



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

MARCH 2018

City Council focusing on Fiscal Responsibility & Sustainability

Of Council's five strategic priorities for 2015-2018, number one is Fiscal Responsibility and Sustainability. Being fiscally responsible 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.

To that end, Council is focusing on the Fiscal Gap, or the difference between what is expected in revenues (e.g., taxes, fees, grants) and what are promised as 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 current and future residents. A Stewardship Statement was adopted in 2016 to guide all financial decisions and related policies (see right). The City also negotiated a new Peace River Agreement and has introduced proactive measures such as a debt management policy, user fees, development cost charges, asset management planning, and energy management initiatives.

Join the community conversation about the Fiscal Gap starting later this spring. Your insights and ideas will help us build a sustainable financial future!

What is Fiscal Responsibility and Sustainability?

We enjoy a tremendous quality of life here, with first-class facilities and services to support our diverse wants and needs. To help maintain this lifestyle, and leave a legacy for future generations, we must focus now on economic health at the municipal scale, as well as social, cultural, and environmental well-being. Being fiscally responsible is about living within our means, knowing we can't always afford what we want, when we want it. Decision-makers, therefore, face tough and sometimes unpopular choices regarding municipal spending. To ignore the realities simply widens the Fiscal Gap, while decisions made using the lens of fiscal responsibility and sustainability will narrow it.



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.

City of Dawson Creek STEWARDSHIP STATEMENT

"The Council of the City of Dawson Creek believes that the future quality of life in the community will be compromised if the current trends in revenues and expenditures are not addressed. Revenues are not growing fast enough to fund predicted future expenditures, especially for necessary infrastructure. Council intends to develop a range of solutions to protect the future of the community and urges our current citizens to actively engage with us in this vital work."

FISCAL GAP SOLUTIONS

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 provides \$14.5 million in 2018, with more than half helping to fund capital expenses.

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.

What is the Fiscal Gap? And why is it important?

As mentioned earlier, the 'Fiscal Gap' is the difference between what we expect in revenues and promised expenditures. Historically, municipal infrastructure investments (e.g., roads, water, sewer systems, parks, facilities) were made based on their upfront (capital) costs. Decision-makers didn't always consider ongoing operation and maintenance costs, and the eventual need for upgrades or replacements. If we are to achieve fiscal sustainability, and to enjoy and maintain all what Dawson Creek has to offer, all costs associated with existing infrastructure must be considered before adding new programs and services.

We need to create a financially sustainable legacy that reflects informed decision-making and does not unduly burden future taxpayers. Across Canada, 'minding the gap' is becoming even more important as we need to fund infrastructure repairs and replacements. Competition for government grants will only get stiffer, with many now requiring asset management plans.

How big is the Fiscal Gap?

Like most communities, the City carries some debt. And this is a good thing, in that taxes would otherwise be too high and unpredictable as we tried to pay everything off at once. Trend information provided to Council in 2016 showed that \$41.7M in infrastructure was overdue for replacement, with a further \$49M needing replacement over the next 10 years. Like local governments across Canada, the City's need to fund existing infrastructure repairs and replacement puts enormous pressure on deciding whether to pay for current services or replace much needed infrastructure. To create a sustainable legacy, we must continually watch spending and commitments. This means taking a close look at the cost of new capital investments (e.g., buildings, parks) as well as the life-long costs of paying for their maintenance, operation, repair, and, eventual replacement. This also means we must make difficult, controversial decisions at times, with the best interests of the community at heart.



Energy savings help reduce the Fiscal Gap. The City recently installed LED and solar lights to reduce energy costs and greenhouse gas emissions.

Won't increased growth and revenue reduce the Fiscal Gap?

We are proud of our community and welcome growth. And while it means more tax dollars, those alone don't provide the funds needed for services to new residential, commercial, or industrial properties. That's why we must continue to explore 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. We want your input on potential approaches and tools we can use to ensure fiscal responsibility and sustainability moving forward.

FISCAL GAP SOLUTIONS (cont.)

User Fees are common and proven tools for communities to share the cost of current and future services, and to ensure they will be there for future generations. In 2017, after extensive consultation with user groups and consideration of current operating costs, the City made changes to bring user fees and charges closer to current operational costs, thereby reducing the Fiscal Gap between City revenues and expenditures.

Development Cost Charges (DCCs) are fees paid by developers for building new subdivisions or commercial buildings. They are a common tool used by many local governments to help cover the cost of providing water and sewer services, neighbourhood parks, or streetlights in larger developments. DCCs must be identified in advance and can only be used for the service they are collected for (e.g., a water system).

Asset Management Planning is the best way to ensure we can deliver the sustainable amenities and services that contribute to the quality of life we enjoy today. To date, we've developed management plans and/or condition assessments for assets such as our water and sewer systems and some facilities. This will ensure informed decision-making about what needs to be replaced and when. That way we can plan for those costs, and perhaps avoid others.

Energy Management Initiatives provide opportunities to save money. By installing energy-efficient lighting in facilities like the Multi-Plex, the Lakota Agriplex, and even our streetlights, the City is reaping huge savings. We're saving on electricity and natural gas bills – using 20 percent less since 2011. From 2014 to 2016, we saved \$220,000 in avoided energy and operational costs from these investments in energy-efficient technology, and we are on track to save about \$300,000 a year in avoided costs in the future.

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