,
Sport and Cultural Development
The Honourable Coralee Oakes

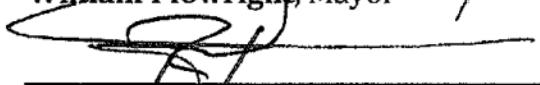

District of Chetwynd
Merlin Nichols, Mayor

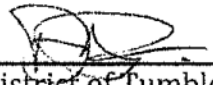

City of Dawson Creek
Dale Bumstead, Mayor


City of Fort St. John
Lori Ackerman, Mayor


District of Hudson's Hope
Gwen Johansson, Mayor


Village of Pouce Coupe
William Plowright, Mayor


District of Taylor
Rob Fraser, Mayor


District of Tumbler Ridge
Don McPherson, Mayor

Appendix 1

Calculation of the Annual Grant Under Section 14

The annual payment is to be calculated using the following formula for each year of this MOU unless an adjustment is negotiated under Section 25.

The annual increases beginning in 2020 represent a 2.0 percent annual rate of growth. This rate may be reviewed and amended through negotiation under section 25 of this MOU, with reviews to take place every eight years following commencement of this MOU.

Year	Formula
2016	\$50 million dollars
2017	The 2016 amount
2018	The 2017 amount
2019	The 2018 amount
2020	The 2019 amount X 1.02
2021	The 2020 amount X 1.02
2022	The 2021 amount X 1.02
2023	The 2022 amount X 1.02
2024	The 2023 amount X 1.02
2025	The 2024 amount X 1.02
2026	The 2025 amount X 1.02
2027	The 2026 amount X 1.02
2028	The 2027 amount X 1.02
2029	The 2028 amount X 1.02
2030	The 2029 amount X 1.02
2031	The 2030 amount X 1.02
2032	The 2031 amount X 1.02
2033	The 2032 amount X 1.02
2034	The 2033 amount X 1.02

Appendix 2

Allocation Formula for Annual Grant Under Appendix 1 To Determine the Individual Annual Payments under Section 14

1. Introduction

This appendix sets out the allocation formulae for the allocation of the annual grant payment as set out in Section 14 of the Memorandum of Understanding.

2. Allocating Increases and Decreases In The Grant Amounts

In the first year of the 2005 MOU, the base amount in Pool 1 was \$12 M and the base amount in Pool 2 was \$ 8 M. In each subsequent year of the agreement, the base amounts in each pool have been adjusted to reflect changes in the sum of Class 2, 4 and 5 net taxable values for hospital purposes in the rural area of the Peace River Regional District. These adjustments will continue to occur in the following manner:

- Step 1** Any increase or decrease in the grant amount in each year of the agreement will be determined by the application of the formula set out in Appendix 1.
- Step 2** The increase or decrease will continue to be proportionately allocated to Pool 1 and Pool 2 based on the original \$12 M and \$8 M amount. This will require 60% of any increase or decrease to be allocated to Pool 1 and 40% of any increase or decrease to be allocated to Pool 2

3. Allocation of Funds in Pool 1

10% of the grant amount in Pool1 is allocated to the electoral areas. Funds in

Pool1 will be allocated as follows:

- Step 1** The total current converted values of each municipality's assessments for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority is determined. (RG 618). The converted values of the District of Chetwynd and the City of Dawson Creek are adjusted to reflect tax revenue sharing arrangement for the Tembec plant.
- Step 2** The total converted values of each municipality are added to establish a sum of all municipal total converted values.
- Step 3** The total converted values of Electoral Area assessments of Classes 2, 4 and 5 for Hospital purposes as contained in the Revised Net Taxable and Converted Value Reports provided annually by the British Columbia Assessment Authority are established. (RG 618)
- Step 4** The municipal population is established for each municipality based on the statistics as determined by the Director of Statistics appointed under the Statistics Act and used

in a manner consistent with that of the Local Government Grants population statistics.

- Step 5** The populations of each municipality are added to establish a total population for all municipalities.
- Step 6** The equalized per capita tax base is calculated by adding the total current converted values of all municipal assessments (Step 2) and the total current converted value of Classes 2, 4 and 5 assessments in the rural area of the Peace River Regional District (Step 3) and then dividing that total by the total municipal population as determined in Step 4.
- Step 7** The equalized per capita tax base as calculated in Step 6 is multiplied by the population of each municipality. The total current converted values of each municipality's assessment for Hospital purposes (as determined in Step 1) is then subtracted from that product to determine a value. If that value is a negative number for any municipality, that municipality (population and converted assessment) is removed from the calculations and the calculations described in Steps 6 and 7 are carried out again.
- Step 8** The values calculated for each of the municipalities in Step 7 are added to establish a sum for all of the municipalities.
- Step 9** The values calculated in Step 7 for each municipality and Step 8 for all municipalities are then used as the basis for apportioning the grant amount in Pool 1 as adjusted to reflect changes in the value of the assessment of Classes 2, 4 and 5 in the Electoral areas. Each municipality's share is calculated by dividing the value established for each municipality (Step 7) by the value established in Step 8 and then multiplying the total grant amount available in Pool 1 by that number.

The following provides a summary of the calculations required.

Allocation Formula for Pool 1

Where:

- m = Total current converted values of a municipality's assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, as adjusted to reflect phase-in conditions applied to boundary expansions or revenue sharing arrangements such as the Tembec plant.
- M = The sum of m.
- R = Total current converted values of Electoral Area assessments of classes 2, 4 and 5 for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.
- p = The Municipal population statistics as determined by the Director of Statistics appointed under the Statistics Act and utilized in a manner consistent with that of the Local Government Grants population statistics.
- P = The sum of p.
- C = $\frac{M + R}{P}$ (Calculation of the equalized per capita tax base)
- a = $(p \times C) - m$ (Calculation of the figures used to apportion the grant amount)
- A = The sum of a.
- L = The grant amount for Pool 1 minus 10 percent.

Step 1) $\frac{M + R}{P} = C$ (Calculation of the equalized per capita tax base)

Step 2) $(p \times C) - m = a$ (Calculation of the figures used to apportion the grant amount)

If (a) returns a negative value for any municipality, that municipality is removed from the calculations and Step 1 and 2 are repeated.

Step 3) $\frac{a}{A} \times L = \text{Allocation}$ (Calculates each municipality's share of the grant amount)

4. Allocation of Funds in Pool 2

- Step 1** The current converted values of Classes 2, 4 and 5 of each municipality's assessments for Hospital purposes as contained in the Revised Net Taxable and Converted Values reports provided annually by the British Columbia Assessment Authority is determined. (RG 618)
- Step 2** The current converted values of Classes 2, 4 and 5 of assessment for Hospital purposes are adjusted as follows:
- The current converted values of the District of Chetwynd are adjusted as shown in Schedule 2 to reflect the tax rate limitations set out in Supplementary Letters Patent.
 - The current converted values of the District of Chetwynd and the City of Dawson Creek are adjusted as shown in Schedule 3 to reflect the tax revenue sharing arrangements between the District of Chetwynd and the City of Dawson Creek for the Tembec plant and the tax rate limitation placed on the plant pursuant to Supplementary Letters Patent.
 - The current converted values of the District of Chetwynd and the City of Fort St. John are adjusted as shown in Schedule 4 to reflect the tax base support received from Classes 2, 4 and 5 in the unincorporated participating areas of the service areas.
 - The current converted values of the District of Hudson's Hope are adjusted as shown in Schedule 5 to reflect the grant in lieu of taxes received from B.C. Hydro.
- Step 3** In the event that a municipality participates in a regional district service area during the term of the agreement and receives the support of tax revenues generated from Classes 2, 4 and 5 in the unincorporated participating area to the level set out in Schedule 6, the converted values of Classes 2, 4 and 5, the municipality shall be adjusted as shown in Schedule 6.
- Step 4** The current converted values of Classes 2, 4 and 5 of each municipality, as adjusted in Steps 2 and 3 above are added to establish a sum of all municipal converted values for Classes 2, 4 and 5.
- Step 5** The total converted values of rural area assessments of Classes 2, 4 and 5 for hospital purposes as contained in the Revised Net Taxable and Converted Value Reports provided annually by the British Columbia Assessment Authority are established. (RG 618)
- Step 6** The municipal population is established for each municipality based on statistics as determined by the Director of Statistics appointed under the Statistics Act and used in a manner consistent with that of the Local Government Grants population statistics.
- Step 7** The populations of each municipality as determined in Step 6 are added to establish the total municipal population.
- Step 8** The equalized per capita tax base is calculated by adding the current converted values of Classes 2, 4 and 5 of all municipal assessments (Step 2) as adjusted in Steps 2 and 3 and the total current converted value of Classes 2, 4 and 5 assessments in the electoral areas (Step 5) and then dividing that total by the total municipal population

as determined in Step 7.

