

The City of Yellowknife – Working for You!

Located on the ancient Precambrian shield adjacent to Great Slave Lake, the community of Yellowknife is at the core of Chief Drygeese territory, the traditional territory of the Yellowknives Dene First Nation, and within the Tłı̄çhǫ's Mǫwhì Gogha Dè Nı̄łłèè. From time immemorial, Yellowknife has been the primary use area of the Yellowknives Dene and part of the traditional use area of the Tłı̄çhǫ. Metis have also called this area home since the 1800's. We respect the histories, languages, and cultures of all First Nations, Métis and Inuit whose presence continues to enrich our vibrant community.

Yellowknife is an active, eclectic and inclusive community, home to over 21,000 residents who enjoy an urban lifestyle on the edge of pristine wilderness. As the capital city of the Northwest Territories, Yellowknife is a crossroads for people from across the Northwest Territories and the Canadian and international circumpolar world, and we welcome all people who live, work and visit our community. Council and staff of the City of Yellowknife work hard to ensure that residents and visitors can count on us for the best possible municipal programs and services.

2023 Was a Challenging Year

The world started to resume a new normal, post COVID, when 2023 plunged the City into some very serious and 'unprecedented' challenges; 'unprecedented' is the top contender for the word of the year. Labour unrest impacted City programs and services throughout the first quarter of the year, and the City thanks residents for your understanding during this challenging time. We are pleased that a settlement was reached relatively quickly and we were able to get our valued staff back to work providing full programs and services.

Shortly after this, the City became the reception centre for residents of NWT communities impacted by wildfires and flooding. The Northwest Territories saw the first wildfires of the 2023 season as of May 4, almost a month earlier than historical norms. Starting on May 14, we welcomed residents from Hay River and K'at'l'odeeche First Nation who had to leave

their communities on short notice due to the wildfires threat. Subsequently, Wekweeti and Behchokǫ were required to leave their communities due to the threat of wildfires as well. Recognizing the near drought conditions in the North Slave, a constant fire ban was in place in Yellowknife from mid July until late September. The City's Emergency Operations Committee started meeting daily on July 25, first to coordinate the evacuation centre for Behchokǫ evacuees and then to undertake a proactive response for the protection of Yellowknife as per the City's Emergency Plan and other framework documents.

In August 2023, a complex of wildfires in the North Slave region threatened Yellowknife, requiring an emergency response and ultimately, the planned evacuation of the City. Preparatory work to address the risk began in late July, in collaboration with the Government of the Northwest Territories' (GNWT) Environment and Climate Change wildfire experts, as well as with the GNWT Emergency Management Organization. The City declared a State of Local Emergency on August 14, followed by the GNWT declaring a Territorial State of Emergency and calling for the full evacuation of Yellowknife on August 15. This was a traumatic and anxious time for all Yellowknifers given the uncertainty, as well as the impact of wildfires elsewhere in the NWT and across the world, including Greece and Lahaina in Hawaii.

Many businesses, contractors and workers collaborated tirelessly with the City to develop, build and provide the protections that our community required, and for this we will always be grateful. These sudden and unanticipated actions had a significant impact on the City's financial status and it is a relief that conservative money management over the previous few years was able to provide some stability during this tumultuous time. Overall costs from the 2023 wildfire and evacuation were still being calculated as of December 2023, and while the City is seeking disaster financial assistance to cover as much as possible, there will still be expenses that impact our finances.

BUDGET MESSAGE

The challenges of 2023 also meant that many of the planned projects - capital and operational - could not be advanced and/or completed on time. Ranging from the 2022 Audit to the Reconciliation Gathering to advancing work on Lift Station #1, virtually every significant project was delayed in 2023.

Council Sets the Direction

2023, with its constant need to react to issues and emergencies, did not fully enable the implementation of Council directions. Strategic directions have been confirmed by Council and they set the framework for actions and strategies the City will take over the next 3 years. Given the annual budget is Council's biggest policy document, the broad strokes of Council's key themes around People First, Service Excellence and Sustainable Future are prevalent.

