

BUDGET MESSAGE

2014 Highlights

Yellowknife Harbour Plan and General Plan initiatives:

- Completion of consultation, design and construction of Government Dock and Pilot's Monument improvement
- Public engagement on Wiley Road and Lessard Road Waterfront open space development



Downtown Revitalization:

- Stakeholder meetings on 50 Street revitalization
- Acquired vacant lot at Franklin Avenue and 50 Street
- Demolition of Cornermart and Instaloan buildings
- Streetscaping and installation of bike lanes on 52 Avenue
- Installation of additional parking meters for on-street parking to promote downtown shopping



Members of Yellowknife Artists Run Community Centre host a workshop at 50/50 to celebrate use of public space (City of Yellowknife photos)

Comprehensive Land Development



Engle Business District (Bob Wilson Photo)

- 15 lots sold with record revenues in Engle Business District since the subdivision was first marketed in 2007
- Development of 100 additional homes over four years in neighbourhood adjacent to Kam Lake (Block 501)
- Development of 90 multi-family units in Niven Lake subdivision in 2014 and 2015

Affordable Housing

- Entered a partnership agreement with Habitat for Humanity NWT for a 10-year period with opportunity to construct a single-family or duplex dwelling approximately every two years
- Adopted a new framework for permitting in-home and detached secondary suites



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Community Energy Plan (CEP)

- City Hall, Baling Facility, Ruth Inch Memorial Pool, Yellowknife Arena and Curling Club retrofitted with exterior LED lighting
- Baling Facility –solar power project
- Pool's pellet boiler –reduced oil consumption by one million litres since 2008 installation



City-wide composting

- First phase introducing city-wide organics curbside collection over the next four years



Public Transit

- New transit routes
- Low floor buses for both YATS and regular transit buses



Infrastructure Investment

In 2014 the City invested in a number of projects:

- Water Treatment Plant \$19.4M
- Northlands infrastructure upgrade \$16M
- \$5.7 million on water and sewer replacement including associated paving
- \$3.5M roads and sidewalk repair



Northlands infrastructure upgrades (City of Yellowknife Photo)



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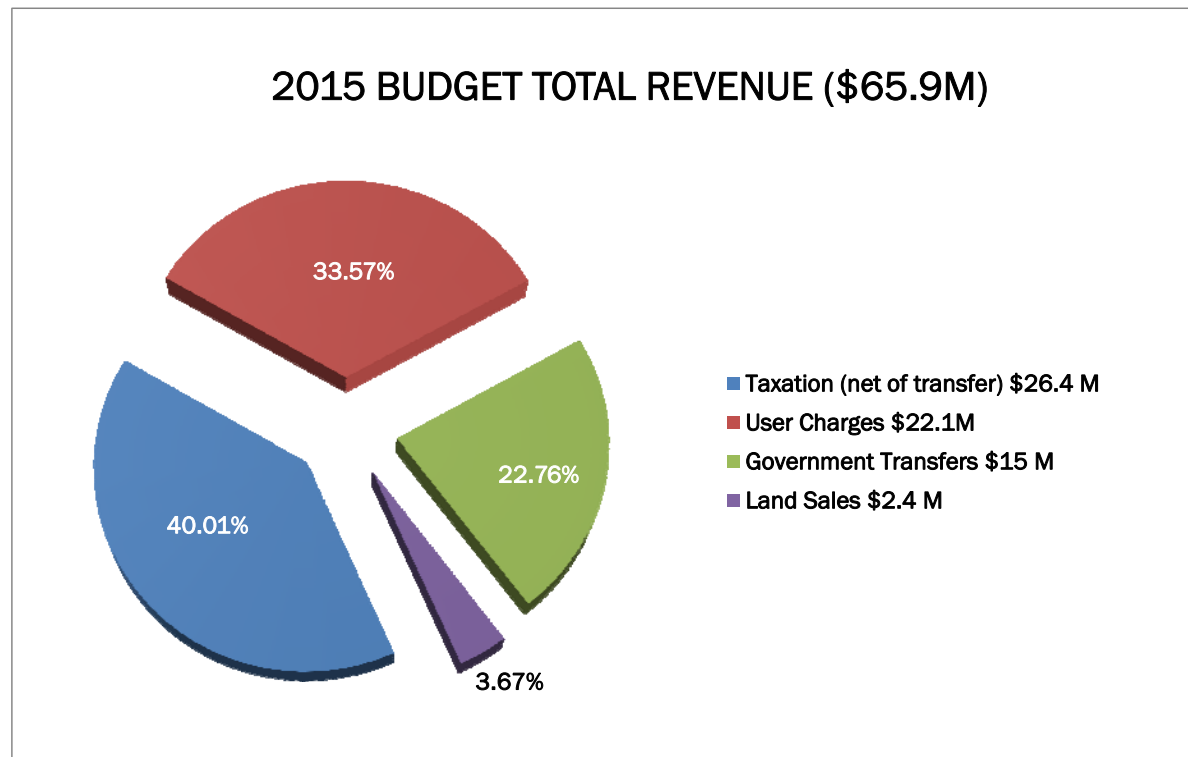
Customer Services

