



REGIONAL DISTRICT OF BULKLEY-NECHAKO  
COMMITTEE OF THE WHOLE  
**SUPPLEMENTARY AGENDA**

Thursday, March 12, 2015

<u>PAGE NO.</u>	<u>ADMINISTRATION REPORT</u>	<u>ACTION</u>
2-19	Laura O'Meara, Senior Financial Assistant - 2015 Draft Budget Draft No. 3 – Revised	Direction/Receive
20-25	Hans Berndorff, Financial Administrator - Landfill Equipment Financing	Recommendation (Page 23)
26-29	Hans Berndorff, Financial Administrator	Receive
	<u>CORRESPONDENCE</u>	
30-31	New Gold – Blackwater Project – Fact Sheet January 2015 (See Delegation – New Gold Inc.)	Receive
	<u>NEW BUSINESS</u>	
	<u>ADJOURNMENT</u>	



## Regional District of Bulkley-Nechako Memo – Committee of the Whole Agenda March 12, 2015

**To:** Chair Miller and the Committee of the Whole  
**From:** Laura O'Meara, Senior Financial Assistant  
**Date:** March 9, 2015  
**Re:** 2015 Budget Draft No. 3 - Revised

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The third draft of the 2015 budget for regional services has been revised to reflect RDBN internal operation of landfills. The budgets for local services have been sent for review and discussion to the Directors that participate in each local service.

### **Revised Projected Tax Rates for 2015**

Schedule 3 indicates that the overall projected 2015 tax increase for region-wide services and regional rural services has increased by an additional \$179,107 from \$633,547 in the second draft to \$812,654 in the third draft.

The residential tax rate for municipal taxpayers is now projected to increase from \$89.54 for a \$100,000 property to \$92.38 (an increase of \$2.84 compared with the second draft of the budget). The residential tax rate for rural properties is projected to increase from \$119.30 for a \$100,000 property to \$122.60, an increase of \$3.30 from Draft No. 2.

### **Components of the Change in Taxation Compared with Draft No. 2**

The attached Schedule "A" outlines the changes from the second draft of the budget.

- Changes have been made to reflect the RDBN operations of the Clearview landfill starting December 1, and Knockholt landfill September 1 as well as the related capital expenditures and borrowing. This change in operations results in a \$48,639 increase in taxation for 2015;
- Increased the salaries and benefits for a full time planner vs. part time planner by \$18,069;
- Added \$10,000 to upgrade our main website software to the current version to deal with security issues and to allow internal staff to upload content;
- Increased computer network by \$4,000 for storage hardware to facilitate an increased amount of high intensity data such as photos and videos;
- The 2015 budget for Fraser Lake Recycling was increased by \$4,504;
- As requested by the Committee of the Whole at the February 12, 2015 meeting, budget was added for contribution to the Northwest Resource Benefit Alliance for \$50,000;
- The first two drafts of the budget included the Grants in Lieu of Alcan Taxes at the same amount as last year. Now that the local services budgets are complete, this has now been recalculated based on 2015 taxation. As a result,



\$26,000 less is for the benefit of region wide services and moved to local services (primarily the Chinook Community Forest);

- Allowed for increases in the 2015 budget for hiring expenses in planning, development services and emergency services by a total of \$8,500.

**Tax Rate Trend**

Schedule 2 includes updated bar graphs showing our actual tax rates from 2011 to 2014 and the projected tax rate for 2015. The trend is measured separately for rural and municipal taxpayers because the number of regional services affecting rural taxpayers is greater than those affecting municipal taxpayers.

**2015 Initiatives**

Schedule 4 is a listing of proposed new initiatives included in the 2015 budget, which has been updated to reflect the changes in this draft budget.

**Projected Tax Changes for each Service**

Schedules 6 through 17, which highlight the major items affecting the projected tax change in each region-wide service and each regional rural service has been updated to reflect the changes in Draft No. 3 of the budget.

**Detailed Service Budgets**

If Directors would like copies of the detailed budgets for each service, these are available on request.

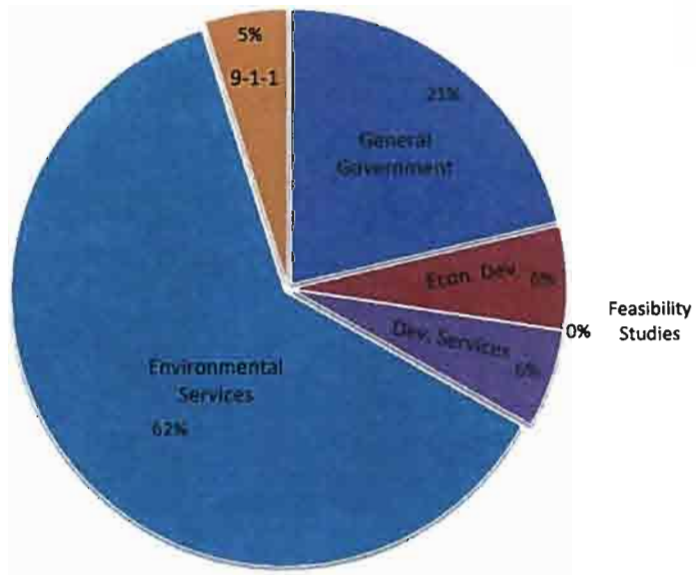
Recommendation:

(all/directors/majority)

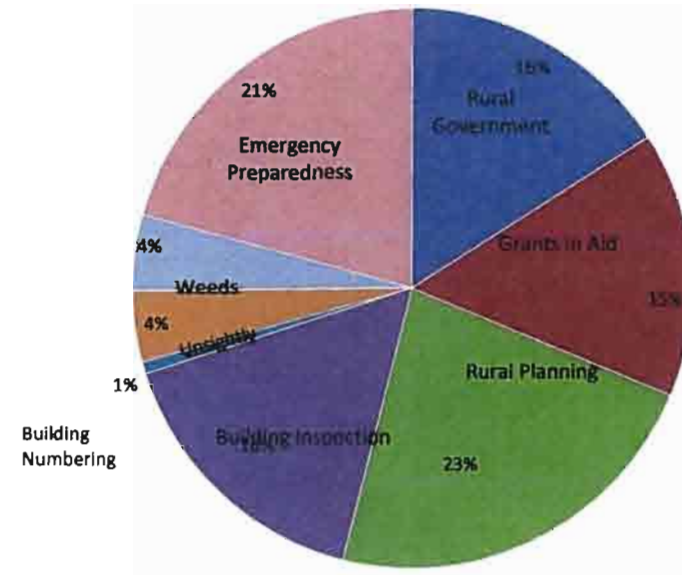
That the Committee of the Whole receives the Senior Financial Assistants March 9, 2015 memo titled "2015 Budget Draft No. 3-Revised" and provides direction regarding any changes to the draft budget.

