

TEN-YEAR CAPITAL PLAN

10-YEAR CAPITAL PLAN (2024-2033)

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 2024, 2025 and 2026 capital expenditures are based on the draft budgeted expenditures as outlined in this budget document. 2027 – 2033 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 by the federal government as outlined in the current 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.

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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 \$5.9 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 \$3.7 million annually for the next ten years.



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INFRASTRUCTURE INVESTMENT

The City plans to invest \$271.2 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 \$22.9 million by 2033 – for unexpected or unbudgeted costs. These amounts are based on currently-available asset data, and may be subject to change.

TEN-YEAR CAPITAL PLAN	2024 To 2026 Budget										2024 to 2033		
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year Total
Planned Expenditures (\$000):													
General Government	610	667	1,320	665	654	600	600	600	600	600	600	600	6,839
Others	300	340	430	370	350	100	100	100	100	100	100	100	1,850
IT Reserve	310	327	890	295	304	500	500	500	500	500	500	500	4,989
Public Safety	470	4,544	4,507	7,602	616	400	400	400	400	400	400	400	15,525
Safety/Safety Equipment	175	95	58	58	58								174
Firehall	295	4,449	4,449	7,544	558								12,551
Community Services	21,894	45,087	5,208	5,023	8,281	2,000	2,000	2,000	2,000	2,000	2,000	2,000	32,512
Aquatic Centre	20,757	43,057	3,588										3,588
Pool Building Redevelopment				2,500	3,000								5,500
Outdoor Recreation		165	555	398	398								1,351
Surface Replacement		405		350	263								613
Parks	345	250	490	150	320								960
City Hall Retrofit			300	1,000	4,000								5,300
Community Services Others	792	1,210	275	625	300								1,200
Public Works	12,623	16,506	12,031	17,951	16,485	8,393	35,636	30,456	31,018	9,772	9,998	10,571	182,312
Water & Sewer Capital Replacement	4,225		100	2,000	1,000	4,115	1,194	4,366	1,267	4,632	1,344	4,914	24,932
Other Water & Sewer Projects	1,975	3,499	3,841	3,025	210	221	782	3,160	1,600	1,168	150	2,000	16,157
Submarine Water Supply Line	1,000	1,000	1,000	1,000	1,000	1,000	20,000	20,000	20,000				64,000
Liftstation Upgrades		3,260	500	2,600	8,723	300	300	300	300	300	300	300	13,923
Roads & Sidewalks	4,145	6,865	408	619	3,929	603	4,634	668	4,945	740	5,280	761	22,588
Solid Waste Management			275	750	100	440	440	440	440	440	440	440	4,205
Weigh Out Station at SWF			1,650										1,650
Construction of New Cell			2,160	4,500									6,660
Leachate Facility Construction						568	5,000						5,568
Fleet Management	1,278	1,882	2,097	3,457	1,523	1,146	3,286	1,522	2,466	2,492	2,484	2,156	22,629
Planning and Development	6,590	900	2,300	2,900	2,300	2,500	2,500	2,500	2,550	8,564	5,382	2,500	33,996
Land Fund Projects	3,950	900	2,200	2,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,700
Land Surveying (Commissioners)				250	100								350
Community Energy Plan	2,640		100	150	200	500	500	500	550	6,564	3,382	500	12,946
Total	42,187	67,704	25,366	34,141	28,336	13,893	41,136	35,956	36,568	21,336	18,380	16,071	271,184
Total Available	46,244	46,397	28,027	28,536	25,772	29,125	40,096	29,256	25,344	25,376	25,374	25,052	303,304
Surplus(Deficit)	4,057	(21,307)	2,661	(5,605)	(2,564)	15,232	(1,040)	(6,700)	(11,224)	4,040	6,994	8,981	
Closing balance	32,638	11,331	13,992	8,387	5,823	21,056	20,015	13,315	2,091	6,131	13,125	22,106	

Assumptions:

- (1) \$3.5M will be transferred from the General Fund in 2024 and the annual transfers of \$2 million starting from 2025 onwards.
- (2) Aquatic Centre costs of \$71.762 million, partially funded by borrowing \$10.001 million for 15 years at 4.136% in 2022.
- (3) The Disaster Mitigation & Adaptation Fund for the Submarine Water Supply Line is \$25.8M.

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MAJOR CAPITAL PROJECTS

General Government

Currently the planned investment in Information Technology infrastructure totals \$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 replacement 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 level of service for the population. Design work is scheduled to for completion in early 2024, with construction slated for 2024 and 2025.

The planned expenditures over the next ten years on safety equipment and the Fire Hall total about \$15.5 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 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 has borrowed \$10,001,000 to partially fund this project.

Construction has started in 2022 and is expected to be completed in 2025. Once the new facility is operational, the existing pool will be closed. A condition assessment to be completed in 2023 will determine the feasibility and options of repurposing the 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 barrier removal projects on a priority basis, at a total estimated cost of \$5 million.

The City Hall is an old administrative building built in late 1970's. Over the lifespan of the building, there have been many alterations to the space to accommodate for staff. These alterations have resulted in poor air circulation, as well as heating and cooling issues. The City is currently conducting a functional overview and assessment of the building to optimize all its functional aspects. The planned expenditures for the next three years is about \$5.3 million. This is in line with our Asset Management Plan.

In total the planned expenditures for municipal facilities, including parks and trails, are \$32.5 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 \$41 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



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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 will replace the Lift Station #1 which is over 50 years old and it is anticipated that it cannot meet the increased demands of several multi-family developments in the near future. The estimated cost is about \$15 million and construction will start in 2024. This project is partially funded by the Investing in Canada Infrastructure Program (ICIP) funding of \$8.3 million.

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 48th Street. The pipeline has reached the end of its useful life, and work has begun to replace it at an anticipated cost of \$67 million. The 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 \$22.5 million in this effort. Some road rehabilitation is also accomplished at the same time as the Water and Sewer Infrastructure Replacement Program.

The mobile equipment fleet has a replacement value of \$26.3 million and must be properly maintained to meet the service levels expected

by residents. Over the next ten years, the City has budgeted \$22.6 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 \$6.7 million for the design and construction of a new landfill cell, beginning in 2024.

Over the next ten years, the City will continue implementation of the Strategic Waste Management Plan developed in 2018, which will be updated in 2024. 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 \$4.2 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 \$12.9 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 Yellowknives Dene First Nation regarding the bulk land

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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 \$20.7 million. Any additional resources obtained from other orders of government for related projects will be used to augment this spending.

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 \$2 million per year, except in 2024, \$3.5 million is recommended in view of the healthy General Fund balance estimated for 2023, 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 the Aquatic Centre. In 2022 to 2023, the City budgeted 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 \$22.9 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. In 2022, the City borrowed \$10 million to build the new Aquatic Centre.

The City's long-term debt decreased from \$15.3 million in 2019 to \$12 million at the end of 2021. With the borrowing of \$10 million in 2022 for the Aquatic Centre, its annual debt servicing cost has increased from \$2.1 million in 2021 to \$2.5 million in 2022, and \$2.9 million in 2024. Both debt and debt servicing will be 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 Program funding (ICIP) for the paving and new landfill cell - design and construction projects. In 2022, the City has secured another \$8.3 million ICIP funding for proposed Lift Station # 1 replacement with the construction to be commenced in 2024.

SUMMARY

Over the next ten years, the City's planned annual capital expenditures will average \$27.1 million.