- One-stop shop at City Hall
- On-line permitting for (development and building)

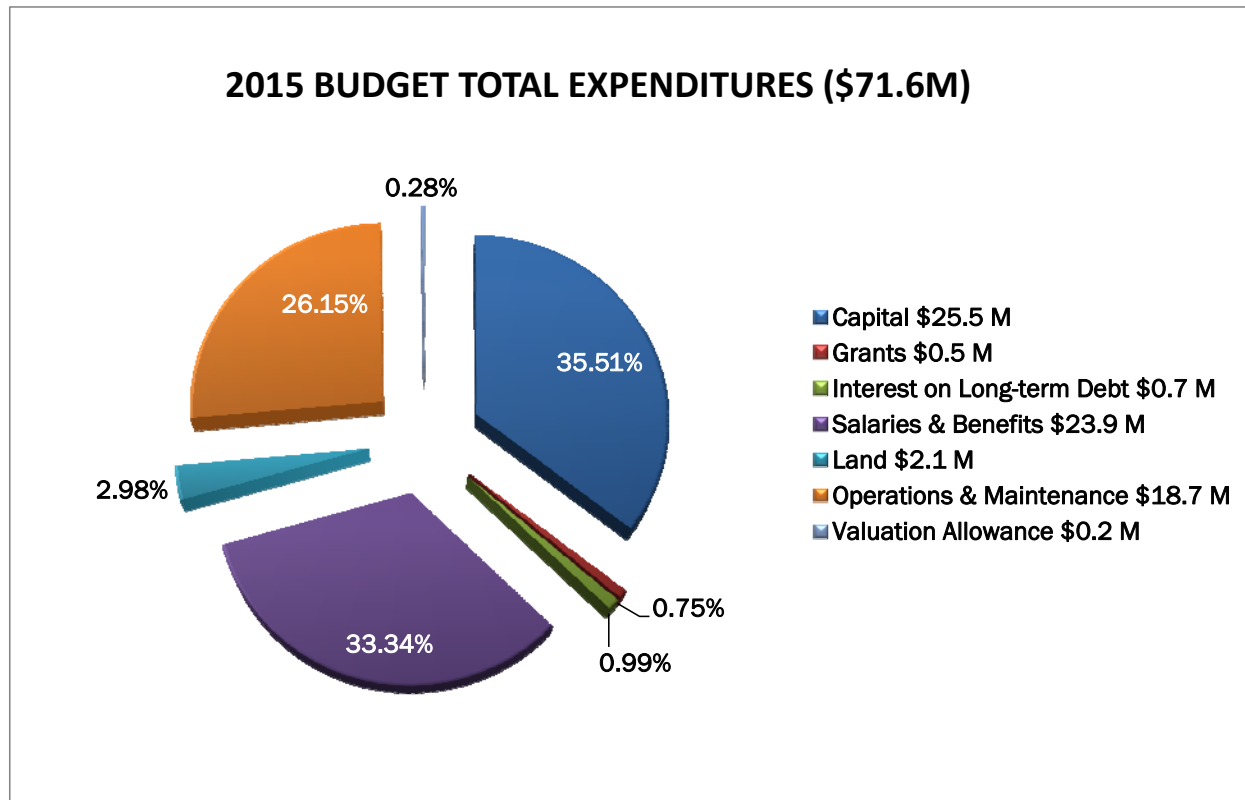
Budget Summary

The City of Yellowknife is budgeting revenues of \$65,867,000 in 2015. This represents total revenues from all funds and sources.

- \$22 million (33.34%) from user charges
- \$26.3 million (40.01%) from taxation
- \$15 million (22.76%) from government transfers
- \$2.4 million (3.66%) from land sales
- \$150,000 (0.23%) from investment income



Total expenditures, net of amortization expense, will be \$71,661,000. The allocation of those expenditures is as per the following:



General Fund

The General Fund includes municipal services and programs not accounted for in other funds such as recreational programs and fire and emergency services. The activity costs are recovered through:

- Municipal property taxes
- User fees
- Grants from other levels of government.

