

City of **YELLOWKNIFE** ANNUAL REPORT 2012

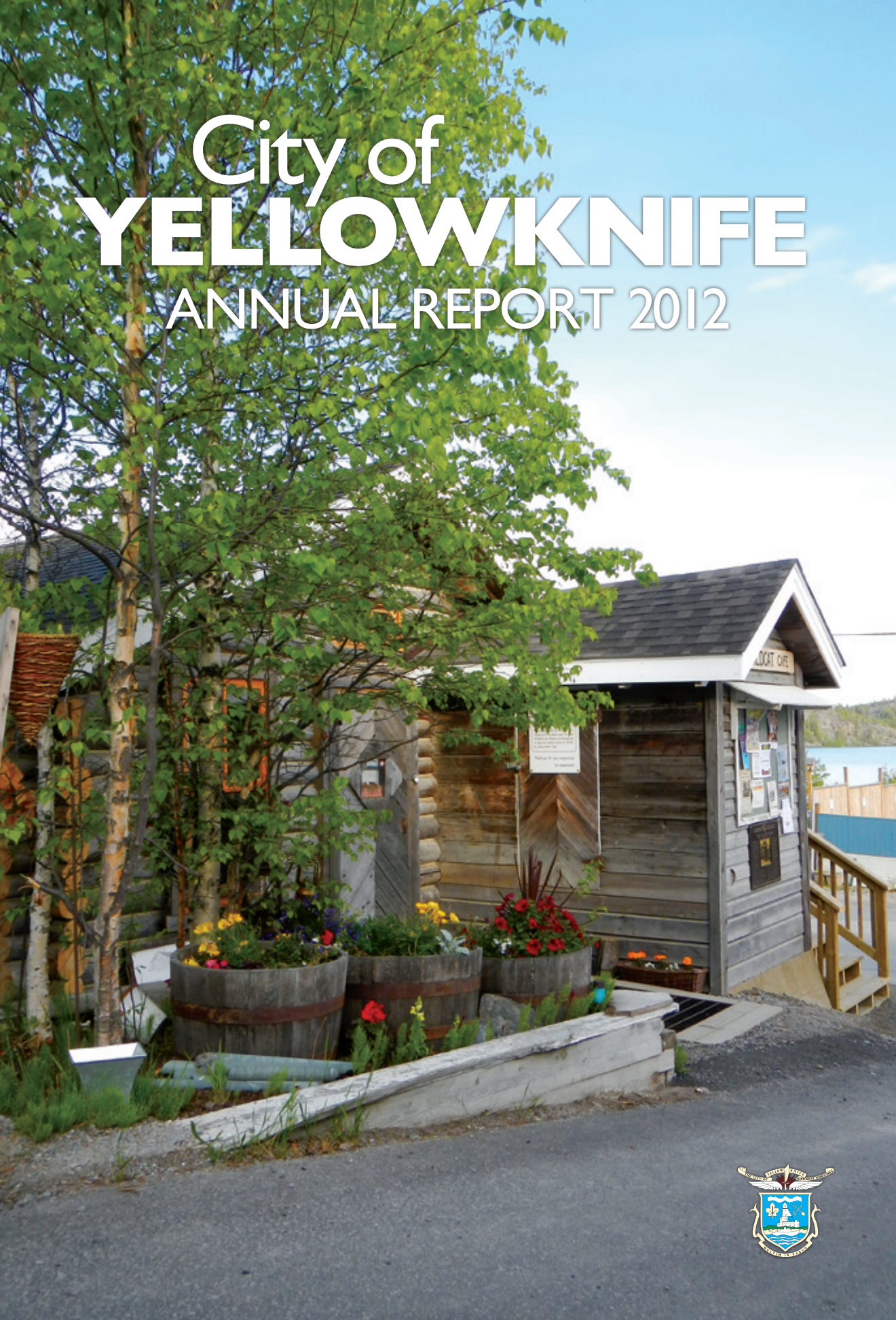


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**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

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**City of Yellowknife
Northwest Territories**

for the Fiscal Year Ended
December 31, 2011



Christopher P. Morrell
President
Jeffrey L. Easer
Executive Director

MAYOR'S MESSAGE



The year 2012 may be best described as a transitional year for the City of Yellowknife. After 12 years of service to the community, Gordon Van Tighem moved on in his career and I am now excited to lead a team of six newly elected Councillors and two veteran Councillors. Our council's creative thinking is bound together by a common pledge to move forward without a tax increase within the 2013 budget.

In March of 2013, the City hired a new Senior Administrative Officer, Dennis Kefalas, who brings with him valuable knowledge gained from his 11 years of service in the Department of Public Works and Engineering.

Expanding our outreach through social media, creating an economic development strategic plan, pursuing the City's Smart Growth initiatives, improving and expanding our community engagement, participating in territorial initiatives and remaining fiscally responsible have become everyday topics at City Hall.

The City was invited to participate in the Territorial Mineral Development Strategy panel and we look forward to the continued strengthening of our relationship within the mining industry and business community. As a capital city within a mineral-rich region we believe ongoing discussions and symbiotic partnerships are vital to defining successful growth opportunities. We also need to look beyond the horizon and provide diversified opportunities for economic growth.

In 2012, the estimated value of construction within city limits was \$51.6 million which represents a 17 percent increase over 2011 spending.

The City and Yellowknife Condo Corp. No. 8 (Northland Trailer Park) have finalized an agreement to access financing to replace the aging water and sewer infrastructure within Northland. Through a Local Improvement Charge, the City and Northland are excited to be moving forward with this project starting in 2013.

The City of Yellowknife is poised for an exciting year in 2013, as both the Pilots Monument and Government Dock redesign projects are to begin construction, new ideas are being explored to continually reduce the City's greenhouse gas emissions and the Wildcat Café is once again open for business.

I invite you to read through our Annual Report, and glance back at the achievements of our community in 2012!

Mark Heyck
Mayor



YELLOWKNIFE CITY COUNCIL



ADRIAN BELL



BOB BROOKS



CORY VANTHUYNE



DAN WONG



LINDA BUSSEY



NIELS KONGE



PHIL MOON SON



REBECCA ALT

COUNCIL MISSION

Council will provide leadership, vision and direction in responding to the needs and aspirations of the community by working cooperatively with staff and residents to provide municipal infrastructure, programs and services that are fiscally responsible and sustainable.

COMMUNITY VISION

A welcoming, inclusive, vibrant and family-oriented City with a strong sense of community pride. We will strive to be self-sufficient while actively promoting economic development and tourism and protecting our unique history, culture and natural beauty.

