

## 10-Year Capital Improvement Plan (2018 – 2027)

The 10-Year Capital Improvement Plan (“Plan”) reflects the capital expenditures that the City is forecasting for that period. The plan addresses what is believed necessary to maintain infrastructure, address environmental issues and deal with growth. It also documents the progress the City has made in attaining its financial goals, and provides a clear path to a financially sound future.

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 2018, 2019 and 2020 capital expenditures are based on the draft budgeted expenditures as outlined in this budget document.

2021 – 2027 is based on the best estimates of required future “core” funding levels for capital projects. These estimates are based on the use of the City’s Asset Management Planning tool developed in 2011. The funding requirements include a 3% per year inflation factor. This tool has actually allowed the City to extend the planning horizon to 25 years.

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.

Gas Tax Funding received from Canada will continue as promised by the federal government and as outlined in the renewed Gas Tax 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 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.

City will follow the 10-Year Capital Investment Plan which concentrates on core infrastructure requirements. Each year a new 10th year will be added to the plan. Every three years, the plan will be reviewed in detail and every 5 years the 25 year projections will be expanded.

In 2013 City borrowed \$23.8 million to finance a new water treatment plant; this has freed up the Gas Tax for other capital projects. Debt servicing costs for this debt are included in the plan.

The current funding envelope is adequate to address the core infrastructure investment requirements to maintain and replace existing infrastructure and address Council direction on specific capital investment. Investment in new facilities will be the subject of further discussion regarding where funding would come from.

### INFRASTRUCTURE INVESTMENT

In order to address outstanding infrastructure issues, the City has completed a long-term asset management plan in 2011 and will be updating in 2018. It will guide the City’s investment in its existing infrastructure over the next 25-year period. The asset management plan includes provisions for borrowing where necessary, provisions for the establishment of viable reserve funds to address the need for new or replacement infrastructure and an investment plan for those reserves.

Currently, planned capital expenditures over the next 10 years are \$229.8 million. Over the next five years, the planned capital expenditures are about \$155.5 million and it is projected that the City will be caught up on major backlogs by 2018. A sustainable investment in infrastructure has been established and capital reserve of approximately \$0.6 million will be in place by 2027 for unexpected/unbudgeted emergencies such as major breakdown, early wear and tear and accidents.