Since the 2012 budget, the City of Yellowknife has developed a Municipal Pricing Index (MPI) to demonstrate what the inflationary pressures are on the City's expenditures.

Using the MPI, and accounting for revenue growth, the City can demonstrate the necessary tax increase required to meet inflationary pressures on operations. The MPI is reviewed each year and adjustments made as necessary.

The 2015 MPI is 3.01%.

- This equates to an additional \$993,000 in added expenditures
- The assessment growth of 1.3% will result in \$850,000 of new tax revenue
- Thus the required additional revenue would be \$143,000 which would require a tax increase of 0.56%.

0.56% is the sustainable tax increase without considering:

- User fee increases
- Expenditure growth not related to inflation
- Increase the transfer to Capital Fund to meet our long-term infrastructure needs

The City is experiencing inflationary and growth oriented- cost increases to provide existing services to the residents. The City is forecasting cost increases to provide increased service levels and to support new programs.

- The total net change in operating expenses is \$1,804,311.
- The net increase in operating revenues is forecasted to be \$1,023,600.
- An Increase in the transfer to Capital Fund of \$250,800 is recommended in this budget.

The most significant changes in revenues and expenditures are shown by the chart on the following page.

BUDGET MESSAGE

Adjustments in Proposed 2015 Budget									
	Existing Standard				Service Level Changes			2015	Impact
	FTE's	Inflation	Growth	Sub-total	FTE's	Service Level Changes	New Service/Program		
GENERAL FUND									
Operating Expenditures									
Salaries and wages		431,600	38,500	470,100	6.69	62,000	561,500	623,500	1,093,600
Tax Relief			11,700	11,700					11,700
Grant to Exempt Properties			30,000	30,000					30,000
Financial Charges		12,960		12,960					12,960
Election/Plebiscite							40,000	40,000	40,000
Webcasting & teleconferencing							15,000	15,000	15,000
Mayor & Council O&M		16,700		16,700					16,700
Other Administration O&M		9,810		9,810					9,810
Increase in Communications & Econ. Dev. O&M		5,908	4,400	10,308					10,308
Printing & Photocopy Supplies		39,000		39,000					39,000
Other IT O&M		8,500	74,000	82,500					82,500
Corporate Services Other O&M		12,050		12,050					12,050
Insurance Premium			15,700	15,700					15,700
Library Occupancy Fee		53,793		53,793					53,793
Community Services Other O&M		18,255		18,255					18,255
Planning & Development O&M		6,700		6,700					6,700
Public Safety O&M		32,900		32,900					32,900
Transit Contracted Cost						244,800		244,800	244,800
Pulic Works O&M		15,160		15,160					15,160
Power cost		171,400		171,400					171,400
Others		7,000		7,000					7,000
Vehicle O&M & Fuel		84,015		84,015					84,015
Heating Fuel & Pellet Heating		68,100		68,100					68,100
		993,851	174,300	1,168,151	6.69	306,800	616,500	923,300	2,091,451
Cuts to Operating Expenditures									
Reduction in power cost due to changes to LED streetlights						(104,140)		(104,140)	(104,140)
Reduction in Casuals and contracted Costs						(97,000)		(97,000)	(97,000)
Reduction in Homeless Day Shelter						(50,000)		(50,000)	(50,000)
Reduction in Citizen Survey						(36,000)		(36,000)	(36,000)
		-	-	-		(287,140)	-	(287,140)	(287,140)
Net Change in Operating Expenditures		993,851	174,300	1,168,151	6.69	19,660	616,500	636,160	1,804,311
Change in Operating Revenues									
Assessment Growth (excluding Mill Rate Increase)									(850,000)
Increase in Public Safety User fees									(116,000)
Increase in Transfer to Capital Fund for Asset Management									250,800
Increase in Transfer from General Fund for Major Community Facility Reserve									60,000
Increase in Tax Penalties									(63,000)
Increase in Power Distribution Franchise									(9,700)
Increase in Public Transit Revenue									(51,400)
Reduction in Building Permit Fees									25,000
Reduction in Community Services Grants									32,000
Reduction in Community Services User Fees									41,000
Transfer from General Fund Surplus									(264,236)
Increase in Transfer from SWM & W&S Fund									(91,500)
									767,275
Tax revenue increase required resulting from recommended adjustments									2.98%



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The chart shows that an additional \$993,851 is required due to inflationary pressures in order to maintain existing service levels. This includes:

- \$431,600 in negotiated salary increases
- \$239,500 in heating and power costs
- \$84,015 in vehicle O&M & fuel
- \$238,736 in increased other O&M costs across all departments