**RDBN - 2015 Budget**  
**Major Components of Region-wide and Regional Rural Taxation**

**Taxation for Region-Wide Services**

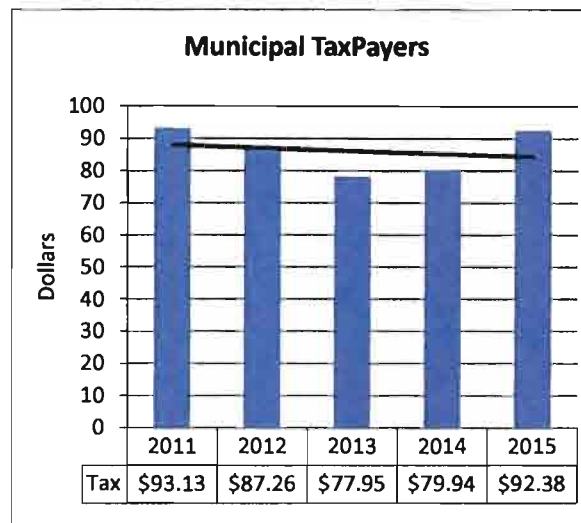
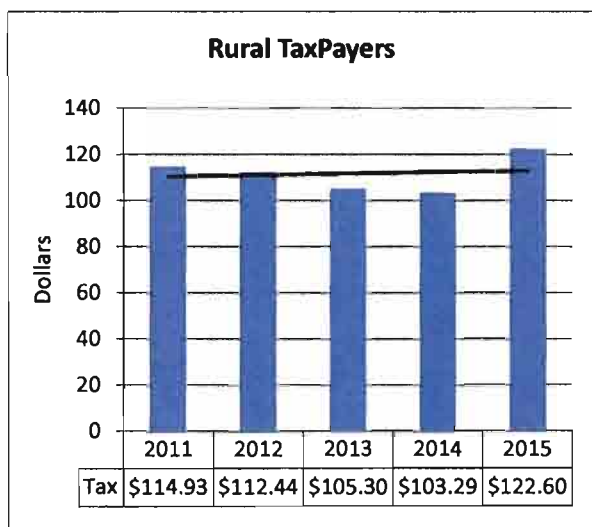


**Taxation for Regional Rural Services**



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**RDBN 2015 Budget - Tax on a \$100,000 Property**  
**(excludes local services)**



- Includes:
- General Government
  - Regional Economic Development
  - Feasibility Studies
  - Planning
  - Development Services
  - Environmental Services
  - 9-1-1 Service
  - Rural Government
  - Rural Grants in Aid
  - Building Inspection
  - Building Numbering
  - Unightly Premises
  - Noxious Weed Control
  - Emergency Preparedness

- General Government
- Regional Economic Development
- Feasibility Studies
- Planning
- Development Services
- Environmental Services
- 9-1-1 Service





**RDBN - 2015 Budget**  
**Projected Tax Rates for Regional Services**  
 (excludes local services)

Dept	Function	2014 Tax			Converted Assessments		Tax on a \$100,000 Residential Property			Municipal Taxpayers		
		2014 Tax	2015 Tax	2014 vs 2015	2014	2015	Rural Taxpayers		Municipal Taxpayers		2015 vs	
					Completed Roll	Completed Roll	2014	2015	2014	2014	2015	2014
<b>Region-Wide Services</b>												
1201	General Govt - Legislative	243,945	257,641	13,696	543,712,951	542,160,596	4.49	4.75	0.27	4.49	4.75	0.27
1202	General Govt - Administration	420,437	491,327	70,890	543,712,951	542,160,596	7.73	9.06	1.33	7.73	9.06	1.33
1203	General Govt - Finance	288,152	288,121	(31)	543,712,951	542,160,596	5.30	5.31	0.01	5.30	5.31	0.01
		952,534	1,037,089	84,555	543,712,951	542,160,596	17.52	19.13	1.61	17.52	19.13	1.61
1301	Feasibility Studies	-	(93)	(93)	543,712,951	542,160,596	-	(0.00)	(0.00)	-	(0.00)	(0.00)
2500	Regional Economic Development	288,188	294,550	6,362	543,712,951	542,160,596	5.30	5.43	0.13	5.30	5.43	0.13
4301	Development Serv	227,303	278,687	51,384	543,712,951	542,160,596	4.18	5.14	0.96	4.18	5.14	0.96
5000	Environmental Serv.	2,451,433	3,007,330	555,897	543,712,951	542,160,596	45.09	55.47	10.38	45.09	55.47	10.38
7501	9-1-1 Service	283,157	237,235	(45,922)	543,712,951	542,160,596	5.21	4.38	(0.83)	5.21	4.38	(0.83)
	<b>Total Region-Wide Services</b>	<b>4,202,615</b>	<b>4,854,799</b>	<b>652,184</b>	<b>543,712,951</b>	<b>542,160,596</b>	<b>77.29</b>	<b>89.55</b>	<b>12.25</b>	<b>77.29</b>	<b>89.55</b>	<b>12.25</b>
<b>Regional Rural Services</b>												
1101	Rural Govt - Legislative	83,021	79,152	(3,869)	272,543,950	271,411,242	3.05	2.92	(0.13)			
1102	Rural Govt - Administration	69,518	60,379	(9,139)	272,543,950	271,411,242	2.55	2.22	(0.33)			
		152,539	139,531	(13,008)	272,543,950	271,411,242	5.60	5.14	(0.46)			
1103	Rural Grant in Aid	122,837	134,381	11,544	272,543,950	271,411,242	4.51	4.95	0.44			
4101	Rural Planning	180,247	199,178	18,931	543,712,951	542,160,596	3.98	4.25	0.27	2.65	2.83	0.18
4201	Building Inspection	85,229	141,041	55,812	157,952,776	157,952,776	5.40	8.93	3.53			
4401	Building Numbering	5,458	5,896	438	272,543,950	271,411,242	0.20	0.22	0.02			
4501	Unightly Premises	26,780	36,131	9,351	254,063,404	252,001,120	1.05	1.43	0.38			
5901	Weed Control	38,540	38,602	62	272,543,950	271,411,242	1.41	1.42	0.01			
7601	Emergency Preparedness	97,339	182,180	84,841	272,543,950	271,411,242	3.57	6.71	3.14			
7602	Emergency Response	7,500	-	(7,500)	272,543,950	271,411,242	0.28	-	(0.28)			
	<b>Total Regional Rural Services</b>	<b>716,469</b>	<b>876,939</b>	<b>160,470</b>			<b>25.99</b>	<b>33.06</b>	<b>7.06</b>			
		<b>4,919,084</b>	<b>5,731,738</b>	<b>812,654</b>			<b>103.29</b>	<b>122.60</b>	<b>19.31</b>	<b>79.94</b>	<b>92.38</b>	<b>12.43</b>

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Percentage Change - Region-wide Services	15.5%
Percentage Change - Regional Rural Services	22.4%
Percentage Change - Total	16.5%

Tax Rate	1.03	1.23	0.19	0.80	0.92	0.12
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**RDBN - 2015 Budget**  
**Initiatives for 2015**

**Administration & Finance**

Increase in Directors Remuneration	47,000
Capital Asset Management Plan	30,000
Development of Office Space	19,250
Legacy Funding	20,000
Northwest Resource Benefit Alliance	50,000
Administration Cabinetry	16,000
New Office Phone System (Funded from Capital Reserve)	26,849
	<u>209,099</u>

**Regional Economic Development**

Hire SWOT Coordinator (Position is fully funded from Provincial Grants)	44,819
Economic Development Workshop Sponsorship (funded from grants)	26,522
	<u>71,341</u>

