

# TEN-YEAR CAPITAL PLAN

## 10-YEAR CAPITAL PLAN (2025-2034)

The 10-Year Capital Plan ("Plan") reflects the capital expenditures that the City is forecasting for the period 2025-2034. The plan identifies the investments that will be required to maintain infrastructure, address environmental issues, and manage 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 2025, 2026 and 2027 capital expenditures are based on the draft budgeted expenditures as outlined in this budget document. 2028 – 2034 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 subdivisions and infill of existing subdivisions are included in this Plan and the future development costs will be recovered from the Land Fund.

# TEN-YEAR CAPITAL PLAN

There are three primary grant sources used for capital funding:

<b>Funding</b>	<b>Source</b>	<b>Description</b>
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 \$8.3 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 \$5.9 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 \$4.5 million annually for the next ten years.



### INFRASTRUCTURE INVESTMENT

The City plans to invest close to \$268.8 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 \$55 million by 2034

– for unexpected or unbudgeted costs. These amounts are based on currently-available asset data, and may be subject to change. However, it is forecasted that the City will have negative fund balances of about \$5.7 million in 2026 and \$4.8 million in 2027 due to substantial increase in estimated costs for Fire Hall renovations and expansion and the replacement of Lift Station #1.

# TEN-YEAR CAPITAL PLAN

TEN-YEAR CAPITAL PLAN	2025 To 2027 Budget											2025 to 2034
												10-Year
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Planned Expenditures (\$000):												
General Government	1,320	295	366	440	600	600	600	600	600	600	600	5,301
Others	430	-	62	-	100	100	100	100	100	100	100	762
IT Reserve	890	295	304	440	500	500	500	500	500	500	500	4,539
Public Safety	4,507	2,386	5,058	5,058	400	400	400	400	400	400	400	15,302
Safety/Safety Equipment	58	77	58	58	-	-	-	-	-	-	-	193
Firehall Renovations / Expansion	4,449	2,309	5,000	5,000	-	-	-	-	-	-	-	12,309
Community Services	4,708	1,245	3,295	620	2,000	2,000	2,000	2,000	2,000	2,000	2,000	19,160
Aquatic Centre	3,588	-	-	-	-	-	-	-	-	-	-	-
RIMP Repurposing	-	-	200	-	-	-	-	-	-	-	-	200
Fuel Tank Replacement Study & Replacement	-	100	1,195	-	-	-	-	-	-	-	-	1,295
Cooler Replacement Multiplex	-	675	-	-	-	-	-	-	-	-	-	675
Outdoor Recreation	305	-	200	-	-	-	-	-	-	-	-	200
Parks	490	170	550	320	-	-	-	-	-	-	-	1,040
City Hall Retrofit	300	300	-	-	-	-	-	-	-	-	-	300
Community Services Others	25	-	1,150	300	-	-	-	-	-	-	-	1,450
Public Works	10,631	31,868	37,133	8,923	12,204	16,456	11,831	10,989	10,187	31,011	31,299	201,901
Water & Sewer Capital Replacement	100	7,400	2,200	3,600	1,194	4,366	1,267	4,632	1,344	4,914	1,426	32,343
Other Water & Sewer Projects	3,441	600	3,300	465	782	3,160	1,600	1,168	150	2,000	2,000	15,225
Submarine Water Supply Line	-	-	-	-	1,000	1,000	1,000	1,000	1,000	20,000	20,000	45,000
Liftstation Upgrades / Replacement	500	15,900	23,500	2,600	300	300	300	300	300	300	300	44,100
Roads & Sidewalks	408	629	6,284	600	4,634	668	4,945	740	5,280	761	5,602	30,144
Transportation Master Plan	-	300	-	-	-	-	-	-	-	-	-	300
Solid Waste Management	275	225	225	175	440	440	440	440	440	440	440	3,705
Weigh Out Station at SWF	1,650	-	-	-	-	-	-	-	-	-	-	-
New Landfill/ Landfill Expansion	2,160	4,500	100	-	-	-	-	-	-	-	-	4,600
Leachate Facility Construction	-	-	-	-	568	5,000	-	-	-	-	-	5,568
Fleet Management	2,097	2,314	1,524	1,483	3,286	1,522	2,279	2,709	1,673	2,596	1,531	20,917
Planning and Development	2,300	1,740	3,957	1,634	2,500	2,500	2,500	2,500	2,500	2,500	2,500	24,832
Land Fund Projects	2,200	-	2,000	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	16,000
Land Surveying (Commissioners)	-	-	100	-	-	-	-	-	-	-	-	100
Housing Accelerator Fund (HAF)	-	1,740	1,657	1,634	-	-	-	-	-	-	-	5,032
Community Energy Plan	100	-	200	-	500	500	500	500	500	500	500	3,700
Total	23,466	37,535	49,809	16,675	17,704	21,956	17,331	16,489	15,687	36,511	36,799	266,496
Total Available	25,814	37,999	26,697	17,548	34,073	27,416	28,472	29,202	42,716	33,801	28,174	306,098
Surplus(Deficit)	2,348	464	(23,112)	873	16,369	5,460	11,141	12,713	27,029	(2,710)	(8,625)	
Closing balance	17,674	18,135	(4,978)	(4,107)	12,262	17,722	28,863	41,576	68,605	65,894	57,270	