- Step 9** The equalized per capita tax base as calculated in Step 8 is multiplied by the population of each municipality. The current converted value of Classes 2, 4 and 5 of each municipality's assessment for hospital purposes (as determined in Step 1 and adjusted in Steps 2 and 3) is then subtracted from that product to determine a value.
- Step 10** The values calculated for each of the municipalities in Step 9 are added to establish a sum for all of the municipalities.
- Step 11** The values calculated in Step 9 for each municipality and Step 10 for all municipalities are then used as the basis for apportioning the grant amount in Pool 2 as adjusted to reflect changes in the value of the assessment of Classes 2, 4 and 5 in the municipalities. Each municipality's share is calculated by dividing the value established for each municipality (Step 10) by the value established in Step 9 and then multiplying the total grant amount available in Pool 2 by that number.
- Step 12** If that value is less than \$250,000, the municipality or municipalities are each allocated a minimum grant of \$250,000 and the municipality or municipalities are removed from the calculations. The amount of the grant in Pool 2 available for distribution in that year is adjusted by subtracting the amount of the minimum grant(s) allocated to those municipalities and the calculations described in Steps 8 to 11 are carried out again.
- Step 13** The share of each municipality's share of Pool 2 is added to each municipality's share of Pool 1 to establish the total share available to each municipality.

Allocation Formula for Pool 2

- m = Current converted values of Classes 2, 4 and 5 of a municipality's assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, as adjusted to reflect revenue sharing agreements, participation in regional district service areas, receipt of grants-in-lieu, and tax rate limitations established in Supplementary Letters Patent.
- M = The sum of m.
- R = Total current converted values of Electoral Area assessments of classes 2, 4 and 5 for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.
- p = The Municipal population statistics as determined by the Director of Statistics appointed under the Statistics Act and utilized in a manner consistent with that of the Local Government Grants population statistics.
- P = The sum of p.
- C = $\frac{M + R}{P}$ (Calculation of the equalized per capita tax base)
- a = $(p \times C) - m$ (Calculation of the figures used to apportion the grant amount in Pool 2)
- A = The sum of a.
- L = The grant amount for Pool 2.

Step 1) $\frac{M + R}{P} = C$ (Calculation of the equalized per capita tax base)

Step 2) $(p \times C) - m = a$ (Calculation of the figures used to apportion the grant amount in Pool 2 amount)

Step 3) $\frac{a}{A} \times L = \text{Allocation}$ (Calculates each municipality's share of the grant amount)

Step 4) If the apportionment for any municipality is less than \$250,000 that municipality is allocated the minimum grant of \$250,000 and removed from the calculations. Steps 1, 2 and 3 are repeated based on an adjusted grant amount which reflects any amounts required for the minimum payment(s).

Schedule 1

Existing Formula Tembec Assessment Recalculation

M = Assessment actual value of the Tembec plan as provided annually by the British Columbia Assessment Authority.

mX = Converted assessment for the Tembec plant.

P = Provincial multiple

M_{DC} = Municipal converted assessment for Dawson Creek.

M_{CH} = Municipal converted assessment for Chetwynd.

$M_{A(DC)}$ = Total municipal converted assessment adjusted for Dawson Creek.

$M_{A(CH)}$ = Total municipal converted assessment adjusted for Chetwynd.

Step 1)	$m \times P$	$= mX$	(Calculation of the converted assessment for the Tembec plant.)
Step 2)	$mX \times 40\%$	$= mX_{DC}$	(Calculation of converted assessment that is allocated to Dawson Creek based on 40%/60% Dawson Creek/ Chetwynd split.)
Step 3)	$mX \times 60\%$	$= mX_{CH}$	(Calculation of converted assessment that is allocated to Chetwynd based on 40%/60% Dawson Creek/ Chetwynd split.)
Step 4)	$mX_{DC} + M_{DC}$	$= M_{A(DC)}$	(Calculation of total converted assessment for Dawson Creek reflecting 40% addition of Tembec converted Assessment.)
Step 5)	$mX_{CH} - mX + M_{CH}$	$= M_{A(CH)}$	(Calculation of total converted assessment for Chetwynd reflecting 100% reduction of Tembec converted assessment and then the addition of 60% Chetwynd Tembec converted assessment.)

Schedule 2

Chetwynd Assessment Adjustments

$X =$	Property Class		
$mX_1 =$	Current Class X assessment for Chetwynd for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, that does not require tax rate limitation adjustments.		
$mX =$	Current Class X assessment for Chetwynd for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.		
$mX_a =$	Current Class X assessment for Chetwynd for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, adjusted to reflect tax rate limitations.		
$TM_A =$	Sum of adjusted assessments and unadjusted assessments, by property class.		
$tX_2 =$	Current municipal Class X tax rate for Chetwynd without cap.		
$tX_a =$	Current municipal Class X capped tax rate for Chetwynd.		
$cX =$	Conversion factor.		
$M_A =$	Converted adjusted municipal assessment.		
$R =$	Ratio between capped municipal tax rate and uncapped municipal tax rate.		
Step 1)	$\frac{tX_a}{tX}$	$= R$	(Calculation of the ratio between the capped and uncapped municipal tax rate.)
Step 2)	$R \times mX$	$= mX_a$	(Calculation of adjusted Class 2, 4 or 5 assessment.)
Step 3)	$mX_a + mX_1$	$= TM_A$	(Adds the portion of adjusted municipal assessment to that municipal assessment which does not require adjustment.)
Step 4)	$TM_A + cX$	$= M_A$	(Converted total adjusted assessment.)
Step 5)	Steps 1 through 4 are completed for each of Classes 2, 4 and 5.		

Schedule 3

Tembec Assessment & Revenue Calculations

M = Assessment actual value of the Tembec plan as provided annually by the British Columbia Assessment Authority.

mX = Converted assessment for the Tembec plant.

TR = Chetwynd's limited tax rate that is applied to the Tembec plant.

P = Provincial multiple

M_{DC} = Municipal converted assessment for Dawson Creek.

M_{CH} = Municipal converted assessment for Chetwynd.

$M_{A(DC)}$ = Total municipal converted assessment adjusted for Dawson Creek.

$M_{A(CH)}$ = Total municipal converted assessment adjusted for Chetwynd.

R_{DC} = Revenue to Dawson Creek from Tembec plan, using Chetwynd's limited tax rate.