**Planning**

Plotter Purchase (Funding from Capital Reserve)	34,000
GIS Server Purchase	14,330
Hire Full Time Planner to Replace Part Time Planner	18,000
Increase Property Database Contingency from \$40,000 to \$50,000	10,000
	<u>76,330</u>

**Environmental Services**

Increase reserve for carbon emission reduction initiatives	13,250
Remediation of old Smithers/Telkwa Landfill	50,000
Top Soil, Grass and Rip Rap for Vanderhoof Landfill Site	50,000
RDBN Operation of Clearview and Knockholt Landfills	48,639
Knockholt Scale Upgrade, Plants & Lechate Pipe Extension	60,000
Clearview Landfill Scale Upgrade	40,000
Replace STTS and BLTS Transfer Station Bobcats	120,000
New Storage area at Smithers/Telkwa Transfer Station	5,000
Well Remediation and Lighting at Vanderhoof Transfer Station (\$20k from Gas Tax)	30,000
Manson Creek Site Upgrades	75,000
Bobcat Hauling Trailer	10,000
Area "D" Transfer Station recycling Area	15,000
	<u>516,889</u>

**Emergency Preparedness**

Regulatory Compliance Officer Salary and Benefits	40,656
	<u>40,656</u>

914,315

**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Rural Government**

	(\$000s)
2014 Taxation	153
2015 Taxation	140
Increase (Decrease)	(13)

	(\$000's)		
Item	2014 Budget	2015 Budget	Tax Increase (Decrease)
<b><u>Revenue</u></b>			
Surplus from Prior Year	84	50	34
Administration Grant	43	65	(22)
Grant in lieu of Alcan taxes	36	29	7
			19
<b><u>Expenditures</u></b>			
Directors remuneration	73	78	5
Directors travel	54	52	(2)
Salaries & Benefits	32	-	(32)
Conferences and Conventions	4	-	(4)
Allocation of staff costs from General Gov	81	96	15
Liability Insurance	8	9	1
Share of Office Costs	6	-	(6)
Special Projects	15	15	-
Other			(9)
			(32)
			(13)



**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**General Government**

	(\$000s)
2014 Taxation	953
2015 Taxation	1,037
Increase (Decrease)	<u>84</u>

<u>Item</u>	(\$000's)		
	2014 Budget	2015 Budget	Tax Increase (Decrease)
<b><u>Revenue</u></b>			
Surplus from Prior Year	193	198	(5)
Other Grant Revenue	-	15	(15)
Transfer from Capital Reserve (Includes new phone system)		31	(31)
Transfer from Vehicle Reserve	10	15	(5)
Province of BC Administration Grant	75	115	(40)
Grant in lieu of Alcan taxes	111	108	3
			<u>(93)</u>
<b><u>Expenditures</u></b>			
Directors remuneration	217	258	41
Directors Travel	90	84	(6)
Salaries & Benefits	773	798	25
Staff Education	17	18	1
Allocation of staff costs to rural gov't	(47)	(79)	(32)
Association Dues	17	12	(5)
Allocated Building Occupancy Costs	51	49	(2)
Communications (Includes new phone system)	10	49	39
Newsletters	6	3	(3)
Liability Insurance	9	10	1
Special Projects	58	136	78
Capital Expenditures	25	56	31
Other			9
			<u>177</u>
			<u>84</u>

**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Feasibility Studies**

	<u>(\$000s)</u>
2013 Taxation	-
2014 Taxation	-
Increase (Decrease)	<u>-</u>

<u>Item</u>	<u>2012</u>	<u>2013</u>	<u>Tax Increase</u>
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>

Feasibility Studies

<u>-</u>
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**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Regional Economic Development**

	(\$000s)
2014 Taxation	288
2015 Taxation	286
Increase (Decrease)	<u>(2)</u>

	(\$000's)		
Item	2014 Budget	2015 Budget	Tax Increase (Decrease)
<b>Revenue</b>			
Surplus from Prior Year	57	75	(18)
Grants in Lieu of Alcan Taxes	36	30	6
Project Grants	64	113	(49)
			<u>(61)</u>
<b>Expenditures</b>			
Salaries & Benefits	223	233	10
Allocation of staff costs to rural gov't	(34)	(16)	18
Staff Education	8	16	8
Staff Travel	3	2	(1)
Allocated Building Occupancy Costs	19	27	8
Communications	4	1	(3)
Legal	2	1	(1)
			<u>39</u>
<b>Projects</b>			
- Tourism	34	44	10
- Agriculture Project	36	30	(6)
- Marketing Initiatives	5	10	5
- Business Forum	17	2	(15)
- Entrepreneurship Contest	-	4	4
- Economic Development Workshops	8	35	27
- Regional Skills Gap Analysis	46	68	22
- Action Plan	58	8	(50)
- Minerals North & Roundup	9	6	(3)
- Image Bank	-	29	29
			<u>23</u>
Other			(3)
Total Expenditures			<u>59</u>
			<u>(2)</u>

**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Rural Planning**

	(\$000s)
2014 Taxation	180
2015 Taxation	198
Increase (Decrease)	<u>18</u>

Item	(\$000's)		
	2014 Budget	2015 Budget	Tax Increase (Decrease)
<b><u>Revenue</u></b>			
Grants in lieu of Alcan Taxes	29	28	1
Surplus from Prior Year	39	36	3
			<u>4</u>
<b><u>Expenditures</u></b>			
Salaries & Benefits	164	179	15
Title Searches	-	1	1
Hiring Expense	1	5	4
Building Occupancy Costs	19	16	(3)
Website Maintenance	1	-	(1)
Communications	3	1	(2)
Supplies	5	3	(2)
Capital Expenditures	10	11	1
Other			1
			<u>14</u>
			<u>18</u>

**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Building Inspection**

	(\$000s)
2014 Taxation	85
2015 Taxation	141
Increase (Decrease)	<u>56</u>

<u>Item</u>	(\$000's)		
	2014 Budget	2015 Budget	Tax Increase (Decrease)
<b><u>Revenue</u></b>			
Surplus from Prior Year	62	23	39
Cost Sharing by Municipalities	85	90	<u>(5)</u>
			<u>34</u>
<b><u>Expenditures</u></b>			
Salaries & Benefits	205	211	6
Staff Education	6	9	3
Staff Travel	14	19	5
Liability Insurance	18	20	2
Other			6
			<u>22</u>
			<u>56</u>

**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Development Services**

	(\$000s)
2014 Taxation	227
2015 Taxation	278
Increase (Decrease)	51

Item	(\$000's)		
	2014 Budget	2015 Budget	Tax Increase (Decrease)
<b><u>Revenue</u></b>			
Surplus from Prior Year	56	66	(10)
Grants in Lieu of Alcan Taxes	27	29	(2)
Transfer from Reserve	-	34	(34)
			(46)
<b><u>Expenditures</u></b>			
Salaries & Benefits	206	241	35
Hiring Expense	1	4	3
Computer Systems	55	74	19
Capital Expenditures	-	34	34
Other			6
			97
			51

