



BC Hydro, Ministry of Agriculture and Ministry of Energy and Mines
Consultation Steering Committee

Site C Clean Energy Project

Framework for an Agricultural Mitigation and Compensation Plan

Consultation Summary Report

March 2016

Prepared by
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About Kirk & Co. Consulting Ltd.

Kirk & Co. is a recognized industry leader in designing and implementing comprehensive public and stakeholder consultation and engagement programs. Utilizing best practices, consultation and engagement programs are designed to maximize opportunities for input. Kirk & Co. works with internationally-recognized polling firms to independently analyze and report on large volumes of public and stakeholder input.

The views represented in this report reflect the priorities and concerns of consultation participants. They may not be representative of the views of the public and other stakeholders.

Table of Contents

1. Introduction	4
1.1. Framework for an Agricultural Mitigation and Compensation Plan	4
2. Stakeholder Consultation – November 2015 – January 2016	5
2.1 Purpose – Stakeholder Consultation	5
2.2 Notification	5
2.3 Participation	6
2.4 Consultation Methods.....	6
2.4.1 Discussion Guide	6
2.4.2 Online Consultation	6
2.4.3 Stakeholder Meetings	7
3. Consultation Results	8
3.1 Key Themes from Stakeholder Meetings.....	8
3.2 Results from Feedback Forms	9
3.3 Results from Submissions	28

Appendix 1: Stakeholder Meeting Summaries

Appendix 2: Discussion Guide and Feedback Form

1. Introduction

1.1. Framework for an Agricultural Mitigation and Compensation Plan

The Site C Clean Energy Project (Site C) will be a third dam and hydroelectric generating station on the Peace River in northeast B.C. Site C received environmental approvals from the federal and provincial governments in October 2014, and received approval from the Province of B.C. in December 2014.

The Provincial Environmental Assessment Certificate for the Site C Clean Energy Project includes Condition 30, which requires BC Hydro to develop an Agricultural Mitigation and Compensation Plan addressing the following requirements: establishing a \$20 million Agricultural Compensation Fund; implementing appropriate construction management practices; developing individual farm mitigation plans; and managing surplus agricultural land.

BC Hydro, the Ministry of Agriculture and the Ministry of Energy and Mines are developing the Framework for an Agricultural Mitigation and Compensation Plan with input from Peace Region land owners, tenure holders, agricultural producers, and agricultural stakeholders, including local governments and First Nations.

In accordance with the requirements of the condition, the Framework for an Agricultural Mitigation and Compensation Plan will be submitted to the Peace River Regional District and the District of Hudson's Hope for review by July 2016. A draft Agricultural Mitigation and Compensation Plan will be provided for review in January 2017, and a final plan filed with the BC Environmental Assessment Office, Peace River Regional District, District of Hudson's Hope, the Ministry of Agriculture and the Ministry of Forests, Lands and Natural Resource Operations by July 2017. In addition, the Framework, draft Plan and final Plan will be posted on the Site C website for review, and notification will be provided to affected land owners, tenure holders, agricultural stakeholders, and consultation participants.

BC Hydro, the Ministry of Agriculture and the Ministry of Energy and Mines has established a Consultation Steering Committee to guide consultation with agricultural stakeholders regarding the framework for the Agricultural Mitigation and Compensation Plan. The Consultation Steering Committee is seeking and receiving advice from regional advisors: Hon. Mike Bernier, MLA for Peace River South, and Pat Pimm, MLA for Peace River North.

2. Stakeholder Consultation – November 2015-January 2016

Stakeholder consultation regarding the Framework for an Agricultural Mitigation and Compensation Plan took place from November 23, 2015 to January 29, 2016. This report summarizes input received during the stakeholder consultation process.

2.1 Purpose – Stakeholder Consultation

During stakeholder consultation, BC Hydro, the Ministry of Agriculture and the Ministry of Energy and Mines presented content from the draft Framework for an Agricultural Mitigation and Compensation Plan, and sought input regarding four key components of the Plan:

- A. Implementation of appropriate construction management practices, as they pertain to agriculture
- B. Approach to development of individual farm mitigation plans
- C. Approach to management of surplus agricultural land
- D. Establishment of a \$20 million Agricultural Compensation Fund

The input received during stakeholder consultation is summarized in this report and will be considered, along with technical and financial information, as BC Hydro, the Ministry of Agriculture and the Ministry of Agriculture and Mines develop the Framework for the Agricultural Mitigation and Compensation Plan.

2.2 Notification

Notification of opportunities to participate in stakeholder consultation included the following:

- **Invitation and Reminder Emails:** Notification emails were sent to approximately 125 Peace River agricultural stakeholders, encouraging participation in stakeholder meetings and reminding them of the opportunity to participate in online consultation.
 - **Invitation to Participate:** Sent to stakeholder meeting invitees on November 9, November 17 and December 21, 2015 and January 4 and 25, 2016
 - **Thank You and Reminder to Submit Feedback:** Sent to stakeholder meeting attendees on December 17, 2015, and January 1 and January 18, 2016
- **Reminder Phone Calls:** Calls were made in follow-up to the email invitations, inviting or reminding people about meetings and the online consultation.
- **Website:** Information regarding the Agricultural Stakeholder Consultation is available on the Site C Project website (www.sitecproject.com/agricultural-stakeholder-consultation). The consultation discussion guide and an online feedback form were posted on the website on November 23, 2015.

2.3 Participation

There were a total of **114 participant interactions** during the stakeholder consultation regarding the Framework for an Agricultural Mitigation and Compensation Plan:

- 81 people attended four stakeholder meetings
- 30 feedback forms were received
- 3 written submissions were received

It should be noted that some stakeholders participated through multiple methods, such as attending one or more stakeholder meetings, and providing a feedback form or a written submission.

2.4 Consultation Methods

Stakeholder consultation materials were available online at www.sitecproject.com/agricultural-stakeholder-consultation beginning on November 23, 2015. Input and feedback were collected using the discussion guide, online consultation and stakeholder meetings as described below.