Step 1)	$m \times P$	$= mX$	(Calculation of the converted assessment for the Tembec plant.)
Step 2)	$mX \times 40\%$	$= mX_{DC}$	(Calculation of converted assessment that is allocated to Dawson Creek based on 40%/60% Dawson Creek/ Chetwynd split.)
Step 3)	$mX \times 60\%$	$= mX_{CH}$	(Calculation of converted assessment that is allocated to Chetwynd based on 40%/60% Dawson Creek/ Chetwynd split.)
Step 4)	$mX_{DC} + M_{DC}$	$= M_{A(DC)}$	(Calculation of total converted assessment for Dawson Creek reflecting 40% addition of Tembec converted Assessment.)
Step 5)	$mX_{CH} - mX + M_{CH}$	$= M_{A(CH)}$	(Calculation of total converted assessment for Chetwynd reflecting 100% reduction of Tembec converted assessment and then the addition of 60% Chetwynd Tembec converted assessment.)
Step 6)	$m \times 40\%$	$= M_{DC}$	(Calculation of Dawson Creek's actual assessment for the Tembec plant.)
Step 7)	$M_{DC} \times TR$	$= R_{DC}$	(Calculation of revenues Dawson Creek receives from Tembec plant with the application of Chetwynd's limited tax rate).

Ratio Determination

- M = Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.
- Br = Revenues received by each municipality from service areas, revenue sharing agreements, grants-in-lieu etc.
- Mr = Revenues received from incorporated industry within each municipality.
- BM = Sum of Br and Mr (benefiting area revenues and incorporated industry revenues).
- R = Ratio between all revenues received by municipality and industrial assessments

$$\text{Step 1)} \quad Br + Mr = BM \quad (\text{Calculation of the total revenues including service areas and incorporated industrial revenues.})$$

$$\text{Step 2)} \quad \frac{M}{BM} = R \quad (\text{Calculation of ratio for each municipality.})$$

Converted Equivalent Assessment Determination

- M = Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.
- ITA = Total of industrial class revenues only from incorporated industry and Tembec revenues.
- R = Ratio between all revenues received by municipality and industrial assessments. Ratio indicates that each \$1 of revenue a municipality receives is equivalent to \$X of converted assessment.
- EA = Calculated converted equivalent assessment.
- TEA = Summation of converted equivalent assessments for each municipality.
- M_A = Adjusted municipal converted assessment reflecting Tembec adjustments.

$$\text{Step 1)} \quad ITA \times R = EA \quad (\text{Calculation of the converted equivalent assessment from each municipality's revenues received from service areas.})$$

$$\text{Step 2)} \quad \sum EA = TEA \quad (\text{Summation of converted equivalent assessments for each municipality.})$$

$$\text{Step 3)} \quad TEA + M = M_A \quad (\text{Adjusted municipal converted assessment reflecting Tembec assessment adjustments and Tembec revenue sharing agreement adjustments.})$$

Schedule 4

Adjustments to Reflect District of Chetwynd and City of Fort St. John Participation in Region District Service Areas

R =	Amount requisitioned from rural areas for the particular benefiting area revenues being calculated.
M _X =	Current assessment by class for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, for the particular benefiting area.
M _{TX} =	Total current assessment by class for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, for the particular benefiting area. (Note that this only applies to service areas which cover more than one jurisdiction. For example, the North Peace Leisure Pool benefiting area covers jurisdiction 759 and 760, so assessments must be totaled).
CM _{TX} =	Converted total current assessment by class for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, for the particular benefiting area.
TCM =	Converted total current assessment for all classes for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, for the particular benefiting area.
X =	Property Class.
C _X =	Conversion multiple by property class.
P =	Provincial Tax Ratios.
T ₁ =	Calculated Class 1 tax rate.
T _X =	Calculated Class X tax rate.
TA _X =	Calculation of revenues by property class.
TA =	Total of all revenues generated.
ITA =	Total of industrial class revenues only.

Step 1)	$M_X \times C_X$	= CM _{TX}	(Calculation of converted benefiting area assessment by class.)
Step 2)	$\sum CM_{TX}$	= TCM	(Summation of converted benefiting area assessments.)
Step 3)	$\frac{R}{TCM} \times 100$	= T ₁	(Calculation of Class 1 tax rate.)
Step 4)	$T_1 \times P$	= T _X	(Calculation of Classes 2 – 9 tax rates.)
Step 5)	$T_1 \times A_X$	= TA _X	(Calculation of Classes 1 – 9 revenues.)
Step 6)	$\sum TA_X$	= TA	(Summation of all revenues.)
Step 7)	$\sum ITA_X$	= ITA	(Summation of industrial revenues only.)

Ratio Determination

M = Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.

Br = Revenues received by each municipality from service areas, revenue sharing agreements, grants-in-lieu etc.

Mr = Revenues received from incorporated industry within each municipality.

BM = Sum of Br and Mr (benefiting area revenues and incorporated industry revenues).

R = Ratio between all revenues received by municipality and industrial assessments

Step 1) $Br + Mr = BM$ (Calculation of the total revenues including service areas and incorporated industrial revenues.)

Step 2) $\frac{M}{BM} = R$ (Calculation of ratio for each municipality.)

Converted Equivalent Assessment Determination

M = Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.

ITA = Total of industrial class revenues only from "Adjustments To Reflect District of Chetwynd and City of Fort St. John Participation In Regional District Service Areas."

R = Ratio between all revenues received by municipality and industrial assessments. Ratio indicates that each \$1 of revenue a municipality receives is equivalent to \$X of converted assessment.

EA = Calculated converted equivalent assessment.

TEA = Summation of converted equivalent assessments for each municipality.

M_A = Adjusted municipal converted assessment reflecting adjustments.

Step 1) $ITA \times R = EA$ (Calculation of the converted equivalent assessment from each municipality's revenues received from service areas.)

Step 2) $\sum EA = TEA$ (Summation of converted equivalent assessments for each municipality.)

Step 3) $TEA + M = M_A$ (Adjusted municipal converted assessment reflecting Tembec assessment adjustments and Tembec revenue sharing agreement adjustments.)

Schedule 5

Hudson's Hope BC Hydro Grant Calculation

$M =$	Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.
$Br =$	Hudson's Hope BC Hydro Grant Revenue.
$Mr =$	Revenues received from incorporated industry within Hudson's Hope
$BM =$	Sum of Br and Mr (Hudson's Hope Hydro grant and incorporated industry revenues).
$R =$	Ratio between all revenues received by Hudson's Hope and industrial assessments. Ratio indicates that each \$1 of revenue a municipality receives is equivalent to \$X of converted assessment.
$EA =$	Calculated equivalent assessment.

Step 1)	$Br + Mr$	$= BM$	(Calculation of the total revenues including Hydro grant and incorporated industrial revenues.)
Step 2)	$\frac{M}{BM}$	$= R$	(Calculation of ratio for Hudson's Hope.)
Step 3)	$Br \times R$	$= EA$	(Calculation of the converted equivalent assessment from Hudson's Hope BC Hydro Grant.)
Step 4)	$EA + M$	$= M_A$	(Adjusted municipal converted assessment reflecting assessment adjustments.)

Schedule 6

Adjustments to Converted Values of Municipalities Participating in Regional District Service Areas

1. This schedule applies in the event that a municipality participates in a regional service area of the Peace River Regional District during the term of the agreement and receives the support of tax revenues generated from Classes 2, 4 and 5 in the unincorporated participating area.
2. Service areas which are exempt from the application of this schedule include those:
 - that are established wholly for the benefit of unincorporated areas;
 - that are established as region wide functions that involve the participation of all municipalities and electoral areas of the Peace River Regional District;
 - where the annual revenue generated from Classes 2, 4 and 5 is less than \$25 per capita measured by taking the total annual revenue generated within rural portion of the service area from Classes 2, 4 and 5 and dividing it by the population of the participating municipality as determined by the Director of Statistics appointed under the Statistics Act for the year in which the service area is established.
3. The converted values of Classes 2, 4 and 5 of a municipality participating in a service area as described in sections 1 and 2 above shall be adjusted as follows before being entered into the allocation formula:

M = Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.

Br = Class 2, 4 and 5 revenues received by each municipality from the benefiting area.

Mr = Revenues received from incorporated industry within each municipality.

BM = Sum of Br and Mr (benefiting area revenues and incorporated industry revenues).

EA = Calculated converted equivalent assessment.

