

The City of Yellowknife working for you!

Situated on the ancient Precambrian shield of Great Slave Lake, the community of Yellowknife is located on Chief Drygeese territory, the traditional lands 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.

COVID-19 – Our Ongoing Reality

As the 2022 budget development process has been underway, we met and passed the 18-month anniversary of our new reality under COVID-19. While Yellowknife escaped significant health impacts from COVID in 2020, we saw in 2021 how easy it is for community spread to have a significant impact on Yellowknifers and impact City operations. The closure of facilities in May 2021 and again in September and October, as part of the circuit breaker that worked to successfully reduce case counts, impacted the ability of Yellowknifers to engage in healthy recreation activities; it also impacted the City's fiscal position given reduced revenues from users. In this context, preparing Budget 2022 continued to be a challenge, testing our fortitude, stability and resilience as we worked to respond to an ever changing context.

Health and safety have always been important for the City of Yellowknife, but since the advent of COVID-19, the challenges to ensuring this for residents and staff have escalated to unparalleled levels and have impacted all City operations. Yet in the midst of this, the City of Yellowknife has worked hard to maintain and deliver on our commitment

to provide essential services to its citizens and businesses. When the pandemic hit, the City opted to focus on public safety, staff safety and the continuity of core essential programs and services, and this has continued as our foundation ever since.

During a pandemic, the work of providing critical services is more important than ever. In the face of these extraordinary challenges, Administration has responded nimbly and demonstrated resilience and adaptability in ensuring programs and services continue to meet needs. Staff from across the organization have stepped up and found innovative ways to continue providing critical programs and services.

As we look ahead to 2022 and beyond, it's clear that COVID-19 will continue to shape our context into the future. Given this, the focus will remain on safely delivering core municipal services: water and sewer, roads and sidewalks, fire and ambulance. In accordance with the parameters set by the Office of the Chief Public Health Officer (OCPHO), the City will continue reopening our facilities, resume the delivery of programs and services that contribute to the quality of life for Yellowknifers, and explore creative recreation options that can ensure everyone stays safe.

At the best of times, the City's budgeting process is a delicate balancing act, and in the COVID context, it's 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 imminent promise of a return to some sense of normalcy – or what may be a “new normal” – adds another level of complexity to the City's financial management. COVID-19 has brought added uncertainty around revenues and expenditures since it emerged in March 2020 and throughout 2021, and has heightened awareness of the financial challenges facing many residents and businesses.

The revenue shortfalls we have faced as a result of COVID-19 have been significant, particularly from fees and charges which typically form

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approximately one third of our incoming resources. While the City has begun to see the magnitude of the lost revenues, it is not possible to predict the length and depth of these revenue losses into the future. Budget 2022 reflects this through conservative revenue projections and limited expenditures where feasible, recognising that the resources needed to deliver municipal programs and services in this context are not static. We continue to be fiscally prudent and to balance affordability with the pressure to ensure stable program and service delivery.

Council Sets the Direction

The annual budget cycle continues to respond to Council's Goals and Objectives, and is based on a foundation of our legislative responsibilities and core business. Council's big picture direction forms and shapes the policy direction which flows into corporate planning and resource allocation which in turn informs the budget. Budget recommendations were also guided by the Goals and Objectives that Council established for their 2019-2022 term:

- Growing and diversifying our economy
- Delivering efficient and accountable government
- Ensuring a high quality of life for all, including future generations
- Driving strategic land development and growth opportunities

Budget 2022 incorporates strategies to advance these goals along with plans for maintaining core services at the level that Yellowknifers expect. Under Council's direction, the City works to meet current pressures while planning the right investments, so that we can continue to ensure sustainability today, tomorrow, and the future.

A Balancing Act

The City of Yellowknife's population growth may have slowed in recent years, but its infrastructure growth has not. New neighbourhoods,

facilities, roads, parks, and trails have been developed over the past decade, and they contribute positively to the fabric of life in Yellowknife. However, they also contribute to increasing 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.

- Renewal of our **water licence** in 2021 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.
- In addition, the City takes the **health and safety** of our staff and residents very seriously, particularly in these pandemic times, and willingly implements the increasingly rigorous safe work practises; however, these add time and cost to many routine activities.
- 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**, heightened in these times of physical distancing, 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.

Counterbalancing all these growth pressures is the reality that development continues to be slow and the annual increase in the City's total taxable assessment is expected to be only 0.51%, resulting in minimal natural growth in taxation revenue in 2022. So while the City strives to respond to emerging growth and pressure, without an increased



assessment base even minor cost increases can translate more directly to a property tax increase.

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 an ongoing increase of \$855,000 for Community Public Infrastructure (CPI) funding annually, and one time top-ups in 2021-22 through CPI and the Canada Community-Building Fund - 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.