CORPORATE VISION

To be an inclusive and well-managed community.



STEPHAN FOLKERS - SNOW CASTLE YELLOWKNIFE

VISION, GOALS & OBJECTIVES 2013-2016

Goal 1 BUILDING A SUSTAINABLE FUTURE

Objectives:

- Realize opportunities to encourage economic growth and diversity.
- Continue to have a sustainable and practical approach to infrastructure deficit reduction.
- Emphasize fairness, value and transparency in financial decisions, program delivery and land administration.
- Facilitate and support sustainable development.
- Advance the City's financial interests with other orders of government.

Goal 2 STEWARDS OF OUR NATURAL AND BUILT ENVIRONMENT

Objectives:

- Maintain, respect, preserve and enhance the natural environment, natural heritage and green space.
- Improve transit, roads, sidewalks, recreation facilities and trails with an emphasis on active and healthy living choices.
- Develop smart and sustainable approaches to energy, water and sewer, waste management and building systems.
- Promote a range of commercial, residential and institutional development and revitalization opportunities.
- Maintain and enhance core services and adapt to changing needs.
- Fully implement and sustain a customer service culture.
- A sense of personal and community safety.

Goal 3 ENHANCING COMMUNICATIONS AND COMMUNITY ENGAGEMENT

Objectives:

- Celebrate community participation and volunteerism.
- Promote heritage, culture, arts and other unique characteristics of Yellowknife.
- Ensure transparency, accountability and reporting.

Goal 4 CREATING AND SUSTAINING MEANINGFUL RELATIONSHIPS

Objectives:

- Develop prosperity through strategic partnerships.
- Advance the city's interest in responding to social, environmental and economic issues and their impacts.
- Be accountable to residents by ensuring open and accessible information flow and accessible decision-making.
- Create an environment of mutual respect, open dialogue and teamwork.

OUR YELLOWKNIFE

Yellowknife offers clean air to breathe, fresh water to explore, spectacular aurora borealis viewing, long sunny days and the gateway to the North. We are a culturally rich capital city located on the North Arm of Great Slave Lake. We are a hub for current and future resource development in our region.

The City of Yellowknife employs over 200 staff that help build and maintain a strong and vibrant city for our residents, newcomers and visitors. We engage with our local businesses and residents to ensure the continued development of our city includes a common vision. Local, regional and territorial partnerships form an important base for our long-term sustainability and success.

The most valued resource Yellowknife offers is our vibrant community spirit reflected through art, festivals and events, sport and a wide array of service and cultural associations. Our Yellowknife has a thriving economy, job opportunities and one of the highest family incomes in the country.

2012 FACT FILE

(GNWT Bureau of Statistics)

- Population: 19,234
- Average Personal Income: \$62,711
- Average Family Income: \$134,645

2012 VISITOR INFORMATION:

(Provided by Northern Frontier Visitors Centre)

- Visitors to Northern Frontiers Visitor Centre: 19,379
- Visitors to the Gift Shop located at the airport: 30,693
- Website traffic to visityellowknife.com: 83,835

Find Us:

City of Yellowknife Website: www.yellowknife.ca

 | facebook.com/OurYellowknife

 | twitter.com/OurYellowknife

 | youtube.com/CityofYellowknife



CITY OF YELLOWKNIFE



Daily updates provided on Social Media feeds

SOCIAL MEDIA & COMMUNICATIONS

With the election of a new Mayor and Council in 2012, as well as the newly formed Department of Communications and Economic Development, the City was well poised to venture into a new world of social media and enhanced communication with residents, businesses and economic development partners. In 2012 we launched our official Facebook page, Twitter feed and YouTube Channel. Providing residents informative and current information using social media feeds is proving to be a successful venture for the City of Yellowknife.

"We update our page at least twice a day, respond to

resident questions on these sites and post up-to-the-minute information on road closures, emergencies, water shut-offs and other municipal information. Based on the feedback we are receiving, residents and businesses appreciate our efforts," says Nalini Naidoo, Director of Communications and Economic Development

On-line marketing initiatives targeting visitors and potential new residents have been launched using Facebook ads. As a complement to the ads, a series of videos highlighting people, businesses, events and lifestyle have been commissioned from local videographers, photographers and writers.

"An Old Town Saturday" and "City of Yellowknife: 24 hours Yellowknife Downtown" YouTube videos have received more than 27,000 views and add an exciting dynamic to the City's new approach in promoting our community.

Connect with us:

City of Yellowknife Website:

www.yellowknife.ca

[facebook.com/OurYellowknife](https://www.facebook.com/OurYellowknife)

twitter.com/OurYellowknife

[youtube.com/CityofYellowknife](https://www.youtube.com/CityofYellowknife)

WILDCAT CAFÉ: A PERFECT BLEND

Community Services



The Wildcat Café, a relaxed dining experience for family, friends or visitors.

Preventive maintenance and required renovations have ensured the Wildcat Café will remain a Yellowknife icon for future generations of adventure seekers and visitors to the Old Town location.

Originally opened in 1937 by Willy Wiley and Smokey Stout this famous restaurant operated until 1951 when it was closed and nearly demolished. The building was preserved by the Old Stope Association and was re-opened in 1979 by the City of Yellowknife. However, the years began once again to catch up to the wooden structure.

Necessary repairs have been extensive. The entire structure was disassembled in order to install steel pilings correcting the pronounced lean, sewer and water pipes were refitted,

the roof and walls were reconstructed, a large patio has been added and the kitchen and washrooms were retrofitted to meet present building codes.

"The first impressions from the exterior are that it was rebuilt. When you walk in you're going to know you're at the original Wildcat Café. The same logs have been re-used, the furniture and artifacts remain the same and you will quickly be brought back in time," says Grant White, Community Services Director.

In 2013, local Chef Luke Wood will operate the licensed

restaurant which has an indoor seating capacity of 30 people. In addition, the outdoor patio will accommodate up to 46 patrons looking to enjoy a view of Back Bay.



Wildcat Café - before renovations

Today's visitor will enjoy a blend of nostalgia with modern day conveniences including point-of-sale debit machines and wheelchair accessibility.

“Maintaining and replacing our equipment allows the City to offer predictable service to the residents of Yellowknife.”

Chris Greencorn
Director of Public Works



Facilities Manager, Bret Jenkins, operates the City's new Zamboni.

FLEET ADDITIONS: PROVIDING UNINTERRUPTED SERVICE

The City of Yellowknife continues to invest in modern equipment which ensures residents are provided with safe, uninterrupted service at a fixed cost. In 2012 the Public Works Department purchased a fire pumper truck, an ambulance, a Zamboni, a Vactor truck, a Municipal Enforcement truck and two half-tons.