TEA = Summation of converted equivalent assessments for each municipality.

M_A = Municipal assessments adjusted to reflect inclusion of benefiting area converted equivalent industrial assessments.

R = Ratio between all revenues received by municipality and industrial assessments. Ratio indicates that each \$1 of revenue a municipality receives is equivalent to \$X of converted assessment.

Step 1) $Br + Mr = BM$ (Calculation of the total revenues including service areas and incorporated industrial revenues.)

Step 2) $\frac{M}{BM} = R$ (Calculation of ratio for each municipality.)

Step 3) $Br \times R = EA$ (Calculation of the converted equivalent assessment from each municipality's revenues received from service areas.)

Step 4) $\sum EA = TEA$ (Summation of equivalent assessments for each municipality to their industrial converted assessment.)

Step 5) $TEA + M = M_A$ (Addition of converted equivalent assessments for each municipality to their industrial converted assessment.)

4. The adjustments to the converted values of a municipality participating in a service area of the

PRRD shall be made in the calculations for the year immediately following the year in which the service area is established by bylaw enacted by the regional board of the Peace River Regional District.

Appendix 3

Partnership Committee

Appointment and Membership

1. The Partnership Committee shall consist of three (3) members appointed by the Province and three (3) members appointed by the Region.
 - Provincial representatives shall be the Assistant Deputy Minister responsible for Local Government and two other Assistant Deputy Ministers appointed by the Province.
 - Representatives of the Region will be the Chief Administrative Officer of the City of Fort St John, the Chief Administrative Officer of the City of Dawson Creek and the Chief Administrative Officer of one of the remaining Signatory local governments in the Region. The third Chief Administrative Officer shall be appointed by the remaining Signatory local governments from among the remaining Signatory local governments for a two-year term. No Chief Administrative Officer appointed from among the remaining local governments may be appointed for a second term until the Chief Administrative Officer from each of the remaining signatory local governments has served a two-year term.
2. The Partnership Committee will be co-chaired by two (2) members, one of which will be appointed by each of the Province and the Region.
3. Upon agreement of the Province and the Region, other members may also be appointed, so long as the composition of the committee consists of equal representation from the Province and the Region.
4. Replacement members may, from time to time, be appointed. The Province and the Region agree to keep each other informed of new appointments in writing.
5. If a Co-Chair is not able to attend a meeting, or is otherwise unable to act, the Co- Chair may designate an alternate in writing, and that alternate shall act as that Co-Chair.
6. If a member is not able to attend a meeting, or is otherwise unable to act, that member may designate an alternate, and that alternate shall act as that member.
7. Upon any signatory referring an issue to the Partnership Committee, that member shall be entitled to present those issues to the Committee and participate in any discussions related to that issue.

Responsibilities

8. The Partnership Committee will have the following responsibilities:

- Consider matters identified by local governments or the Province as impediments faced by Peace River Region communities in planning for future growth, including matters related to municipal boundary extensions, tax rate limits and provincial services;
 - Resolve any issues arising from the implementation of this MOU;
 - Establish and maintain the framework for applications and approvals under sections 16 through 19, and establish a dispute resolution process to address any requests for reconsideration arising from a decision of the ADM responsible for Local Government pursuant to section 18 not to approve a payment to a Signatory;
 - Provide a framework for any negotiations related to policy change under section 20;
 - Provide a framework for renewal of this MOU under section 25;
 - Provide a framework for the entry of a new municipality as a Signatory to this MOU; and
 - Address other matters as required for the effective operation of this MOU.
8. Upon agreement, the Partnership Committee may undertake any additional duties or responsibilities it deems to be consistent with the spirit of this MOU.

Decisions

9. The Partnership Committee will govern by consensus, examine issues together and, in good faith, reasonably attempt to resolve potential issues.
10. The decisions, approvals and recommendations of the Partnership Committee will be made or given upon agreement by the Members, within their respective delegated authorities. The signature of both Co-Chairs on behalf of the Partnership Committee shall be verification, for the purposes this MOU, of any such decision, recommendation or approval by the Partnership Committee.
11. With respect to a reconsideration of a decision of the ADM for LG pursuant to section 19 of this MOU, the ADM for LG will remove himself for the purposes of the reconsideration and a replacement member will be appointed by the Province pursuant to section 4 of this Appendix.
12. For certainty, decisions made by the Partnership Committee cannot amend this MOU. All amendments to this MOU must be made in accordance with section 26.

Memorandum of Understanding

Among

Her Majesty the Queen in Right of the Province of British Columbia

represented by

**The Ministry of Community, Sport and Cultural Development
(the "Province")**

and

Peace River Regional District

and

District of Chetwynd

and

City of Dawson Creek

and

City of Fort St John

and

District of Hudson's Hope

and

Village of Pouce Coupe

and

District of Taylor

and

District of Tumbler Ridge

(the "Region")

Memorandum of Understanding Between the Province and the Region

Draft 3

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Background

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In **2005** the Province and the Peace River Regional District (the "PRRD") entered into a Memorandum of Understanding (the "**2005 MOU**").

The parties wish to terminate the **2005 MOU** and replace it with this Memorandum of Understanding.

Pursuant to Part 4, Division 5 of the Local Government Grants Regulations, B.C. Reg. 221/95, the Province is authorized to make special assistance grants to assist in the resolution of municipal or regional district problems that are unusual or unique.

NOW THEREFORE the Province and the Region (the "Parties") agree and undertake that:

Considerations

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1. The Parties recognize the unique situation of the Region with respect to limited access to the oil and gas industry property tax base.
2. In particular, the Parties recognize that much of the oil and gas industry is located in areas outside of municipal boundaries and therefore is not subject to property taxes. Municipal boundary adjustments, inter-municipal tax sharing arrangements, and the regionalization of services cannot adequately address this issue.
3. The Parties recognize that the Region's municipalities are the service centres to industry and its workers and that industry growth will continue to place additional demands on municipal infrastructure and services.

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4. The Parties recognize that the considerations in paragraphs 1 through 4 must be addressed with the objective of achieving a reasonable degree of comparability with the revenues from property classes 2,4 and 5 ("Industrial Revenues") available in other industrial municipalities across British Columbia.

Objective

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5. The objective of this MOU is to address issues respecting parity, responsiveness, local autonomy, accountability, certainty, industrial competitiveness, economic development and regional infrastructure needs while having limited precedent effect with other local governments in British Columbia. In addition the Parties have a mutual interest in ensuring that each local government with the Region has the resources to upgrade, maintain and expand the services and infrastructure necessary to facilitate the economic expansion of the oil, gas, forest and other industries within the Region.

Requirement for Regional Consensus

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6. When the Region acts under this MOU it requires the unanimous consent of the PRRD and its member municipalities. **(see also alternative approach)**

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Policy Change

▲ If the Province implements a policy change, legislative change under an enactment, or a change to any order made by the Commissioner under the Assessment Act (a "Policy Change"), and the Province or the Region believes that the Policy Change impacts the region in a materially different manner than other industrial municipalities:

▲ the parties will enter into negotiations with the intent to ensure that the region is maintained within the average per capita Industrial Revenues of the top ten industrial municipalities in the rest of British Columbia; and,

● the negotiations will be concluded within 6 months of the announcement of the Policy Change.

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Allocation Formula Review

4. 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 2, the Region may request a review and approval by the Province of amendments to the allocation formula during the provincial fiscal years **2020, 2025 and 2030** of the term of this MOU.

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15. A request for review must be submitted in writing no later than September 30 and must contain a proposed allocation formula_s.13

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15.16. The proposed allocation formula should weight the allocations toward the Region's local governments that:

- do not have adequate industrial tax base support, as evidenced by comparison to a representative group of industrial municipalities elsewhere in the Province;
- have historically not benefitted from industrial tax base support resulting in infrastructure deficits;
- are experiencing high levels of population growth and demand for services, due to the growth of the oil and gas industry; and,
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- play a vital service centre role in supporting both the oil and gas industry and a large contiguous rural population.