2.4.1 Discussion Guide and Feedback Form

A Discussion Guide presented the proposed Framework for an Agricultural Mitigation and Compensation Plan and additional detail on draft components relevant to the Agricultural Compensation Fund. A Feedback Form included in the Discussion Guide invited comment regarding four key elements of the Plan:

- A. Implementation of appropriate construction management practices, as they pertain to agriculture
- B. Approach to development of individual farm mitigation plans
- C. Approach to management of surplus agricultural land
- D. Establishment of a \$20 million Agricultural Compensation Fund

The Discussion Guide and Feedback Form was developed by the Consultation Steering Committee with input from the Regional Advisors.

The Discussion Guide and Feedback Form was distributed in hardcopy at four stakeholder meetings, and was available on the Site C Project website, and through web links from the Ministry of Agriculture.

2.4.2 Online Consultation

The discussion guide was available on the Site C Project website (www.sitecproject.com/agricultural-stakeholder-consultation) as well as an online feedback form which could be submitted directly from the website.

2.4.3 Stakeholder Meetings

81 people attended four stakeholder meetings. It should be noted that some people attended more than one meeting.

Meetings were held on the following dates:

Stakeholder Meetings		
Date	Time	Location
Wednesday, December 2, 2015	1:00-3:00 p.m.	Hudson's Hope
Thursday, January 7, 2016	1:00-3:00 p.m.	Fort St. John
Tuesday, January 12, 2016	1:00-3:00 p.m.	Dawson Creek
Wednesday, January 13, 2016	1:00-3:00 p.m.	Chetwynd

A Kirk & Co. facilitator attended the stakeholder meetings with the Consultation Steering Committee. At each meeting, participants were provided with the discussion guide and were encouraged to provide a completed feedback form or a submission. Members of the Consultation Steering Committee presented the contents of the discussion guide, focusing on the consultation topics, and participants were invited to ask questions and provide feedback during the meeting.

The Consultation Steering Committee stated during the meetings that it was also seeking guidance from the BC Environmental Assessment Office with respect to the governance and allocation of the Agricultural Compensation Fund and any requirements they would have of BC Hydro in satisfying the EAC conditions.

Key themes from each of the stakeholder meetings are provided in Section 3.1 and summary notes from each meeting are included in Appendix 1.

3. Consultation Results

3.1 Key Themes from Stakeholder Meetings

The following are the key themes from the four stakeholder meetings.

Meeting	Key Themes
<p>Hudson's Hope December 2, 2015 1:00 – 3:00 p.m.</p>	<ul style="list-style-type: none"> • Participants expressed an interest in refining the Agricultural Compensation Fund's geographic scope to be focused on the Peace River Valley, rather than the Peace Region, because the Peace River Valley is the area that will experience the greatest impact due to the Site C Project. • Participants asked that BC Hydro clarify the approach for engaging directly with affected landowners on topics including highway relocation, land acquisition, Statutory Right of Ways, and monitoring plan findings. • Participants were interested in establishing a regional working group to provide further input on the Agricultural Compensation Fund framework. • Participants stated that the Agricultural Compensation Fund should not be for use outside the Peace Region.
<p>Fort St. John January 7, 2016 1:00 – 3:00 p.m.</p>	<ul style="list-style-type: none"> • Participants stressed the importance of having regional administration of the Agricultural Compensation Fund, and regional decisions on funding awards. • Participants discussed various existing fund managers that may be able to play a role in the compensation fund going forward. • Participants expressed interest in BC Hydro transferring the full amount of the agricultural compensation fund of \$20 million as a lump sum to enable the fund administrator to accrue interest over time. • Some local agriculture producer groups expressed interest in the fund being distributed in larger amounts chunks to have a greater impact • Some government representatives expressed interest in annual funding that would last in perpetuity for long term benefit. • Participants commented on potential project eligibility criteria for the fund, and in general expressed interest in maintaining a flexible framework to ensure the best projects are selected for funding with examples including agricultural infrastructure projects and low-interest loans. • Participants stated that the Agricultural Compensation Fund should not be for use outside the Peace Region.
<p>Dawson Creek January 12, 2016 1:00 – 3:00 p.m.</p>	<ul style="list-style-type: none"> • Participants stated that the Agricultural Compensation Fund should be regionally managed, and that local agricultural producers should be the final decision makers. • Participants expressed interest in creating an executive board to govern the fund, with 1/3 livestock industry representatives, 1/3 crop producers and 1/3 various other minor commodities groups including horticulture. • Participants requested that the Fund be allocated in a lump sum endowment of \$20 million. • Participants expressed interest in retaining flexibility of eligibility and the criteria for applications, to avoid exclusion of potentially beneficial projects. Participants considered fund eligibility for on-farm investments, multiple-year funding, and interest-free or low interest loans.

Meeting	Key Themes
	<ul style="list-style-type: none"> • Participants identified the need to support new, young entrants into agriculture. • Participants stated that the Agricultural Compensation Fund should not be for use outside the Peace Region.
Chetwynd January 13, 2016 1:00 – 3:00 p.m.	<ul style="list-style-type: none"> • Participants expressed an interest in creating a new cross-producer society to manage/disburse the fund, and not an adaptation of an existing group or fund manager, to ensure all interested stakeholders are represented. • Participants commented on fund governance, articulating the need for an executive board comprised of local agricultural producers, with positions for smaller groups and new entrants. Participants commented that the executive board should have a clear terms of reference to ensure fairness, and that the terms of reference should be reviewed every two to five years. • Participants expressed interest in the compensation fund of \$20 million being paid out in a lump sum from BC Hydro, and managed as an endowment, with flexibility in annual payments. • Participants commented on criteria and eligibility, expressing interest in ensuring individual producers have ways of participating in the fund – both on advisory board and as applicants. Participants proposed that 30 per cent of each year’s funding be available for individual projects. • Participants expressed the need for new, young entrants into the farming industry and a need for educational agriculture programming. • Participants stated that the Agricultural Compensation Fund should not be for use outside the Peace Region.

3.2 Results from Feedback Forms

The following summarizes input received through 30 feedback forms. It should be noted that not all respondents provided a response to all questions and that a response may have included more than one theme.

