

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. We are 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 arctic, 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.

Emerging from COVID-19

Since the world was plunged into the paralyzing and unpredictable reality of COVID in early 2020, we have all worked to respond prudently and rationally. At the City, public safety, staff safety and the stability and continuity of core and essential services for Yellowknifers remained our ongoing priority throughout the pandemic. Delivering programs and services within the parameters set by the Government of the Northwest Territories' Office of the Chief Public Health Officer was at times a challenge, but City staff rose to the occasion with their usual professional approach and commitment to good service. COVID-19 brought added uncertainty around revenues and expenditures since March 2020 which required a cautious and deliberate approach to fiscal planning; it also heightened awareness of the financial challenges facing many residents and businesses.

As lock down provisions lifted in April 2022, and we began to return to normal – our “new normal” – the City's focus became the long term future outlook. Reverberations from the pandemic, including the ‘great resignation’ and supply chain issues continue to impact the ways that the City does business. As well, focusing on the needs of our

community, post COVID – economically, environmentally, financially, socially – drives the City's work for the year ahead, and into the future.

Revenue shortfalls the City faced throughout COVID were significant, particularly from fees and charges which typically form approximately one third of our incoming revenues. While we have maintained a conservative oversight of spending to acknowledge the impact on revenues, even retaining higher amounts in our reserves and funds than articulated in our Budget Policy, we move forward with a greater degree of certainty than in the past two years. Yellowknife's long term future may include some economic volatility so the prudence that guided our actions through COVID will serve us well in the years to come.

Council Sets the Direction

A new Council was elected in October 2022 and Council Members were sworn in on the same day in November that the draft 2023 Budget was presented for their review and ultimate approval. Recognising that Council would not have the opportunity to set out the vision and priorities for its' term of office until after Budget 2023 was approved, Administration has worked to prepare a budget that meets our legislative responsibilities and core and essential services and supports ongoing key priorities including land development, economic supports, staff capacity and the continuation of multi-year municipal infrastructure projects. As Council's vision is set, the annual budget cycle will integrate Council's direction with the core mandated responsibilities the City must deliver on.

A Balancing Act

At the best of times, the City's financial management and budgeting process is a delicate balancing act, and in the shadow of COVID 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. This return to some sense of normalcy

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adds another level of complexity to the City's financial and overall management. Demands and expectations are high amongst residents, businesses and stakeholders, and efforts to ramp back up to pre-COVID conditions can only be as good as our available resources, including the capacity of our labour force as well as that of contractors and consultants who are vital to the completion of City projects.

The City of 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 has also been continued growth in external pressures, including those from a regulatory perspective. For example:

- Renewal of our **water licence** has been 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. It has added ongoing significant workload 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; however, these add time and cost to many routine activities.
- **Accessibility** of our facilities is critical to ensure we are as inclusive as possible which means adjustments to our physical spaces as well as to our website and other public interactive platforms.
- 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 will also consume considerable 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 2024, 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. The City is hopeful that, post COVID, development will be on the upswing as has been indicated by recent proposals. An increased assessment base means that minor cost increases within the City will typically not translate as a property tax increase. 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 Government of the Northwest Territories 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 – with a small ongoing increase and one-time top ups during COVID – and for that we are grateful, but the ongoing underfunding impacts us every year. 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 plan in writing to close this funding gap.

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, NWT 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. These responsibilities also encompass seeking more efficient ways to provide services, and proactively identifying new opportunities to improve how our community infrastructure is acquired and maintained, and deliver more of what citizens expect.

In the upcoming year, **Operational and Maintenance** investments in 2023 focus on essentials including:

- Preparation for the **Aquatic Centre**, currently under construction and expected to be complete by Fall 2024. This will bring an increase in both revenues and expenditures, which we continue to work towards refining.
- Funds to continue to advance the City's work on **Reconciliation**.
- A one-time investment to update the City's position **classification system** to support employee recruitment and retention.
- A one-time investment in the City's **recreational software** for program registration and facility bookings.

- **Staffing** to ensure essential services can continue to be met. City Administration is proposing modest position growth in 2023 to respond to increased service demand for core services.

Capital investments in 2023 will also be focused on key infrastructure projects, including:

- The **Aquatic Centre** construction is well underway with the foundation and initial steel framing imminent. Major construction will take place in 2023 with significant portion of the budgeted project costs coming this year.
- The **Submarine Water intake line** replacement was in the planning and design phase in 2022 and the City will be confirming design in 2023. Subsequently construction is expected to get underway in 2025. The City has been successful in securing \$25.8 million in federal funding towards the project – 75% of the total cost – and the City continues to seek external support for the remaining \$8.6 million of the anticipated cost.
- Our Fire Hall, which was built in 1989, requires a renovation and expansion to meet current and future service delivery requirements. The **Fire Hall expansion** has been a multi-year project, with design work being completed in 2022 and construction planned to begin in 2023.
- **Water Licence compliance** projects continue to drive our capital expenditures with required upgrades to our waste and sewage infrastructure. Lagoon desludging and solid waste leachate treatment require investments to meet our regulatory requirements.
- Solid waste management is complex within our regulatory environment and development of a **new landfill cell** must begin with design in 2023.

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- **Ongoing annual operational needs** – Paving, water and sewer infrastructure replacement, fleet management, and 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 us to be as inclusive and welcoming as possible to all residents.
- Continued investments in the **Community Energy Plan** initiatives, including district energy implementation, and ongoing allocations to support the work of the Sustainability Coordinator.
- **Land Development** and advancing the **transfer of vacant Commissioners Land** within the municipal boundary are key for the development goals of the City and require resources for surveying.

Planning for the Future

Budgets are typically Council's most important annual policy document. Recognising that Council will be setting its' priorities subsequent to approving Budget 2023, Administration has proposed a Budget that stays the course on initiatives underway while continuing to ensure that core and essential services are delivered in a reliable, cost-effective manner. Once confirmed, Council's direction will be woven into the budget process. While we are putting COVID behind us, new challenges and opportunities will require an ongoing prudent approach to fiscal management. We are in this together, and we commit to building a sustainable community for all Yellowknifers, now and into the future.