46.17. Upon approval by the Province, the amended allocation formula will replace the formula in **Appendix 2**, effective for the payments made under paragraph 9 of this MOU for the years **2020, 2025 and 2030**, as the case may be.

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Amendments

49.20. Any amendments to this MOU shall be in writing and signed by the Parties.

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Appendix 1

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Year	Formula
s.13	
2017	The 2016 amount
2018	The 2017 amount
2019	The 2018 amount
2020	The 2019 amount X 1.02
2021	The 2020 amount X 1.02
2022	The 2021 amount X 1.02
2023	The 2022 amount X 1.02
2024	The 2023 amount X 1.02
2025	The 2024 amount X 1.02
2026	The 2025 amount X 1.02
2027	The 2026 amount X 1.02
2028	The 2027 amount X 1.02
2029	The 2028 amount X 1.02
2030	The 2029 amount X 1.02
2031	The 2030 amount X 1.02
2032	The 2031 amount X 1.02
2033	The 2032 amount X 1.02
2034	The 2033 amount X 1.02

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Appendix 2

Allocation

No Changes

Page 34 of 69 to/à Page 35 of 69

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Memorandum of Understanding

Among

Her Majesty the Queen in Right of the Province of British Columbia

represented by

**The Ministry of Community, Sport and Cultural Development
(the "Province")**

and

Peace River Regional District

and

District of Chetwynd

and

City of Dawson Creek

and

City of Fort St John

and

District of Hudson's Hope

and

Village of Pouce Coupe

and

District of Taylor

and

District of Tumbler Ridge

(the "Region")

Memorandum of Understanding Between the Province and the Region

Background

In **2005** the Province and the Peace River Regional District (the "PRRD") entered into a Memorandum of Understanding (the "**2005** MOU").

The parties wish to terminate the **2005** MOU and replace it with this Memorandum of Understanding.

Pursuant to Part 4, Division 5 of the Local Government Grants Regulations, B.C. Reg. 221/95, the Province is authorized to make special assistance grants to assist in the resolution of municipal or regional district problems that are unusual or unique.

NOW THEREFORE the Province and the Region (the "Parties") agree and undertake that:

Considerations

1. The Parties recognize the unique situation of the Region with respect to limited access to the oil and gas industry property tax base.
2. In particular, the Parties recognize that much of the oil and gas industry is located in areas outside of municipal boundaries and therefore is not subject to property taxes. Municipal boundary adjustments, inter-municipal tax sharing arrangements, and the regionalization of services cannot adequately address this issue.
3. The Parties recognize that the Region's municipalities are the service centres to industry and its workers and that industry growth will continue to place additional demands on municipal infrastructure and services.

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~~5.4.~~ The Parties recognize that the considerations in paragraphs 1 through 4 must be addressed with the objective of achieving a reasonable degree of comparability with the revenues from property classes 2, 4 and 5 ("Industrial Revenues") available in other industrial municipalities across British Columbia.

Objective

~~6.5.~~ The objective of this MOU is to address issues respecting parity, responsiveness, local autonomy, accountability, certainty, industrial competitiveness, economic development and regional infrastructure needs while having limited precedent effect with other local governments in British Columbia. In addition the Parties have a mutual interest in ensuring that each local government with the Region has the resources to upgrade, maintain and expand the services and infrastructure necessary to facilitate the economic expansion of the oil, gas, forest and other industries within the Region.

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10. If the Province implements a policy change, legislative change under an enactment, or a change to any order made by the Commissioner under the Assessment Act (a "Policy Change"), and the Province or the Region believes that the Policy Change impacts the region in a materially different manner than other industrial municipalities:

- the parties will enter into negotiations with the intent to ensure that the region is maintained within the average per capita Industrial Revenues of the top ten industrial municipalities in the rest of British Columbia; and,
- the negotiations will be concluded within 6 months of the announcement of the Policy Change.

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Allocation Formula Review

12. 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 2, the Region ~~any may~~ request a review and approval by the Province of amendments to the allocation formula during the provincial fiscal calendar years ~~2019/20, 2024/25, 2029/30~~ of the term of this MOU.

13. A request for review must be submitted in writing no later than September 30 and must contain a proposed allocation formula. s. 13

s.13

s.13

13.14. The proposed allocation formula should weight the allocations toward the Region's local governments that:

- do not have adequate industrial tax base support, as evidenced by comparison to a representative group of industrial municipalities elsewhere in the Province;
- have historically not benefitted from industrial tax base support resulting in infrastructure deficits;
- are experiencing high levels of population growth and demand for services, due to the growth of the oil and gas industry; and,
- play a vital service centre role in supporting both the oil and gas industry and a large contiguous rural population.

14.15. Upon approval by the Province, the amended allocation formula will replace the formula in **Appendix 2**, effective for the payments made under s. 13 of this MOU for the years **2020, 2025 and 2030**, as the case may be.

Review of MOU

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Amendments

18. Any amendment to this MOU, including repeal, requires the written consent of:

s.13

Appendix 1

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Year	Formula
2015	s.13
2016	
2017	The 2016 amount
2018	The 2017 amount
2019	The 2018 amount
2020	The 2019 amount X 1.02
2021	The 2020 amount X 1.02
2022	The 2021 amount X 1.02
2023	The 2022 amount X 1.02
2024	The 2023 amount X 1.02
2025	The 2024 amount X 1.02
2026	The 2025 amount X 1.02
2027	The 2026 amount X 1.02
2028	The 2027 amount X 1.02
2029	The 2028 amount X 1.02
2030	The 2029 amount X 1.02

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2031	The 2030 amount X 1.02
2032	The 2031 amount X 1.02
2033	The 2032 amount X 1.02
2034	The 2033 amount X 1.02

Appendix 2

Allocation

No Changes

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Appendix 3

Section 13 Benchmarks

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MEMORANDUM OF UNDERSTANDING

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AMONG

HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA

represented by

THE MINISTRY OF COMMUNITY,
s.13
s.13 SPORT AND CULTURAL
DEVELOPMENT (the "Province")

AND

PEACE RIVER REGIONAL DISTRICT

AND

District of Chetwynd

AND

City of Dawson Creek

AND

City of Fort St. John

AND

District of Hudson's Hope

AND

Village of Pouce Coupe

AND

District of Taylor

AND

District of Tumbler Ridge

(the "Region")

MEMORANDUM OF UNDERSTANDING BETWEEN THE PROVINCE AND THE REGION

Background

In 1998 2005 the Province and the Peace River Regional District (the "PRRD") entered a Memorandum of Understanding (the "1998 2005 MOU").

The parties wish to terminate the 1998 2005 MOU and replace it with this

Memorandum of Understanding.

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Pursuant to Part 4, Division 5 of the Local Government Grants Regulations, B.C. Reg. 221/95, the Province is authorized to make special assistance grants to assist in the resolution of municipal or regional district problems that are unusual or unique.

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NOW THEREFORE the Province and the Region (the "Parties") agree and undertake that:

Considerations

1. The Parties recognize the unique situation of the Region with respect to limited access to the oil and gas industry property tax base.
2. In particular, the Parties recognize that much of the oil and gas industry is located in areas outside of municipal boundaries and therefore is not subject to municipal taxes. —Municipal boundary adjustments, inter- _ municipal -tax -sharing -arrangements, -and- regionalization- of- services cannot adequately address this issue.
3. The -Parties recognize that the -Region's municipalities are the service centres to industry and its workers and that industry growth will continue to place additional demands on municipal infrastructure and services.
4. The Parties recognize that historical infrastructure deficits continue to exist in some of the Region's municipalities.
5. The Parties recognize that the considerations in paragraphs 1 through 4 must be addressed with the objective of achieving a reasonable degree of comparability with the revenues from property classes 2, 4, and 5 ("Industrial Revenues") available in other industrial municipalities across British Columbia, s.13

s.13

Objective

6. The objective of this MOU is to address issues respecting parity, responsiveness, local autonomy, accountability, certainty, industrial competitiveness, economic development and regional infrastructure needs while having limited precedent effect with other local governments in British Columbia. In addition the Parties have a mutual interest in ensuring that each local government within the Region has the resources to upgrade, maintain and expand the services and infrastructure necessary to facilitate the economic expansion of the oil, gas, forest and other industries within the Region.