A. Implementation of Standard Construction Mitigation Measures

Standard construction mitigation measures are included in the Site C Project’s Construction Environmental Management Plan (CEMP). The CEMP outlines the requirements for Environmental Protection Plans, which must be developed by contractors prior to the commencement of construction activities.

These plans include standard mitigation measures for all aspects of construction, including those that may affect agricultural land and operations. Plans related to agricultural land include:

- **Soil Management, Site Restoration and Re-vegetation Plan** – restoration of temporarily affected agricultural land during construction;
- **Borrow and Quarry Site Reclamation Plan** – restoration of temporarily affected agricultural land within quarries and pits developed during construction;
- **Vegetation and Invasive Plant Management Plan** – mitigation of potential effects to agricultural land through protection of vegetation and limiting the spread of invasive plants; and
- **Traffic Management Plans** – mitigation of potential construction effects on individual farm operations as a result of increased traffic and road closures.

1. Please provide any comments regarding the implementation of standard construction mitigation measures.

The following are the key themes from the 15 responses to this question:

- 7 respondents noted that agricultural transportation needs to be considered during project construction, including suggestions that roads should have wider shoulders and pull outs to accommodate large and slow moving agricultural vehicles, that agricultural and local resident traffic should have priority, and that roads should be connected across the Peace River
- 3 respondents commented on the need to manage weeds and invasive plants, noted that BC Hydro should rely on the experience of local seed producers and local seed companies to determine re-vegetation plans and source local seed, and that equipment should be cleaned before entering construction sites. One respondent noted that “limiting” the spread of invasive plants is not acceptable, and that the goal should instead be preventing the spread of invasive plants.
- 1 respondent stated that highway improvements should be realigned around farms, orchards, gardens and buildings as to not drive farmers away from the valley
- 1 respondent suggested that any disturbed soils should be stockpiled and protected so that it can be returned to its original location, that disturbed areas should be returned to as good or better than they were found, and that attempts should be made to create more agricultural land within disturbed areas through levelling, draining or soil rehabilitation
- 1 respondent stated that standard mitigation measures applied to all construction activities is not adequate, and that there should be individual plans developed for each aspect of construction based on the land base that would be affected
- 1 respondent noted that cumulative effects of construction activities needs to be considered, and that support is needed to facilitate affected landowners to provide input into minimizing daily impacts into landowner activities. Traffic management was provided as an example of an activity that could be resolved through discussion and land owner input
- 1 respondent commented that local environmental companies should monitor the construction sites
- 1 respondent noted that reclamation efforts should be planned and signed off by Ministry of Agricultural agrologists and a third-party agrologist (i.e., not affiliated with BC Hydro)
- 1 respondent noted they are concerned about the destruction of mother earth

B. Approach to the Development of Individual Farm Mitigation Plans

In accordance with Condition 30, BC Hydro “*must evaluate effects on agricultural land owners and tenure holders, and develop mitigation and compensation measures consistent with industry compensation standards, to mitigate effects or compensate for losses.*” Also, BC Hydro’s plan must include “*funding for mitigation actions for disruptions to agricultural land owners and tenure holders.*”

BC Hydro evaluated effects on agricultural land owners and tenure holders as part of the agricultural assessment during the environmental assessment phase. As part of this assessment, interviews were held with potentially-affected farm operators and/or owners in 2011 and 2012. There are 34 farm operations where a portion of the operation is within the Site C project activity zone. Of the 34, 22 owners or operators agreed to participate, and provided information about current and potential future agricultural activities. The results of the interviews were used, along with other information, such as from Statistics Canada and direct observations about farm operations, to inform the agricultural assessment.

Now that Site C has moved into construction, BC Hydro’s properties team will discuss with agricultural land owners and tenure holders potential effects of the project on their land and operations, including potential mitigation actions related to disruption of their continuing agricultural operations. Where agricultural land is required for the Project it will be acquired at fair market value, and associated financial losses, including funding of mitigation actions and compensation for those effects which cannot be mitigated, if any, will be reimbursed as described in Section 11.3 of the Site C Environmental Impact Statement (Land Status, Tenure and Project Requirements).

The identification of specific mitigation actions that may require funding related to disruption of each agricultural operation will be identified by BC Hydro in private discussions with agricultural land owners and tenure holders whose land or rights may be affected by the Project. For example, potential mitigation actions may include changes to driveways to address changes to farm access, consideration of changes to unauthorised public access, relocation of farm infrastructure such as buildings, wells or fencing, or other disruptions to current agricultural operations. Where such effects cannot be avoided, individual farm mitigation plans will be developed to determine compensation for financial losses due to disruptions to agricultural land use, consistent with industry compensation standards. Funding for individual farm mitigation or compensation will be in addition to the \$20 million Agricultural Compensation Fund.

2. Please provide any comments regarding the approach to the development of individual farm mitigation plans.

The following are the key themes from the 15 responses to this question:

- 6 respondents commented that consultation with affected agricultural operators and land owners regarding the development of individual farm mitigation plans must be respectful and meaningful
- 6 respondents noted that funding for individual farm mitigation must be completely separate from the \$20 million Agricultural Compensation Fund
- 2 respondents stated that individual farm mitigation must be provided on a fair, equal and adequate basis

- 2 respondents noted a need for a dispute resolution process, including a suggestion of an independent arbitrator and that BC Hydro needs to address current identified disputes with land owners
- 1 respondent noted that removal of key lands may affect the operability of an entire business, and that BC Hydro should compensate for this
- 1 respondent stated that highways should be fenced to prevent trespassers from accessing private property, that underpasses should be installed to allow wildlife and cattle to cross the highway safely, and that a third-party should evaluate the effects of the reservoir on agriculture, noting that they believe BC Hydro has underestimated the effects of the project on agriculture
- 1 respondent asked that BC Hydro be transparent and not ask for or enforce confidentiality regarding individual rates of compensation
- 1 respondent stated that BC Hydro should give individual farm owners/operators whatever they want
- 1 respondent suggested that BC Hydro provide land not needed for the project to landowners and First Nations as part of compensation
- 1 respondent stated that funding should be provided to the most affected parties and that priority should be given to families losing their livelihood as a result of the project
- 1 respondent suggested that it is too early to determine the impacts of the project
- 1 respondent stated that the creation of the reservoir would increase humidity and fog and asked how this would be mitigated
- 1 respondent stated that they did not want to see any development