**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Unsightly Premises Regulatory Control**

	(\$000s)
2014 Taxation	27
2015 Taxation	36
Increase (Decrease)	9

Item	(\$000's)		
	2014 Budget	2015 Budget	Tax Increase (Decrease)
<b><u>Revenue</u></b>			
Surplus from Prior Year	1	4	(3)
Grant in Lieu of Alcan Taxes	4	5	(1)
			(3)
<b><u>Expenditures</u></b>			
Salaries & Benefits	19	27	8
Staff Travel	1	3	2
Other			2
			12
			9



**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Environmental Services**

	(\$000s)
2014 Taxation	2,451
2015 Taxation	3,007
Increase (Decrease)	556

Item	(\$000's)		
	2014 Budget	2015 Budget	Tax Increase (Decrease)
<b><u>Revenue</u></b>			
Surplus from Prior Year	1,268	860	408
Transfer from Landfill Closure Reserve	171	1,000	(829)
Transfer from Capital Reserve		100	(100)
Transfer from Landfill Development Res		-	-
Transfer from Gas Tax Reserve	-	20	(20)
MFA Equipment Financing	-	1,547	(1,547)
Construction & Demolition Waste Fees			-
Contaminated Soils Revenue			-
Grants in lieu of Alcan Taxes	286	307	(21)
Metal Recycling Revenues	82	150	(68)
Bobcat Trade In Revenue	26	34	(8)
			(2,185)
<b><u>Administration Expenditures</u></b>			
Director's Remuneration & Benefits	5	9	4
Salaries & Benefits	452	477	25
Staff Travel	35	40	5
Liability Insurance	13	15	2
Debenture Repayment	176	256	80
Carbon Emission Reduction Initiatives	27	40	13
Other			2
			131
<b><u>Operations</u></b>			
- Landfills	867	803	(64)
- Transfer Stations	1,518	1,587	69
- Operating Contingencies	57	21	(36)
- Landfill Closure Costs	171	165	(6)
- Recycling Expenditures	798	861	63
- Capital Expenditures	167	2,752	2,585
- Contributions to Reserves	131	131	-
- Other			(1)
			2,610
Total Expenditures			2,741
			556

**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Weed Control**

	(\$000s)
2014 Taxation	39
2015 Taxation	39
Increase (Decrease)	-

Item	(\$000's)		
	2013 Budget	2014 Budget	Tax Increase (Decrease)
<b><u>Revenue</u></b>			
Surplus from Prior Year	7	9	(2)
Grant in Lieu of Alcan Taxes	9	8	1
			(1)
<b><u>Expenditures</u></b>			
Salaries & Benefits	8	8	-
Contribution to NWIPC	37	37	-
Other			1
			1
			-

**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**9-1-1 Service**

	(\$000s)
2014 Taxation	283
2015 Taxation	237
Increase (Decrease)	(46)

Item	(\$000's)		
	2014 Budget	2015 Budget	Tax Increase (Decrease)
<b><u>Revenue</u></b>			
Surplus from Prior Year	6	33	(27)
Grants in Lieu of Alcan Taxes	28	21	7
User Fees - Telus Land Lines	155	142	13
			(7)
<b><u>Expenditures</u></b>			
Salaries & Benefits	50	37	(13)
Repairs & Maintenance	42	45	3
PSAP Costs	145	55	(90)
FOCC Operating Costs	218	223	5
Contribution to Capital Reserve	-	50	50
Contribution to Vehicle Reserve	-	1	1
Miscellaneous Expense (Alcan GIL)	-	5	5
Other			-
			(39)
			(46)

**Regional District of Bulkley-Nechako**  
**Details of Projected Tax Changes**  
**Emergency Preparedness Planning**

	(\$000s)
2014 Taxation	105
2015 Taxation	182
Increase (Decrease)	<u>77</u>

	(\$000's)		
<u>Item</u>	<u>2014</u>	<u>2015</u>	<u>Tax Increase</u>
	Budget	Budget	(Decrease)
<b><u>Revenue</u></b>			
Surplus from Prior Year	65	32	33
Other Grant Revenue	64	70	(6)
Grants in Lieu of Alcan Taxes	23	38	(15)
Misc Revenue	-	2	(2)
			<u>10</u>
<b><u>Expenditures</u></b>			
Directors remuneration & travel	-	-	-
Salaries & Benefits	86	170	84
Staff Education	2	11	9
Staff Travel	1	5	4
Hiring Expense	-	3	3
Consulting Fees - GIS Study	34	70	36
Emergency Volunteer Program	10	12	2
Legal	1	3	2
Contingency	1	3	2
Capital Expenditures	40	10	(30)
Contribution to Emergency Response R	50	-	(50)
Other			5
			<u>67</u>
			<u>77</u>



## Regional District of Bulkley-Nechako Memo – Board Supplementary Agenda March 12, 2015

**To:** Chair Miller and the Board of Directors  
**From:** Hans Berndorff, Financial Administrator  
**Date:** March 11, 2015  
**Re:** Landfill Equipment Financing

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At its meeting on January 29, 2015, the Board passed a resolution to take over the operation of the landfills and purchase the necessary equipment. The staff report presented at the January 15<sup>th</sup> Committee of the Whole meeting included 10 year MFA debenture borrowing as the method of financing the equipment. The purpose of this memo is to discuss various equipment financing options along with the related public approval process.

### **Background**

MFA debenture financing requires a loan authorization bylaw that must undergo a public approval process. For financing Environmental Services capital expenditures, the RDBN has historically relied on the *Environmental Management Act (EMA)*, which waives the requirements for public approval where there is an approved Solid Waste Management Plan (SWMP) in place.

The last Environmental Services Loan Authorization Bylaw was in 2009. When the Ministry of Community, Sport and Cultural Development (MCSCD) approved that bylaw, it stated that future loan authorization bylaws related to the SWMP would not be able to rely on the public approval waiver in the *EMA* until the SWMP cost estimates have been updated. At that time, MCSCD staff were asked if a SWMP review was needed. They responded “no, only an update to the cost estimates”.

### **Updated SWMP Cost Estimates**

On January 8, 2015, SWMP cost estimates, with operating costs updated for changes in the Consumer Price Index and capital costs updated for changes in the Engineering News Record Construction Cost Index were provided to MCSCD staff. The revised cost estimates showed that the total annual Solid Waste Management costs of \$2.8 million became \$3.65 million when indexed for inflation. MCSCD staff were requested to review the information and to advise us whether they would be prepared to recommend approval to the Inspector of Municipalities if a new loan authorization bylaw were proposed to rely on the *EMA* waiver of public approval. Subsequently, MCSCD staff were also sent a copy of the analysis of landfill operations that showed why it was beneficial for the taxpayers for the RDBN to purchase capital equipment and take the operation of the landfills in house.



On February 26, 2015, MCSCD staff advised that the RDBN would not be able to rely on the *EMA* waiver of the public approval process without a formal SWMP cost estimate update that was approved by the Ministry of Environment. This would not be possible in the time available before equipment had to be ordered. There were several conference calls with MCSCD staff and RDBN staff to further explain the RDBN case. Ministry staff did not change its decision and it recommended an Alternative Approval Process to obtain public approval.

### **Public Approval Options**

#### **1. Alternative approval Process (AAP)**

A region-wide AAP would take about two months to get bylaw approval and would cost about \$15,000 for advertising. It has also been our practice to have public meetings in each community and send a letter to the owner of each property, so a region-wide AAP would result in significant travel and overtime costs as well as mailing costs of about \$12,000.