\$174,300 cost increases related to growth of existing service levels:

- Salaries and wages \$38,500
- Insurance premium \$15,700
- IT software maintenance \$74,000
- Tax relief and grant to exempt properties \$41,700
- Other \$4,400

The additional expense due to service level increases and new programs is \$923,300:

The primary increase is related to new FTEs which are being proposed to address new services/programs and enhance service delivery:

- \$464,000 for 4.5 Emergency Response Dispatchers
- \$20,000 for Communications & Economic Development Officer (¾ of year to full year)
- \$42,000 for Municipal Enforcement Officer 1 (.5 year to full year)
- \$97,500 for Heavy Duty Mechanic

Other expenses related to service level changes:

- Election/ plebiscite \$40,000
- Webcasting & teleconferencing \$15,000
- Transit contracted costs \$244,800

This budget also proposes a total of \$287,140 in expenditure reductions.

This includes:

- \$104,140 reduction in power cost due to the change of LED streetlights
- \$97,000 reduction of casual and contracted cost as an offset to the new HD Mechanic
- \$50,000 Homeless Day Shelter (one year funding in 2014)
- \$36,000 Citizen Survey (2014 only)

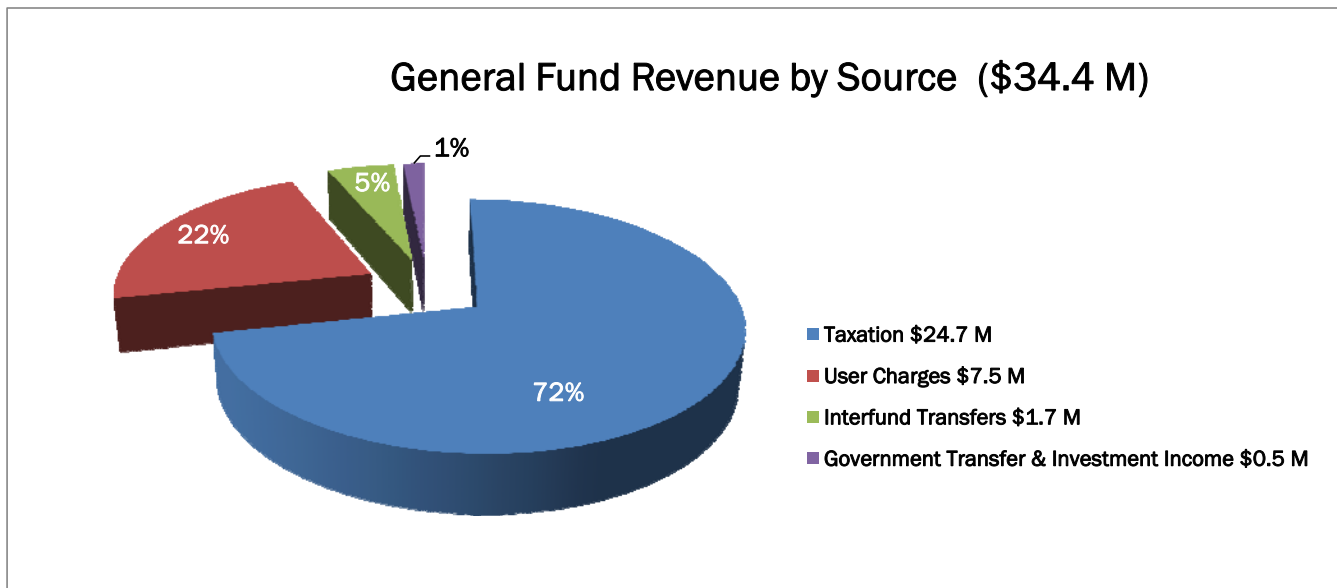
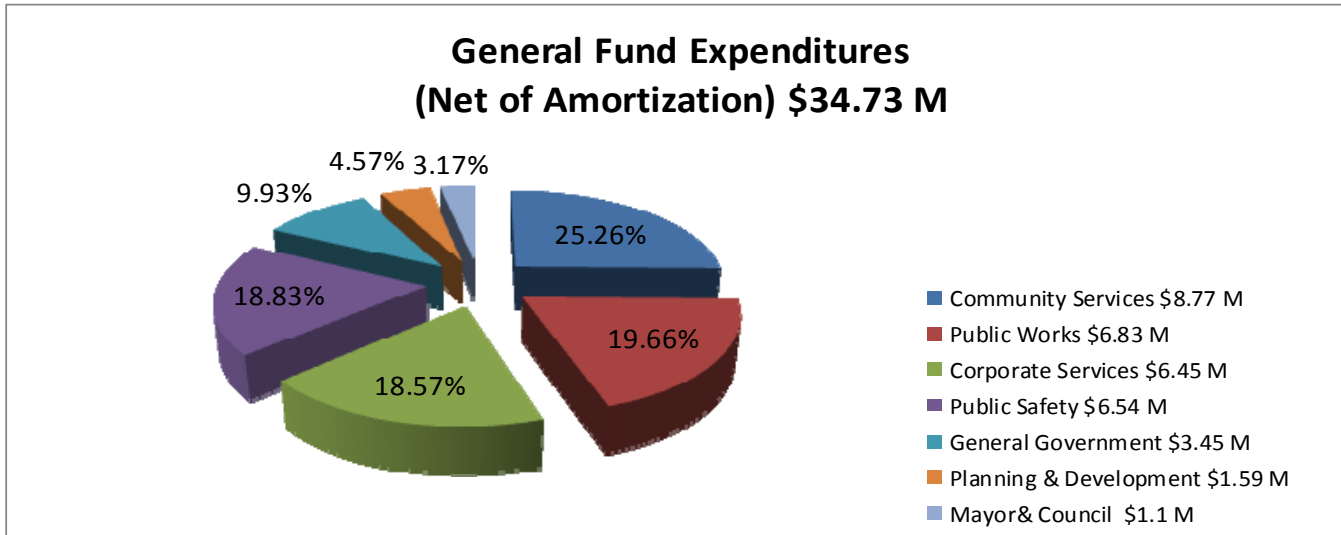
General Fund Summary