# 10-YEAR FINANCIAL PLAN

## CITY OF YELLOWKNIFE 10-YEAR CAPITAL INVESTMENT PLAN

	2018 TO 2020 Budget				2018 to 2027							
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10 Year Total
<b>Planned Expenditures (\$000):</b>												
General Government	948	1,077	845	601	690	690	690	690	690	690	690	7,353
Others	350	505			90	90	90	90	90	90	90	1,135
IT Reserve	598	572	845	601	600	600	600	600	600	600	600	6,218
Public Safety	569	581	448	405	350	350	350	350	350	350	350	3,884
Safety/Safety Equipment	130	125	150	150								425
Firehall	439	456	298	255								1,009
Community Services	687	1,115	8,045	23,295	15,290	3,981	2,502	2,506	2,506	802	803	60,844
Arenas	160	160										160
RIMP		120	20	70								210
Aquatic Centre		75	6,750	22,905	15,270							45,000
Outdoor Recreation Facility						3,393	1,700	1,704	1,704			8,500
Parks/ Trails		420	1,105	320								1,845
Community Services Others	527	340	170		20	588	802	802	802	802	803	5,129
Public Works	22,831	21,073	13,277	31,299	10,740	14,740	11,240	11,240	11,240	11,240	11,240	147,329
Water & Sewer Capital Replaement	15,918	13,691	4,925	5,922	3,000	3,000	3,500	3,500	3,500	3,500	3,500	48,038
Other Water & Sewer Projects					700	700	700	700	700	700	700	4,900
Water Treatment Plant												0
Submarine Intake Line			1,000	19,000								20,000
Lifstation Upgrades				300	300	300	300	300	300	300	300	2,400
Bus Stops				91								91
Roads & Sidewalks	3,743	5,005	4,705	3,700	4,500	4,500	4,500	4,500	4,500	4,500	4,500	44,910
Solid Waste Management	775	850	400	440	440	440	440	440	440	440	440	4,770
Construction of New Cell						4,000						4,000
Community Energy Plan	1,305	400	1,020	520	500	500	500	500	500	500	500	5,440
Fleet Management	1,090	1,127	1,227	1,326	1,300	1,300	1,300	1,300	1,300	1,300	1,300	12,780
Planning and Development	325	100	2,500	2,500	750	750	750	750	750	750	750	10,350
<b>Total</b>	<b>25,360</b>	<b>23,946</b>	<b>25,115</b>	<b>58,100</b>	<b>27,820</b>	<b>20,511</b>	<b>15,532</b>	<b>15,536</b>	<b>15,536</b>	<b>13,832</b>	<b>13,833</b>	<b>229,760</b>
<b>Total Available</b>	<b>26,941</b>	<b>23,641</b>	<b>32,551</b>	<b>68,903</b>	<b>18,038</b>	<b>13,099</b>	<b>12,902</b>	<b>13,615</b>	<b>13,868</b>	<b>14,591</b>	<b>13,764</b>	<b>224,972</b>
Surplus(Deficit)	1,581	(305)	7,437	10,803	(9,782)	(7,412)	(2,630)	(1,921)	(1,668)	759	(69)	
<b>Closing balance</b>	<b>5,360</b>	<b>5,055</b>	<b>12,492</b>	<b>23,295</b>	<b>13,513</b>	<b>6,101</b>	<b>3,470</b>	<b>1,549</b>	<b>(118)</b>	<b>641</b>	<b>572</b>	

### Assumptions:

- (1) Based on \$0.5M transfer from General Fund in 2018 and \$1.7M from 2019 onwards
- (2) Based on 15- year loans at 3% (\$1M in 2019 and \$19M in 2020) for submarine intake line
- (3) Based on 15-year loan of \$11M in 2019 at 3% for Aquatic Centre (based on project cost \$30M)
- (4) Based on additional 20-year loan of \$23M in 2020 at 3% for Aquatic Centre (based on project cost \$45M, total loan \$34M is required)
- (5) 2019 and 2020 Budget for 50 Street Revitalization(Planning & Development) will subject to changes based on the Downtown Multi-purpose Building Study



### MAJOR CAPITAL PROJECTS

#### General Government

Currently the planned expenditures for the Information Technology infrastructure is \$6.2 million for next ten years.

#### Public Safety

In addition to regular safety equipment upgrades over the next 10 years, the City is also continuing its investment in modernizing the fire hall to meet growing needs. In 2015 a stand-alone dispatch centre at Fire Hall has been established. This provides a more stable platform from which to manage emergency situations and deal with incoming calls for service. Pending discussions with the Government of the Northwest Territories (GNWT) on the implementation of 911, the dispatch operations may require further funding from the GNWT to house the potential service.

The planned expenditures over the next ten years on safety equipments and Fire Hall are about \$3.8 million. As well, over the next 3 years the City is planning to spend \$425,000 to implement the wildland fire mitigation emergency measures.

#### Community Services

Starting in 2022 through 2025 the City is also planning to build a multi-use outdoor recreation facility on reclaimed land from the Con Mine property. This would be developed in conjunction with a potential new subdivision off of Taylor Road. The estimated cost of the project is \$8.5 million over 4- year period but this will be partially offset by land sales in the new subdivision.