Infrastructure Projects See Significant Cost Increases

Post COVID, the predictability of project costs has become incredibly challenging. The City's process of confirming a Class D estimate for infrastructure projects budgeting prior to making a commitment no longer provides a clear picture of the costs to construct or the total project cost. Since 2022, capital budgets have proven to be inadequate given the limited availability of materials, supply chain issues, labour pressures and general inflation on all goods. This economic volatility means that the City is not only getting less work accomplished for the same amount of money than we did 10 years ago but also fewer capital projects are being constructed annually given the resources scarcity. With these challenges and multiple priorities in mind, the City is increasingly using Asset Management as a strategic tool to allow us manage our infrastructure assets at a level that meets the expectations of our residents in a financially sustainable way.

A Balancing Act

At the best of times, the City's financial management is a delicate balancing act, and emerging from tumultuous 2023, it continues to be even more of a challenge. The final outcome of this balancing act is the Budget itself, which is one of Council's most important policy documents. Planning for the continuation of projects that have been carried forward from 2023 and before, along with introducing new urgent core infrastructure needs in alignment with our asset management strategy, can threaten to overwhelm capacity both internally at the City and externally in the contractor/consultant realm. As a result, the City has the responsibility to ensure that core and essential infrastructure is priority #1.

Yellowknife's population growth has continued to be modest, but our infrastructure growth has not. New neighbourhoods, facilities, water and sewer infrastructure, roads and trails have been developed over the past decade, and they contribute positively to the fabric of life in Yellowknife. However, they also result in increased maintenance and replacement costs, which are also facing upwards pressure from older, aging assets.

There is also continued growth in external pressures, including those from a regulatory perspective. For example:

- Preparing for - and responding to – **emergencies, including extreme weather events**, including wildfires, drought, flooding and snowfall require resources and staff time to anticipate and plan for. A dry 2024 is predicted, which means pre-emptive preparations for the upcoming wildfire season are already underway.



- The full spectrum of **housing** – from social housing to market housing – continues to be a challenge for Yellowknife, as is currently the case across Canada and the world. From attracting new residents to meet labour force demands, to ensuring our vulnerable population has safe options for shelter continues to be a challenge and a priority. A substantial grant from the federal government is anticipated in 2024 and if approved, would provide significant support for the development of residential units.
- Implementation of the terms of our 2022 **water licence** continues to be a complex multi-year process required to demonstrate regulatory compliance when the City draws water from local water bodies and deposits waste and waste water into the environment. This has added ongoing significant workload to City Administration to comply with the complex regulatory requirements.
- In addition, the City takes the **health and safety** of our staff and residents very seriously, and willingly implements the increasingly rigorous safe work practises despite these adding time and cost to many routine activities.
- The **Giant Mine Remediation** project promises to contribute to the City's economy and will benefit area residents in the long run, but for the foreseeable future, it continues to consume City resources as staff work to ensure that the project's progress is consistent with the best interests of our citizens and businesses.
- In addition to regulatory requirements, there are also ongoing citizen concerns with **social issues**, particularly in the downtown core. While these are not within the City's municipal government mandate, their impact requires the City to collaborate on solutions.
- When completed in early 2025, the **Aquatic Centre** will be a showpiece for Yellowknife and an asset to our residents. Supporting healthy lifestyles and family fun, the facility will require significant staff to operate in compliance with swimming pool safety standards and regulations.

Counterbalancing all these growth pressures is our recent trend of marginal development resulting in little increase to our assessment base and therefore limited increased tax revenues. While the window for development seems to be opening up post-COVID, inflation and interest rates limit the feasibility of large scale development options at this time. In addition, macro-economic factors including the sunset of many of the diamond mines in the coming years, will have an impact on the City and our revenue stream, as well as on the GDP of the Northwest Territories overall. It is incumbent on us to plan for and seek to stimulate strategies that support a diversified economy, in collaboration with other orders of government and stakeholders.