• Net increase in operating expenditures:	\$1,804,311
• Net increase in revenue:	\$1,023,600
• Increase in transfer to Capital Fund:	\$ 250,800
• Revenue shortfall:	\$1,031,236
• Transfer from General Fund surplus:	\$ 264,236
• Net Revenue shortfall:	\$ 767,275

This represents a 2.98% tax increase.

A 2.98% tax increase for an average homeowner with property assessment value \$312,000 means:

- \$55.79 increase in municipal taxes per year
- \$17.88 increase in taxes for each \$100,000 of assessed value



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Water and Sewer Fund

The Water and Sewer Fund is responsible for all aspects of establishing, operating and maintaining buildings, equipment and work related to the supply and process of:

potable water
distribution of potable water
collection, treatment and disposal of sewage

These costs are recovered through charges to service users.

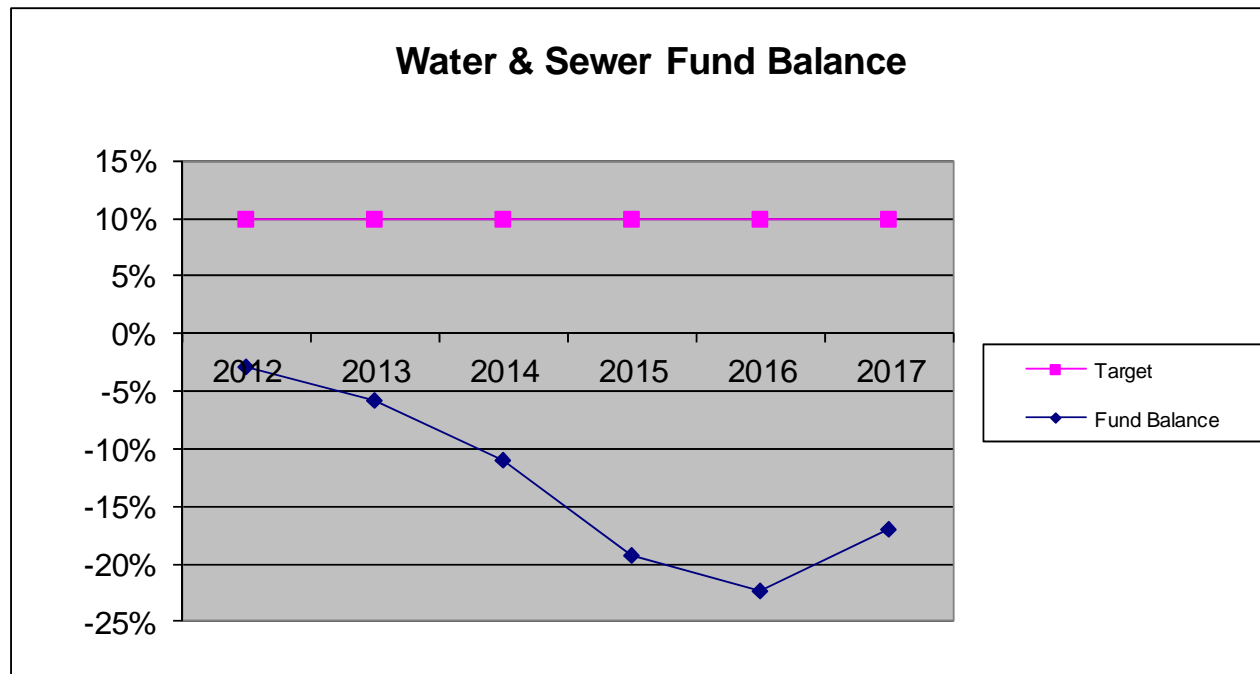
Due to forecasted negative closing balance of \$600,000 in 2014 and cost of operating the new water treatment plant, the Water and Sewer Fund needs to be closely monitored and in order to balance this fund in 2019.

