

# **CITY OF DAWSON CREEK**

## **Comprehensive Environmental Development Plan**

### ***Financial Report***

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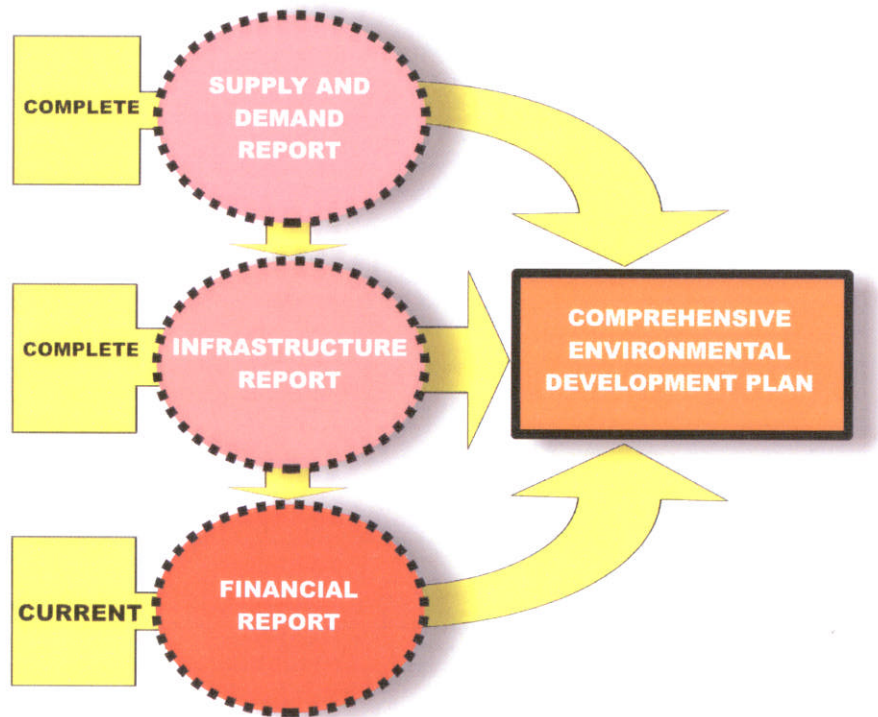
## 1.0 INTRODUCTION

### 1.1 Comprehensive Environmental Development Plan Context

This report represents the third portion of a three-component environmental development plan for the City of Dawson Creek. The goal of the plan is to develop a strategy for undertaking infrastructure improvements to meet future growth in an environmentally sustainable manner. The three components are illustrated as follows:

Figure 1.1

#### Comprehensive Environmental Development Plan Process



The Supply and Demand Report assesses the current supply of land versus the projected demand for residential, commercial, industrial and park uses over a 20-year time horizon. The Infrastructure Report assesses how the forecast land use needs can be met by provision of the core municipal infrastructure services of water, sanitary sewer, storm drainage and roads. This Financial Analysis Report presents how future infrastructure can be financed. It outlines the beneficiaries of the proposed improvement and suggests cost recovery mechanisms with which to fund the improvements.



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## **1.2 Organization of the Financial Analysis Report**

This report is divided into the following 6 sections:

1. Introduction—presents an overview of the Comprehensive Environmental Development Plan and this Financial Analysis Report.
2. City's Financial Position—provides an overview of the strength of the City's current financial position and the implications this position has for undertaking infrastructure improvements.
3. Cost Recovery Principles—discusses the principles that will guide the selection of cost recovery mechanisms and the allocation of costs among beneficiaries.
4. Cost Recovery Approaches—outlines the cost recovery mechanisms available to the City of Dawson Creek and the applicability of these mechanisms to different situations.
5. Selecting the Best Approach—reviews each of the identified expenditures in the Infrastructure Report and recommends a cost recovery approach consistent with the principles identified in section 3.
6. Summary—presents a summary of the recommended approach to financing growth related engineering infrastructure.