C. Approach to Management of Surplus Agricultural Lands

In accordance with Condition 30, BC Hydro's Agricultural Mitigation and Compensation Plan must include *"inclusion of suitable land in the Agricultural Land Reserve in consultation with the Agricultural Land Commission"*, and *"when residual parcels are to be sold, consolidate and / or connect residual agricultural parcels with adjacent agricultural land holdings, where practical and when owner(s) and BC Hydro agree."*

These conditions reflect the fact that, through the process of land acquisition for Site C, BC Hydro will end up with surplus land holdings that may be suitable for future agricultural land use. BC Hydro will be in a position to begin the process of identifying lands that are surplus, or not directly required for the project, approximately five years after the completion of construction. This timeline allows for the results of reservoir shoreline monitoring to inform this process, as well as the establishment of long-term mitigation measures that may include establishment of areas such as wildlife habitat compensation lands or recreation sites. Until that time, BC Hydro-owned lands will continue to be managed in a responsible manner that supports, as appropriate, agricultural land use and wildlife habitat, and continues to ensure responsible approach to noxious weed management.

Surplus lands will be assessed against land use priorities to determine their suitability for various potential uses, including land required to mitigate project effects. Consideration will be guided by ongoing conditions associated with project approvals, including vegetation and wildlife habitat compensation, agricultural land use interests and Aboriginal interests, as well as community interests as stated in official community plans and zoning.

For those lands retained as wildlife habitat compensation, there will be management plans developed. Continued agricultural use of these lands is also an objective. BC Hydro will work with government agencies, Aboriginal groups and other potentially affected stakeholders to identify the habitat management objectives, specific actions for the maintenance, creation or enhancement of targeted habitat features, compatible land use including agricultural practices, and other property-specific management considerations.

BC Hydro-owned land deemed surplus to project or mitigation requirements, and that have continuing agricultural value, may be dealt with in several ways. First, when these land parcels are to be sold, BC Hydro will make efforts to consolidate or connect residual agricultural parcels with adjacent agricultural land holdings, where practical and where owners agree. Secondly, BC Hydro will consult with the Agricultural Land Commission and adjacent landowners to include suitable land in the Agricultural Land Reserve.

3. Please provide any comments regarding the management of surplus agricultural lands

The following are the key themes from the 15 responses to this question:

- 8 respondents stated that original seller/previous owner should have the first right of refusal for surplus lands
- 5 respondents stated that all tools available should be used to maintain the production of unused agricultural land before, during and after construction
- 4 respondents stated that adjacent land owners should have second right of refusal for surplus lands
- 4 respondents stated that previous renters or adjacent land owners should have second right of refusal for surplus lands
- 1 respondent stated that other agricultural producers should have third right of refusal for surplus lands
- 1 respondent stated that all surplus lands should be in good condition that would allow for immediate use (i.e., no invasive plants or garbage)
- 1 respondent stated that young farmers should have third right of refusal to purchase or lease lands at a low price to encourage farming among young people
- 1 respondent stated that those who have lost the most amount of land should have first right of refusal for surplus lands
- 1 respondent suggested that surplus lands should first be provided to the original owners free of charge, followed by offered to nearby farmers and ranchers free of charge, sold at a low price to family-run market gardens, and lastly turned into a park with some hunting to manage wildlife populations
- 1 respondent stated that flooded owners/farmers should have the first right of refusal for surplus land
- 1 respondent stated that surplus lands should be re-vegetated to prevent growth and spread of weeds
- 1 respondent stated that those in the surrounding Peace Region should have the third right of refusal for surplus land, followed by those outside the Peace region
- 1 respondent suggested that First Nations should be given a high priority for the acquisition of surplus lands to compensate for the loss of areas to practice Treaty Rights in the area
- 1 respondent expressed concern with the timeline regarding the availability of surplus lands, noting that having to wait 15 years could impact the viability of some operations,

and suggesting that surplus lands should be identified earlier and used in the interim period

- 1 respondent stated that a last refusal clause should be included to provide the previous occupant with the opportunity to accept any of the offers on the table before their tenure is cancelled
- 1 respondent suggested that input from the Peace Valley Landowner Association is needed to develop fair and equitable processes and options
- 1 respondent stated that the “pipeline” will destroy the land needed for survival

D. Establishment of an Agricultural Compensation Fund

D1. Agricultural Compensation Fund Vision

Why are we creating an Agricultural Compensation Fund?

The construction and operations of the Site C Clean Energy Project will affect agricultural land and operations in the Peace Region. To mitigate this impact to agricultural economic activity, BC Hydro will create a \$20 million Agricultural Compensation Fund (the Fund) to support enhancement projects that improve agricultural land, productivity, and systems. As discussed in separate sections, other mitigation is proposed to address other effects, including standard construction management, surplus agricultural land management, and physical monitoring programs for agriculture.

Where should the Fund be targeted and what should it cover?

The Site C Clean Energy Project’s physical footprint is in the Peace Region. Therefore it is proposed that the Fund be targeted to activities that will enhance agricultural lands, operations, or agrifoods¹ economic activity in the Peace Region. The geographic target for the Fund will be the area of the BC Peace River Regional District.

Proposed Vision Statement

Based on the information above, the following is the proposed vision statement for the Agricultural Compensation Fund: *“Enhance the Peace Region’s opportunity for agricultural production and agrifoods economic activity.”*

4. Please provide any comments regarding the proposed vision statement for the Agricultural Compensation Fund.

The following are the key themes from the 15 responses to this question:

- 8 respondents noted that the Agricultural Compensation Fund should be used only to directly benefit the agricultural sector in the Peace Region and not elsewhere in the province
- 1 respondent stated that the vision statement should be changed from “Peace Region” to “Peace Valley”, noting that the effects from the project are in the Peace River Valley, and that those elsewhere in the Peace Region do not need the money
- 1 respondent stated that BC Hydro must help improve the agricultural land left in the Peace Valley
- 1 respondent stated that a significant percentage of the Agricultural Compensation Fund should be allocated to developing the unrealized potential of the horticultural sector in the Peace Valley

- 1 respondent suggested replacing “enhance” to “support”, noting that enhancement is subjective and hard to predict prior to starting a project
- 1 respondent stated that they agree with using the Peace River Regional District (PRRD) boundaries for the area for the fund, but that the PRRD (i.e., elected officials and staff) should have no involvement in the fund or its administration
- 1 respondent commented that the fund should be weighted towards projects and programs that address and mitigate specific losses arising from Site C
- 1 respondent confirmed that the vision statement is separate from individual farm mitigation
- 1 respondent commented that the fund should be paid in one lump sum to a responsible board of agricultural producers
- 1 respondent noted their opposition to development

D2. Agricultural Compensation Fund Governance

How should the Fund be administered?