Although the equipment was purchased in the 2012 fiscal year, the larger equipment

takes longer to deliver. The Vactor truck is due to arrive in 2013.

The City purchases new equipment according to a predetermined replacement schedule which is based on hours of use as a proactive measure to avoid costly breakdowns. In addition, the used equipment maintains a value on the resale market which reduces the capital

replacement cost of the new equipment.

“Maintaining and replacing our equipment allows the City to offer predictable service to the residents of Yellowknife. We also reduce our dependence on contractors which saves money,” says Chris Greencorn, Director of Public Works.

The current value of the City of Yellowknife's fleet is approximately \$13.5 million.

COMMUNITY ENERGY PLAN

Improved Efficiency



Metal halide bulbs are replaced by High Output T5 fluorescent tubes at the Yellowknife Arena.

Since the City began implementing the Community Energy Plan's recommendations in 2006, more than 20 projects have been undertaken. *"The City has effectively reduced its greenhouse gas emissions by 19 percent or 976 tonnes of CO₂ annually. The City's use of renewable energy increased from 32 percent to 55 percent over the same time period,"* says Remi Gervais, the City's Energy Coordinator.

Beginning in the summer of 2012 the City, with services provided by Northland Utilities, began replacing

street lamps with LED lights. To date 192 street lamps have been upgraded to the low energy lighting which equates to approximately a \$4,000 per month savings.

Metal halide bulbs in the Multiplex, Yellowknife Arena and Curling Club were replaced by arrays of High Output T5 fluorescent tubes resulting in brighter illumination of the facilities and a significant reduction in energy consumption.

FACT FILE

Light savings per year

- Multiplex:
\$13,000
- Yellowknife Arena:
\$4,600
- Yellowknife Curling Club: \$6,000
(forecasted)

A NEW ERA

Energy-Efficient Storage

The largest of the City-owned equipment has a home in an energy-efficient eleven stall garage at the Public Works facility on Taylor Road. "On time and on budget," reflects Dennis Althouse, Public Works Superintendent. The garage, which measures 21 x 22 metres is a much welcomed addition for equipment storage as it replaces the aging "Pine Point Shed".

The original garage came from the abandoned mine site, Pine Point, in the mid-1980s. It required two furnaces to keep it warm during winter months. The legacy of Pine Point will continue as the structure will remain on City property as a cold storage facility.



City equipment stored in the new garage at the Public Works facility.

LANDFILL

Reducing Our Environmental Footprint



Bailing Facility Attendant, Carl Grabke, poses during his shift at the Solid Waste Facility.

The construction of a new landfill cell at the City's Solid Waste Facility was completed in 2011. The cell has been designed as a Second Generation Landfill and includes liners and a leachate collection system to contain any liquids generated by the cell. The bottom of the

cell has a geo-synthetic clay liner and a plastic liner to ensure liquids do not leave the cell and enter the environment. Leachate travels down through the cell to the bottom where perforated pipes collect and carry the leachate

into a sump. The leachate in the sump is tested prior to being pumped out for disposal.

"The life expectancy of the new cell is directly related to the amount of waste that can be diverted or redirected from the landfill site" says Peter

Houweling, Solid Waste Facility Assistant Superintendent. The cost-efficiency of the cell is also directly tied to the diversion rates. "It cost roughly \$2 million to construct. So if we can stretch the life expectancy from five to six or seven years we increase its cost-effectiveness which ultimately benefits tax payers," explains Houweling.

In 2012, 24,000 metric tonnes of material was received by the City's Solid Waste Facility. Fourteen percent of the material was diverted from the landfill and 18 percent was reused on site.



Spectators enjoy Garden Party entertainment at Somba K'e Civic Plaza.

FUN FOR THE WHOLE COMMUNITY

Maintaining and upgrading City recreational equipment, parks and trails is an on going process which the Department of Community Services team provides with energetic pride. The preparation for summer work begins well in advance. In fact, projects are planned on a three-year cycle.

“It is our objective to ensure all City-managed green spaces are reviewed for upgrades to improve safety or the usefulness of the area every three years,” says Dave Hurley, Facilities Manager.

UPGRADES In 2012 new playground equipment was installed at Somba K'e and Stirling Court Park while upgrades to the multi-purpose field adjacent to St. Joseph School were completed. Turf and fencing repairs were undertaken at Fritz Theil Park and a bridge was retrofitted on the Niven Lake trail.

BEAUTIFICATION Each summer requests to use City parks and equipment for private or public events are fulfilled. Ensuring user groups receive excellent customer service and the parks are in their best possible condition is a priority for Outdoor Supervisor Troy Bowden.

SAFETY In addition to the complete make-over of the playgrounds at Somba K'e Park and Stirling Court, all 15 City-maintained playgrounds receive ongoing inspections to ensure they meet Canadian Certified Playground Inspection standards. Yellowknife boasts 15 km of trails

within the city boundary. Annual clearing of encroaching shrubs and willows provides clear sightlines and improves the walking conditions on these beautiful nature trails.

PARTNERSHIPS Collaborating with the NWT Boardsport Association has enabled the organization to transform the slope-side of Bristol Pit to include a groomed snowboard course complete with a rope tow which is expected to be in operation next winter.

CEMETERY UPDATE Expansion of the Lakeview Cemetery continued in 2012 with the addition of 20 new plots and the installation of a columbarium.



Parks, people and events make Yellowknife a great place to live.

"We enjoy our work and take it seriously. Our crews are out at 6 a.m. every morning of the summer collecting litter, cutting grass and repairing damaged fields or equipment"

Troy Bowden



World Snow Day Participants



A Game of Twister at the Snowing Festival



Girl Guides at Garden Party



Somba K'e Civic Plaza



Yellowknife Public Library



Forrest Drive Park

FIREHALL RENOVATIONS

A Healthier Work Space



Firefighter, Sean May takes time to improve his personal fitness.

The City of Yellowknife Fire Station, located on Taylor Road, was built to accommodate four platoons of four firefighters plus ten paid-on-call staff in 1990, when there were only four firefighters on shift.

Today there are four platoons of six firefighters plus up to 30 paid-on-call staff. Prior to the 2012 renovations at the fire station the building remained the same layout and size as the originally built structure.

"This is a much healthier, refreshed, and relaxed atmosphere. We have been able to remove the clutter and clean up our operations," says Craig MacLean, Deputy Fire Chief.

The kitchen has been expanded to enable a full shift to comfortably cook and eat their meals. The dormitory, which originally shared space with the kitchen, now includes seven bunks with exterior windows.

