



FREQUENTLY ASKED QUESTIONS

HB Tailings Facility Closure and Remediation Project

1. *Where is the HB Tailings Storage Facility?*

- The HB Tailing Storage Facility (Facility) is located south of Salmo BC, adjacent to the RDCK's Central Landfill.

2. *What is the HB Tailings Storage Facility?*

- An earthen dam that stores ponded water and fine tailings left after Teck (formerly Cominco) extracted lead and zinc ore from the nearby HB Mine. The dam is 240 m long, 7 m wide at the crest, and 27 m tall.

3. *Why did RDCK purchase the HB Tailings Storage Facility?*

- In 1998, RDCK purchased the Tailings Facility property as attenuation and buffer area for the adjacent RDCK Central Landfill.

4. *What is the RDCK proposing to do with the Facility?*

- The RDCK has elected to transition the Facility to "Closure – Passive Care" which is defined as a dam with no active operation, and with no future changes to the dam expected to occur. After sufficient post-construction monitoring has been completed, the dam is considered to be in a passive and stable state that does not require regular surveillance.

5. *Why is the RDCK proposing to close the site?*

- The dam is at risk of failure. A breach of the dam and transport of tailings material could inundate a significant portion of Highway 3, and cause contamination of downstream properties and the Salmo River.
- Some portions of the Facility do not meet current engineering standards; therefore, upgrades are required to ensure the long-term stability of the dam.
- If the Facility is not closed, significant repairs and frequent, costly, long-term monitoring will be required to continue to operate the Facility safely and in compliance with all mining and environmental regulations and guidelines.
- A 2016 closure and remediation options assessment determined that moving the Facility into passive closure is the lowest cost option over the long term.
- Provincial rules are more stringent and operational/maintenance costs have increased following the 2014 Mt. Polley disaster.
- It is no longer needed.

6. What are the risks and liabilities associated with the HB Tailings Facility in its current form?

- Private and public property damage/contamination and possible ensuing litigation.
- Financial liabilities: the cost of maintenance, operation, and potential cleanup.
- Environmental liabilities: potential contamination of sensitive fish habitat in the Salmo River.

7. What are the expected benefits of completing the proposed work?

- To reduce known risks of further dam failure.
- To improve environmental and public safety.
- To reduce long-term cost to RDCK residents.
- To reduce current and future liability for RDCK residents.

8. What is the RDCK proposing to do?

a. The RDCK will take steps move the Facility to passive closure by eliminating ponded water behind the dam, by increasing dam stability, and containing the tailings to prevent transport. Steps include:

- Developing a new spillway and eliminating the pond behind the dam.
- Covering the entire tailings area with 0.3-metre thick earthen cover.
- Creating lined surface water conveyance channels to direct water over the tailings area.
- Constructing a till beach upstream of the dam, and raising the dam's filter layer.
- Expanding the toe berm at the bottom of the dam to improve seismic stability.

9. How much will this work cost?

a. The cost of the proposed works to close the Facility is currently estimated at \$3,933,000.

- Ongoing management of the Facility without taking the necessary steps to remediate and close the Facility also costs money.
- Estimates of economic consequences resulting from a dam failure are in the range of \$45.7 to \$83.4 million for clean-up, remediation and reconstruction costs.

10. *What happens if the proposed works are not completed?*

a. If the project does not proceed in 2019, the following results are likely:

- The known risks of dam failure highlighted by RDCK engineers will remain.
- Additional requirements imposed by the Province have increased the cost of dam operations in its current form; this trend is expected to continue with more stringent regulatory requirements in the future.
- Delay in completing closure and remediation works in a timely fashion results in higher construction and remediation costs in subsequent years.
- RDCK would need to proceed with additional investigations and repairs to meet current engineering standings.
- There is not a do nothing option.

11. *How does the RDCK propose to fund the upcoming works?*

a. The RDCK staff has commenced the processes necessary to authorize long-term capital borrowing for the full cost of the project.

- If electoral approval to proceed is given, the borrowed funds will ensure the project can proceed in accordance with the engineer's recommended timelines even if no other funding sources can be secured.
- The RDCK will continue to attempt to lower the amount of borrowed funds required by pursuing project funding from other sources including:
 - From Teck through either negotiated settlement or through remediation cost recovery litigation after the closure and remediation work is completed.
 - From the Province of BC through either grant funding or direct financial assistance.
 - Grant funding from other available sources.

12. *Will taxes be increased to cover debt repayment for this project?*

a. Yes. The Facility is operated as part of Service 187, and funded by taxpayers in the service area. While the RDCK will pursue all possible funding sources to offset the tax impact, the full cost of borrowing is being assumed for the purposes of the AAP, so taxpayers understand what the maximum impact could be.

- Based on borrowing for the full project amount of \$3,933,000 over a 20-year term, the annual cost for interest and principal on the loan is \$243,184.

- The maximum taxation for the construction and remediation works is shown as a residential rate of \$0.0467 per \$1,000 of assessment.
- This taxation amount represents the maximum possible increase based on no additional funding sources being established.
- Completing passive closure is the lowest cost option for the safe, long-term management of the Facility.

13. Why did the RDCK proceed with the Alternate Approval Process?

- The AAP allows the opinion of the public to be obtained at a lower short-term cost, and faster, than conducting assent voting (also known as a referendum).
- RDCK has elected to pursue the quickest possible option to obtain electoral approval to ensure construction timelines are maintained.
- Completing the AAP in late summer of 2018 will allow RDCK to meet the April 2019 Municipal Finance Authority funds draw and will ensure construction timelines are not delayed.
- The AAP also requires significantly fewer staff resources than assent voting.

14. What happens if the AAP is not successful?

- The RDCK will proceed with assent voting which can carry a substantial cost to complete.
- Completing assent voting in the fall of 2018 would mean the RDCK would miss the deadline to meet the April 2019 Municipal Finance Authority funds draw, which would delay construction and increase costs.
- This project needs to proceed in 2019 to mitigate dam safety and environmental risks, to lower costs to RDCK residents, and to reduce liability. Delaying the project will increase costs to RDCK central sub-region residents. If the project is delayed, costly investigations and repairs will still be required.