## Note:

- (1) \$3M will be transferred from the General Fund in 2025 and 2026 and the annual transfers of \$2 million starting from 2027 onwards.
- (2) The Disaster Mitigation & Adaptation Fund for the Submarine Water Supply Line is \$25.8M.



## MAJOR CAPITAL PROJECTS

### General Government

Currently the planned investment in Information Technology infrastructure totals \$4.5 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 planning to continue with its investment in renovating and expanding the Fire Hall to meet the emergency and fire service needs of its population. Design work has been completed in 2024, with construction slated for 2025 to 2027.

The planned expenditures over the next ten years on safety equipment and the Fire Hall totals about \$15.9 million.

### Community Services

The existing Ruth Inch Memorial Pool has reached the end of its expected lifespan, and the City is building a new Aquatic Centre to replace it. Planning of the new Aquatic Centre began in 2016 and included extensive public and user-group consultation that led to the design for a 25 meters, 8 lane lap pool and related amenities. The City has borrowed \$10,001,000 to partially fund this project.

Construction of the Aquatic Centre started in 2022 and is expected to be completed in 2025. Once the new facility is operational, the existing pool will be closed and the building will be repurposed. In this respect, the condition assessment of the said building to determine the feasibility and options upon closure was completed in 2024. The repurposing project is expected to cost \$5.7 million.

The total expenditures towards municipal facilities, parks, trails, and other amenities that add quality to the lives of the residents of Yellowknife are predicted to be \$20.9 million over the next ten years.

### Public Works

An early initiative to replace deteriorated corrugated metal sewer pipes (CMP) began in 1984 and was completed in 2018. Building on this effort, the City is anticipating further work to replace other aging underground water and sewer infrastructure in the coming years. During the period 2025-2034, the City will invest \$47.6 million in this area as well as other complex assets such as potable water pump houses and sewage lift stations.

Equally 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. In an effort to safeguard these important assets, the expansion of the water reservoir was completed in 2008 whereas 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 also anticipates to replace the Lift Station #1 which is over 50 years old and it is becoming extremely challenging for this old piece of infrastructure to meet current demands levels. It has become critical to renew this assets in light of expected increased usage caused by several multi-family developments. The initial budgeted cost of replacement was around \$15 million in 2024 but after going

through the tendering process, bids came in over \$40 million. It will be re-tendered in early 2025, with work occurring in 2025 through 2027. This project is partially funded by the Investing in Canada

# TEN-YEAR CAPITAL PLAN

Infrastructure Program (ICIP) funding of \$8.3 million and the City is currently looking into other sources of funding to minimize the overall impact on future years capital budget.

Historically, a majority of the road rehabilitation program has been financed by long-term borrowing (debentures). However, in 2005, the City decided to reduce its reliance on long-term borrowing and as a result, the timely rehabilitation of existing roads and sidewalks was deferred. In an attempt to revive this initiative, the City will be using the Canada Community-Building Fund Funding (CCBF), Community Public Infrastructure Funding (CPI) and Formula Funding to finance the expected costs of road rehabilitation over the next ten years. This is predicted to cost the City more than \$30.1 million. Funding from the Water and Sewer Infrastructure Replacement Program will also be used for some targeted road rehabilitation work.

