

# TEN-YEAR CAPITAL PLAN

## 10-YEAR CAPITAL PLAN (2022-2031)

The 10-Year Capital Plan (“Plan”) reflects the capital expenditures that the City is forecasting for that period. The plan identifies the investments that will be required to maintain infrastructure, address environmental issues, and deal with growth.

Crucial to the success of any forecasting exercise are the key assumptions used in preparing the Plan.

## KEY ASSUMPTIONS

To develop the Plan, information was compiled utilizing the following assumptions:

- The 2022, 2023 and 2024 capital expenditures are based on the draft budgeted expenditures as outlined in this budget document. 2025 – 2031 numbers are based on the best estimates of required future investments and anticipated funding levels.
- Formula funding and infrastructure funding from the GNWT are expected to remain stable over the ten-year period. Inflationary increases are expected in the formula funding.
- Canada Community-Building Fund Funding will continue as promised by the federal government and as outlined in the renewed Canada Community-Building Fund Agreement.
- Any additional infrastructure or stimulus grant funding from other orders of government will be used to supplement the annual core funding levels.
- Development costs for new residential and industrial subdivisions are not included in this Plan, as it is assumed that all future development costs will be recovered from land sales.

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There are three primary grant sources used for capital funding:

Funding	Source	Description
Formula Funding	GNWT	The GNWT uses the City's population, property assessment values, and inflation rate to calculate its community points. These points are compared to those of all other Northwest Territories communities to distribute the available funding. The 10-Year Financial Plan is based on the City receiving \$7.8 million in Formula Funding in each year of the plan.
Canada Community-Building Fund	Federal Government	This long-term indexed funding is determined on a per capita basis. It is assumed that the City will receive \$5.7 million plus inflation annually for the next ten years.
Community Public Infrastructure Funding (CPI)	GNWT	This territorial funding is calculated using a base-plus approach. The City is allocated 2% of the total funding available – the base. The City's population and current replacement value of its public infrastructure are used to calculate its community points relative to the total of all communities' points in the NWT. The community points are then used to determine the balance of the CPI allocated to each community. It is estimated that the City will receive \$3.7 million annually for the next ten years.



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## INFRASTRUCTURE INVESTMENT

The City plans to invest \$274.1 million over the next ten years to sustain the infrastructure it depends on to deliver services and programs. This will help ensure that the City can safely and sustainably provide core services to protect the health and safety of its citizens, as well as the recreational opportunities that residents

have come to value. This investment will also create a projected capital reserve – expected to total approximately \$23 million by 2031 – for unexpected or unbudgeted costs. These amounts are based on currently-available asset data, and may be subject to change.

TEN-YEAR CAPITAL PLAN	2022 TO 2024 Budget										2022 to 2031 10-Year		
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
<b>Planned Expenditures (\$000):</b>													
General Government	580	1,295	610	770	820	870	600	600	600	600	600	600	6,670
Others	25	383	300	340	430	370	100	100	100	100	100	100	2,040
IT Reserve	555	912	310	430	390	500	500	500	500	500	500	500	4,630
Public Safety	551	348	470	3,376	58	400	400	400	400	400	400	400	6,704
Safety/Safety Equipment	503	348	175	111	58								344
Firehall	48		295	3,265									3,560
Community Services	2,184	4,285	21,894	44,252	4,708	1,200	4,593	2,900	2,904	2,904	1,200	1,200	87,754
Aquatic Centre	418	1,750	20,757	43,057	3,588								67,402
Outdoor Recreation Facility							3,393	1,700	1,704	1,704			8,500
Parks/ Trails	384	275	345	600	520								1,465
Community Services Others	1,382	2,260	792	595	600	1,200	1,200	1,200	1,200	1,200	1,200	1,200	10,387
Public Works	9,687	12,640	15,263	17,984	20,469	35,453	12,650	11,400	11,580	11,920	11,220	12,090	160,029
Water & Sewer Capital Replacement	3,205	4,615	4,225	4,050	2,800	3,500	3,500	3,500	3,500	3,500	3,500	3,500	35,575
Other Water & Sewer Projects	1,085	949	1,975	2,800	2,800	3,800	700	700	700	700	700	700	15,575
Submarine Water Supply Line	39	150	1,000	1,000	9,000	20,983	500						32,483
Liftstation Upgrades						300	300	300	300	300	300	300	2,100
Public Transit	57	9											0
Roads & Sidewalks	3,491	2,673	4,145	4,355	3,909	4,500	4,500	4,500	4,500	4,500	4,500	4,500	43,909
Solid Waste Management	174	998				440	440	440	440	440	440	440	3,080
Construction of New Cell				4,500	75								4,575
Community Energy Plan	173	913	2,640	145	150	500	500	500	500	500	500	500	6,435
Fleet Management	1,463	2,333	1,278	1,134	1,735	1,430	2,210	1,460	1,640	1,980	1,280	2,150	16,297
Planning and Development	1		3,950	1,050	2,650	750	750	750	750	750	750	750	12,900
<b>Total</b>	<b>13,003</b>	<b>18,568</b>	<b>42,187</b>	<b>67,432</b>	<b>28,704</b>	<b>38,673</b>	<b>18,993</b>	<b>16,050</b>	<b>16,234</b>	<b>16,574</b>	<b>14,170</b>	<b>15,040</b>	<b>274,057</b>
<b>Total Available</b>	<b>16,387</b>	<b>20,632</b>	<b>46,225</b>	<b>47,209</b>	<b>32,871</b>	<b>33,643</b>	<b>18,991</b>	<b>17,776</b>	<b>18,871</b>	<b>20,217</b>	<b>19,477</b>	<b>20,267</b>	<b>275,548</b>
Surplus(Deficit)	3,384	2,064	4,038	(20,223)	4,167	(5,030)	(2)	1,726	2,637	3,644	5,307	5,227	
<b>Closing balance</b>	<b>23,098</b>	<b>21,560</b>	<b>25,600</b>	<b>5,378</b>	<b>9,547</b>	<b>4,517</b>	<b>4,515</b>	<b>6,242</b>	<b>8,879</b>	<b>12,523</b>	<b>17,830</b>	<b>23,057</b>	