The following actions are proposed to ensure the sustainability of the Water and Sewer Fund:

- Rate increases of 10% on January 1 of each year for 2015 through 2017
- Rate increase of 8% in 2018
- Rate increases of 5% in 2019

The 30% transfer to the Capital Fund as required by budget policies will be reduced by \$200,000 plus the amount earned from the previous increase to the infrastructure replacement levy.

The City will continue to review the water and sewer rate structure and water consumption to ensure continued improvement of the financial position of the fund.

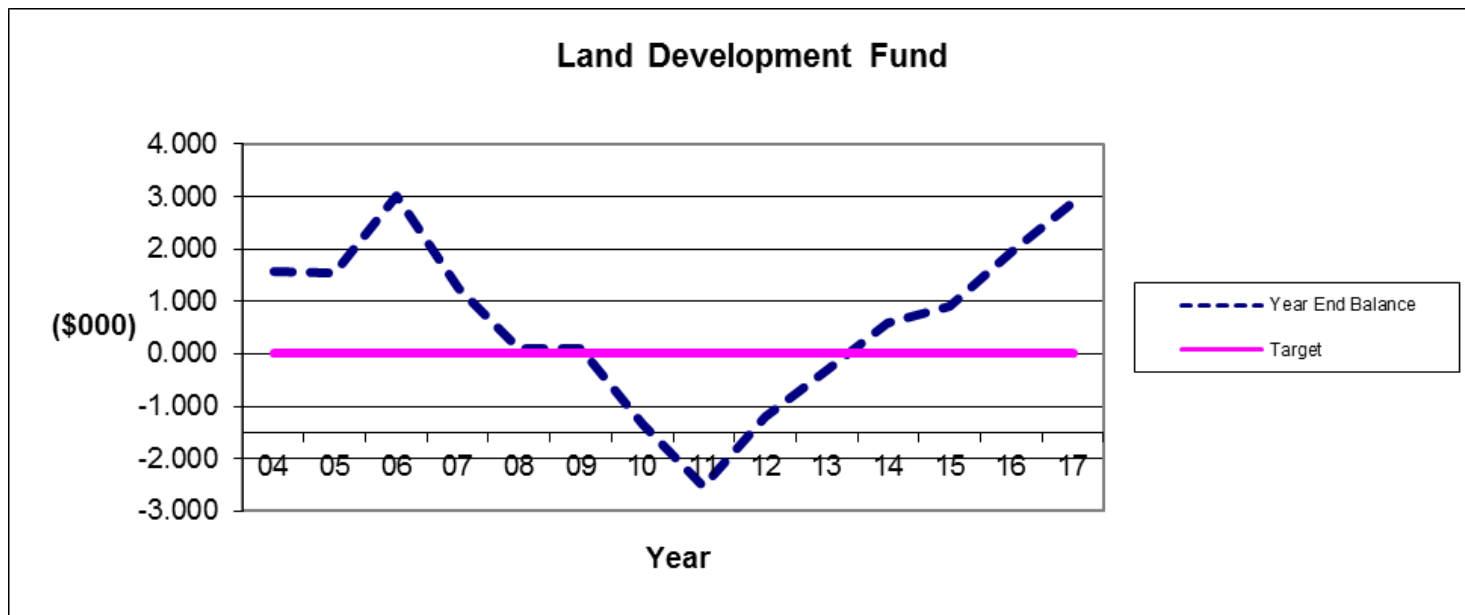


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Land Development Fund

The Land Development Fund oversees all aspects of acquiring, developing and disposing of municipal lands.

- The Land Development Fund is projected to be in a surplus position of \$0.595 million by December 31, 2014
- The City is holding 71 lots at a cost of \$5.5 million and an estimated resale value of \$16.3 million.