Requirement for Regional Consensus

7. ~~When the Region acts under this MOU it requires the unanimous consent of the PRRD and its member municipalities.~~ s.13
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Allocation Formula Review

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~~ 2019/20, 2024/25 and 2029/30 of the term of this MOU.
18. A request for review must be submitted in writing no later than September 30 and must contain a proposed allocation formula.
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

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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.

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.

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Amendments

24. Any amendments to this MOU shall be in writing and signed by the Parties, s.13

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Termination

23. Effective upon the date of execution of this MOU, the **s.13** 2005 MOU is hereby terminated.

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APPENDIX 3

Allocation Formula for Annual Payments under Paragraph 15

1. Introduction

This appendix sets out the allocation formulae for the allocation of the annual grant payment as set out in Sections 13 and 14 of the Memorandum of Understanding.

2. Allocating Increases and Decreases In The Grant Amounts

In the first year of the agreement (2005), the base amount in Pool 1 is \$12 M and the base amount in Pool 2 is \$ 8 M. In each subsequent year of the agreement, the base amounts in each pool will be adjusted to reflect changes in the sum of Class 2, 4 and 5 net taxable values for hospital purposes in the rural area of the Peace River Regional District. These adjustments will occur in the following manner:

Step 1 Any increase or decrease in the grant amount in each year of the agreement will be determined by the application of the formula set out in Appendix 2

Step 2 The increase or decrease will be proportionately allocated to Pool 1 and Pool 2 based on the original \$12 M and \$8 M amount. This will require 60% of any increase or decrease to be allocated to Pool 1 and 40% of any increase or decrease to be allocated to Pool 2.

3. Allocation of Funds in Pool 1

10% of the grant amount in Pool1 is allocated to the electoral areas.

Funds in Pool1 will be allocated as follows:

Step 1 The total current converted values of each municipality's assessments for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority is determined. (RG 618). The converted values of the District of Chetwynd and the City of Dawson Creek are adjusted to reflect tax revenue sharing arrangement for the Tembec plant.

Step 2 The total converted values of each municipality are added to establish a sum of all municipal total converted values.

Step 3 The total converted values of Electoral Area assessments of Classes 2, 4 and 5 for Hospital purposes as contained in the Revised Net Taxable and Converted Value Reports provided annually by the British Columbia Assessment Authority are established. (RG 618)

Step 4 The municipal population is established for each municipality based on the statistics as determined by the Director of Statistics appointed under the Statistics Act and used in a manner consistent with that of the Local Government Grants population statistics.

Step 5 The populations of each municipality are added to establish a total population for all municipalities.

- Step 6** The equalized per capita tax base is calculated by adding the total current converted values of all municipal assessments (Step 2) and the total current converted value of Classes 2,4 and 5 assessments in the rural area of the Peace River Regional District (Step 3) and then dividing that total by the total municipal population as determined in Step 4.
- Step 7** The equalized per capita tax base as calculated in Step 6 is multiplied by the population of each municipality. The total current converted values of each municipality's assessment for Hospital purposes (as determined in Step 1) is then subtracted from that product to determine a value. If that value is a negative number for any municipality, that municipality (population and converted assessment) is removed from the calculations and the calculations described in Steps 6 and 7 are carried out again.
- Step 8** The values calculated for each of the municipalities in Step 7 are added to establish a sum for all of the municipalities.
- Step 9** The values calculated in Step 7 for each municipality and Step 8 for all municipalities are then used as the basis for apportioning the grant amount in Pool 1 as adjusted to reflect changes in the value of the assessment of Classes 2, 4 and 5 in the Electoral areas. Each municipality's share is calculated by dividing the value established for each municipality (Step 7) by the value established in Step 8 and then multiplying the total grant amount available in Pool 1 by that number.

The following provides a summary of the calculations required.

Allocation Formula For Pool 1

Where:

m = Total current converted values of a municipality's assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, as adjusted to reflect phase-in conditions applied to boundary expansions or revenue sharing arrangements such as the Tembec plant.

M= The sum of m

R = Total current converted values of Electoral Area assessments of classes 2, 4 and 5 for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.

p = The Municipal population statistics as determined by the Director of Statistics appointed under the Statistics Act and utilized in a manner consistent with that of the Local Government Grants population statistics.

P = The sum of p

C= $\frac{M+R}{p}$ (Calculation of the equalized per capita tax base)

a= $(p \times C) - m$ (Calculation of the figures used to apportion the grant amount)

A = The sum of a

L = The grant amount for Pool 1 minus 10 percent.

Step 1) $\frac{M+R}{p} = C$ (Calculation of the equalized per capita tax base)

Step 2) $(p \times C) - m = a$ (Calculation of the figures used to apportion the grant amount)

If (a) returns a negative value for any municipality, that municipality is removed from the calculations and Steps 1 and 2 are repeated.

Step 3) $\frac{a}{A} \times L = \text{Allocation}$ (Calculates each municipality's share of the Grant amount)

4. Allocation of Funds in Pool 2

- Step 1** The current converted values of Classes 2, 4 and 5 of each municipality's assessments for Hospital purposes as contained in the Revised Net Taxable and Converted Values reports provided annually by the British Columbia Assessment Authority is determined. (RG 618)
- Step 2** The current converted values of Classes 2, 4 and 5 of assessment for Hospital purposes are adjusted as follows:
- The current converted values of the District of Chetwynd are adjusted as shown in Schedule 2 to reflect the tax rate limitations set out in Supplementary Letters Patent.
 - The current converted values of the District of Chetwynd and the City of Dawson Creek are adjusted as shown in Schedule 3 to reflect the tax revenue sharing arrangements between the District of Chetwynd and the City of Dawson Creek for the Tembec plant and the tax rate limitation placed on the plant pursuant to Supplementary Letters Patent.
 - The current converted values of the District of Chetwynd and the City of Fort St. John are adjusted as shown in Schedule 4 to reflect the tax base support received from Classes 2, 4 and 5 in the unincorporated participating areas of the service areas.
 - The current converted values of the District of Hudson's Hope are adjusted as shown in Schedule 5 to reflect the grant in lieu of taxes received from B.C. Hydro.
- Step 3** In the event that a municipality participates in a regional district service area during the term of the agreement and receives the support of tax revenues generated from Classes 2, 4 and 5 in the unincorporated participating area to the level set out in Schedule 6, the converted values of Classes 2, 4 and 5 the municipality shall be adjusted as shown in Schedule 6.
- Step 4** The current converted values of Classes 2, 4 and 5 of each municipality, as adjusted in Steps 2 and 3 above are added to establish a sum of all municipal converted values for Classes 2, 4 and 5.
- Step 5** The total converted values of rural area assessments of Classes 2, 4 and 5 for hospital purposes as contained in the Revised Net Taxable and Converted Value Reports provided annually by the British Columbia Assessment Authority are established. (RG 618)
- Step 6** The municipal population is established for each municipality based on statistics as determined by the Director of Statistics appointed under the Statistics Act and used in a manner consistent with that of the Local Government Grants population statistics.
- Step 7** The populations of each municipality as determined in Step 6 are added to establish the total municipal population.
- Step 8** The equalized per capita lax base is calculated by adding the current converted values of Classes 2, 4 and 5 of all municipal assessments (Step 2) as adjusted in Steps 2 and 3 and the total current converted value of Classes 2, 4 and 5 assessments in the electoral areas (Step 5) and then dividing that total by the total municipal population as determined in Step 7.