Based on research into effective fund administering organizations, the following are proposed principles to guide fund administration.

Proposed Principles of Fund Administration

- **Fair and Transparent:** The Fund must be administered in a fair and transparent manner so that all projects are reviewed and given equal consideration.
- **Regional Knowledge and Technical Expertise:** Regional knowledge of agricultural strengths, needs, challenges and opportunities combined with technical expertise will assist in good decision-making and assessment of project viability.
- **Professional:** The organization needs to be efficient in order to make timely decisions, it must be effective in document management and record keeping, and have strong communication capabilities to interact with and support Fund applicants.
- **Accountable:** The organization would ensure that the Fund meets the regulatory requirements set out by the Environmental Assessment Certificate Condition 30, and that funding recipients and projects meet the eligibility requirements of the Fund.
- **Inclusive:** The fund must be administered in a manner that recognizes the diversity of agricultural sectors, interests and opportunities in the Peace Region.

5. Please provide any comments regarding the proposed principles of fund administration.

The following are the key themes from the 15 responses to this question:

- 2 respondents stated that local agricultural producers or producer groups should be administering the Fund, with government providing technical information and guidance
- 2 respondents stated that administration should be inclusive of agricultural people in the Peace Region, and not just large associations, noting that previous funds in the Peace Region have gone to benefit a small number of large associations
- 1 respondent suggested that First Nations be represented in the administration of the Fund
- 1 respondent noted that the Fund should be exclusively for the Peace Region
- 1 respondent stated that the Fund should be administered by a new entity set up for this specific purpose with representation across Peace Valley producers, and not attached to a specific entity or producer group

- 1 respondent stated that the Fund should consider providing bursaries for post-secondary education
- 1 respondent noted that the principles should be followed to the letter
- 1 respondent suggested that administration costs should not come out of the Fund
- 1 respondent stated that administration should be made up of local volunteers to keep costs down and that BC Hydro and government should not be involved
- 1 respondent noted their opposition to development

How should the fund be operated?

To achieve the administrative requirements outlined on the previous page, it is proposed that the Fund's organizational structure would include an Executive Board, an independent Fund Administrator, and an Adjudication Committee with agriculture and economic experts. Administration costs would be covered by the Fund. The proposed roles and responsibilities of each are outlined below and the relationship between each group is illustrated in the flowchart.

How should projects be reviewed?

It is proposed that project funding applications would be reviewed using a three-stage process, shown on the next page

Stage 1: Confirmation of Eligibility

Details:

Confirm that proposed project meets nature of projects and scope of projects criteria

Stage 2: Review and Ranking

Details:

Review and rank applications against 3 considerations:

- a) Alignment with Agricultural Compensation Fund Vision
- b) Technical merit including overall viability, practicality
- c) Value-added criteria including in-kind contributions and/or partnered funding (e.g. dollar ratio of requested funds to other cost covering sources).

Stage 3: Final Decision

Details:

Make final decision based on rankings completed in Stage 2, Fund mandate, annual allocations strategy and budget.

Responsibility:

Compensation Program Administrator (Fund Administrator)

A Fund Administrator would be responsible for administering the Fund. The Fund Administrator would be responsible for creating an applicant-friendly process for funding requests, for completing the initial review of project submissions, for coordinating Adjudication Committee reviews, and for making recommendations for project funding to the Board.

Responsibility:

Adjudication Committee

An adjudication committee would be established to conduct technical evaluations of projects to support reviews of funding applications. Members of the Adjudication Committee would have local knowledge and would be proposed by the Fund Administrator and Executive Board and retained on an as-needed basis. Members would provide technical input on regional benefits, agriculture, economics, project viability, environmental impact, and other topic areas as required.

Responsibility:

Executive Board (Board)

A Board would be established to provide oversight and strategic direction for the implementation of the Agricultural Compensation Fund's Mandate. The Board would include representation from regionally-based agriculture groups and provincial agencies. The Board would monitor the performance of the Fund and would be responsible for project funding decisions, with input from the Fund Administrator and Adjudication Committee.

6. Please provide any comments regarding the proposed organizational structure of the Fund.

The following are the key themes from the 14 responses to this question:

- 8 respondents stated that the proposed organizational structure is top heavy and would lead to high administrative costs
- 7 respondents suggested that a new non-profit group be established to administer the Fund
- 5 respondents provided a suggested structure for the administration of the Fund:
 - Establish an executive board/committee of 7-10 members
 - Executive board/committee to be comprised entirely of agricultural producers from BC
 - Executive board/committee would review and approve all applications, and audit projects
 - Executive board/committee would be supported by an administrative staff person/clerk
 - Executive board/committee could include one ex-officio/non-voting position for a BC Hydro or Ministry of Agriculture representative
 - Producer group to be involved in the development of the terms of reference and composition of the executive board/committee
- 2 respondents suggested that the Fund board be made up of volunteers as to reduce administration costs
- 1 respondent suggested holding a general meeting of landowners in the Peace Valley on an annual basis to elect a board that would meet four times a year to hear pitches from applicants and to discuss/approve projects
- 1 respondent generally agreed with the proposed organizational structure noting that it needs to be cost effective and avoid duplication
- 1 respondent suggested that an administrator should be paid to review applications to ensure they meet basic criteria and then forward them to a board for approval
- 1 respondent stated that the Fund should be used only to pay for “on ground” projects of individual producers, and that producers should be required to provide 50% of funding for their projects
- 1 respondent stated that BC Hydro should assume the cost of administration
- 1 respondent commented that agricultural producers in the Peace Region have the local knowledge to know what is best for agriculture in the region
- 1 respondent noted their opposition to development