Working to Sustain Our Good Quality of Life

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 the community's infrastructure is acquired and maintained, and deliver more of what citizens expect.

Operational and Maintenance investments in 2022 focus on essentials including:

- Development of a **Succession Plan** to ensure key functions at the City continue uninterrupted as the nature of work changes with COVID;
- Funds to advance the City's **Reconciliation** Action Plan
- A one-time investment needed to run the **2022 Civic Election**;
- An investment in ensuring **accessible transit**

Staffing to ensure service standards continues to be a challenge. Program and service levels that Yellowknifers have come to expect happen because of the dedication of our hardworking employees. After deliberately proposing no new positions in Budget 2021, the impact has been felt on service levels in core program and service functions. As a result, Administration is proposing some position growth in 2022 to respond to increased service demand for core services.

Infrastructure investment in 2022 continues to focus on core and essential infrastructure, as well as the completion of carry over projects, as we prepare for the implementation of some significant multi-million dollar projects.

Top of mind for 2021 is advancing the proposed **Aquatic Centre**. As the draft Budget 2022 goes to print, the City is preparing for the referendum in which Yellowknife voters will decide if they authorize the City to borrow up to \$10,001,000 for this project. In early 2021, Council approved the Design Plan which incorporates two pool basins, an amusement-style water slide, splash pad, hot tub, lazy river and other features. Subsequently, Administration confirmed through the City's procurement process the successful proponent to undertake the Design Build process for \$67.7 million, pending voter approval to borrow the outstanding amount. For planning purposes, Budget 2022 includes the funds required to proceed with the Aquatic Centre.

The City is preparing for the replacement of the current **submarine water intake line** which reaches from the mouth of the Yellowknife River to the water treatment plant on the shore below Tin Can Hill. In 2019, the City was successful in securing \$25.8 million in federal funding towards the project – 75% of the total cost - and staff continue to seek external support for the remaining \$8.6 million of the anticipated cost. In the meantime, 2022 will see ongoing design and preparation for this critical piece of infrastructure that ensures safe drinking water for area residents.

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Citizens have entrusted the City with the care and maintenance of a significant array of assets. These assets are crucial to the reliable delivery of municipal services and programs, and represent significant investments. The City continues to strengthen its **asset management** processes in order to ensure that our buildings, roads, pipes, parks, trails, and technology are properly looked after to obtain maximum benefit from each investment.

Other infrastructure investments proposed for 2022 will focus on core services that protect the health and safety of Yellowknifers, sustain our facilities to support the good quality of life Yellowknifers have come to expect and deliver programs for our residents:

- Ongoing investment in implementation of the **accessibility audit** report recommendations;
- Continued investments in the **Community Energy Plan** initiatives, including towards district energy implementation, and ongoing allocations to support the work of the Sustainability Coordinator;
- Upgrading the **Range Lake Trail**, in partnership with the Rotary Club;
- Investing to replace the Curling Club Roof;
- An investment to finalize the design of the **Fire Hall Expansion**, and an investment of approximately \$3.3M in future years to proceed with its construction;
- A one-time investment for the replacement of the Knox Box system that enables first responders to access buildings;
- A one-time expenditure to acquire and deploy software to improve the effectiveness of **emergency dispatch processes**;
- The annual **fleet management** allocation from the Mobile Equipment Reserve Fund to continue replacing and redeploying fleet units according to the City's Fleet Management practices;
- An annual allocation for planned and incremental investment to renew the City's IT **infrastructure**;

- Funding to replace the failing control structures on **Trapper's Lake** to maintain compliance with the City's water license;
- An annual allocation to advance the **removal of sludge from the Fiddler's Lake** sewage lagoon;
- The use of Land Development Fund money to create **area development plans** for areas earmarked for potential development and expansion;
- Ongoing investment in **Land surveying**, which is required for the transfer of vacant Commissioners Land from the GNWT to the City;
- The annual **Paving** and **Water and Sewer Program** allocations;
- An investment to improve water truck fill safety at **Pumphouse # 4**;
- Ongoing investment to continue to refurbish and replace amenities at the **City's playgrounds**;
- Funding to complete a structural **assessment of the Ruth Inch Memorial Pool building** and identify potential uses for the building should the proposed aquatic centre proceed; and
- An investment to improve the condition of the **Sewage Force Main** pipeline which transports sewage to the Fiddler's Lagoon treatment system.

Looking to the Future

As Council's most important annual policy document, Budget 2022 proposes plans that are designed to achieve Council's strategic objectives, while at the same time ensuring that core and essential services are delivered in a reliable, cost-effective manner. The world is settling into the ongoing reality of COVID-19, which continues to bring uncertainty and volatility to our context. As such, the City is continuing its prudent, planned approach to fiscal management that has served us so well to date. We are in this together, and we commit to building a sustainable community for Yellowknifers, now and into the future.

