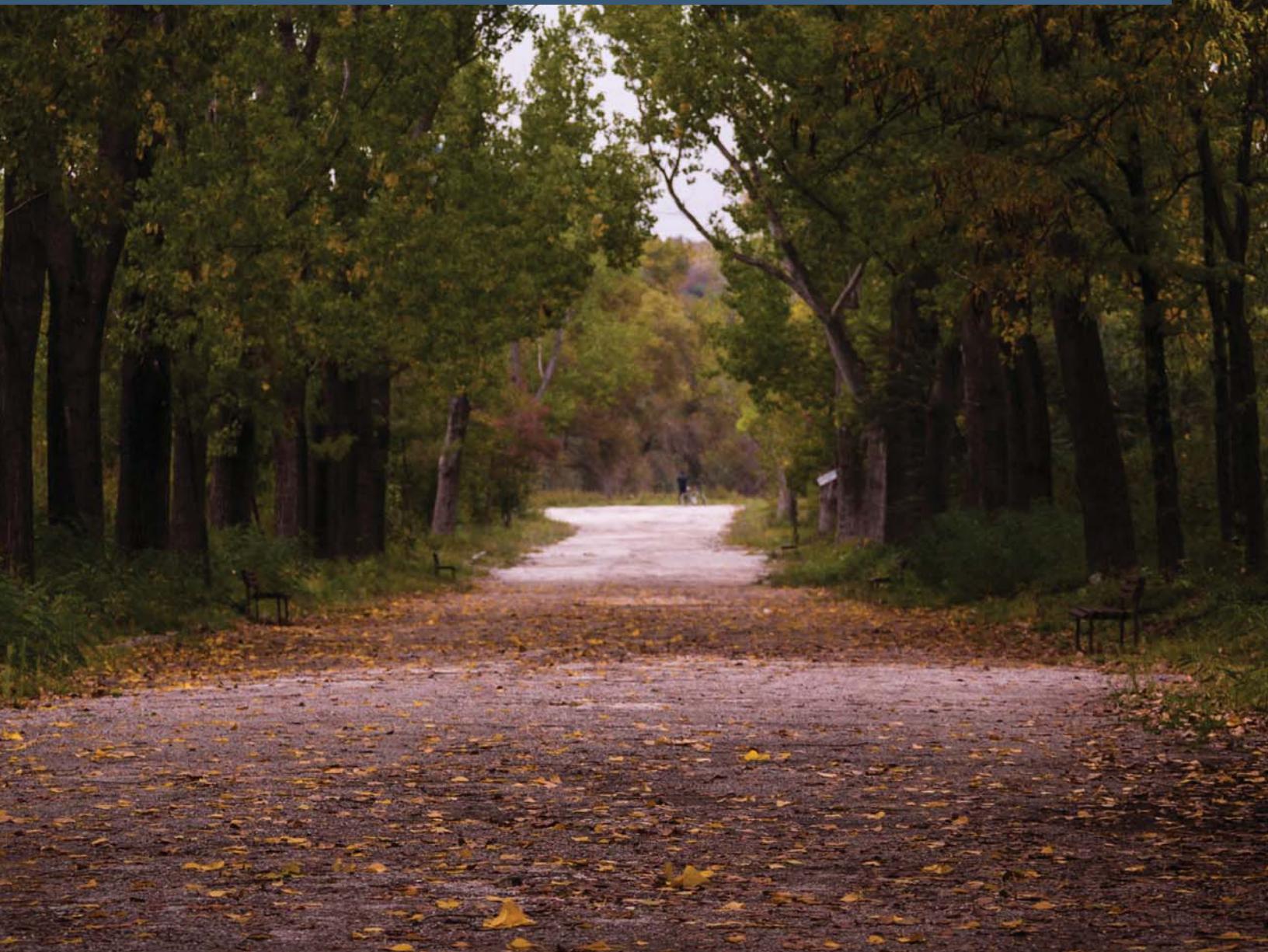


FREQUENTLY ASKED QUESTIONS

THE RAIL CORRIDOR INITIATIVE



A BRIEF HISTORY



The abandoned CP Rail Corridor between Sicamous and Armstrong is a transportation corridor that represents enormous opportunity for the Columbia Shuswap Regional District (CSRD) and the surrounding region. The CSRD and the Regional District of North Okanagan (RDNO) have negotiated a Contract of Purchase and Sale with Canadian Pacific Railway Company for purchase of the abandoned CP Rail Corridor known as the former Okanagan subdivision from Mile 0.3 to Mile 1.2, Mile 1.8 to 23.5 and Mile 25.5 to 30.76 ("the Lands"). The abandoned rail line is a continuous, uninterrupted corridor from the District of Sicamous to the City of Armstrong, including the approximate 7 kms that passes through Splatsin Indian Reserve Nos. 2 & 3.

Keeping the corridor in public ownership for use as a public right of way will provide for recreational opportunities in the near term, particularly pedestrian and bicycle transportation, as well as opportunities to meet the future transportation and economic needs of the region. The purchase price is \$6.5 million for the approximate 43 km corridor, excluding approximately 7 km already acquired by the Splatsin First Nation. The \$6.5 million purchase price will be divided equally between a Provincial government grant, the RDNO and the CSRD. The Province's financial commitment of \$2.17 million has already been obtained.

The CSRD's portion amounts to \$2.17 million. The CSRD proposes to finance its share of the purchase price as follows:

1. \$250,000 contribution from the Sicamous/Area E Economic Opportunity Fund (EOF);
2. \$100,000 contribution from the Revelstoke/Area B EOF Fund, and
3. long-term borrowing in the amount of \$1,838,384 (includes the administration fee charged by the Municipal Finance Authority (MFA)).

Public approval must be obtained before the CSRD can adopt bylaws to establish the service and borrow these funds. The CSRD jurisdictions that will participate in the proposed purchase include the City of Salmon Arm, the District of Sicamous, and Electoral Areas C, D, E, and F.