In relation to the City's mobile equipment, the replacement cost has been currently valued at \$27 million. To ensure that the City continues to meet the various levels of service and expectations, it is being forecasted that approximately \$20.9 million will be spent during the period 2025-2034 on maintenance and renewal of its fleet.

## **Solid Waste Management**

As part of its strategy to ensure that adequate landfill capacity is available at the Solid Waste Facility, the City is allocating \$6.8 million for the design and construction of a new landfill cell, beginning in 2025.

Furthermore, over the next ten years the City will continue with the implementation of the Strategic Waste Management Plan, developed in 2018, to help meet its goal of reducing waste generation. The objective is to move from the current estimate of between 1,200 and 2,000 kilograms per capita to 500 kilograms per capita by 2030.

## **Planning and Development**

The City has been engaged in ongoing discussions with both the GNWT Department of Lands and the Yellowknives Dene First Nation regarding the bulk land transfer of all available Commissioner's lands within the municipal boundary of the City. To ensure success is achieved, \$16 million has been earmarked over the next ten years to support this initiative. Any additional resources obtained from other orders of government for related projects will be used to augment this spending.

Further, in an effort to reduce emissions and support the community's sustainable future, Council has adopted a Community Energy Plan (CEP). This plan provides a framework for reducing the cost of energy use within both City operations and the community. The City completed the five milestones in the original Plan and in 2017 updated the Plan for an additional 10-year period. The updated document sets out ambitious targets, for both the Corporate and Community side, with respect to GHG emission reductions and renewable energy use. The City is planning to spend \$3.7 million over the next ten years on CEP initiatives.

## **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 as well. The City's Ten-Year Capital Plan identified that a yearly transfer of \$2 million, except in 2025 and 2026 where \$3 million is recommended, from the General Fund is required to support a sustainable capital investment strategy. This is in addition to the funding received from other orders of government.



## TEN-YEAR CAPITAL PLAN

Presently the City maintains a number of reserve funds that enables it to set aside money for specific purposes. For example, in 2022-23, the City had budgeted to use \$3.18 million from the Major Community Facility Reserve (MCFR), to partly fund the Aquatic Centre. However, in the current economic climate with volatile price fluctuations, it would be prudent to fund these reserves appropriately or risk the risk of depleting these reserves rapidly.

Another important aspect to note is that for any future replacement of facilities and/or infrastructure, the City will need to rely on grant funding from other orders of government just like in previous years. For example, in 2021, the City was successful in securing \$10.4 million from the Investing in Canada Infrastructure Program funding (ICIP) for the paving and new landfill cell - design and construction projects; likewise in 2022, the City secured another \$8.4 million ICIP funding for the proposed Lift Station #1 replacement.

Consequently, to ensure a continued timely investments in City's ageing assets, it has become crucial for the City to investigate and pursue every avenue of grant funding available.

### LONG-TERM DEBT

Debt is another source of funding that the City can rely upon when it comes to funding assets replacement and renewal. 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. Similarly, in 2022, the City borrowed \$10 million to build the new Aquatic Centre.

However, this latest loan has caused its debt service limit to be adversely affected and as a result, the City currently has no room for any further borrowing. Hence, the City does not intend to take on any loans in the next three years to improve its debt service ratio.

### SUMMARY

The City of Yellowknife is at crossroads not only with the way it does business and the services it offers but also because of the urgent need to renew its critical infrastructure. Furthermore, macro economic factors like volatile market conditions, climate change and stagnating tax base have complicated the challenge even more.

In light of the above, it has become even more crucial for the City to think ahead and start laying out strong foundations to build a robust community with a sustainable future. In this respect, the City's planned annual capital expenditures will average \$26.9 million over the next ten years to ensure Yellowknife continues to be one of the best places to live, work, and visit in Canada!

THIS PAGE LEFT BLANK INTENTIONALLY