A fitness room was relocated from the same bays as the emergency response vehicles to its own space, therefore eliminating the possibility of inhaling diesel exhaust and dust while exercising.

Included in the design of the renovations was increased storage space, which has freed up room in the vehicle bay for emergency equipment and the expansion of lockers. Currently

only the full-time firefighters have their own locker space which stores their personal protective gear for fire and ambulance.

"It is of the utmost importance for us to have quick turn around and response times. Providing members their own lockers helps us to meet our benchmarks," says MacLean.

An additional benefit of the renovations was the opportunity to enlarge a storage area for the City of Yellowknife computer servers and radio communication equipment within a temperature-controlled environment. The servers provide backup to the entire organization.

SPECIAL GRANT & CORE FUNDING

The City of Yellowknife offers funding programs for not-for-profit groups. Special Grant Funding and Core Funding are awarded annually through an application-based process.

For more information, visit www.yellowknife.ca

2012 SPECIAL GRANT FUNDING RECIPIENTS

- École St. Patrick High School
- Fédération franco-ténoise
- Food Rescue
- L'Association franco-culturelle de Yellowknife
- Long John Jamboree
- Northland Community Garden Society

- NWT Boardsport Association
- NWT Soccer
- NWT SPCA
- Snowking Festival
- Western Arctic Moving Pictures
- Yellowknife Artist Run Community Centre
- Yellowknife Choral Society
- Yellowknife Church of Christ
- Yellowknife Dance Collective

ECO-HOUSING

A Healthier Work Space

Imagine a living space that allows for local food production, includes innovations to reduce energy and water consumption, encourages social interaction and is located within Yellowknife's downtown core.

Corporation, Ecology North, NWT Construction Association and community members at large. The process also incorporated facilitated public workshops.

A Request for Proposals was issued in the spring of 2012 with

Guy Architects becoming the successful design proponent. The project is divided into two parts: (1) the design and energy modelling of the building and (2) land assembly,

construction, and building performance evaluation. The City of Yellowknife will receive \$600,000 in funding from the Canadian Northern Economic Development Agency (CanNor) through the life of the project.

"It would be difficult for the private sector to achieve the scope of this project and this level of collaboration without the funding support of CanNor. There were hurdles to overcome and City Administration had to do a great

deal of creative thinking to get a practical public-private partnership framework in place. The level of expertise of the task force and the experience and creativity of the Guy Architects team will hopefully result in a building that will raise the bar in Yellowknife in terms of urban sustainability and building innovation. Beyond this 24-unit building, it is ultimately about increasing the capacity of developers, architects, planners, contractors, and inspectors in Yellowknife", says Jeffrey Humble, Director of Planning and Development.

Active transportation, reduced greenhouse gas emissions, water conservation, increased energy efficiencies, encouraging local food production, mixed-use development, and downtown revitalization are a few of the 19 performance indicators which support the three pillars of sustainability: Environmental, Economic and Social.

"This building is a remarkable achievement, being the first carbon-neutral multi-family residential project in Canada's North, it produces no greenhouse gases," says Wayne Guy, Principal of Guy Architects.



PHOTO COURTESY OF GUY ARCHITECTS

A conceptual image of the 24-unit Eco-Housing project to be located on 48th Street.

Construction of a 24-unit Eco-Housing project is projected to begin this year on three lots located on 48th Street next to Boston Pizza, with a completion target date set for the summer of 2014. Innovative partnerships formed the basis for this forward-thinking project which began with the creation of a task force of a dozen stakeholders including Arctic Energy Alliance, Canada Mortgage and Housing Corporation, GNWT Housing

- Yellowknife Community Garden Collective
- Yellowknife Gymnastics Club
- YK Food Bank

2012 CORE FUNDING RECIPIENTS

- Aurora Arts Society
- Aurora Fiddlers Association
- Canadian Dog Derby Association

- Ecology North
- Festival of the Midnight Sun
- Folk on the Rocks
- Foster Family Coalition of the NWT
- North Words Writers Festival
- Northern Arts & Cultural Centre
- NWT Disabilities Council
- Special Olympics NWT
- St. John Ambulance

- Yellowknife Association For Community Living
- Yellowknife Golf Club
- Yellowknife Guild of Arts & Crafts
- Yellowknife International Airshow Society
- Yellowknife Marine Rescue Society
- Yellowknife Playground Association
- Yellowknife Seniors Society
- Yellowknife Ski Club

HARBOUR PLAN

Achieving Excellence

“Yellowknife Harbour is the lifeblood of the city, its life source, gateway to the region beyond and a year-round playground.”

Harbour Plan Vision Statement.



Participants contribute ideas during a Harbour Plan public engagement meeting.

Public engagement has been a priority for the Department of Planning and Development in order to ensure a Harbour Plan is created which meets the needs of the residents, local business, preserves natural heritage, creates parks and open spaces and recognizes the existing establishment of neighbourhoods.

HARBOUR PLAN VISION STATEMENT

“Yellowknife Harbour is the lifeblood of the city, its life source, gateway to the region beyond and a year-round playground. It is the conduit among communities of people and the meeting point among nations. It has defined the culture and image of this

extraordinary place.”

The Harbour Plan includes implementing several initiatives over a 10- to 15-year time frame which identifies commercial

/ residential development, enhancing tourism potential while protecting environmentally sensitive areas.

Public consultations, stakeholder focus groups, an Ipsos Reid survey and on-line written submissions all went into the creation of the Harbour Plan.

In March of 2013, the Yellowknife Harbour Plan was selected by the Canadian Society of Landscape Architects as the winning submission for the National Award of Excellence for Planning and Analysis.

CONTINUED PUBLIC ENGAGEMENT

The City is currently developing conceptual plans for the redesign of both the Pilots Monument and Government Dock properties based on three separate public consultation meetings which resulted in the collection of exceptional feedback from the residents of Yellowknife.



One of several working groups at Harbour Plan public engagement

STREETSCAPING

Connecting our City



Before



After

Improved connectivity, increased traffic flow and enhanced city beautification are the end products of the third phase of Yellowknife's 2012 Streetscaping project along Old Airport Road.

There are now sidewalks along both sides of Old Airport Road (from Byrne Road to Borden Drive) allowing pedestrians safe and easy access to public transportation, local businesses and the Frame Lake trail system.

The 2012 streetscaping improvements were undertaken concurrent with roadwork upgrades which included lengthening the left turn lane from Old Airport Road to Borden Drive. City

Administration consulted with businesses to address potential future development plans and site access issues. This process ensured that the initiatives complemented each other, giving adequate consideration to vehicular traffic, pedestrians, cyclists, on-site drainage, aesthetics, and sightlines.