7. Please provide any comments regarding the proposed three-stage process for reviewing project funding applications.

The following are the key themes from the 12 responses to this question:

- 7 respondents commented that it should be a priority to keep administrative costs low
- 5 respondents stated that the three-stage process is too top heavy and would result in high administration costs
- 3 respondents provided an alternate process for the review of applications involving an executive board/committee and administrative staff/clerk, without an advisory committee:
 - Administrative staff/clerk to review applications for completeness and eligibility
 - Executive board/committee to make decisions on each application

- 1 respondent stated that while it is important to keep administration costs low, that administration must be effective and assist groups with the application process and with timely application approval
- 1 respondent stated that while they did not support including an advisory committee, if an advisory committee was to be established, it should serve a real purpose and decision-making role
- 1 respondent suggested that there should be one board, elected yearly from people in the Peace Valley, and that four public meetings should be held each year where applicants would pitch directly to the board for approval
- 1 respondent suggested that criteria be established to give stronger consideration for Peace Valley projects or opportunities directly impacted by Site C
- 1 respondent suggested that requirements for projects should be posted online so that applicants can see whether their project meets the requirements
- 1 respondent suggested that the board should be made up of one employee from the Ministry of Agriculture and volunteer representatives from agricultural producers
- 1 respondent noted their opposition to development

D3. Agricultural Compensation Fund Eligibility

Who should be eligible to apply?

- It is proposed that the following groups be eligible to apply for funds:
- Individuals and/or partnerships (including new entrants to agriculture)
- Non-profit organizations
- Peace Region industry associations, agencies, boards, and councils
- Educational institutions

8. Please rate your level of agreement with the proposed applicant categories noted above

Strongly Agree	0
Somewhat Agree	5
Neither Agree Nor Disagree	2
Somewhat Disagree	3
Strongly Disagree	3

Total responses: 13

9. Please provide any comments regarding the proposed application categories

The following are the key themes from the 16 responses to this question:

- 8 respondents stated that the Fund should be for agriculture only
- 6 respondents stated that as the Fund should benefit agricultural activities in the Peace Region, the word "agriculture" and/or "Peace River agriculture" should be added to the category names
- 4 respondents noted that any funds to educational institutions for training or research must be used to directly benefit agriculture in the Peace Region
- 3 respondents suggested that training and education could include youth related projects, training or scholarships

- 2 respondents stated that they felt the categories are broad enough to enable desired activities
- 1 respondent noted that horticulture does not appear to be represented in the Peace Region
- 1 respondent stated that they do not support “individuals or partnerships” if the funds are used entirely for personal gain
- 1 respondent commented that any group that has a project with demonstrated benefit for the entire region should be eligible
- 1 respondent stated that First Nations should have a separate category and receive funds on an annual basis
- 1 respondent noted that while they do not think this money should be available to anyone, if it does get provided, it should go to agricultural producers
- 1 respondent commented that affected Peace Valley producers should not be excluded, but encouraged and assisted to benefit from the Fund
- 1 respondent stated that educational institutions should be considered last among applicants
- 1 respondent noted their opposition to development

What is the nature and scope of projects that should be funded?

We are interested in feedback regarding the nature and scope of projects that the agricultural community would like to see eligible for funding. BC Hydro has undertaken past consultation with agricultural stakeholders and the public regarding this topic.

In 2012, as part of public consultation regarding Site C, BC Hydro sought input regarding agriculture, asking consultation participants to rate their level of agreement with using funds from the agricultural compensation program to support the exploration of a range of regional agricultural mitigation project.

61 per cent of participants strongly or somewhat agreed with exploring the following types of projects:

- Crop irrigation research, development and infrastructure to enhance agricultural capability
- Vegetable sector projects, such as vegetable storage and processing facilities near transportation routes, to support development of higher-value agricultural production
- Forage sector projects to increase current forage and grain crop production levels
- Range and pasture sector improvements, such as clearing, seeding, fertilizing, and fencing, to increase capacity and local production
- Regional agricultural programs, such as invasive plant management, agricultural climate adaptation research or local food production programs

It is proposed that the Fund should consider a broad range of project categories to allow for consideration of projects that can provide maximum benefit to the agricultural sector. Based on this approach, the project categories proposed for the Fund include:

- Research and development
- Market development
- Training and education
- Capital investment for industry infrastructure
- Transportation and supply chain

The project criteria would be reviewed annually to ensure that it is current and comprehensive.

10. Please rate your level of agreement with projects in each of the following project categories being eligible for funding:

	Strongly Agree	Somewhat Agree	Neither Agree Nor Disagree	Somewhat Disagree	Strongly Disagree
Research and Development (n=13)	3	4	2	3	1
Market Development (n=13)	4	3	2	2	2
Training and Education (n=13)	3	2	7	0	1
Capital Infrastructure for Industry Infrastructure (n=13)	3	4	2	1	3
Transportation and Supply Chain (n=13)	0	3	4	4	2

11. Please provide any comments regarding the project criteria.

The following are the key themes from the 13 responses to this question:

- 7 respondents stated that the new executive committee/board should establish eligibility and project criteria
- 4 respondents commented that projects directly offsetting lost agricultural opportunities in the Peace Valley as a result of Site C should be prioritized
- 3 respondents stated that the executive committee/board would establish a scoring system and priorities in an annual work plan
- 2 respondents noted that a problem facing the agricultural sector is the aging population of producers, and stated that efforts should be made to encourage and support youth in agricultural in the Peace Region
- 1 respondent recommended keeping the funding areas as broad as possible
- 1 respondent stated that funding should not cover operational expenses of producers or organizations
- 1 respondent suggested supporting First Nations in the agricultural sector, including training and direction
- 1 respondent stated that they do not support the use of the Fund for capital investment
- 1 respondent noted that they do not support the concept of the Fund providing interest free loans
- 1 respondent stated that the horticultural industry does not have an organized voice, but should be encouraged through the Fund
- 1 respondent noted that each project decision should be based on its merits to provide benefits to the region
- 1 respondent emphasized that investment should only be made to benefit agriculture in the Peace River Valley, not elsewhere in the Peace Region such as Dawson Creek, Rolla or Chetwynd
- 1 respondent asked how agriculture would be affected outside the valley
- 1 respondent noted their opposition to development

What is the nature and scope of projects that should be funded?