In total the planned expenditures for municipal facilities, including parks and trails is \$15.8 million for next ten years. This includes \$8.5 million for a new multi-use outdoor facility, and a new aquatic centre. Originally it was estimated that the Ruth Inch Memorial pool would

need to be replaced sometime before 2023. A new facility is required to meet the growing demand for aquatic leisure activity in the City. Estimates have not been finalized but based on the cost of recently completed new pool facilities in northern communities, and depending upon the scope of the project, costs could range from \$30 million - \$60 million. In 2018 a public consultation will be undertaken to gauge the needs of the community for the development of an aquatic centre. Once complete a more accurate budget estimate will be available based on construction options. Again, depending on the scope of the project, the estimate of costs would vary and the City will need to borrow to finance this project.

In 2018, Niven Ravine Lake multi-use trails will be developed collaboratively between Public Works, Planning & Development and Community Services.

As well a new library to address growing need for additional capacity is also projected but not yet funded. The projected cost for a new library is still being worked out. However, the cost to will be offset by between \$2 million and \$3 million from the sale of the existing library space.

#### Public Works

The replacement of deteriorated corrugated metal sewer pipes (CMP) first began in 1984. Under the Asset Management Plan, this project will be completed by 2018. While this will specifically address the CMP the City is also planning the subsequent work to replace other aging underground water and sewer infrastructure. Over the next ten years the City will invest \$48 million in this area. The investment increases partly due to \$6.5 million funding from Federal Government.

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 water quality. Expansion of the water reservoir

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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.

Water is provided to the treatment plant via an underwater pipeline, which runs about eight kilometers between Pumphouse No. 1 on 48th Street and Pumphouse No. 2 at the Yellowknife River. It is expected to reach its end of useful life by 2020. The City has estimated that \$20 million will be required for the replacement of this underwater pipeline starting in 2019 through 2020. It is anticipated external borrowing of \$20 million will be required to finance this project.

Historically, a majority of the road rehabilitation program has been 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 has been deferred. The City will use Formula Funding (GNWT) and Community Public Infrastructure Funding to finance the costs of road rehabilitation and over the next ten years the City plans to invest more than \$44.9 million. Some road rehabilitation is also accomplished at the same time as the CMP replacement program using funds from that program.

The mobile equipment fleet has a replacement value of \$16.4 million and must be maintained to meet the service levels expected by residents. Over the next ten years, City has budgeted \$12.8 million for the replacement of fleet.

### **Solid Waste Management**

Landfill Expansion – The current cell of the landfill will be at capacity in the near future. In 2017 the City has moved the majority of its operations to a new cell which costed \$3.7 million to construct. Reclamation of the existing landfill will be ongoing until 2025 with a

portion of the area designated for the City's centralized composting site. Another new cell is planned for 2022 with an estimated cost of \$4 million.

Over the next 2 years the City will continue its investment on the centralized composting project. Composting will divert waste from the Solid Waste Facility, reduce greenhouse gas emissions associated with production of methane in the landfill and produce a finished product which is marketable in Yellowknife and usable for many City projects including cover material for the landfill closure. This project is to be rolled over several years starting in 2014. To date, \$3.1 million has been invested and in 2018 an additional \$0.15 million will be spent. The planned expenditures over the next ten years are \$4.8 million for maintaining the Solid Waste Facility and replacement of equipment.

The City has developed a Community Energy Plan (CEP) designed to support the community in its effort to reduce emissions and ensure City leads by example. The CEP provides a framework on how to reduce the cost of energy uses 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 new plan sets out ambitious targets on both the Corporate and Community side for GHG emission reductions and increased renewable energy use. City is planning to spend \$5.4 million over the next ten years on CEP initiatives.

### **Planning and Development**

2017 marked the beginning of a new phase in the Planning & Development Department. In 2017 the Operational Review was approved, this approval now initiates operational changes in the Department over the next four years. During the implementation phases the City will make changes to many aspects of the



Department; from how we develop land to how we communicate. In 2017 the Department will be seeking approval to begin the General Plan Review. The General Plan sets out the City's community planning goals, policies, regulations, growth assumptions and ways to accommodate and spur the type growth we desire. The General Plan will establish 10 year goals for the community.