In addition, our recent experience with AAPs in a portion of Area "D" and in the Lakes District has shown that we could expect a large number of phone calls from taxpayers asking questions about this unfamiliar process and complaining that the AAP process is unfair. This may result in additional costs if we have to hire temporary staff to supplement administrative capacity.

#### **2. Referendum**

A region-wide referendum would be a huge undertaking that would take four to five months to receive bylaw approval. The expected cost is estimated to be about \$65,000 for advertising, election official wages, polling station facility rental and supplies. In addition, if past practice were followed, there would be \$12,000 in mailing costs for a letter to property owners as well as the cost of staff travel and overtime for public meetings. Because of the lengthy process and extensive cost, this would not seem feasible.

### **Other Financing Options without a Public Approval Process**

#### **3. Borrowing from RDBN Capital Reserves**

We usually borrow short term from RDBN capital reserves in the period between the time that our operating surpluses are used up in March or April and when we collect our taxes for the year at the end of July. The reserves continue to accrue interest and the amount is repaid to the reserves when taxes are collected. In the unlikely event that capital reserves are needed for their intended purpose during that short period, the Revenue Anticipation Borrowing Bylaw authorizes temporary borrowing.

Borrowing from capital reserves to finance equipment purchases to be repaid over a 10 year period entails significantly more risk. While the current capital reserves of about \$7 million are more than enough to fund \$2.4 million in equipment purchases, it is very difficult to predict if a large portion of the \$7 million reserves may be needed



for their intended purpose with a 10 year period. In addition, there would be no loan authorization bylaw to provide alternative funding if this occurred.

**4. Withdraw \$850,000 from Environmental Services Capital Reserves and Borrow \$1,547,000 under MFA Equipment Financing Program (Schedule 1)**

In addition to the vehicle reserve, Environmental Services has a Capital Reserve with a current balance of \$1,162,000. Although the Capital Reserve Bylaw is intended for any type of capital expenditure in Environmental Services, internally, these funds have been allocated to landfill closure and landfill phase development. It would be possible to withdraw up to \$850,000 from this reserve for purchasing landfill equipment.

The cash flow analysis on Schedule 1 shows that this would result in negative \$48,000 in the reserve starting in mid-2018, growing to negative \$297,000 in the year 2020, but only if there were no operating surplus over that period that could be used to supplement reserve contributions. History shows that there are usually substantial operating surpluses in Environmental Services, although these have been declining in recent years. For example, the 2014 Environmental Services operating surplus was \$860,000 compared with \$1,268,000 in the previous year. About \$513,000 of the current year's surplus is due to unspent recycling budget allocations. In addition, although the cash flow analysis includes planned capital projects, there is no allowance for additional costs due to circumstances beyond the RDBN's control (e.g.: Implementation of the new MOE landfill guidelines).

The MFA has replaced its equipment leasing program with a new equipment financing program that is simpler, has lower rates, no lease registration fees and is much more flexible. Borrowing under this program does not require public approval for terms of five years or less.

If the RDBN borrowed \$1,547,000 under this program for a five year term at an interest rate of 1.75%, annual payments would be \$323,539 for five years. This is similar to the annual payments of \$324,693 for 10 years that was included in the original proposal that was approved by the Board.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"><li>• Low rates</li></ul>	<ul style="list-style-type: none"><li>• Floating rates (see note below)</li></ul>
<ul style="list-style-type: none"><li>• Short Term</li></ul>	<ul style="list-style-type: none"><li>• Depletes capital reserves (see note below)</li></ul>
<ul style="list-style-type: none"><li>• Flexibility – can make additional principal payments at any time</li></ul>	
<ul style="list-style-type: none"><li>• Not public approval needed for terms of 5 years or less</li></ul>	





**Interest Rate Sensitivity**

The current rate for the MFA Equipment Financing Program is 1.5%. The analysis in Schedule 1 uses 1.75%. A sensitivity analysis has also been done. If rates were to increase by 0.5% each year to 3.75% for the last year of the 5 year term, total cost over the term would increase from \$1,616,795 to \$1,643,044 (see Schedule 2).

**Capital Reserve Depletion**

Although there are some risks in depleting the capital reserves within 3½ years, the debt is completely repaid after 5 years. If desired, the RDBN could contribute the \$323,359 annual savings to the capital reserve in each year of the second 5 years without increasing costs.

**5. Commercial Leasing**

Commercial banks and equipment dealers offer equipment leasing programs. The interest rates on these programs are usually a spread over prime. As the current prime rate is 2.75%, it is unlikely that this would be cost effective. In addition, there would be fees and charges related to registering the lease and the equipment belongs to the bank until the lease is paid off.

After considering all of the alternatives, Option 4 is being recommended by staff. At this time, the Committee of the Whole is being requested to recommend Option 4 to the Board of Directors.

I would be pleased to answer any questions.

Recommendation:

(all/directors/majority)

That the memorandum from the Financial Administrator, dated March 11, 2015 regarding Landfill Equipment Financing be received.

Further, that the Committee of the Whole recommend to the Board of Directors that a liability under Section 175 of the Community Charter not exceeding \$1,547,000 (One million, five hundred and forty-seven thousand dollars and zero cents) for a term not exceeding five years with no provisions for renewal be authorized for the purchase of landfill equipment.

**Landfill Equipment Financing**

	Debt	Cap Res	Total
Capital Expenditures	-1,547,000	-850,000	-2,397,000
Gloating Interest Rate	1.75%		
Monthly Payment	26,947		
Annual Payment	323,359		