Solid Waste Management Fund

The Solid Waste Management Fund encompasses the collection, processing and recycling of solid waste including:

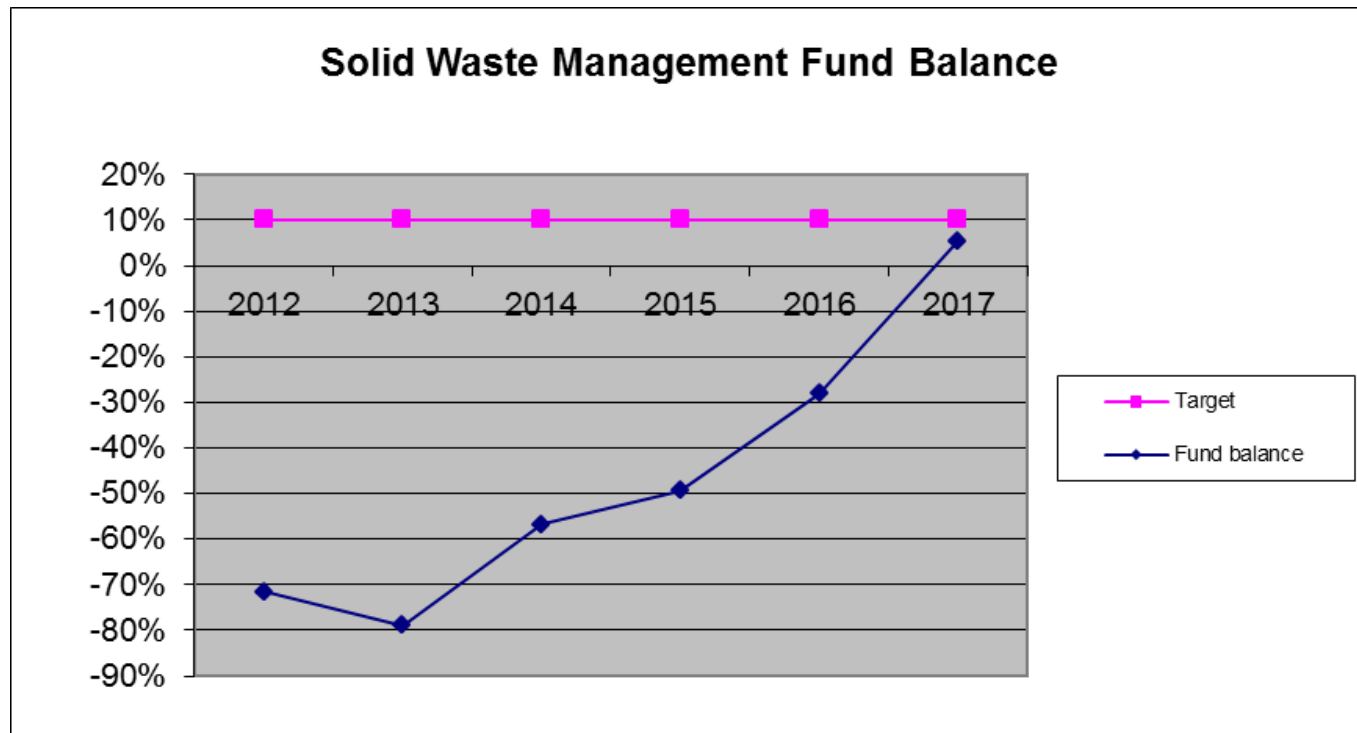
- Landfill operation
- Baling facility operation and maintenance (recycling, sorting and shipping)

The direct and indirect costs are recovered through the following user fees:

- \$18.50 solid waste levy for single family residences
- Tipping fees collected at the landfill for multi-family (five units or more) and commercial/industrial operations

The user pay principle encourages residents and businesses to reduce, recycle and reuse.

- The fund is slowly improving with a forecasted operating surplus of \$405,000 in 2014
- Due to large negative fund balance from previous years, it will have a negative fund balance of \$1,299,000 in 2014
- Facing significant challenges due to higher than anticipated accrual requirements for landfill closure accounting
- Expenditures have been reviewed and closely monitored
- Increase in user fees 5% each year for the next three years
- The fund will balance in 2017



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Capital Fund

This Capital Fund accounts for capital projects relating to the delivery of services and programs.

The City has completed a long-term Asset Management Plan (presented to Council during the 2013 – 2015 budget deliberation) and is discussed in the 10-Year Financial Plan section of the budget document.

The Assets Management Plan identifies the City's targeted investments over the next 10 years.