Eligible Activities/Project

It is proposed that projects should address one or more of the following scope criteria related to agriculture in the Peace Region, and have demonstrated industry support, to be eligible:

- Land productivity (such as new crops and technology)
- Land base management (such as shelterbelts or windbreaks, weed management programs and improvements to grazing capacity)
- Land base improvements and infrastructure (such as livestock watering facilities, fencing for wildlife control and irrigation)
- Market access and infrastructure (such as regional value-added initiatives, institutions and services)
- Infrastructure and Transportation improvements (such as cleaning and packing, warehousing and storage, and distribution facilities to support vegetable industry)
- Sustainability (adoption of green and alternative technologies in place of fossil fuel-driven energy systems)
- Climate change response (on-farm responses and adaptations)
- New product and practice viability (studies, demonstrations to test new methods)

The list of eligible activities/projects would be reviewed annually and updated as needed to ensure that it is current, comprehensive, and distinct but complementary to other funding programs available to the agriculture sector.

Ineligible Activities

The following activities are proposed to be ineligible for funding:

- Core activities of government or non-government agencies or programs, including lobbying activities
- Development of policy related to land or agricultural management
- Administration of government regulations
- Engagement in enforcement and compliance activities
- Costs incurred prior to formal notification of funding approval

12. Please provide any comments regarding the eligible and ineligible activities noted above.

The following are the key themes from the 13 responses to this question:

- 4 respondents noted that the Fund should not be used for operational expenses of any producer or association (e.g., payroll or contractor fees)
- 2 respondents suggested that this question should be addressed by the new executive committee/board
- 2 respondents suggested that eligibility should be left as flexible as possible
- 1 respondent noted that they do not support the use of the Fund for capital assets
- 1 respondent commented that none of the Fund should go to individual producers who are directly affected by Site C, since they should be compensated through the individual farm mitigation
- 1 respondent stated that projects need to be geared to improve returns to primary producers

- 1 respondent generally agreed with the list of eligible and ineligible activities and suggested that it should be subject to periodic review
- 1 respondent suggested additional eligible activities: piped watering systems, water holes/wells, weed management, improving grazing capacity, fencing/cattle guards, climate change response
- 1 respondent supported an endowment approach where only interest would be allocated to projects
- 1 respondent noted their opposition to development

How should funds be allocated and over what time period?

A wide variety of approaches to fund allocation, including consideration of the size of awards, maximum duration of project funding, and frequency of disbursements have been explored.

The preferred approach for the Agricultural Compensation Fund is to retain flexibility to provide funding for projects that would provide the greatest benefits to agricultural production and agrifoods economic activity in the Peace River region. It is proposed that projects requesting over \$20,000 in funds should have a minimum of one other funding source. The other funding sources could include in-kind contributions or other government or private funding. A second source of funding provides external validation of project value, and also creates a greater commitment by the project proponent to deliver the project. Specific details for fund applications and project requirements will be developed after the Fund Mandate is created.

The table on the next page summarizes the topics and options considered by the Consultation Steering Committee.

Topic	Options Considered	Research Findings
<p>Fund Duration</p> <p>How long will the Fund be in place?</p>	<ul style="list-style-type: none"> • Single project investment (i.e., spend all \$20 million on a major investment such as an Agricultural Research and Development Centre) • Spread payout over a 5-, 10- or 20-year period • Endowment Approach, where only the interest would be allocated to projects 	<ul style="list-style-type: none"> • Determining a specific timeframe for the Fund may limit eligible projects and Fund effectiveness.
<p>Annual Allocation</p> <p>How much would be dispersed from the Fund each year?</p>	<ul style="list-style-type: none"> • \$20 million in one year (i.e., single project investment) • \$4 million per year for 5 years • \$2 million a year for 10 years • \$1 million per year for 20 years • Endowment Approach, which could be continued in perpetuity 	<ul style="list-style-type: none"> • Pre-determining annual fund distribution totals may reduce the impact of the Fund by delaying funding of projects with merit.
<p>Duration of Project Funding</p> <p>How long should a project be eligible to receive funding for?</p>	<ul style="list-style-type: none"> • One year only • Multiple years, with an annual reporting requirement to secure funding for subsequent years 	<ul style="list-style-type: none"> • Due to the seasonality of agriculture, several growing seasons are often required to understand the benefits of a new program, technology or process.
<p>Project Funding Limits</p> <p>What percentage of a project's cost should be eligible for funding?</p>	<ul style="list-style-type: none"> • No limit on individual project costs • Limited to \$500,000 per project, per applicant, per year • Limited to 50 per cent of a project's cost • Limit the % of in-kind contribution • Requirement of funding from at least one other source. 	<ul style="list-style-type: none"> • Funding from a minimum of a second source provide validation of project value, and creates a greater commitment by the project proponent.
<p>Application Submission Deadlines</p> <p>When should project applications be accepted?</p>	<ul style="list-style-type: none"> • Pre-determined intake periods to focus review process on annual or bi-annual submissions • No deadlines – applications accepted and reviewed continuously 	<ul style="list-style-type: none"> • Pre-determined intakes for large applications assists in review processes, and efficiency of funding awards. • Consider allowance for small funding requests to be considered on an ongoing basis.

13. Please indicate your level of agreement with the proposed Agricultural Compensation Fund approach of maintaining flexibility to provide funding for projects that would provide the greatest benefits to agricultural production and economic activity in the Peace River region.