## 2.0 CITY FINANCIAL POSITION

### 2.1 Introduction

This section presents an overview of the City's current financial position. The information in this section is derived from the City's audited financial statements, information compiled by the Municipal Financial Services Branch of the Ministry of Community, Aboriginal and Women's Services, and information provided by the City Treasurer. This review will assist in considering the capability of the City to finance future infrastructure projects. Sources such as general revenue, debentures and reserve funds are recounted separately.

### 2.2 Revenue

The City's revenue position is strong as its revenue base is diverse.

For the year ending December 31, 2001, the City received \$23,854,000 in revenue. This was an increase of about \$2 million over 2000. The increase is due to insurance proceeds from an outstanding claim concerning the failure of the roof over the Memorial Arena. In February 2002, the City negotiated a final settlement with the insurance company that resulted in the additional and final settlement payment of \$1,125,000.

Revenues to the City increased significantly beginning in 1998 with the implementation of the Fair Share Agreement. The agreement recognized that local communities in the Peace did not have the industrial tax base to support infrastructure. This agreement saw a portion of provincial oil and gas royalties returned to Peace River Regional District communities. In 2001, the City received \$3,906,000 as part of the Fair Share Program. This represents over 16 % of all municipal revenues for 2001 and over 47 % of net municipal property taxes.

Another reason for the strength of the City's revenue position is the relatively high proportion of non-residential assessment base. Most of this non-residential assessment base is in the form of commercial (Class 6) properties with lesser amounts in the heavy and light industrial categories (see Figure 2.1). As Figure 2.2 demonstrates, compared to the provincial average, Dawson Creek receives higher assessment revenues from commercial properties than the provincial average. This reflects Dawson Creek's position as a regional service centre for the South Peace. As the tax rate for commercial and industrial properties are generally higher than residential properties, this is a positive situation for the City of Dawson Creek. This situation is all the more important when one considers that residential property assessments are significantly lower than Fort St. John and other cities in Northern British Columbia.

Figure 2.1

Dawson Creek Assessment Revenue by Property Class

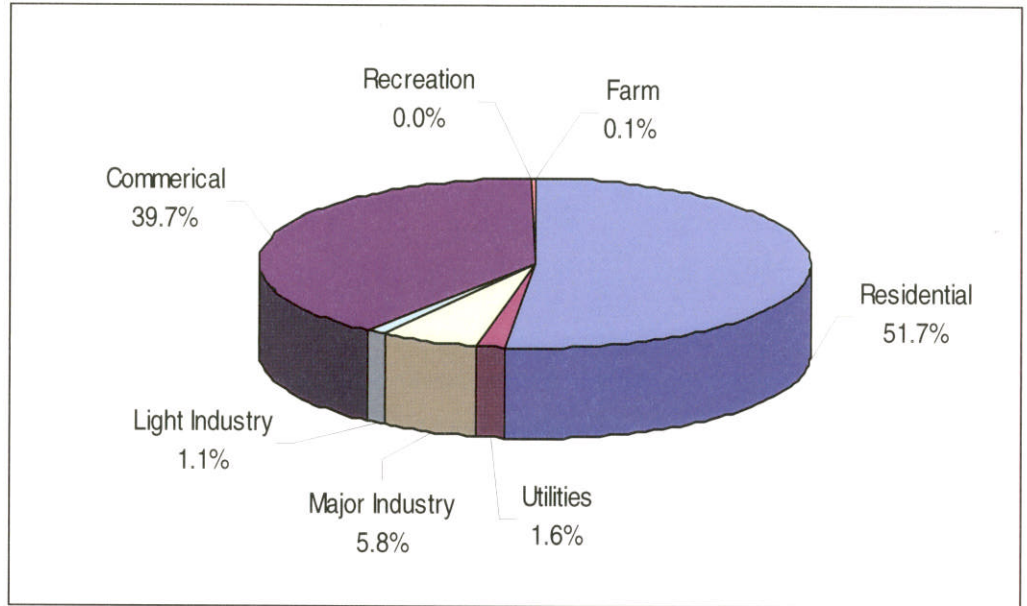


Figure 2.2

Assessment Revenue by Property Class