This overview profiles the CP Rail Corridor project for all residents and taxpayers of the participating jurisdictions within the CSRD. The paper uses a Q&A format that anticipates and answers some of the more important questions that may arise. If your specific question is not addressed here, please feel free to contact the CSRD (contact details are provided at the end of the document).

FAQ - CORRIDOR LANDS

Q: Where is the rail corridor? How long is it?

A: The length of the Sicamous to Armstrong corridor (see map) is approximately 50 kilometres or 31 miles and is commonly referred to as the Okanagan Subdivision ("Line"). The entire Line runs from Sicamous (mile 0.3) to Armstrong (mile 31.63). The northern segment of the line (mile: 0.3 – 14.4) runs through the Columbia Shuswap Regional District (CSR), including the municipality of Sicamous. The southern segment (mile 16.4 – 31.63) runs through the Regional District of North Okanagan (RDNO), including the municipalities of Enderby, Spallumcheen, and Armstrong. The Splatsin First Nation has already acquired approximately 7 km of the 50 km rail corridor made up of a 1 km section immediately south of the District of Sicamous and a 6 km section starting immediately south of the City of Enderby.

Q: Why isn't the rail corridor being used for train traffic?

A: The Line has been owned by CP since 1891 and was most recently operated and maintained from November 1998 until August 2009 by OmniTRAX Inc., pursuant to a lease agreement with CP. There have been no railway operations on the Line since OmniTRAX ceased its operations in August 2009.

Control of the Line was returned to CP following the expiration of its lease agreement with OmniTRAX Inc. in August 2009, and CP Rail began the formal process of discontinuing the Line between Sicamous and Armstrong. The rail line is composed of two distinct segments – notably, the north and the south. CP attempted to dispose of the two segments separately through a different transfer and discontinuance process.