"Beautifying Old Airport Road and improving pedestrian access is important to my clientele. I offer fitness programs which often include outdoor activities. Having a safe and clean environment benefits everyone," says Tara Newbigging, owner of Fit 2 the T located in Centre Ice Plaza.

The fourth and final phase of this component of the Old Airport Road Streetscaping Project was approved by the current City Council and included in the 2013 Capital Budget. Once completed, a uninterrupted system of walkways will be available for pedestrians to access businesses located along Old Airport Road, Kam Lake Community Gardens, the Fieldhouse and Multiplex and the downtown core.

IT: PLANNING, SUPPORT & SOLUTIONS

“We’re here to serve. Sometimes this involves deploying equipment, other times it is helping to manage software”

Sharolynn Woodward



IT Planning Support Solutions. Laptops installed in emergency vehicles provide mobile information.

Information Technology (IT) staff are often called upon when office equipment or software begins to act irregularly. However, the scope of their job is much wider and, indeed, includes a broad range of creative support initiatives.

PROJECT SUPPORT

In 2012 the City's IT Division supported numerous corporate initiatives including the coordination and implementation of City Works, an asset and work management solution that enables City staff to track work hours, materials, and equipment required for individual projects.

Responding to the needs identified within the organization, the IT Division expanded the mobile computing capabilities in City of Yellowknife public safety vehicles, providing emergency response personnel with the ability to access information and services in the field.

“We’re here to serve. Sometimes this involves deploying equipment,

other times it is helping to manage software but the bulk of our time and resources involves the back-end initiatives which support the organization,” says Sharolynn Woodward, Manager of Information Technology Division.

PLANNING FOR THE FUTURE

An improved emergency radio communications system and significant increases in network data capacity are among the benefits to be realized from the communications infrastructure project, scheduled to roll out in 2013.

The IT Division works towards a green computing environment in all our technology initiatives.

SUMMARY OF 2012 FINANCIAL STATEMENTS

Complete 2012 financial statements can be viewed at the City of Yellowknife website www.yellowknife.ca

During 2012 the City recorded total revenues from all sources of \$68.89 million (2011 - \$62.06 million). The City had budgeted \$60.42 million and the main sources of the budgetary variance were higher than anticipated User Fees and Sales of Goods and Services (\$25.95 million actual vs. \$19.62 million budget) and Government Transfers (\$15.51 million actual vs. \$13.87 million budget). Investment income was also higher than budgeted, by \$147,000. While the value of investments was lower at the end of 2012 than 2011, the City had anticipated liquidating more investments that it did. Therefore, the average level of investment over the year was higher and the returns on those investments were better than expected.

During 2012 the City recorded total expenses for all activities of \$55.69 million (2011 - \$53.78 million). The City had budgeted \$56.11 million and

the main sources of the budgetary variance were Contracted and General Service expense (\$9.92 million actual vs. \$9.33 million budget), Utilities expense (\$2.94 million actual vs. \$2.91 million budget), Vehicle Operations and Maintenance (\$1.00 million actual vs. \$839,000 budget), Fiscal expenses (\$809,000 vs. \$372,000 budget) and Minor Capital (\$3.46 million actual vs. \$3.16 million budget). These were partially offset by lower than budgeted expenditures for Amortization (\$8.94 million actual vs. \$9.19 million budget) and Land Expenses (\$4.04 million actual vs. \$5.51 million budget).

The City also acquired \$19.25 million worth of new Capital Assets in 2012 (2011 - \$17.88 million). Some of the major acquisitions include:

- I. Added to Work in Progress worth \$2.48 million

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

As at December 31, 2012

	2012 Actual	2011 Actual
Financial Assets		
Cash	\$ 14,495	\$17,699
Receivables	12,599	9,483
Land Held for Resale	6,088	3,843
	33,182	31,025
Liabilities		
Accounts Payable and Accrued Liabilities	9,300	11,545
Wages and Compensated Absences Payable	1,059	880
Retirement Benefits Liability	764	686
Deferred Revenue	9,593	8,498
Long-Term Debt	3,143	3,877
Provision for Landfill Closure and Post-Closure Costs	1,775	1,331
	25,634	26,817
Net Financial Assets	7,548	4,208
Non-Financial Assets		
Capital Assets	226,862	217,225
Inventory	471	383
Prepays & Deferred Expenses	570	437
	227,903	218,045
Accumulated Surplus	\$ 235,451	\$222,253

as follows:

- Water Treatment Plant - \$1.46 million
 - Grace Lake Road Construction - \$1.01 million
2. 2011 Work in Progress converted to in-service Assets - \$5.37 million
- Niven Lake Phase 7 Infrastructure - \$3.77 million
 - Old Airport Road/52 Street Streetscaping - \$1.60 million
3. New assets worth \$16.77 million as follows:
- 2012 Paving program - \$1.89 million
 - 2012 Water and Sewer program - \$3.14 million
 - Niven Lake Phase 7 Infrastructure - \$3.14 million
 - Land Acquisition - \$180,000
 - Upgrades to City Hall Complex - \$454,000
 - New Public Works Garage - \$975,000
 - Upgrades to Recreational Facilities - \$1.72 million
 - Upgrades to Service Facilities - \$1.87 million
 - Parks and Trails - \$187,000
 - Mobile Equipment - \$1.34 million
 - Technical and Other Equipment - \$366,000

In summary the total increase in investment in Tangible Capital Assets was \$22.14 million with a decrease in Work in Progress of \$2.89 million.

The Solid Waste Management Fund continued to experience challenges during 2012. The cost of processing recyclable materials and bio-hazardous materials continued to rise faster than the revenues received from tipping fees and from sale of recyclable materials. The City continues to look for ways to reduce costs and increase revenues. Details about future actions are contained in sections related to Funds.

The Land Development Fund continues to invest in land for resale. Subdivisions in Niven Lake Phase 7 were completed and sales of lots were brisk. Sales in Engle business district have not been forthcoming. Plans are being formulated to make changes to the zoning requirement that would help attract investment in that area. New subdivisions

in Kam Lake (light industrial/commercial) and on Grace Lake (waterside residential) were developed in 2012. Sales of lots on Grace Lake have been brisk, while sales of the industrial/commercial lots have been slow. As a result of sales in Niven Lake Phases 7 and 5, and on Grace Lake, the Land Fund balance increased. It is still in a negative balance but is improving. The City has taken over responsibility for municipal infrastructure built using funding from the Land Development Fund. The City also holds a significant amount of land for resale which has a book value of just over \$6.09 million but which has a potential sales value exceeding \$20 million.