- The 2015 – 2017 Budget recommends council for a commitment for the next five years of the Capital Investment Plan.

Major areas addressed in the next five years are:

- Completion of Corrugated Metal Pipe Replacement project by 2017 (\$10.35 million)
- Investment in roads and sidewalks replacement and overlay \$17.13 million through 2018
- Construction of the water treatment plant by 2015 (\$8,471 million)
- Investment in other water and sewer infrastructure through 2017 (\$16.09 million)
- Replacement of existing submarine intake line from the Yellowknife River by 2020 (\$15 million)

Sustaining the Asset Management Plan over a 10 year period will position the City to maintain a sustainable investment in infrastructure through 2024 including:

- Water & sewer system \$66.41 million
- Other pumping and liftstations \$3.4 million
- Road and sidewalks \$34.6 million

By following this plan, the City of Yellowknife will reduce the major infrastructure gaps by 2017.

The City's future Capital plans rely heavily on funding sources outside of the City's control. Grants from the federal and territorial governments are expected to continue but not guaranteed. The long-term future of these funding arrangements has become more certain as the current federal government has entrenched the Gas Tax Rebate program in budget legislation.

However, the current Gas Tax Agreement expires in 2014. Negotiations between the Government of Canada and provinces / territories are on-going.

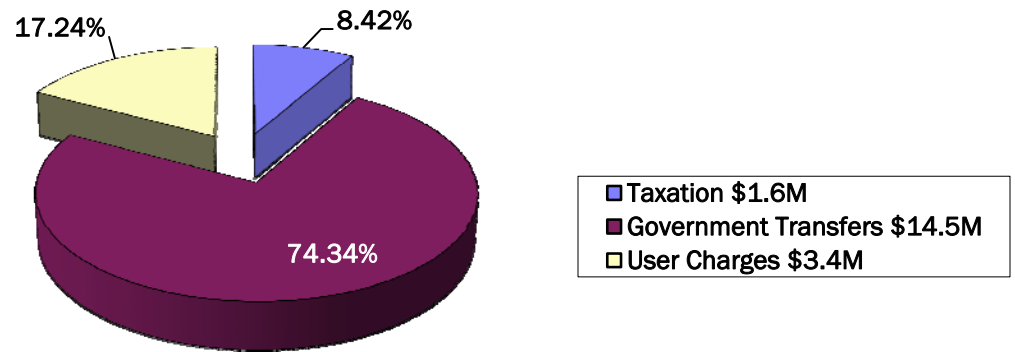
The Long-Term Capital Plan assumes:

- An additional \$250,800 be transferred from the General Fund to the Capital Fund in 2015
- This increase the transfer to \$1.640 million for 2015 and 2016 and \$1.7 million for 2017 beyond

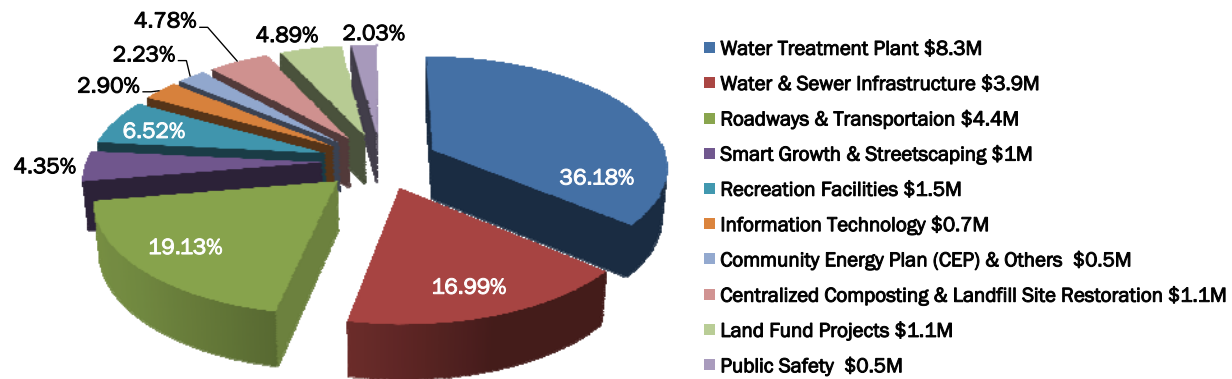
This is \$993,200 less than required under the City's current budget policy, however, the Long-Term Capital Plan is sustainable at this level of transfer.



2015 BUDGET CAPITAL FUND REVENUE (\$19.5M)



2015 BUDGET CAPITAL FUND EXPENDITURES(\$23M)



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