In accordance with the Canada Transportation Act, CP initially advertised the availability of the Line for continued rail operations by another rail operator. As no agreement was reached with a viable successor, CP later offered to sell all of its interest in the rail line to the provincial and municipal governments. Although two expressions of interest were received from local government to separately acquire the north and south segments of the Line, CP Rail was

unable to arrive at an agreement to sell either segment of the rail line. As a result, CP formally discontinued the northern segment of the rail corridor (mile: 0.3 to 16.4) in November 2012 and the southern segment in April 2014.

Q: Will CP turn over to local governments a completely contiguous right of way?

A: Yes. However, it should be noted that the portions of the corridor that pass through Splatsin Reserve lands are not included in the transfer. To ensure the corridor remains contiguous, the three owner jurisdictions (i.e., CSR, Splatsin & RDNO) have agreed that the corridor will be developed, operated and maintained for its use as a continuous recreational trail as well as future potential use as a continuous multi-modal regional transportation corridor. Further, the owner jurisdictions will covenant with each other under the terms of a statutory right of way agreement for public access over those sections of the corridor that they own, to maintain it (and not encumber it) in perpetuity for these ultimate uses.



FAQ - CORRIDOR USE

Q: What kind of transportation might happen on the corridor and when?

A: The flat grade, limited road crossings and connection to the urban centres of the North Okanagan/Shuswap make the corridor a viable route possibility for future generations. Transforming the corridor into a recreational trail or linear park for pedestrians and cyclists is a popular idea that will benefit visitors and residents of the North Okanagan/Shuswap region. Until the population base of the municipalities is sufficient to support some form of mass transportation, it is unlikely development of a transit corridor would happen.

Q: What would the trail look like? When would it be built?

A: Due to the significant investment to purchase the corridor, local governments are not in a position to make any significant financial commitment to develop a trail in the short term. Negotiations surrounding the purchase have been focused on acquisition of the corridor as a strategic investment, rather than how to maximize the recreational and economic potential of the corridor, or potential funding for a development plan.

Although there is no trail development plan at this time, there is considerable interest among the owner jurisdictions and the public for the timely development and operation of a continuous recreational trail within the corridor. In order to achieve this goal cooperatively, the owner jurisdictions plan to establish an Inter-jurisdictional Development Team (IDT) to plan and develop the initial improvements required for a basic, continuous recreational trail.

Q: Will CSRD taxpayers have input into the design and development decisions and if so, by what mechanism?

A: Yes, rail trails represent a community decision. As with other land use planning exercises, the CSRD would seek public input on lands that it owns and has control over. Details surrounding this process have not yet been determined as the land is not currently owned by the CSRD.

Q: How will the rail trail be developed, managed and maintained after purchase?

A: In the absence of a trail development plan, it is not possible to say with any certainty how the trail will be developed, managed, and maintained. To date, the CSRD and the RDNO have focused on protecting the corridor through acquisition. Development, operations and maintenance of the corridor could take many forms and will need to be evaluated. It is anticipated that a plan for development of a recreational trail will be one of the first steps upon successful acquisition of the corridor. The future will be determined, in large part, through public input once ownership is acquired.

Q: Who is going to pay the maintenance costs for the corridor?

A: Maintenance and upgrades would be managed through the IDT with funding from senior government, participation by private citizens, organizations and companies as well as volunteers interested in land stewardship. While there may be costs in the future to develop and maintain the rail corridor, the overall objective is to fund development and maintenance costs through non-tax based revenues.

Q: Who will be responsible for fencing along the right of way if there is a perceived conflict with adjacent property owners?

A: Operations, maintenance, and security of the corridor is yet to be determined; however, these lands would likely be treated similar to other regional district or jointly held lands in our inventory. Property owners would have the right to install fencing on their own property if they wished.

Q: How will unauthorized access and use of the corridor be managed prior to full development and management of a recreation corridor?

A: It is acknowledged that a key part of the development and management plan of the corridor will be to identify and establish corridor access points. These access points will be established through the IDT. Prior to the full development and management of the corridor, it is anticipated that temporary signage will be installed to restrict access and discourage unauthorized use.