Analysis - Financial Position

The Consolidated Statement of Financial Position provides an indication of the City's ability to meet its current obligations. It reports the City's financial and non-financial resources, obligations and accumulated surplus as at December 31, 2012 on a comparative basis. This statement is used to evaluate the City's ability to finance its activities and to meet its liabilities and commitments. The City's net financial asset position is an important financial indicator in the Consolidated Statement of Financial Position.

As of December 31, 2012, the City was in a net financial asset position of \$7.6 million (2011 - \$4.2 million). The change in net financial assets is a result of an excess of revenues over expenses of \$13.2 million and amortization of Capital Assets of \$8.9 million, offset by a net investments in Tangible capital assets of \$18.6 million. The level of net financial assets from year to year is generally reflective of the level of investment in capital and land development.

The change in Net Financial Assets over the past five years reflects an increase in the level of investment in Capital Assets and land development, in particular for new subdivisions in Niven Lake and in the Kam Lake Industrial area. As cash is used to invest in capital, there is a reduction in financial assets and an increase in non-financial assets. The slight increase in Net Financial Assets in 2012 is a result of delays in the completion of the Water Treatment Plant for which government contributions have already been received.

Financial assets have increased by just over \$2.17 million primarily due to the following:

- Cash and Cash Equivalents decrease by \$3.20 million

- Receivables increase by \$3.12 million
- Land for Resale increase by \$2.25million

It is not unusual for variations such as these to occur in these areas. In most cases such variations are caused by the timing of receiving payments for receivables or paying outstanding bills. The increase in land available for resale reflects the continuation of increased activity in development that has occurred over the past several years.

There has also been a decrease in liabilities, or financial obligations, of just over \$1.18 million primarily due to the following:

- Accounts Payable decrease by \$1.97 million
- Employee Obligations increase by \$257,000
- Deferred Revenue increase by \$1.10 million
- Deposits Payable decrease by \$298,000
- Long-Term Debt decrease by \$734,000
- Post-Closure Costs increase by \$444,000

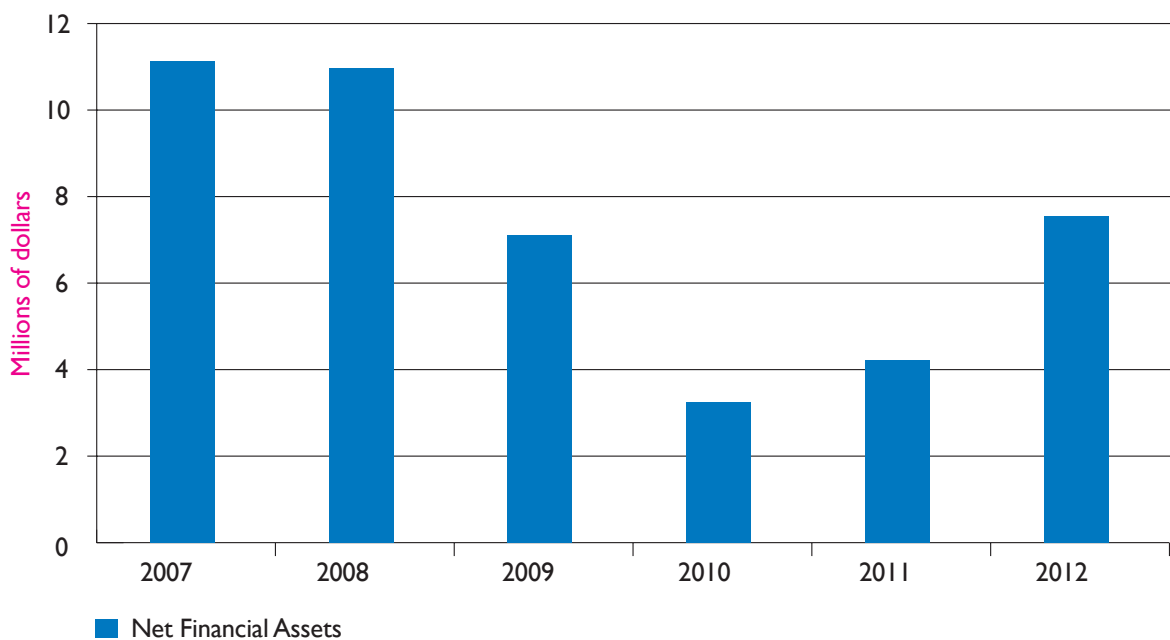
As with financial assets there are some obligations which will vary from year to year due to the timing of making payments, thus accounts payable can vary

from year to year. Deferred revenue occurs mainly when capital projects funded by grants from other orders of government are deferred. In 2012 the City received its full allocation of Gas Tax funding from Canada. This funding has been earmarked for investments in water and sewer infrastructure, in particular a new water treatment plant. The City will only record the cash received as revenue when expenditures related to the Gas Tax funded projects are completed. Since there was less expenditure on those projects in 2012 than expected, the revenue that was not recorded has to be accounted for as deferred revenue. It is anticipated that the investment in water and sewer infrastructure over the next two to three years will result in the deferred revenue being recognized and expended. The post-closure cost obligation has been increased due to a revision in how we calculate the remaining life of the existing landfill cell and as we get more accurate information on what the closure will cost.

Results of Operations - Actual Comparison

The Consolidated Statement of Operations reports the City's changes in economic resources and accumulated surplus for 2012 on a comparative basis. The Statements indicate that the City increased its accumulated surplus during the year because annual revenues exceeded expenses.

Net Financial Assets



CONSOLIDATED REVENUE

for the years ended December 31 (in thousands of dollars)

	2012		2011		Variance	Variance %
Taxation	\$ 23,415	34%	\$ 22,375	36%	1,040	5%
User Fees, Sales of Goods and Services	27,631	40%	20,596	33%	7,035	34%
Government Transfer						
Operating	500	1%	2,781	4%	(2,281)	(82%)
Capital	15,013	22%	13,933	22%	1,080	8%
Investment, Fines and Penalties						
and Franchise Fees	2,327	3%	2,373	4%	(46)	(2%)
	<u>\$ 68,886</u>		<u>\$ 62,058</u>		<u>\$6,828</u>	<u>11%</u>

Percentages may not add up to 100% due to rounding

During 2012, the City recorded consolidated revenues of \$68.89 million (2011 – \$62.06 million), which included government transfers, taxation and user fees/sale of goods. Consolidated expenses totaled \$55.69 million (2011 – \$53.78 million). As a result, the City's accumulated surplus increased by \$13.20 million (2011 – \$8.28 million).