Strongly Agree	3
Somewhat Agree	5
Neither Agree Nor Disagree	3
Somewhat Disagree	0
Strongly Disagree	2

Total responses: 13

14. Please provide any comments regarding the proposed fund allocation approach.

The following are the key themes from the 15 responses to this question:

- 7 respondents requested that the entire \$20 million be released in a lump sum
- 5 respondents recommended an endowment/trust fund approach where only the interest earned from the Fund would be available to pay for projects each year
- 5 respondents stated that the executive committee/board should establish the annual project funding limits
- 5 respondents suggested that fund matching should be encouraged, with the Fund providing 50% of the cost of a project
- 5 respondents stated that in-kind contributions/funding sources should be allowed for matching
- 4 respondents noted that inflation would reduce the future value of the fund and therefore BC Hydro should provide indexed payments on an annual basis
- 4 respondents recommended an endowment/trust fund approach for the first three or five years, and then a review to determine whether to continue with the endowment/trust fund approach
- 4 respondents noted that this Fund must not affect other future funding possibilities for the agricultural sector
- 3 respondents suggested that the executive committee/board should establish the intake deadlines
- 3 respondents recommended removing the multiple source funding requirement
- 3 respondents stated that since the Fund would be provided by BC Hydro and not government, the funds should be eligible to match government funds
- 2 respondents suggested that there should be two intakes per year to reduce keep administration costs down but maintain flexibility
- 2 respondents suggested having one intake per year with an annual submission deadline
- 1 respondent stated that they hope the fund lasts 10 years
- 1 respondent suggested that funding limits should be set annually depending on the applications received and their costs
- 1 respondent commented that the duration of funding should be project-dependent
- 1 respondent noted that First Nations funding should not require in-kind or 50% matching as their ability to fund projects may be limited
- 1 respondent suggested getting agreement on one or two large research projects to simplify and economize the use of funds

- 1 respondent noted that the Fund should not be spent in the Peace Region but rather should be focused in the Peace Valley
- 1 respondent stated that \$20 million is not enough for the Fund, that it would not last longer than 20 years, and that it would not have a significant impact to local agricultural production
- 1 respondent suggested that projects could be funded for up to three years with annual reports confirming that they are meeting requirements
- 1 respondent noted their opposition to development

15. Please provide any additional comments regarding the development of a Framework for an Agricultural Mitigation and Compensation Plan

The following are the key themes from the 14 responses to this question:

- 7 respondents stated that the Fund must benefit agriculture in the Peace Region
- 4 respondents noted that the draft framework should be developed with producer groups and that producer groups should be consulted and have an opportunity to review the draft framework
- 3 respondents suggested term limits for the executive committee/board (e.g., three, three-year terms or three, two-year terms)
- 2 respondents stated that executive committee/board members should be fairly compensated
- 1 respondent suggested that executive committee/board members should receive a per diem and mileage expenses, and that advisory committee members should receive mileage expenses
- 1 respondent suggested consideration of the appointment or election process for executive committee/board members to ensure that the composition reflects changing agricultural group dynamics in the future
- 1 respondent suggested that First Nations should have an annual amount that they could apply for, citing impacts to harvesting, gathering and hunting activities which could be mitigated
- 1 respondent stated that individuals should have the ability to apply, and that funding should not be reserved only for “big names” or organizations
- 1 respondent suggested that the executive committee/board be volunteer-based to keep administrative costs low, with any administration costs paid by BC Hydro
- 1 respondent noted that the impacts of the project on agriculture are yet to be determined, and that the two previous dams (i.e., W.A.C. Bennett and Peace Canyon) do not have a lot of agricultural land around them to demonstrate effects
- 1 respondent stated that the application process should be simple and that accountability of funds used is required
- 1 respondent commented about the consultation process, suggesting that items A, B and C should have been part of one discussion and item D: Agricultural Compensation Fund as another
- 1 respondent stated that \$20 million is not enough
- 1 respondent noted their opposition to development

16. Which provincial agricultural region are you from?

All 15 respondents to this question identified themselves as being from the Peace Region.

17. Which agricultural sector(s) are you active in?

Forages	12
Oilseed and grain farming	11
Beef cattle ranching	11
Sheep and goat farming	2
Fruit and nut farming	1
Field vegetable, melon farming and potato farming	1
Greenhouse, mushroom, nursery and floriculture production	1
Hog farming	1
Poultry and egg production	1
Other: Ranch horses	1
Other: Concerned citizen	1
Other: Retired	1
Other: Beekeeping	1
Other: Equine production	1
Other: Organic seed, forage and beef	1
Other: Bison	1

Total respondents: 16

18. Which is your role within the agricultural sector?

Primary producer (farmer/rancher)	14
Agricultural industry association	7
Agricultural product processor/marketer	3
Other: Concerned citizen	2
Agricultural service industry	1
Agricultural researcher/educator	1
Other: Retired	1

Total respondents: 16

3.3 Results from Submissions

In addition to the feedback forms, three submissions were received through email or letter.

- One submission stated that the \$20 million agricultural fund should be directed to the area which bears the agricultural loss, namely the Peace Valley: Hudson’s Hope, PRRD Electoral Areas B, C, and to a lesser degree E. The submission notes that horticulture is the sector that would be most affected and, given that it does not have a longstanding producer group experienced in endowment funds, is the most in need of support.
- One submission noted that the respondent could not attend the meetings and asked BC Hydro to consider and address two topics: 1) how BC Hydro and the BC government would compensate for increasing food costs in the Peace area and 2) how BC Hydro will compensate farming and ranching families for the loss of multiple decades of heritage, livelihoods and way of life, over and above land and home loss.
- One submission provided feedback regarding the Fund, noted that little capital investment has been made by governments for horticulture in the Peace Region. Attached to the submission were two proposals for prospective projects for the Fund, and a paper regarding the value of the contributions of Taylor to agriculture in the Peace Area, which has been provided to the BC Hydro Properties team for consideration.
 - Feedback regarding the Fund included the following:
 - The Fund should be provided in one lump sum, awarded to capital projects for infrastructure needed in the Peace, be administered locally by the Area Economic Development Commission, be awarded mainly to vegetable and horticultural projects and activities, be increased to \$60 million to include flood plain areas of Taylor and try to create as many agricultural-related jobs in the area as possible.
 - The Fund should not be: awarded over time or through interest payments only, be awarded to groups that are already funded through other government programs or opportunities, be administered by the Ministry of Agriculture or be awarded to anyone outside the Peace Region.

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