FAQ - ENVIRONMENTAL

Q: Who is responsible for the immediate environmental clean-up and to what level?

A: As part of the negotiations, CP Rail undertook an environmental assessment of the Lands. During the assessment, contamination was identified in three small sections of the corridor (identified areas). CP Rail has offered to provide BC Ministry of Environment (MoE) Instruments, in this case Certificates of Compliance (CoCs), for the identified areas. The CoCs will provide a relatively high standard of due diligence for the sections to which they apply. It is unknown at this stage whether any hidden environmental hazards exist in the corridor outside of the "identified areas." The Regional Districts will assess environmental issues that may be assumed under this contract during the three-month due diligence period. They will have until early August 2017 to have their environmental consultants obtain and review reports and provide advice regarding any further investigations, studies or tests which ought to be completed to mitigate or manage unidentified risks.

Q: What environmental remediation will be left for the participating communities and are there plans to deal with this?

A: CP Rail will be required to obtain CoCs for identified areas from the Ministry of Environment and remediate these areas to industrial land use standards- this will be a continuing obligation on CP Rail, post-closing. CP will also provide copies of previous environmental reports to the Regional Districts, along with "reliance letters" from CP Rail's consultants. These letters will allow the Regional Districts to rely on such reports in making the determination of whether the Lands are acceptable. It is too early to say whether there are any unidentified environmental issues or what the related remediation costs might be. As noted previously, it is during the due diligence period that the Regional Districts will review the existing environmental reports and undertake further assessment work if deemed appropriate. Should the Regional Districts discover any problems or issues regarding the condition of the corridor that cannot be resolved with CP Rail, they will have the ability to renegotiate or terminate the contract.



FAQ - FINANCIAL

Q: How much is the CSDR asking to borrow?

A: The CSDR is seeking approval to borrow up to \$1,840,000 (\$1,820,000 plus debt financing) through Loan Authorization Bylaw 5756 to purchase a 50% share of the abandoned CP Rail Corridor known as the former Okanagan subdivision from Mile 0.3 to Mile 1.2, Mile 1.8 to 23.5 and Mile 25.5 to 30.76.

Q: What is the full cost and who is paying for the entire corridor?

A: The purchase price is \$6.5 million for the approximate 43 km corridor, excluding the approximate 7 km already acquired by the Spletsin First Nation. The \$6.5 million purchase price will be divided equally between the Provincial government grant, the RDNO, and the CSDR. The CSDR's portion amounts to \$2.17 million.

Q: How will the CSDR fund its share of the purchase price?

A: The purchase of the CSDR's 50% share of the corridor, net of the Provincial contribution, is proposed to be funded as follows:

1. a \$250,000 contribution from the Sicamous/ Area 'E' Economic Opportunity Fund (EOF);
2. a \$100,000 contribution from the Revelstoke/Area 'B' EOF Fund, and
3. the balance of \$1,840,000 (including \$20,000 financing fee) will be paid for through long-term borrowing with the MFA upon adoption of Loan Authorization Bylaw 5756.

Q: Why is the CSDR borrowing funds for this purchase?

A: As this will be a new service, the Regional District does not have sufficient funds available to complete this purchase.

Q: What will be the impact on taxpayers and how are the costs apportioned among the participating jurisdictions?

A: The CSDR Board has made every effort to minimize the tax impact in the interest of securing a land asset that would be valued for generations. The Board also made efforts to ensure the costs were apportioned fairly among the service participants (the City of Salmon Arm, the District of Sicamous, and Electoral Areas C, D, E, and F). As the proposed