Revenues improved from 2011 to 2012 due to several factors. User Fees and Sales of Goods and services were \$7.04 million, or 34%, higher than in 2011. User Fees and Sales of Goods and Services include revenues from development levies, licenses and permits. The largest factor contributing to this increase is the Sale of Land which amounted to \$9.88 million in 2012, an increase of \$5.68 million over 2011. A general increase in recreational user fees of 3% accounted for \$346,000 of this increase. The balance was due to an increase in development levies, licenses and permits of \$169,000 and an increase in tipping fee revenue at the Solid Waste Facility of \$340,000. This was due mainly to an increase in the amount of bio-hazardous waste collected by the City for treatment by a third party contractor. General fee hikes across all user fee categories also contributed an additional \$59,000 increase in revenues over 2011.

Government transfers were \$1.20 million lower than in 2011. This is primarily due to the deferral of Gas Tax funding that was received but for which the City did not incur sufficient eligible expenses to justify accruing the revenue. The City recorded \$1.66 million less in Gas Tax revenue in 2012 than in 2011.

The phasing out of the Infrastructure Stimulus Fund was offset by an increase in YK Smart Community Grant funding from Aboriginal Affairs and Northern Development Canada (AANDC) and the Federation of Canadian Municipalities (FCM). The net increase in revenue from these was \$610,000. Grants received from the GNWT increased by just over \$200,000. In 2012 expenditures on the water treatment plant, landfill expansion and other water and sewer projects resulted in recognition of approximately \$4.11 million of Gas Tax revenue.

Consolidated Expenses grew by \$1.91 million or 4% over the previous year. Accounting for the \$1.99 million reduction in Minor Capital Expenses for 2012, overall expenses increased by \$3.90 million or 8% over 2011. Of that, over \$2.53 million is due to an increase consisting of the sale of land. Therefore, general expenses overall only increased by approximately \$1.27 million or 2.76% from 2011 to 2012.

In General Government, Amortization expenses were \$1.45 million (2011 – \$1.22 million), Salaries and Benefits expenses were \$6.14 million (2011 – \$5.52 million) and other sundry expenses were \$105,000 (2011 – \$126,000). In the Transportation and Public Works Activity, the largest variance was in Traffic and Street Lighting expenses of \$1.13 million (2011 – \$899,000). Surplus variances were experienced in Road Maintenance expenses – \$257,000 (2011 – \$286,000) and Fleet Operating and Maintenance expenses – \$252,000 (2011 – \$362,000). For the Water and Sewer Fund expenses

CONSOLIDATED EXPENSES BY ACTIVITY

for the years ended December 31 (in thousands of dollars)

	2012		2011		Variance	Variance %
General Government	\$ 11,390	20%	\$ 10,562	20%	828	8%
Transportation and Public Works	9,789	18%	9,594	18%	195	2%
Water and Sewage	9,210	17%	9,740	18%	(530)	(5%)
Recreation and Culture	7,232	13%	6,945	13%	287	4%
Protective Services	5,683	10%	5,676	11%	7	0%
Land Development	4,685	8%	2,150	4%	2,535	118%
Minor Capital	3,578	6%	5,563	10%	(1,985)	(36%)
Environmental and Public Health	3,047	5%	2,659	5%	388	15%
Fiscal	1,074	2%	891	2%	183	21%
	<u>\$ 55,688</u>		<u>\$ 53,780</u>		<u>\$1,908</u>	<u>4%</u>

Percentages may not add up to 100% due to rounding

were lower than in 2011. Amortization expense was \$3.60 million (2011 - \$3.85 million), operating expenses for the Service Connection Failure Assistance Fund were \$342,000 (2011 - \$594,000) and Salaries and Benefit expenses were \$2.05 million (2011 - \$2.08 million). In the Recreation and Culture activity, Salaries and Benefits expenses were \$3.88 million (2011 - \$3.67 million) and expenses related to Fuel, Utilities and Maintenance were \$1.93 million (2011 - \$1.86 million). In Land Development, increased sales resulted in the realization of costs of sales in excess of 2011. These costs were \$3.93 million (2011 - \$1.37 million). In the Environmental and Public Health activity, the variance in expenses is due largely to an increase in the Closure liability for the existing cell. The increase in liability in 2012 was \$444,000 (2011 - \$78,000). The cost of utilities and fuel usually has a significant impact on variances on a year-over-year basis. However, during 2012 utility rates and fuel costs remained relatively stable resulting in a negligible variance over 2011 across the board. Amortization expenses across all activities experienced either a positive or negative variance. Variance explanations by object follow.

The increase in Salaries, Wages and Benefits is primarily due to experience increases. Each year, employees receive step increments. This factor accounted for approximately 2.5% of the 4% increase in salaries. The remainder was due to a general increase as a result of the collective

bargaining agreement. Across all activities, savings from vacancies is often offset by increases in casual labour and/or overtime.

The increase in amortization is reflective of the replacement of aging infrastructure with new infrastructure. The value of Tangible Capital Assets has increased from \$198 million in 2009 to \$227 million in 2012. Since amortization is based on straight line this means that the annual amortization for that infrastructure will naturally increase.

Minor Capital expenses are recorded when assets are purchased which do not meet the threshold limit (\$50,000) for capitalization over a number of years. Minor Capital is also used to cover the cost of pilot projects and studies that may lead to future capital investment. As such, the level of Minor Capital expenses can vary from year to year. This year there has been a significant decrease in minor capital expenses. Expenses in this area include regular maintenance and/or replacement of motors, pumps, generators and other equipment that requires periodic mid-life cycle modifications. As well some plans and studies which are expended as Capital Projects but are not tangible in nature are also accounted for as Minor Capital Expenses. For 2012 minor capital was lower since several larger pieces of equipment were replaced and capitalized which had been upgraded and/or repaired under Minor Capital in previous years.

CONSOLIDATED EXPENSES BY OBJECT

for years ended December 31 (in thousands of dollars)

	2012		2011		Variance	Variance %
Salaries, Wages and Benefits	\$ 21,357	38%	\$ 20,594	38%	763	4%
Contracted and General Services	9,923	18%	9,375	17%	548	6%
Amortization	8,942	16%	8,933	17%	9	0%
Minor Capital	3,464	6%	5,412	10%	(1,948)	(36%)
Fiscal and Administration	4,145	7%	3,906	7%	239	6%
Utilities	2,938	5%	2,928	5%	10	0%
Land Expenses	4,041	7%	1,504	3%	2,537	169%
Vehicle O&M	878	2%	1,128	2%	(250)	(22%)
	\$ 55,688		\$ 53,780		1,908	4%

Percentages may not add up to 100% due to rounding

The minor increase in Utilities expenses and the reduction in Vehicle O&M expenses reflects the relative stability of fuel and electricity prices during 2012.