### Assumptions:

- (1) Annual transfers of \$1 million from the General Fund, effective 2022.
- (2) Aquatic Centre costs of \$71.762 million, partially funded by borrowing \$10.001 million for 15 years at 3.6% in 2022.
- (3) Submarine water supply line costs of \$34.5 million, partially funded by borrowing \$4 million for 15 years at 4% in 2024. If alternative funding is secured, this amount will be reduced.

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## MAJOR CAPITAL PROJECTS

### General Government

Currently the planned investment in Information Technology infrastructure totals \$4.6 million over the next ten years. This reflects regular, incremental expenditures to ensure the infrastructure continues to meet the increasing demands being placed on it.

### Public Safety

In addition to regular safety equipment upgrades over the next 10 years, the City is also continuing its investment in renovating and expanding the Fire Hall to meet the emergency and fire service needs of its population. Design work will be done in 2022, with construction slated for 2023.

The planned expenditures over the next ten years on safety equipment and the Fire Hall total about \$6.7 million.

### Community Services

The existing Ruth Inch Memorial Pool has reached the end of its expected lifespan, and the City is proposing to build a new Aquatic Centre to replace it. Planning began in 2016 and included extensive public and user-group consultation that led to the design for a 25 metre, 8 lane lap pool and related amenities. The City will have to borrow up to \$10,001,000 to complete this project, and will conduct a referendum on November 23, 2021 to seek voter approval to do so.

If the majority of those who vote support the borrowing, construction is expected to begin in 2022 and be completed in 2024. Once the new facility is operational, the existing pool will be closed and the building will be repurposed.

Should the voters not approve the borrowing, the City will need to invest in refurbishing the existing pool.

In 2017, an Accessibility Audit identified numerous barriers at City facilities, and the following year a ten-year implementation plan was developed to address them on a priority basis, at a total estimated cost of \$5 million.

In total the planned expenditures for municipal facilities, including parks and trails, are \$87.8 million over the next ten years.

### Public Works

The replacement of deteriorated corrugated metal sewer pipes (CMP) first began in 1984 and was completed in 2018. The City is also planning further work to replace other aging underground water and sewer infrastructure. Over the next ten years the City will invest \$35.6 million in this area as well as other complex assets such as potable water pump houses and sewage lift stations.

Just as important as the underground infrastructure are the buildings and equipment that form part of the water delivery system that provides residents with excellent quality water. Expansion of the water reservoir was completed in 2008 and the Water Treatment Plant was completed in 2015. This project was partly financed by the borrowing of \$23.8 million, which will be repaid by 2028.

The City draws its water from the Yellowknife River via an underwater pipeline, which runs about eight kilometers between Pumphouse #2 at the Yellowknife River and Pumphouse #1 on 48<sup>th</sup> Street. The pipeline has reached the end of its useful life, and work has begun to replace it at an anticipated cost of \$33.5 million. The



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City has secured \$25.8 million from the Disaster Mitigation and Adaptation Fund towards the project, and is continuing to seek additional funding for the balance of the cost.