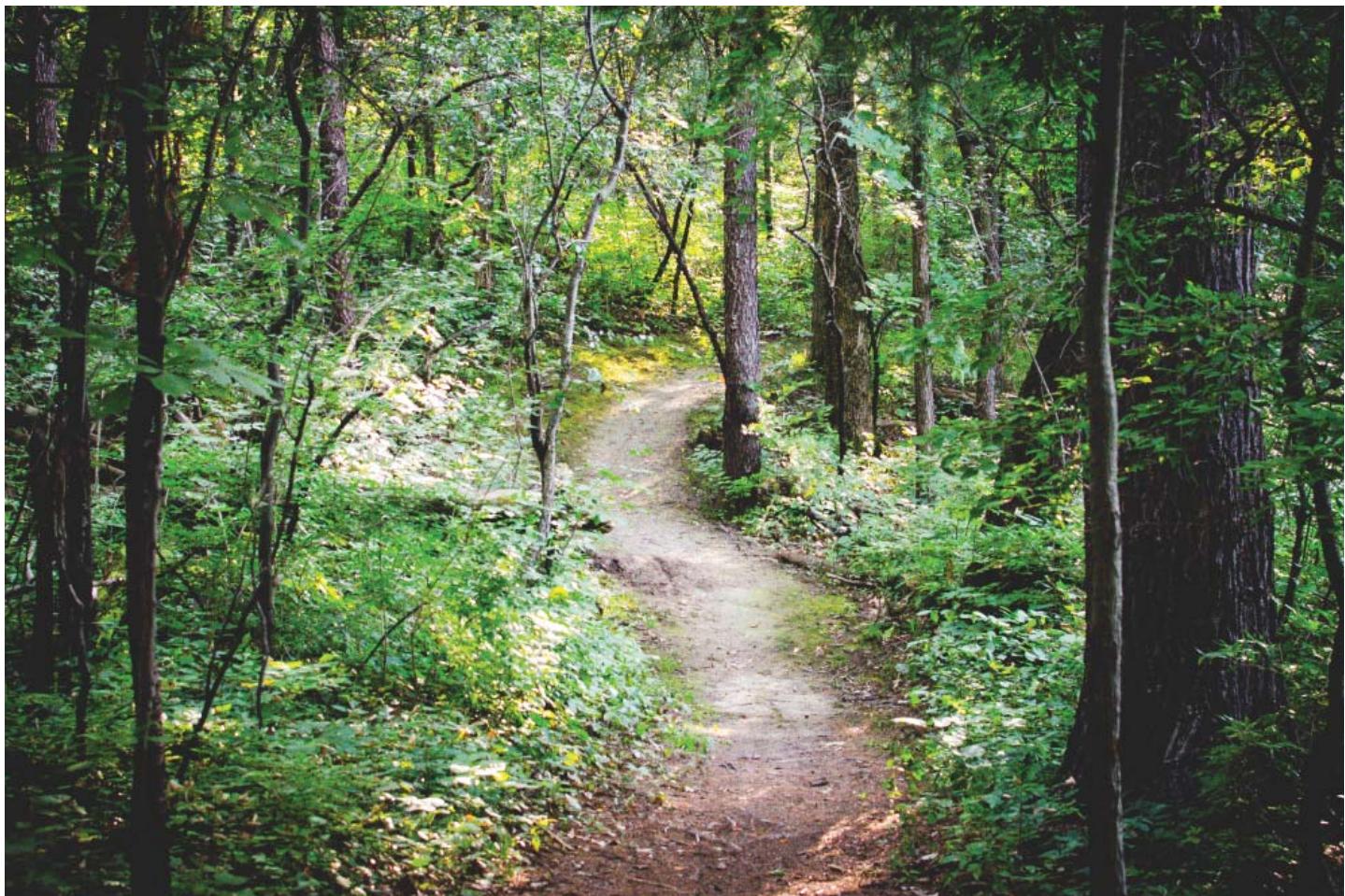
purchase is a sub-regional initiative, not all CSDR taxpayers will be affected; only those taxpayers in the participating service area will see an impact on their property taxes. The boundary of the proposed service area was recommended because it mirrors the boundaries of the Shuswap Tourism service area. To ensure fairness and equity among service participants, a customized cost apportionment formula was developed. Typically, taxes are allocated using BC Assessments' values for Converted Assessment. However, as benefits from a trail initiative are perceived to accrue differently based on a jurisdiction's proximity to the trail, it was decided that allocating the costs on the basis of converted assessments was not the most fair or equitable method. Instead, the Board approved the following customized cost apportionment formula among the service area participants:

City of Salmon Arm	35%
District of Sicamous	30%
Electoral Area C	12%
Electoral Area D	3%
Electoral Area E	15%
Electoral Area F	5%

Q: How much will it cost each participating jurisdiction to borrow this money?

