



NEWS RELEASE



'Made in the Northeast Solutions' - Protecting Our Tax Payers

FOR IMMEDIATE RELEASE

April 8, 2015

Fort St. John, B.C. - Mayor Lori Ackerman announced today, *"We are calling on the Premier to immediately halt the current process to impose a new Fair Share agreement on municipalities in Northeast BC. We are also requesting that she convene a meeting of all parties for the purpose of developing an MOU that will guide the parties towards development of a new Fair Share agreement that will start in 2020 when the current agreement expires."*

Mayor Rob Fraser stated, *"The process that the Minister of Community Sport and Cultural Development outlined requiring us to supposedly negotiate a 15 year funding agreement within 6 weeks is an unreasonable and impossible request. It can only be characterized as an attempt to force municipalities to accept a Provincial cost cutting agenda which unfortunately would also break the existing Fair Share Program. The net result would be that our municipalities never share in future economic growth as we would be severed from the industrial tax base that is the life blood for our municipalities."*

On March 21, 2015 the Provincial Negotiator tabled a Provincial position that is completely unacceptable to the District of Taylor and the City of Fort St. John. It was clearly stated that he had no mandate to negotiate beyond the fundamentals of the tabled proposal.

This Provincial proposal effectively breaks the 15 year Fair Share agreement that is in place until 2020. The existing MOU provides that the 2015 grant in lieu of our industrial tax base (Fair Share) would exceed \$46 million and municipalities have already included these funds in operation and capital budgets. The loss to Fort St. John will exceed \$32 million over the next 5 years.

| | 2015 Loss by Municipality/ Rural Area | Loss by Municipality/ Rural 2015-2019 |
|-------------------|--|--|
| Fort St John | \$ 2,674,828.00 | \$ 32,763,371.09 |
| Dawson Creek | \$ 1,807,864.00 | \$ 20,907,872.51 |
| Chetwynd | \$ 469,313.00 | \$ 4,671,527.12 |
| Hudson Hope | \$ 32,322.00 | \$ 677,951.65 |
| Pouce Coupe | -\$ 31,973.00 | \$ 593,401.89 |
| Tumbler Ridge | \$ 731,343.00 | \$ 5,294,681.81 |
| Taylor | \$ 149,779.00 | \$ 1,753,960.59 |
| Peace River Rural | \$ 195,447.00 | \$ 3,370,557.20 |
| Annual | \$ 6,028,923.00 | \$ 70,033,323.86 |

Mayor Lori Ackerman advised, *"We are reconfirming our position that the current process and offer from the Province is unacceptable in every way. It is a slap-in-the-face to municipalities in the Northeast and in our view sets a very dangerous precedent for British Columbia. The current Fair Share agreement provides an annual grant-in-lieu for municipalities who do not have access to the industrial tax base that includes an indexing formula directly linked to the rate of economic growth. We will not abandon this principle for the sake of a 'political quick fix' solution that will penalize our citizens for decades to come. Our citizens and taxpayers are ready to help build the Site C dam project and BC's new LNG industry and they deserve safe, sustainable municipalities with paved streets and modern water, sewer and other infrastructure in which to raise their families."*

Fort St. John and Taylor continue to support 'Made in the Northeast Solutions' to build and prepare our municipalities for the Site C project and the development of BC's LNG industry. The best solutions come

from credible research and realistic analysis and the professional team has been instructed to continue on this path. The negotiating team has decades of successful negotiations of the previous three Fair Share negotiations as well as NRRM funding agreements with the Province. The team comprises people with immense municipal administration, community planning, economics, policy development, and research and analysis experience. They have a vast record of proven success.

Mayor Lori Ackerman states, *“Some municipalities are focused on a ‘political quick fix’ solution that has resulted in regional disharmony and the opening of the door for the Province’s cost cutting agenda which could result in a loss of \$70 million during the remaining five years of the current Fair Share agreement.”*

Mayor Rob Fraser added, *“We believe these municipalities are acting on short-sighted advice and we will remind them in a letter that any changes to the current Fair Share agreement requires the unanimous consent of all signatories including Fort St. John and Taylor. We want to be crystal clear with our communication today, that those municipalities will not receive our consent to make any changes to the current Fair Share agreement.”*

The long term losses would be staggering for regional municipalities. As Fort St. John and Taylor are two of the fastest growing communities in the province and with Site C and LNG imminent this proposal is extremely disappointing.



| Municipalities Only - Per Capita No indexing 2% population growth | | | |
|--|-------|------------|-------|
| Actual 2014 | 43205 | 40,500,000 | \$937 |
| Provincial Proposal Per Capita | | | |
| 2015 | 44069 | 37,500,000 | \$851 |
| 2019 | 47701 | 37,500,000 | \$786 |
| 2024 | 53719 | 37,500,000 | \$698 |
| 2029 | 58148 | 37,500,000 | \$645 |

For example, a conservative population increase of 2% would result in a cost per capita decrease of \$292 or 31% over the life of the Provincial offer.

The Provincial offer completely removes the industrial tax base from Peace Region municipalities. The Province has not done this in any other area of the province. In fact, they are doing the exact opposite. In other areas of the Province they are working with municipalities to incorporate industrial tax bases or encourage community benefiting agreements with industry. Examples would be Port Edwards, Prince Rupert, Kitimat and Quesnel.

The current Fair Share MOU provides direct support from a growing industrial tax base and the Province is proposing to change it to an arbitrary grant which could change at any time based on Provincial fiscal restraint. This removes direct financial support from our industrial tax base and comes at the exact moment when the Peace Region municipalities will be challenged to fund expansion to their infrastructure services due to the Site C and LNG plants.

In 2013, in discussing a future Fair Share Agreement, Premier Clark stated, *“This resource drives the economy, not just here but all over the province. I believe that is it not only right but it is fair that it*

should drive your growth, your jobs, your wealth and just as importantly improve your community here. We are going to work with the Peace River Region to ensure you continue getting your fair share.” She went on to state, “We’ve been able to afford these things because we’re growing our economy and we’re growing our economy in large part because of the hard work, the ingenuity of the Peace River Region. The people in the northeast are driving B.C.’s economy and are going to be very soon driving our national economy.”

Mayor Lori Ackerman concluded, *“We have every faith that Premier Clark wants to work with us to reach a new long term Fair Share agreement that reflects the true spirit of partnership between the Province and municipalities in Northeast BC that has worked so well for many decades. We also realize the Province has some current fiscal challenges that will impact all areas of government service and spending. We’ve let the Premier know that we are prepared to do our part to help deal with BC’s current fiscal challenges but we’ll only do so in the spirit of true collaboration and cooperation without jeopardizing our long term future.”*

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