Historically, a majority of the road rehabilitation program was financed by long-term borrowing (debentures). In 2005, however, the City decided to reduce its reliance on long-term borrowing. As a result, the timely rehabilitation of existing roads and sidewalks was deferred. The City will use Canada Community-Building Fund Funding, Community Public Infrastructure Funding and Formula Funding to finance the costs of road rehabilitation and over the next ten years the City plans to invest more than \$43.9 million in this effort. Some road rehabilitation is also accomplished at the same time as the Water and Sewer Infrastructure Replacement Program, using funds from that program.

The mobile equipment fleet has a replacement value of \$16.4 million and must be properly maintained to meet the service levels expected by residents. Over the next ten years, the City has budgeted \$16.3 million for fleet management.

### **Solid Waste Management**

As part of ongoing investments to ensure adequate landfill capacity at the Solid Waste Facility, the City is allocating \$4.5 million for the design and construction of a new landfill cell, beginning in 2023.

Over the next ten years the City will continue implementation of the Strategic Waste Management Plan developed in 2018. This plan will help the City work towards the recommended goal of reducing waste generation from the current estimate of between 1,200 and 2,000 kilograms per capita to 500 kilograms per capita by 2030.

The planned expenditures over the next ten years are \$3.1 million for solid waste management.

Council has adopted a Community Energy Plan (CEP) to support the community in its efforts to reduce emissions and to ensure that the City leads by example. It provides a framework for reducing the cost of energy use within both City operations and the community. The City completed the five milestones of original Plan and in 2017 updated the Plan for an additional 10-year period. The updated plan sets out ambitious targets on both the Corporate and Community side with respect to GHG emission reductions and renewable energy use. The City is planning to spend \$6.4 million over the next ten years on CEP initiatives.

### **Planning and Development**

The City has been engaging with the GNWT Department of Lands and the Yellowknife Dene First Nation regarding the bulk land transfer of all available Commissioner's lands within the municipal boundary to the City and this effort is ongoing.

The planned expenditures in this area over the next ten years total \$12.9 million. Any additional resources obtained from other orders of government for related projects will be used to augment this spending.

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## FINANCING CAPITAL PROJECTS

The City uses GNWT formula funding, government grants, property taxes, water and sewer fees and levies to fund capital projects and reserve funds. Currently, part of the property tax revenue is used for debt servicing costs. The City's Ten-Year Capital Plan has identified that a transfer of \$1 million per year is required to support a sustainable capital investment strategy, in addition to the funding received from other orders of government.

Presently the City has several reserve funds. One of them is the Major Community Facility Reserve (MCFR). The MCFR is used to fund major capital projects such as City Hall, Library renovations and potentially the Aquatic Centre. In 2022 to 2024, the City is planning to use \$3.18 million from MCFR to fund the Aquatic Centre. Any replacement or addition of such facilities will require additional funding from other orders of government and will be subject to detailed public consultation prior to committing funds. In addition, there should be a Capital Reserve in place to meet demand arising from emergency and/or unbudgeted events. The reserve will be about \$22.8 million to be accumulated over the next ten years.

## LONG-TERM DEBT

In 2013 the City borrowed \$23.9 million, repayable over 15 years, to finance the Water Treatment Plant. This enabled it to dedicate the Canada Community-Building Fund funding to accelerate other capital projects and to complete the CMP program by 2018.

The City is planning to borrow up to \$10 million to build the proposed Aquatic Centre, pending voter approval through the referendum process. Another \$4 million will be required to finance the replacement of the submarine water supply line.

It is anticipated that the City's long-term debt will decrease from \$15.3 million in 2019 to \$12 million by the end of 2021. However, if the City borrows \$10 million in 2022 for the proposed Aquatic Centre and \$4 million in 2024 for the submarine water supply line, its annual debt servicing cost will climb from \$2.1 million in 2021, to \$2.5 million in 2022, and \$3 million in 2024. Both debt and debt servicing are within the legal limits and have been included in the Ten-Year Capital Plan.

The City has been trying to secure other sources of funding to reduce our debt burden and will continue to do so. In 2021, the City has successfully secured \$10.4 million of Investing in Canada Infrastructure Funding for the paving and new landfill cell - design and construction projects.

## SUMMARY

Over the next ten years, the City's planned annual capital expenditures will average \$27.4 million.