- Step 9** The equalized per capita tax base as calculated in Step 8 is multiplied by the population of each municipality. The current converted value of Classes 2, 4 and 5 of each municipality's assessment for hospital purposes (as determined in Step 1 and adjusted in Steps 2 and 3) is then subtracted from that product to determine a value.
- Step 10** The values calculated for each of the municipalities in Step 9 are added to establish a sum for all of the municipalities.
- Step 11** The values calculated in Step 9 for each municipality and Step 10 for all municipalities are then used as the basis for apportioning the grant amount in Pool 2 as adjusted to reflect changes in the value of the assessment of Classes 2, 4 and 5 in the municipalities. Each municipality's share is calculated by dividing the value established for each municipality (Step 10) by the value established in Step 9 and then multiplying the total grant amount available in Pool 2 by that number.
- Step 12** If that value is less than \$250,000, the municipality or municipalities are each allocated a minimum grant of \$250,000 and the municipality or municipalities are removed from the calculations. The amount of the grant in Pool 2 available for distribution in that year is adjusted by subtracting the amount of the minimum grant(s) allocated to those municipalities and the calculations described in Steps 8 to 11 are carried out again.
- Step 13** The share of each municipality's share of Pool 2 is added to each municipality's share of Pool 1 to establish the total share available to each municipality.

Allocation Formula For Pool 2

m = Current converted values of Classes 2, 4 and 5 of a municipality's assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, as adjusted to reflect revenue sharing agreements, participation in regional district service areas, receipt of grants-in-lieu, and tax rate limitations established in Supplementary Letters Patent

M = The sum of m

R = Total current converted values of Electoral Area assessments of classes 2, 4 and 5 for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.

p = The Municipal population statistics as determined by the Director of Statistics appointed under the Statistics Act and utilized in a manner consistent with that of the Local Government Grants population statistics.

P = The sum of p

C = $\frac{M+R}{p}$ (Calculation of the equalized per capita tax base)

a = $(p \times C) - m$ (Calculation of the figures used to apportion the grant amount in Pool2)

A = The sum of a

L = The grant amount for Pool 2.

Step 1) $\frac{M+R}{p} = C$ (Calculation of the equalized per capita tax base)

Step 2) $(p \times C) - m = a$ (Calculation of the figures used to apportion the grant amount in Pool 2 amount)

Step 3) $\frac{a}{A} \times L = \text{Allocation}$ (Calculates each municipality's share of the grant amount)

Step 4) If the apportionment for any municipality is less than \$250,000 that municipality is allocated the minimum grant of \$250,000 and removed from the calculations. Steps 1, 2 and 3 are repeated based on an adjusted grant amount which reflects any amounts required for the minimum payment(s).

Schedule 1

Existing Formula Tembec Assessment Recalculation

M=	Assessment actual value of the Tembec plant as provided annually by the British Columbia Assessment Authority.		
mX=	Converted assessment for the Tembec plant.		
P=	Provincial multiple.		
Moe=	Municipal converted assessment for Dawson Creek.		
McH =	Municipal converted assessment for Chetwynd.		
MA(DC) =	Total municipal converted assessment adjusted for Dawson Creek.		
MA(CH) =	Total municipal converted assessment adjusted for Chetwynd.		
Step 1)	$m \times P$	$= mX$	(Calculation of the converted assessment for the Tembec plant.)
Step 2)	$mX \times 40\%$	$= mX_{oc}$	(Calculation of converted assessment that is allocated to Dawson Creek based on 40%/60% Dawson Creek/Chetwynd split.)
Step 3)	$mX \times 60\%$	$= mX_{cH}$	(Calculation of converted assessment that is allocated to Chetwynd based on 40%/60% Dawson Creek/Chetwynd split.)
Step 4)	$mX_{oc} + Moe$	$= MA(DC)$	(Calculation of total converted assessment for Dawson Creek reflecting 40% addition of Tembec converted Assessment.)
Step 5)	$mX_{cH} - mX + McH$	$= MA(CH)$	(Calculation of total converted assessment for Chetwynd reflecting 100% reduction of Tembec converted assessment and then the addition of 60% Chetwynd Tembec converted assessment.)

Schedule2

Chetwynd Assessment Adjustments

$X=$	Property Class.		
$mX_1 =$	Current Class X assessment for Chetwynd for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, that does not require tax rate limitation adjustments.		
$mX=$	Current Class X assessment for Chetwynd for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.		
$mXa=$	Current Class X assessment for Chetwynd for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, adjusted to reflect tax rate limitations.		
	Sum of adjusted assessments and unadjusted assessments, by property class.		
$tx_2 =$	Current municipal Class X tax rate for Chetwynd without cap.		
$txa=$	Current municipal Class X capped tax rate for Chetwynd.		
$eX=$	Conversion factor.		
	Converted adjusted municipal assessment.		
$R=$	Ratio between capped municipal tax rate and uncapped municipal tax rate.		
Step 1)	$\frac{txa}{IX}$	$=R$	(Calculation of the ratio between the capped and uncapped municipal tax rate.)
Step 2)	$R \times mX$	$=mXa$	(Calculation of adjusted Class 2, 4 or 5 assessment.)
Step 3)	$mXa + mX_1$		(Adds the portion of adjusted municipal assessment to that municipal assessment which does not require adjustment.)
Step 4)	$TM_A \times cX$		(Converted total adjusted assessment.)
Step 5)	Steps 1 through 4 are completed for each of Classes 2, 4 and 5.		

Schedule3

Tembec Assessment & Revenue Calculations

m =	Actual assessment value of the Tembec plant as provided annually by the British Columbia Assessment Authority.		
mX =	Converted assessment for the Tembec plant.		
TR =	Chetwynd's limited tax rate that is applied to the Tembec plant.		
P =	Provincial multiple.		
Moe =	Municipal converted assessment for Dawson Creek.		
McH =	Municipal converted assessment for Chetwynd.		
$MA(DC)$ =	Total municipal converted assessment for Dawson Creek.		
$MA(CH)$ =	Total municipal converted assessment for Chetwynd.		
Roc =	Revenue to Dawson Creek from Tembec plant, using Chetwynd's limited tax rate.		
Step 1)	$m \times P$	$= mX$	(Calculation of the converted assessment for the Tembec plant.)
Step 2)	$mX \times 40\%$	$= mX_{oc}$	(Calculation of converted assessment that is allocated to Dawson Creek based on 40%/60% Dawson Creek/Chetwynd split.)
Step 3)	$mX \times 60\%$	$= mX_{cH}$	(Calculation of converted assessment that is allocated to Chetwynd based on 40%/60% Dawson Creek/Chetwynd split.)
Step 4)	$mX_{oc} + Moe$	$= MA(DC)$	(Calculation of total converted assessment for Dawson Creek reflecting 40% addition of Tembec converted assessment.)
Step 5)	$mX_{cH} - mX + McH$	$= MA(CH)$	(Calculation of total converted assessment for Chetwynd reflecting 100% reduction of Tembec converted assessment and then the addition of 60% Chetwynd Tembec converted assessment.)
Step 6)	$m \times 40\%$	$= moe$	(Calculation of Dawson Creek's actual assessment for the Tembec plant.)
Step 7)	$m_{oc} \times TR$	$= Roc$	(Calculation of revenues Dawson Creek receives from Tembec plant with the application of Chetwynd's limited tax rate.)

Ratio Determination

M = Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.

Br = Revenues received by each municipality from service areas, revenue sharing agreements, grants-in-lieu etc.

Mr = Revenues received from incorporated industry within each municipality.

BM = Sum of Br and Mr (benefiting area revenues and incorporated industry revenues).

R = Ratio between all revenues received by municipality and industrial assessments.