A: The CSDR is proposing to borrow up to \$1,840,000 at a market rate of 3.58%, amortized over a 25 year repayment schedule. Using the customized cost apportionment formula, the share of the annual repayment amount for each participating jurisdiction is anticipated to be as follows:

Jurisdiction	Percentage of Total	Total Annual Debt Repayment Amount by Jurisdiction
City of Salmon Arm	35%	\$40,719
District of Sicamous	30%	\$34,902
Electoral Area E	15%	\$17,451
Electoral Area C	12%	\$13,961
Electoral Area F	5%	\$ 5,817
Electoral Area D	3%	\$ 3,490
Total Debt Repayment	100%	\$116,340



Q: What will the annual tax impact be for the average residential taxpayer in each of the participating jurisdictions?

A: The annual tax impact, based on current rates and assessment values, is estimated to be as follows:

Jurisdiction	Average Residential Assessment	Average Residential Tax per Annum
City of Salmon Arm	\$ 335,874	\$ 3.98
District of Sicamous	\$ 258,302	\$ 13.57
Electoral Area E	\$ 274,779	\$ 10.03
Electoral Area C	\$ 349,414	\$ 2.16
Electoral Area F	\$ 286,637	\$ 1.29
Electoral Area D	\$ 258,969	\$ 1.83

Q: Can individuals or organizations donate money towards purchasing the rail corridor and get a tax receipt?

A: Yes, there is an opportunity to donate. If the Alternative Approval Process (AAP) is successful, the local government can provide a tax receipt for donations. If the majority of electors support the borrowing, then any funds received will be used to lessen the tax impact for all property owners in the participating service area. Alternatively, if the AAP is successful and individuals or organizations want to donate money towards actual trail development costs, there will also be opportunities to donate money to organizations such as the Shuswap Trail Alliance, in exchange for a charitable tax receipt.

Q: What if the CSRD receives approval from their electors and the RDNO does not (or vice-versa) – will the project still proceed?

A: No, the purchase arrangement would not be able to proceed as contemplated as each Regional District is required to obtain the full share of its own financial contribution for the transaction to be completed.

FAQ - FIRST NATIONS INVOLVEMENT

Q: How has the Splatsin First Nation (Splatsin) been involved in discussions about the rail corridor?

A: In fact, Splatsin initiated the process of acquiring the abandoned rail corridor. In December 2014, it was announced that the Secwepemc community had acquired 11.7 hectares of the discontinued railway. The rail line passes through two reserves by Mara Lake and Enderby. Chief Wayne Christian indicated at the time of the announcement that he planned to meet with local government leaders in the New Year with a view to acquiring the remaining sections of the 50-kilometre corridor.

In February, 2015, representatives from several North Okanagan local governments met with Splatsin Band officials to discuss opportunities to work together. While visions for the future of the rail corridor varied, there was broad support for maintaining the rail corridor as a continuous corridor for longer term strategic objectives, such as transportation planning, greenway, and recreation trails.

A follow-up meeting was held in March 2015 to discuss next steps. It was agreed that the various interested parties would work under the umbrella of the two Regional Districts and the Splatsin Indian Band. It was further agreed that the Chairs of the two Regional Districts and the Band Chief would provide political leadership for advancing the initiative.

Q: What about Splatsin, doesn't some of the rail line pass through their reserve lands?