Equipment Debt Financing					
Month	Opening Balance	Payment	Interest	Principal	Closing Balance
Oct-15	1,547,000	26,947	2,256	24,691	1,522,309
Nov-15	1,522,309	26,947	2,220	24,727	1,497,583
Dec-15	1,497,583	26,947	2,184	24,763	1,472,820
		<b>80,840</b>	<b>6,660</b>	<b>74,180</b>	
Jan-16	1,472,820	26,947	2,148	24,799	1,448,022
Feb-16	1,448,022	26,947	2,112	24,835	1,423,187
Mar-16	1,423,187	26,947	2,075	24,871	1,398,316
Apr-16	1,398,316	26,947	2,039	24,907	1,373,408
May-16	1,373,408	26,947	2,003	24,944	1,348,465
Jun-16	1,348,465	26,947	1,967	24,980	1,323,484
Jul-16	1,323,484	26,947	1,930	25,017	1,298,468
Aug-16	1,298,468	26,947	1,894	25,053	1,273,415
Sep-16	1,273,415	26,947	1,857	25,090	1,248,325
Oct-16	1,248,325	26,947	1,820	25,126	1,223,199
Nov-16	1,223,199	26,947	1,784	25,163	1,198,037
Dec-16	1,198,037	26,947	1,747	25,199	1,172,837
		<b>323,359</b>	<b>23,376</b>	<b>299,983</b>	
Jan-17	1,172,837	26,947	1,710	25,236	1,147,601
Feb-17	1,147,601	26,947	1,674	25,273	1,122,328
Mar-17	1,122,328	26,947	1,637	25,310	1,097,018
Apr-17	1,097,018	26,947	1,600	25,347	1,071,671
May-17	1,071,671	26,947	1,563	25,384	1,046,288
Jun-17	1,046,288	26,947	1,526	25,421	1,020,867
Jul-17	1,020,867	26,947	1,489	25,458	995,409
Aug-17	995,409	26,947	1,452	25,495	969,914
Sep-17	969,914	26,947	1,414	25,532	944,382
Oct-17	944,382	26,947	1,377	25,569	918,813
Nov-17	918,813	26,947	1,340	25,607	893,206
Dec-17	893,206	26,947	1,303	25,644	867,562
		<b>323,359</b>	<b>18,084</b>	<b>305,275</b>	
Jan-18	867,562	26,947	1,265	25,681	841,880
Feb-18	841,880	26,947	1,228	25,719	816,162
Mar-18	816,162	26,947	1,190	25,756	790,405
Apr-18	790,405	26,947	1,153	25,794	764,611
May-18	764,611	26,947	1,115	25,832	738,780
Jun-18	738,780	26,947	1,077	25,869	712,911
Jul-18	712,911	26,947	1,040	25,907	687,004
Aug-18	687,004	26,947	1,002	25,945	661,059
Sep-18	661,059	26,947	964	25,983	635,076
Oct-18	635,076	26,947	926	26,020	609,056
Nov-18	609,056	26,947	888	26,058	582,998
Dec-18	582,998	26,947	850	26,096	556,901
		<b>323,359</b>	<b>12,698</b>	<b>310,661</b>	
Jan-19	556,901	26,947	812	26,134	530,767
Feb-19	530,767	26,947	774	26,173	504,594
Mar-19	504,594	26,947	736	26,211	478,384
Apr-19	478,384	26,947	698	26,249	452,135
May-19	452,135	26,947	659	26,287	425,847
Jun-19	425,847	26,947	621	26,326	399,522
Jul-19	399,522	26,947	583	26,364	373,158
Aug-19	373,158	26,947	544	26,402	346,756
Sep-19	346,756	26,947	506	26,441	320,315
Oct-19	320,315	26,947	467	26,479	293,835
Nov-19	293,835	26,947	429	26,518	267,317
Dec-19	267,317	26,947	390	26,557	240,760
		<b>323,359</b>	<b>7,218</b>	<b>316,141</b>	
Jan-20	240,760	26,947	351	26,595	214,165
Feb-20	214,165	26,947	312	26,634	187,531
Mar-20	187,531	26,947	273	26,673	160,857
Apr-20	160,857	26,947	235	26,712	134,145
May-20	134,145	26,947	196	26,751	107,395
Jun-20	107,395	26,947	157	26,790	80,605
Jul-20	80,605	26,947	118	26,829	53,776
Aug-20	53,776	26,947	78	26,868	26,907
Sep-20	26,907	26,947	39	26,907	0
		<b>242,519</b>	<b>1,759</b>	<b>240,760</b>	
	<b>1,616,795</b>		<b>69,795</b>	<b>1,547,000</b>	

Capital Reserves					
Opening Balance	Contribution	Regular Withdrawal	Equipment Withdrawal	Interest @ 1.5%	Closing Balance
1,162,220			-850,000	1,453	313,673
313,673				392	314,065
314,065				393	314,457
314,457				393	314,851
314,851				394	315,244
315,244				394	315,638
315,638				395	316,033
316,033				395	316,428
316,428				396	316,823
316,823				396	317,219
317,219	115,000	-250,000		397	182,616
182,616				228	182,844
182,844				229	183,073
183,073				229	183,301
183,301				229	183,531
183,531				229	183,760
183,760				230	183,990
183,990				230	184,220
184,220				230	184,450
184,450				231	184,681
184,681				231	184,911
184,911				231	185,143
185,143	120,000	-121,500		231	183,874
183,874				230	184,104
184,104				230	184,334
184,334				230	184,564
184,564				231	184,795
184,795				231	185,026
185,026				231	185,257
185,257				232	185,489
185,489				232	185,721
185,721				232	185,953
185,953				232	186,185
186,185				233	186,418
186,418	120,000	-355,000		233	-48,349
-48,349				-60	-48,409
-48,409				-61	-48,470
-48,470				-61	-48,530
-48,530				-61	-48,591
-48,591				-61	-48,652
-48,652				-61	-48,713
-48,713				-61	-48,774
-48,774				-61	-48,834
-48,834				-61	-48,896
-48,896				-61	-48,957
-48,957				-61	-49,018
-49,018	120,000	-363,880		-61	-292,959
-292,959				-366	-293,325
-293,325				-367	-293,692
-293,692				-367	-294,059
-294,059				-368	-294,427
-294,427				-368	-294,795
-294,795				-368	-295,163
-295,163				-369	-295,532
-295,532				-369	-295,902
-295,902				-370	-296,271
-296,271				-370	-296,642
-296,642				-371	-297,013
-297,013	120,000	-55,000		-371	-232,384
-232,384				-290	-232,674

**Landfill Equipment Financing**

	Debt	Cap Res	Total
Capital Expenditures	-1,547,000	-850,000	-2,397,000
Gloating Interest Rate	1.75%		
Monthly Payment	26,947		
Annual Payment	323,359		

Interest Rate Sensitivity				
Year 1	Year 2	Year 3	Year 4	Year 5
1.75%	2.25%	2.75%	3.25%	3.75%