Step 1) $Br + Mr = BM$ (Calculation of the total revenues including service areas and incorporated industrial revenues.)

Step 2) $\frac{M}{BM} = R$ (Calculation of ratio for each municipality.)

Converted Equivalent Assessment Determination

M = Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.

ITA = Total of industrial class revenues only from incorporated industry and Tembec revenues.

R = Ratio between all revenues received by municipality and industrial assessments. Ratio indicates that each \$1 of revenue a municipality receives is equivalent to \$X of converted assessment.

EA = Calculated converted equivalent assessment.

TEA = Summation of converted equivalent assessments for each municipality.

Adjusted municipal converted assessment reflecting Tembec adjustments.

Step 1) $ITA \times R = EA$ (Calculation of the converted equivalent assessment from each municipality's revenues received from service areas.)

Step 2) $2:EA = TEA$ (Summation of converted equivalent assessments for each municipality.)

Step 3) $TEA + M$ (Adjusted municipal converted assessment reflecting Tembec assessment adjustments and Tembec revenue sharing agreement adjustments.)

Schedule 4

**Adjustments To Reflect District of Chetwynd and City of Fort St. John Participation In
Regional District Service Areas**

R =	Amount requisitioned from rural areas for the particular benefiting area revenues being calculated.		
Mx =	Current assessment by class for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, for the particular benefiting area.		
Mrx =	Total current assessment by class for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, for the particular benefiting area. (Note that this only applies to service areas which cover more than one jurisdiction. For example, the North Peace Leisure Pool benefiting area covers jurisdiction 759 and 760, so assessments must be totaled).		
CMrx =	Converted total current assessment by class for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, for the particular benefiting area.		
TCM =	Converted total current assessment for all classes for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority, for the particular benefiting area.		
X=	Property Class.		
Cx =	Conversion multiple by property class.		
P =	Provincial Tax Ratios		
T ₁ =	Calculated Class 1 tax rate.		
T _x =	Calculated Class X tax rate.		
TA _r =	Calculation of revenues by property class.		
TA =	Total of all revenues generated.		
ITA =	Total of industrial class revenues only.		
Step 1)	$Mx \times Cx$	$= CMrx$	(Calculation of converted benefiting area assessment by class.)
Step 2)	$I:CMrx$	$= TCM$	(Summation of converted benefiting area assessments.)
Step 3)	$\frac{R}{TCM} \times 100$	$= T_1$	(Calculation of Class 1 tax rate.)
Step 4)	$T_1 \times P$	$= T_x$	(Calculation of Classes 2-9 tax rates.)
Step 5)	$T_x \times A_x$	$= TA_x$	(Calculation of Classes 1 -9
Step 6)	$I:TA_x$	$= TA$	(Summation of all revenues.)
Step 7)	$I:ITA_x$	$= ITA$	(Summation of industrial revenues only.)

Ratio Determination

M =	Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.		
Br =	Revenues received by each municipality from service areas, revenue sharing agreements, grants-in-lieu etc.		
Mr =	Revenues received from incorporated industry within each municipality.		
BM =	Sum of Br and Mr (benefiting area revenues and incorporated industry revenues).		
R =	Ratio between all revenues received by municipality and industrial assessments.		
Step 1)	$Br+Mr$	$=BM$	(Calculation of the total revenues including service areas and incorporated industrial revenues.)
Step 2)	$\frac{M}{BM}$	$=R$	(Calculation of ratio for each municipality.)

Converted Equivalent Assessment Determination

M=	Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.		
ITA=	Total of industrial class revenues only from "Adjustments To Reflect District of Chetwynd and City of Fort St. John Participation In Regional District Service Areas."		
R=	Ratio between all revenues received by municipality and industrial assessments. Ratio indicates that each \$1 of revenue a municipality receives is equivalent to \$X of converted assessment.		
EA=	Calculated converted equivalent assessment.		
TEA=	Summation of converted equivalent assessments for each municipality.		
Adjusted municipal converted assessment reflecting adjustments.			
Step 1)	ITA x R	= EA	(Calculation of the converted equivalent assessment from each municipality's revenues received from service areas.)
Step 2)	I:EA	= TEA	(Summation of converted equivalent assessments for each municipality.)
Step 3)	TEA + M	= MA	(Adjusted municipal converted assessment reflecting assessment adjustments.)

Schedule 5

Hudson Hope's BC Hydro Grant Calculation

<i>M</i> =	Municipal converted assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.		
<i>Br</i> =	Hudson Hope's BC Hydro Grant Revenue.		
<i>Mr</i> =	Revenues received from incorporated industry within Hudson's Hope.		
<i>BM</i> =	Sum of Brand <i>Mr</i> (Hudson's Hope's Hydro grant and incorporated industry revenues).		
<i>R</i> =	Ratio between all revenues received by Hudson's Hope and industrial assessments. Ratio indicates that each \$1 of revenue a municipality receives is equivalent to \$X of converted assessment.		
<i>EA</i> =	Calculated equivalent assessment.		
Step 1)	$Br + Mr = BM$	(Calculation of the total revenues including Hydro grant and incorporated industrial revenues.)	
Step 2)	$\frac{M}{BM} = R$	(Calculation of ratio for Hudson's Hope.)	
Step 3)	$Br \times R = EA$	(Calculation of the converted equivalent assessment from Hudson Hope's BC Hydro Grant.)	
Step 4)	$EA + M = MA$	(Adjusted municipal converted assessment reflecting assessment adjustments.)	

Schedule 6

**Adjustments to Converted Values of Municipalities Participating in
Regional District Service Areas**

1. This schedule applies in the event that a municipality participates in a regional service area of the Peace River Regional District during the term of the agreement and receives the support of tax revenues generated from Classes 2, 4 and 5 in the unincorporated participating area.
2. Service areas which are exempt from the application of this schedule include those:
 - that are established wholly for the benefit of unincorporated areas;
 - that are established as region wide functions that involve the participation of all municipalities and electoral areas of the Peace River Regional District;
 - where the annual revenue generated from Classes 2, 4 and 5 is less than \$25 per capita measured by taking the total annual revenue generated within rural portion of the service area from Classes 2, 4 and 5 and dividing it by the population of the participating municipality as determined by the Director of Statistics appointed under the Statistics Act for the year in which the service area is established.
3. The converted values of Classes 2, 4 and 5 of a municipality participating in a service area as described in sections 1 and 2 above shall be adjusted as follows before being entered into the allocation formula:

M= Municipal assessment for Hospital purposes as contained in the Revised Net Taxable and Converted Value reports provided annually by the British Columbia Assessment Authority.

Br= Class 2, 4 and 5 revenues received by each municipality from the benefiting area

Mr= Revenues received from incorporated industry within each municipality.

BM= Sum of Brand *Mr* (benefiting area revenues and incorporated industry revenues).

EA= Calculated converted equivalent assessment.

TEA= Summation of converted equivalent assessments for each municipality.

Municipal assessments adjusted to reflect inclusion of benefiting area converted equivalent industrial assessments.

R= Ratio between all revenues received by municipality and industrial assessments. Ratio indicates that each \$1 of revenue a municipality receives is equivalent to \$X of converted assessment.

Step 1) $Br + Mr = BM$ (Calculation of the total revenues including service areas and incorporated industrial revenues.)

Step 2) $\frac{M}{BM} = R$ (Calculation of ratio for each municipality.)

Step 3) $Br \times R = EA$ (Calculation of the equivalent converted assessment from each municipality's revenues received from service areas.)

Step 4) $EA = TEA$ (Summation of equivalent assessments for each municipality.)

Step 5) $TEA + M = MA$ (Addition of converted equivalent assessments for each municipality to their industrial converted assessment.)

4. The adjustments to the converted values of a municipality participating in a service area of the PRRD shall be made in the calculations for the year immediately following the year in which the service area is established by bylaw enacted by the regional board of the Peace River Regional District.