A: As noted earlier, the three owner jurisdictions (i.e. CSRD, Splatsin & RDNO) have agreed that the corridor will be developed, operated and maintained for its use as a continuous recreational trail and its potential future use as a continuous multi-modal regional transportation corridor. Moreover, the owner jurisdictions will covenant with each other under the terms of a statutory right of way agreement for public access over those sections of the corridor that they own, to maintain it (and not encumber it) in perpetuity for these ultimate uses.

FAQ - GOVERNMENT INVOLVEMENT

Q: Why are the local governments and First Nations of the North Okanagan/Shuswap considering purchasing the rail corridor?

A: After the formal discontinuance process had run its course, the Splatsin Indian Band successfully acquired two sections of the rail line, both of which run through Splatsin Reserves (a 1 km section immediately south of the District of Sicamous and a 6 km section starting immediately south of the City of Enderby between Enderby and Spallumcheen).

Splatsin subsequently invited local governments to work with the Band on acquiring the remaining portions of the line. The vision was to pursue a strategic land acquisition of the abandoned CP rail line (Sicamous to Armstrong), as a continuous corridor. The vision is premised on the belief that protecting the rail line for use as a public right of way will benefit residents and recreational

enthusiasts today and will provide opportunities to meet the transportation and economic needs of the region in the future.

Given that Splatsin had already acquired approximately 7 km of the 50 km rail corridor, it was decided that CSRD and RDNO would consider purchasing the remainder of the rail corridor, with the purchase price to be shared 50/50 between CSRD and RDNO.

Q: Which local government are involved?

A: The local government stakeholders that are seeking to purchase and protect the corridor include: the City of Salmon Arm, District of Sicamous, and Electoral Areas C, D, E and F of the Columbia Shuswap Regional District, along with the Cities of Enderby and Armstrong, Township of Spallumcheen, Village of Lumby and Electoral Areas D and F of the Regional District of North Okanagan.

FAQ - ALTERNATIVE APPROVAL PROCESS

Q: What is an Alternative Approval Process?

A: An Alternative Approval Process (AAP) is one method of obtaining elector approval on local government bylaws or agreements that require the assent of the electors. The most common example of local governments using an AAP is for long-term borrowing.

Q: How does it work?

A: The AAP is like a reverse-referendum, whereby a person only submits a response to the local government if they are opposed to the specific purpose of the AAP (eg. borrowing money). Forms are provided to the public online, City of Salmon Arm and District of Sicamous municipal offices, and at the Regional District office. There is a minimum 30-day period to submit response forms.

Q: Can anyone participate in the process?

A: Persons are eligible to participate in the AAP if they meet the following criteria:

- eighteen years of age or older;
- Canadian Citizen;
- resident of British Columbia for at least the last six months;
- resident of, OR registered owner of real property within one of the participating jurisdictions within the Columbia Shuswap Regional District for at least the last 30 days;
- not disqualified by law from voting in local elections; and
- have not previously signed an elector response form in relation to Bylaw No. 5755 and 5756.

Q: When a property has multiple owners can each owner submit a response form?

A: No, in such cases a majority of the property owners must appoint one of the owners in writing to submit a response form for that property. A form to be used in such cases is provided by the Regional District.

Q: Why does the CSRD need public approval to borrow the funds?

A: As per the Local Government Act, the Regional District must receive the approval of the electors before it can adopt a bylaw to establish the service and incur long-term debt.

Q: Why doesn't the CSRD use a referendum (assent vote) to obtain public approval?

A: Referendums are far more costly than an AAP. The cost of holding a referendum on Bylaw Nos. 5755 and 5756 is estimated to cost \$15,000, where the costs of an AAP would be limited to advertising, postage and staff time. Note that if the AAP fails to provide elector support, the CSRD will not be able to adopt either Bylaw No. 5755 or 5756 without going to a referendum.

Q: Can a response form be withdrawn after it is submitted?

A: Yes, response forms can be withdrawn prior to the deadline of 4:00 p.m. on Monday, July 17, 2017. Withdrawal requests must be in writing and contain sufficient information to identify the elector concerned. They must be signed by the person making the request for withdrawal and delivered to the Regional District office by hand or mail.

