



Settle down.

FOR IMMEDIATE RELEASE
News Release

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RE: GRAND FORKS CITY COUNCIL MAKES SOME HARD DECISIONS IN ORDER TO MAKE ASSET MANAGEMENT A PRIORITY

Grand Forks, BC – In 2011 the City of Grand Forks recognized the organization was facing very real financial challenges and has since made a commitment to asset management that will help put the City in a sustainable financial position.

An Asset Management Investment Plan was developed that identified the significant financial gaps that exist within the organization, while recognizing ways in which the financial sustainability could be significantly improved without over burdening tax payers. This means that Council is committed to achieving financial sustainability in several different ways so that Grand Forks remains an affordable place to live.

The recommendation is a balanced approach, combining considerations below:

1. Reduction in some levels of service
2. Reduction of FTE's.
3. Increase in revenues i.e. Moderate tax increase.
4. Increase in electrical rates (moderate).
5. Water rates (currently only covers operating costs).
6. Sewer rates (currently only covers operating costs).
7. Addressing fees and charges.
8. Economic Development - Increasing tax base.

Mayor Frank Konrad stated that “the asset management plan is the most fiscally responsible strategy for the City that has been discussed by Council to date. I think that it is a very balanced approach to achieving the financial sustainability of the organization without hitting tax payers where it hurts, keeping the City affordable for residents and businesses.”

Asset Management is a practice that looks at the financial, assets and levels of service within an organization and then generates a long term plan to help get an organization back on track over the long term, all the while putting dollars away that will eventually be needed to replace assets (i.e. infrastructure). Communities most at financial risk are older communities with aging infrastructure.

Communities that have Asset Management Investment Plans are faced with making very difficult decisions. Based on the 2015 financial plan (before solutions to closing the sustainability gap) projected revenue is insufficient to cover planned expenses. Major challenges include funding the full amount of the average annual infrastructure investment, the current infrastructure deficit and our regulatory requirements. There are cash flow challenges over the next 20 years to fund the previously planned improvements (pre- 2015), meaning that those plans are not financially sustainable. The City currently faces an annual deficit 3.85 million and an infrastructure backlog of 32 million.

It is important to consider that the funding of Borrowing Bylaws will result in a tax increase of 13% per year for 25 years. This represents 4% of the city's overall need to facilitate replacements and planning for the eventual replacement of the \$127 million in assets. (With this plan, we do not need to undertake the borrowing-which is great news for the community!)

There will be more information and public education on the plan, available in the near future.

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