Equipment Debt Financing					
Month	Opening Balance	Payment	Interest	Principal	Closing Balance
Oct-15	1,547,000	26,947	2,256	24,691	1,522,309
Nov-15	1,522,309	26,947	2,220	24,727	1,497,583
Dec-15	1,497,583	26,947	2,184	24,763	1,472,820
		<b>80,840</b>	<b>6,660</b>	<b>74,180</b>	
Jan-16	1,472,820	26,947	2,148	24,799	1,448,022
Feb-16	1,448,022	26,947	2,112	24,835	1,423,187
Mar-16	1,423,187	26,947	2,075	24,871	1,398,316
Apr-16	1,398,316	26,947	2,039	24,907	1,373,408
May-16	1,373,408	26,947	2,003	24,944	1,348,465
Jun-16	1,348,465	26,947	1,967	24,980	1,323,484
Jul-16	1,323,484	26,947	1,930	25,017	1,298,468
Aug-16	1,298,468	26,947	1,894	25,053	1,273,415
Sep-16	1,273,415	26,947	1,857	25,090	1,248,325
Oct-16	1,248,325	26,947	2,341	24,606	1,223,719
Nov-16	1,223,719	26,947	2,294	24,652	1,199,067
Dec-16	1,199,067	26,947	2,248	24,698	1,174,369
		<b>323,359</b>	<b>24,908</b>	<b>298,451</b>	
Jan-17	1,174,369	26,947	2,202	24,745	1,149,624
Feb-17	1,149,624	26,947	2,156	24,791	1,124,833
Mar-17	1,124,833	26,947	2,109	24,838	1,099,996
Apr-17	1,099,996	26,947	2,062	24,884	1,075,112
May-17	1,075,112	26,947	2,016	24,931	1,050,181
Jun-17	1,050,181	26,947	1,969	24,977	1,025,203
Jul-17	1,025,203	26,947	1,922	25,024	1,000,179
Aug-17	1,000,179	26,947	1,875	25,071	975,108
Sep-17	975,108	26,947	1,828	25,118	949,990
Oct-17	949,990	26,947	2,177	24,770	925,220
Nov-17	925,220	26,947	2,120	24,826	900,394
Dec-17	900,394	26,947	2,063	24,883	875,511
		<b>323,359</b>	<b>24,501</b>	<b>298,858</b>	
Jan-18	875,511	26,947	2,006	24,940	850,570
Feb-18	850,570	26,947	1,949	24,997	825,573
Mar-18	825,573	26,947	1,892	25,055	800,518
Apr-18	800,518	26,947	1,835	25,112	775,406
May-18	775,406	26,947	1,777	25,170	750,237
Jun-18	750,237	26,947	1,719	25,227	725,009
Jul-18	725,009	26,947	1,661	25,285	699,724
Aug-18	699,724	26,947	1,604	25,343	674,381
Sep-18	674,381	26,947	1,545	25,401	648,980
Oct-18	648,980	26,947	1,758	25,189	623,791
Nov-18	623,791	26,947	1,689	25,257	598,534
Dec-18	598,534	26,947	1,621	25,326	573,208
		<b>323,359</b>	<b>21,057</b>	<b>302,302</b>	
Jan-19	573,208	26,947	1,552	25,394	547,814
Feb-19	547,814	26,947	1,484	25,463	522,351
Mar-19	522,351	26,947	1,415	25,532	496,820
Apr-19	496,820	26,947	1,346	25,601	471,218
May-19	471,218	26,947	1,276	25,670	445,548
Jun-19	445,548	26,947	1,207	25,740	419,808
Jul-19	419,808	26,947	1,137	25,810	393,999
Aug-19	393,999	26,947	1,067	25,880	368,119
Sep-19	368,119	26,947	997	25,950	342,170
Oct-19	342,170	26,947	1,069	25,877	316,292
Nov-19	316,292	26,947	988	25,958	290,334
Dec-19	290,334	26,947	907	26,039	264,295
		<b>323,359</b>	<b>14,445</b>	<b>308,914</b>	
Jan-20	264,295	26,947	826	26,121	238,174
Feb-20	238,174	26,947	744	26,202	211,972
Mar-20	211,972	26,947	662	26,284	185,688
Apr-20	185,688	26,947	580	26,366	159,321
May-20	159,321	26,947	498	26,449	132,873
Jun-20	132,873	26,947	415	26,531	106,341
Jul-20	106,341	26,947	332	26,614	79,727
Aug-20	79,727	26,947	249	26,697	53,030
Sep-20	53,030	53,196	166	53,030	0
		<b>268,768</b>	<b>4,473</b>	<b>264,295</b>	
		<b>1,643,044</b>	<b>96,044</b>	<b>1,547,000</b>	

Capital Reserves					
Opening Balance	Contribution	Regular Withdrawal	Equipment Withdrawal	Interest @ 1.5%	Closing Balance
1,162,220			-850,000	1,453	313,673
313,673				392	314,065
314,065				393	314,457
314,457				393	314,851
314,851				394	315,244
315,244				394	315,638
315,638				395	316,033
316,033				395	316,428
316,428				396	316,823
316,823				396	317,219
317,219	115,000	-250,000		397	182,616
182,616				228	182,844
182,844				229	183,073
183,073				229	183,301
183,301				229	183,531
183,531				229	183,760
183,760				230	183,990
183,990				230	184,220
184,220				230	184,450
184,450				231	184,681
184,681				231	184,911
184,911				231	185,143
185,143	120,000	-121,500		231	183,874
183,874				230	184,104
184,104				230	184,334
184,334				230	184,564
184,564				231	184,795
184,795				231	185,026
185,026				231	185,257
185,257				232	185,489
185,489				232	185,721
185,721				232	185,953
185,953				232	186,185
186,185				233	186,418
186,418	120,000	-355,000		233	-48,349
-48,349				-60	-48,409
-48,409				-61	-48,470
-48,470				-61	-48,530
-48,530				-61	-48,591
-48,591				-61	-48,652
-48,652				-61	-48,713
-48,713				-61	-48,774
-48,774				-61	-48,834
-48,834				-61	-48,896
-48,896				-61	-48,957
-48,957				-61	-49,018
-49,018	120,000	-363,880		-61	-292,959
-292,959				-366	-293,325
-293,325				-367	-293,692
-293,692				-367	-294,059
-294,059				-368	-294,427
-294,427				-368	-294,795
-294,795				-368	-295,163
-295,163				-369	-295,532
-295,532				-369	-295,902
-296,271				-370	-296,642
-296,642				-371	-297,013
-297,013	120,000	-55,000		-371	-232,384
-232,384				-290	-232,674



## Regional District of Bulkley-Nechako Memo – Board Supplementary Agenda March 12, 2015

**To:** Chair Miller and the Board of Directors  
**From:** Hans Berndorff, Financial Administrator  
**Date:** March 12, 2015  
**Re:** Electronic Agendas

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### **Background**

The RDBN distributes 75 copies of the Board agendas and slightly fewer Committee agendas. Over time, the RDBN has migrated from hard copy distribution to electronic distribution as cost free alternatives have become available. Today, the RDBN produces 23 hard copies and 52 electronic copies by a combination of email and the RDBN website. A total of 11 Directors and 11 Alternates currently access our agendas electronically using their own laptops or tablets via email or the RDBN website.

	<b>Printed</b>	<b>Electronic</b>
Directors	4	11
Alternates	4	11
Staff	8	
File Copy	1	
Municipalities		8
Other Agencies		17
Press	1	5
Extra Copies requested by Directors at the meeting	5	
<b>Total</b>	<b>23</b>	<b>52</b>

The total cost of the printed copies is about \$3,000 annually for paper, printing and mailing where applicable.

### **Electronic Options**

#### **1. Current practice**

Agendas are a mixture of external documents received by mail or email and documents produced in house in Word, Excel or PowerPoint. The total agenda package, once assembled, is converted to pdf and compressed for distribution by email or download from the RDBN website. Compression is necessary because many Directors, Alternates and other recipients live in areas with limited broadband capacity. This does not just apply to rural residents. Some municipal recipients have similar limitations.



Some recipients access the pdf agenda on their devices using an annotation tool such as the iAnnotate App, which enables tablet users to more easily navigate agendas as well as highlight, underline and make notes on agendas. Others access the electronic agendas without any such tools. The iAnnotate App for iPad currently costs \$5.79.

## 2. iCompass

Meeting Manager Pro is a Cloud based (Software as a Service) comprehensive meeting management product that includes:

- preparation and publishing of agendas
- tracking of actions resulting from meetings
- pre-population of minutes
- search capabilities for current and historical agendas by Directors and the public
- access by iPad, Windows or Web
- unlimited cloud storage
- six month free trial with money back guarantee
- unlimited support

The software and data are all stored on iCompass servers off premises. The annual cost is \$11,250.

## 2. eScribe

This product is very similar to iCompass, but does not currently have public search capabilities that are as well developed as iCompass. However, they said they would work with us to provide this functionality to meet our needs. Their product is available either as Software as a Service or an On Premises product. They did not initially offer a guarantee, but when we told them the competition offered one, they said they would match it. Overall, eScribe does not appear to be as advanced as iCompass, but it is significantly less costly. It also does not provide unlimited support. Basic support is included, and additional support is available for an additional fee.