Q: Will response forms submitted electronically be accepted?

A: No, elector response forms will not be accepted by fax or by email. Rather, signed response forms must be hand delivered or mailed to the Regional District and must be received before the deadline of 4:00 p.m. on Monday, July 17, 2017.

Q: What will the \$1.84 million be used for?

A: The approval to borrow \$1.84 million will be to acquire a 50 percent ownership interest in the abandoned rail corridor from CP Rail. To minimize the tax impact to residents, the CSRD Board has agreed to make a \$350,000 down payment from Economic Opportunity Funds, thereby lessening the amount of debt to be incurred.

Q: Will this impact my taxes?

A: Yes, if the AAP is successful and you live within a participating jurisdiction, there will be a tax impact. However, because the CSRD Board elected to utilize a customized apportionment formula rather than rely on the converted assessment mechanism, the cost to the average residential property will not be the same across the service area.

Instead the annual estimated cost to the average residential taxpayer, based on current rates and assessments, across the service area is shown in the following table:

Jurisdiction	Average Residential Assessment	Average Residential Tax per Annum
City of Salmon Arm	\$ 335,874	\$ 3.98
District of Sicamous	\$ 258,302	\$ 13.57
Electoral Area E	\$ 274,779	\$ 10.03
Electoral Area C	\$ 349,414	\$ 2.16
Electoral Area F	\$ 286,637	\$ 1.29
Electoral Area D	\$ 258,969	\$ 1.83

Q: Will there be public consultation?

A: The CSRD is committed to ensuring that the process is transparent and informative for all citizens. Information will be provided through a variety of channels including news media, website, and social media.



FAQ - NEXT STEPS

Q: What are the next steps?

A: The success of the AAP remains a critical part of securing the funding to purchase the land asset. Assuming public ownership is achieved through the AAP, the next step will be the establishment of an Inter-jurisdictional Development Team (IDT) to initiate a formal planning process. It is envisioned that the role of the IDT will be to initiate, prepare, coordinate, advise and make joint recommendations to the councils and board on the following matters:

- A plan for the development of a recreational trail along the entire corridor consistent with the shared objectives of the local government owners for the use and protection of the corridor;
- Policies and regulations concerning the uses and activities permitted within the corridor;
- Trail standards and designs (including minimum standards);
- A project schedule for the development of the corridor;
- Cost estimates and funding strategies to undertake improvements consistent with approved standards and designs;
- Standards for the maintenance of the corridor;
- Policies for the administration of existing encroachment claims, leases, rights of way/easements and other tenures or interests;
- Fundraising strategies including joint applications for grant funding and partnering with fundraising groups.

Q: What is it going to cost taxpayers to develop and maintain the rail corridor if the local governments buy it?

A: While there may be costs in the future to develop and maintain the rail corridor, the overall objective is to fund development and maintenance costs through non-tax based revenues. Other models have shown that there may be options, other than taxation, for funding development and maintenance of corridors; the IDT will explore

stimulus funding, government grant programs, fundraising and foundation contributions. Groups such as the Shuswap Trail Alliance have made a huge difference in preserving and developing trail networks that are unquestioned assets in the Shuswap Region. Parallel groups, such as the Ribbons of Green Trail Society and the Okanagan Rail Trail Initiative Society are actively working in the North and Central Okanagan regions.

Q: Who would the corridor be for?

A: The corridor would be intended for the region as a whole; for the residents of the North Okanagan/Shuswap and our visitors.

Q: Who should I contact if I have any questions that are not addressed in this FAQ or want to request additional information?

A: Questions or requests for further information can be sent to Lynda Shykora, Deputy Corporate Officer or Charles Hamilton, Chief Administrative Officer:

- by email to inquiries@csrd.bc.ca
- by phone at 250.832.8194 or Toll free (within BC) at 1.888.248.2773.