The challenge is amplified by the ongoing municipal funding gap. In 2014, the GNWT identified and acknowledged that community governments were underfunded by a total of \$40 million annually - \$11 million of this earmarked for the City of Yellowknife. Inadequate core funding significantly reduces the City's ability to deliver services, and build and maintain infrastructure. The GNWT has worked to reduce this gap – a net increase of \$5 million over the life of the 19th Legislative Assembly - and for that we are grateful, but the bottom line is that there is still a \$40 million deficit in 2023. The City continues to pressure the GNWT to consider its fiscal allocations to better support strong communities and a diversified economy, and to develop a clear implementation plan to close this funding gap.

BUDGET MESSAGE

Sustaining our Good Quality of Life

Yellowknife is a wonderful place to live and our vibrant community is rich with the diversity of peoples from across the region, Canada and around the world who make their home here. In the face of rising costs, the City actively seeks to find ways to manage the cost of municipal services while providing the levels of facilities programs and services that residents value. Reliable, safe, and cost-effective provision of essential services remains the City's core priority. Council's Strategic Directions of People First, Service Excellence and a Sustainable Future drive much of our work in this area.

In 2024, there are only modest new investments proposed for **operations and maintenance** from the General Fund. These include some forced growth costs for recruitment, IT security and software maintenance and a one-time records management software upgrade. In addition, new positions are being proposed to support financial management, emergency management, planning and development and the new Aquatic Centre.

Capital investments for 2024 will focus on key, multi-year infrastructure projects that are already in process. There are no new projects given the substantial number of projects required for core services that have been carried forward from 2023. Capital investment in 2024 will continue to support the following:

- The **Aquatic Centre** construction is well underway with the building fully enclosed in late 2023. The bulk of interior finishing is to be undertaken in 2024 with an opening date now anticipated in Q1 of 2025.
- The Fire Hall, which was built in 1989, requires a renovation and expansion to meet current and future safety and service delivery requirements. The **Fire Hall expansion** has been a multi year

project, with design work on the verge of completion and construction planned to begin in 2024.

- **Water Licence compliance** projects continue to drive our capital expenditures with vital upgrades to our waste and sewage infrastructure. Lagoon desludging, solid waste leachate treatment require investments to meet our regulatory requirements.
- **Critical water and sewage infrastructure**, such as Pumphouse and lift stations is essential for ongoing stable service levels for residents, as well as future development opportunities. The overhaul of Lift Station #1 continues to be a top priority.
- Solid waste management is complex within our regulatory environment and work continues on the development of a **new landfill cell** for which design will be completed in 2024; the regulatory process for this new cell is also anticipated to commence shortly.
- **Ongoing annual core operational needs** – Paving, water and sewer infrastructure replacement, fleet management, IT Infrastructure renewal all require ongoing investment to enable service delivery across Yellowknife.
- Ongoing investment in the enhanced **accessibility** of City facilities, resources, programs and services is critical for Yellowknife to be as inclusive and welcoming as possible to all residents.
- In 2024, while on one hand the implementation of the existing **Community Energy Plan (CEP)** projects will continue, on the other, work to renew this 10 year CEP will start to now include climate change adaptation and mitigation efforts.



Planning for the Future

Once approved, the annual Budget lays out the resources that are allocated to support core services and Council's strategic directions. Recognising the tumultuous year that 2023 was, Administration has proposed a Budget that seeks to advance Council's broad vision while continuing to ensure that core and essential services are delivered in a reliable, cost-effective and sustainable manner. While we look to 2024 and the future, the volatility of recent years reaffirms the importance of balancing prudent management of our resources with being agile and able to respond to emerging challenges as needed. We are in this together, and we are committed to build a sustainable community for all Yellowknifers, now and into the future.

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