In 2018 we will also be mid-way through the multi-use building study, a project that will help the community set a vision for building on the 50/50 lot; an anchor to our downtown.

The Twin Pine Hill trails and viewing deck will also be completed in 2018, providing another link to the City's growing trail network. The City, along with the developer, has allocated resources toward this community project.

Over the next few years we anticipate seeing the implementation of the General Plan, associated changes to the Zoning By-law as well as a complete overhaul of the City's Building By-law. With a renewed commitment to industry communication and cooperation the Department is looking forward to working with all stakeholders on these important changes to how we plan and build our community.

The planned City expenditures over the next ten years are \$10.4 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 solid waste fees and levies to fund capital projects and reserve funds. Currently, part of the property tax revenue is used for debt servicing costs. Existing budget policies direct

that a minimum of 10% of property tax revenue be used to finance capital projects or debt servicing. The City's Asset Management Plan has identified that a transfer of \$1.7 million per year will support a sustainable capital investment strategy along with 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 the City Hall, Library renovations and new aquatic centre. It is our plan to keep MCFR at about \$2.5 million. 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 will be a Capital Reserve in place to meet the emergency/ unbudgeted events. The reserve will be about \$0.6 million to be accumulated over the next ten years.

### **LONG-TERM DEBT**

The City decided about seven years ago to reduce its reliance on long-term borrowing to fund core capital spending obligations, such as road rehabilitation. As a result, the City had reduced its long-term debt significantly. It is estimated the outstanding long-term debt would be less than \$50,000 by 2022 if this policy continued.

As stated before, however, this reduced reliance on debt is now having an adverse effect on addressing core capital requirements and the portion of the infrastructure deficit related to the linear assets is growing rather than shrinking.

Under the Asset Management Plan, the City has borrowed \$23.9 million in 2013, repayable over 15 years, to finance a new water treatment plant. This has greatly freed up the Gas Tax to accelerate other capital

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projects allowing the City to complete the CMP program by 2017.

The City is planning to borrow \$20 million to finance the replacement of underwater pipeline and this will free up the capital funding for other capital projects and new pool in 2020. Additional borrowing of \$34 million may be required in 2019 and 2020 if Council and the Public decide to build a new aquatic centre.

It is anticipated that the long-term debt will decrease from \$20 million in 2016 to \$16.9 million in 2018. However if the City borrows \$20 million for the underwater pipeline and \$34 million for aquatic centre, the debt servicing will increase from \$2.1 million in 2018, \$2.5 million in 2019, \$5.2 million in 2020, and \$6.2 million in 2021. Both debt and debt servicing are still within the legal limit and have been included in the Asset Management Plan.

### SUMMARY

As laid out in the Asset Management Plan in 2011, the planned annual capital expenditures of the City will average \$23 million. The City will be caught up on major backlog of linear asset deficiencies by 2018. The Asset Management Plan enables the City to establish a sustainable investment in infrastructure.

Linear Infrastructure investment and maintenance of existing facilities are to be identified in 10-year Capital Plan. Each year a new 10th year will be added to the 10-year plan with the information for that 10th year coming from the 25-year projections in the Asset Management Plan. A complete review of the 10-year plan will take place every 3 years after an election. The 25-year projections in the Asset Management Plan will be revised every 5 years as new information becomes available. The planned expenditures in the 10-year Capital plan will be subject to public review by the City's Committees and by Council.

However, replacement of existing facilities and acquisition of new facilities will be subject to a different process. Requests for replacement of existing facilities or acquisition of new facilities will be based on Council priorities. These will be reviewed on an annual basis and there will be a detailed community consultation involved before final budgetary commitments are made. The City will rely on specific grants from other orders of government for these types of capital investments or will be required to seek voter approval for any borrowing that would be required to fund these types of investments.

