



BUDGET & FISCAL GAP *Dawson Creek* 2018

Focus on the Fiscal Gap

Council top strategic priority for 2015-2018 is Fiscal Responsibility and Sustainability.

This requires living within our means, so we can maintain the abundant quality of life we enjoy today AND leave a strong and sustainable financial legacy for future generations. It means reducing our Fiscal Gap.

Watch for information later this spring about how you can help reduce our Fiscal Gap!

What is the FISCAL GAP?

The difference between what is expected in revenues (e.g., taxes, fees, grants) and what is promised for expenditures (e.g., roads, water, parks, facilities).

While Dawson Creek's Fiscal Gap is not urgent, Council has embarked on several initiatives to 'mind the gap' over the long term to prevent undue tax burdens on future residents:

- Stewardship Statement
- Peace River Agreement (until 2035)
- Debt Management Policy
- User Fees
- Development Cost Charges (DCCs)
- Asset Management Planning
- Energy Management Initiatives





BUDGET & FISCAL GAP *Dawson Creek* 2018

How big is our FISCAL GAP?

Like most communities, the City carries some debt. Taxes would otherwise be too high if we tried to pay off everything at once.

Infrastructure is a huge consideration for fiscal responsibility and sustainability. Trends in 2016 showed that \$41.7M in City infrastructure was overdue for replacement, with a further \$49M needing replacement over the next 10 years.

This puts enormous pressure on decision-makers, who must choose between funding much-needed infrastructure repairs, upgrades, and replacements vs. new or updated municipal services.

In the past, decision-makers typically considered only the capital (construction) costs of infrastructure.

But to be financially sustainable over the long term, we must also closely examine ongoing costs for operation, maintenance, repair and, ultimately, replacement.

The Peace River Agreement provides funds that help offset capital costs and some operational costs.

We must make difficult, controversial decisions at times, with the best interests of the community at heart.





BUDGET & FISCAL GAP *Dawson Creek* 2018

How will we reduce the FISCAL GAP?

The **PEACE RIVER AGREEMENT** (formerly the Fair Share Agreement) ensures stable funding from provincial revenues until 2035, helping to offset capital costs and some operational costs. It is providing \$14.5 million in 2018, with more than half earmarked for capital expenses.

Other **PARTNERSHIP AGREEMENTS** are key to a sustainable financial future. Existing partners include the Peace River Regional District (for shared services and utility use) and Shell Canada (Water Reclamation Facility).

The City's **DEBT MANAGEMENT POLICY** helps guide decisions around debt, ensuring that it's affordable and flexible. Making decisions with debt management in mind is one of the key ways to help reduce the Fiscal Gap and, therefore, ensure a legacy of fiscal sustainability for future generations.



The Water Reclamation Facility, a joint effort between the City and Shell Canada, is an example of how partnership agreements are key to a sustainable financial future. Shell invested \$17 million in the facility, which reduces the use of clean drinking water for industrial purposes, thereby supporting both environmental and economic objectives.





BUDGET & FISCAL GAP *Dawson Creek* 2018

How else will we reduce the FISCAL GAP?

USER FEES are proven tools to share the cost of current and future services. In 2017, after extensive community consultation, the City brought user fees and charges closer to current operational costs, thereby reducing the Fiscal Gap between revenues and expenditures.

DEVELOPMENT COST CHARGES are fees paid by developers who build new subdivisions or commercial buildings. They are commonly used to help fund water and sewer services, neighbourhood parks, or streetlights in larger developments. Targeted DCCs can be used only for one thing (e.g., a water system).

ASSET MANAGEMENT PLANNING ensures we can continue to deliver sustainable amenities and services that contribute to the quality of life we enjoy today. To date, the City has developed management plans and/or condition assessments for assets such as our water and sewer systems and some facilities.

ENERGY MANAGEMENT INITIATIVES save money, thereby reducing the Fiscal Gap. By installing energy-efficient lighting in facilities like the Multi-Plex, the Lakota Agriplex, and even our streetlights, the City is using 20% less energy and natural gas than in 2011. Avoided energy costs are estimated to be about \$300,000/year.



BUDGET & FISCAL GAP *Dawson Creek* 2018

Won't increased growth and its revenues reduce the FISCAL GAP?

We are proud of our community and welcome growth.

While it means more tax dollars, those don't alone provide the funds needed for new services to residential, commercial, and industrial properties.

That's why we must continue exploring innovative ways to be financially responsible and sustainable, such as increasing revenues and/or decreasing services.

What can you do to help?

Later this spring, we will launch a community consultation to gather your thoughts on how we can maintain our amazing quality of life for current and future residents.

We want to hear from you on what makes Dawson Creek a great place to live, knowing that financial sustainability is key to maintaining our current lifestyle.

And we want your input on potential approaches and tools we can use to ensure fiscal responsibility and sustainability moving forward.

If you have questions or need more information, please call 250.784.3600 or email budget@dawsoncreek.ca.

Thank you for your participation!