	<b>One-time Cost</b>	<b>Annual Cost</b>	<b>Total First Year Cost</b>
Cloud Based Software as a Service	\$5,000	\$5,475	\$10,475
On Premise Installation	\$19,500	\$3,375	\$22,875



### **Evaluation of third Party Software vs. Current Practice**

The use of third party software has several advantages and disadvantages.

#### **1. Advantages**

- Higher quality output for internally generated documents
- Ease of access for Directors and the public
- Search capabilities for current and past agendas
- Agenda creation is partly decentralized, creating staff efficiencies
- Staff efficiencies in managing agendas, minutes and post meeting actions

#### **Disadvantages**

- Cost
- No quality advantage for externally generated documents such as correspondence
- Staff inefficiencies because external documents must be individually scanned and saved to a uniquely named file

### **Cloud Based vs. On Premises Software**

#### **1. Advantages of Cloud Based Software as a Service**

- No on site storage requirements for software or data
- No on site information technology support needed
- Software and data backup is automatic

#### **2. Disadvantages of Cloud Based Software as a Service**

- Software and data is outside of RDBN control
- Reliance on stable internet to produce agendas

### **Summary of Costs**

The RDBN is currently producing the minimum number of printed agendas likely needed in the future, so the \$3,000 annual cost for printed agendas is expected to continue.

Over a four year term, the cost of third party software is summarized below:

iCompass	\$45,000
eScribe Cloud	\$26,900
eScribe on Premises	\$33,000

The cost of any user devices such as iPads would be an additional cost. Currently, the cost of an iPad Air 2 (16 Gb) is \$549.

I would be pleased to answer any questions.



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March 12, 2015  
Electronic Agendas

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Recommendation:

(all/directors/majority)

That the memorandum from the Financial Administrator, dated March 12, 2015 regarding Electronic Agendas be received.



# Blackwater Project

## FACT SHEET

### **New Gold's Blackwater Project**

The Blackwater Project is located along the northern flanks of Mt. Davidson in the Nechako Plateau within Cariboo Regional District Area I, approximately 160 kilometres southwest of Prince George and 110 kilometres southwest of Vanderhoof.

The proposed open pit gold and silver mine would represent an annual average production of 507,000 ounces of gold and 2,039,000 ounces of silver during 17 years of operations. A 133 kilometre transmission line would connect the mine site with an existing substation south of the community of Endako, providing power to the project.

In 2014 New Gold was recognized by Sustainalytics-Maclean's as One of Canada's Top Socially Responsible Corporations and by Talent Click Workforce and June Warren Nickel's Energy Group as a Top Safety Cultures Award Program winner. New Gold's Blackwater Project and was awarded the Developer of the Year Award at the 2013 Natural Resources Forum in Prince George.

### **Creating jobs close to home**

The Blackwater Project has hired more than 550 employees and contractors since 2012. In 2013 an average of 65 percent were from the local region and 23 percent were from First Nation communities.

New Gold expects to hire 1,200 to 1,500 (peak) workers during construction and up to 500 full-time workers to operate the mine.

### **Purchasing local goods and services**

The project has already made significant contributions to the region and the Province with close to \$1 billion spent in acquisition and development costs to date. New Gold is committed to making a positive contribution to the community and the region through hiring and contracting locally where possible. Since 2012, New Gold has spent over \$240 million on goods and services in the Blackwater Project region. Businesses interested in supplying goods or services should contact the Blackwater Project Office in Vanderhoof.

### **Meeting environmental standards and best practices**

From its earliest site investigations, New Gold has carried out comprehensive environmental studies to establish baseline measurements for plants, animals, land, air and water. The project will be designed to avoid water release to the environment and will not fill any lakes. During operations, New Gold will work to minimize environmental impacts and maintain robust monitoring programs. After closure, the land could be used for recreation or wildlife habitat.

The project is subject to a coordinated federal and provincial environmental review by the Canadian Environmental Assessment Agency (the Agency) and the BC Environmental Assessment Office (BC EAO). The environmental assessment process includes up to six public comment periods to ensure the public has the opportunity to review project documents and provide comment. For more information, visit [www.ceaa-acee.gc.ca](http://www.ceaa-acee.gc.ca) or [www.eao.gov.bc.ca](http://www.eao.gov.bc.ca).

### **Working with Aboriginal peoples**

New Gold is working to build strong partnerships with Aboriginal peoples. To support Aboriginal hiring, the Blackwater Project has worked with the Aboriginal Mentoring and Training Association, Northwest Community College and the College of New Caledonia and has hosted youth from the award-winning BladeRunners program. New Gold and its contractors partner with First Nations to employ Aboriginal people as environmental monitors, geological field assistants, camp attendants, camp cooks, kitchen helpers, labourers and core cutters.

The Blackwater Project has contributed more than \$6 million in First Nation contracts. New Gold has signed several First Nation agreements and continues to engage with other First Nations in the project area.

### **Strengthening communities**

Committed to maximizing benefits to local communities and the region, New Gold has facilitated Community Liaison Committee meetings, hosted workshops with local economic development officers, held Citizens Forums in collaboration with the College of New Caledonia, hosted a Regional Health Forum, met regularly with stakeholders, held open houses in six communities and led focus groups on local hiring and recruitment.

New Gold strives to be a full partner in the community and the region by actively supporting community-building and economic diversification activities.

### **Next Steps**

The project is currently in the environmental assessment and permitting process. Regional exploration, technical and economic studies, and permitting work will continue through 2015. The project will continue to work with communities to help prepare local contractors and workers for upcoming construction and operations opportunities.

### **New Gold**

New Gold is an intermediate gold mining company. The company has a portfolio of four producing assets and three significant development projects. The New Afton Mine in Canada, the Mesquite Mine in the United States, the Peak Mines in Australia and the Cerro San Pedro Mine in Mexico, provide the company with its current production base. In addition, New Gold owns 100% of the Blackwater and Rainy River projects, both in Canada, as well as 30% of the El Morro project located in Chile. New Gold's objective is to be the leading intermediate gold producer, focused on the environment and social responsibility. For further information on the company, please visit [www.newgold.com](http://www.newgold.com).

<p><b><i>For more information, please contact:</i></b>  <b>Blackwater Project Community Office</b>  <b>139 1<sup>st</sup> Street East, Vanderhoof, BC</b></p>	<p><b>250-567-3276</b>  <b><a href="mailto:office.blackwater@newgold.com">office.blackwater@newgold.com</a></b>  <b><a href="http://www.newgold.com/blackwater">www.newgold.com/blackwater</a></b></p>
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#### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This document contains statements about expected future events and financial and operating results of New Gold that are forward-looking. By their nature, forward-looking statements require New Gold to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. You are cautioned not to place undue reliance on forward-looking statements. A number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is qualified in its entirety by the assumptions, qualification and risk factors referred to in other New Gold public disclosure documents and filings with securities commissions in Canada (on [sedar.com](http://sedar.com)) and in the United States (on EDGAR at [sec.gov](http://sec.gov)). New Gold does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.