BUDGET COMPARISON

The consolidated budget shown in the Statements has been adjusted to reflect the differences in reporting format compared to budgeting format.

Government Transfers budget is not broken down between operating and capital at the time the budget is established. By Council policy, all government transfers are to be used for capital expenditures. However, during the year, some of the items identified as capital do not end up meeting the definition or the thresholds established for capitalization. For those expenditures, the amount of government transfer used to acquire those assets is reclassified for reporting purposes. Overall, the 12% variance in Government Transfers is due largely to three grants for which no budget had been identified. The City received \$1.18 million from the federal government for Smart Community initiatives. The City also received two grants from the GNWT totaling \$389,000 that were not budgeted. Finally, subsequent to finalizing the City's 2012 budget, MACA increased the operating grant to the City by \$385,000.

Under the User fees, Sales of Goods and Services category, which includes development levies, licenses and permits Land sales for 2012 were \$9.85 million,

\$6.09 million more than the budget of \$3.76 million. This significant difference was due to the addition of two major subdivisions to the land for sale inventory after the budget was accepted by Council in December 2011. This made up the bulk of the budget variance in this area. Small negative variances in Community Services fees, Public Works fees and Water and Sewer fees were offset by larger positive variances in Solid Waste Management fees and fees collected by Public Safety.

The overall Consolidated Budget by Object differs from that which is shown in the 2012 Budget Summary due to the change in the treatment of Capital expenditures when reporting in the Statements. The total anticipated Capital expenditures is included in the budget. However, in the Statement of Operations, only those minor capital items that are expensed in the year that they are completed are recorded as part of the budget. The Tangible Capital Assets that will be amortized over the life of the asset are not included as an expense in the Statements but as an increase in the investment in Capital Assets on the Statement of Financial Position. The reconciliation of the budget amount as it appears in the 2012 Budget Summary and as it appears in these Statements follows.

MAJOR ACTIVITIES

The City is in the process of designing and building a new water treatment plant. The new plant is required in part, due to the age of the existing plant but, for the

CONSOLIDATED REVENUE

for the year ended December 31 (in thousands of dollars)

	Budget		Actual		Variance	Variance %
	2012		2012			
Taxation	\$ 23,248	38%	\$ 23,415	34%	\$ 167	1%
User Fees, Sales of Goods and Services	21,200	35%	27,631	40%	6,431	30%
Government Transfer						
Operating	307	1%	500	1%	193	
Capital	13,562	22%	15,013	22%	1,451	12%
Investment, Fines and Penalties						
and Franchise Fees	<u>2,102</u>	3%	<u>2,327</u>	3%	<u>225</u>	11%
	\$ 60,419		\$ 68,886		\$ 8,467	14%

Percentages may not add up to 100% due to rounding

most part due to changes in water treatment standards promulgated by Health Canada and adopted by the GNWT in its regulations. The City is required to comply with these regulations or face potential penalties.

The project is expected to take three years to complete with commissioning anticipated in 2015. The final design is near completion. Construction is expected to start soon. Projected cost of the new plant is approximately \$25 million. In order to fund this project, Council has approved a by-law authorizing the City to borrow \$20 million. The balance of funds required to complete this project will come from either increased borrowing or from government transfers.

The City has also identified a need to accelerate the replacement of Corrugated Metal Pipe (CMP) infrastructure. There has been an increasing number of failures of the CMP sewer system and emergency replacement can cost up to two times as much as planned replacement. The City has developed a plan that would see the CMP replacement program completed by 2018, five years earlier than previously expected.

The City continues with the high pace of land development, creating a variety of housing choices for current and future Yellowknife residents. Work continues in the Niven Phase 7 subdivision. The single family lots are completed and the City has sold over 50% of the lots. A private developer has completed a portion of the multi-family dwellings, with the rest scheduled for completion in 2013. Over the past five years, the City has invested over \$12 million in land development and new

infrastructure in this area. The City also re-acquired the land at Niven Phase 5 (Bayview Estates) and has subdivided it into more manageable lot sizes. The City has negotiated two sales agreements in this area. The development scheme calls for a mix of low-to medium-density single and multi-family residences. Other areas of development in 2012 included a light industrial/commercial subdivision in the Kam Lake area, large waterfront lots in the new Grace Lake Development Area and a mixed-density development at Kam Lake Road and Coronation Drive. Over half of the Grace Lake Development Area lots have sold. A small number of the light industrial/commercial properties have sold. These areas contain a mix of private sector-managed and City-managed developments.

The Yellowknife Condominium Corporation #8 (Northlands) agreed by petition to a Local Improvement Charge (LIC) to address their aging infrastructure. Northlands residents have agreed to the LIC to pay for the replacement of their privately-owned water and sewer infrastructure with new infrastructure which meets municipal standards. The City has secured up to \$16 million in financing to complete this project. A contract has been awarded for the completion of this project. The total cost of the project, including financing charges, will be recovered from the residents of Northlands through the LIC over a 25-year period.

PLANNING CONSTRAINTS

There are inherent business risks in running a municipality. The nature of a city is such that the

services provided are those of basic necessity. The treatment and distribution of potable water, the collection and treatment of raw sewage, the provision of fire and ambulance services and the construction and maintenance of roads and sidewalks are all considered essential to the well-being of all residents. There are any number of issues that can arise that may strain resources when providing these services. In addition, it is the responsibility of the municipality to ensure that adequate recreational facilities, parks and trails exist to encourage the physical and mental well-being of residents.

The City's ability to maintain its essential services is contingent upon its ability to provide modern, well-functioning infrastructure to support its operations. The risks of inadequate funding of infrastructure replacement and maintenance cannot be overstated. Failures in the City's water and sewer system could result in health and environmental issues. The City

must ensure that adequate resources are available to stay on top of infrastructure requirements.

A significant portion of the City's funding (23% in 2012) comes from other orders of government. The City allocates this funding to its Capital Plan. One of the issues surrounding this funding is that it is not indexed with the cost of doing business. The City is required to manage a "fixed income" from these other orders of government in an environment where the costs of constructing our capital infrastructure continue to rise each year. With construction costs increasing each year, the amount of Corrugated Metal Pipe that can be replaced from one year to the next is reduced given the same level of funding. As well, should there be a significant change to the funding levels provided by either the GNWT or the Government of Canada, Council would have to examine its priorities and consider other potential sources of funding. In order to mitigate this risk, a long-term asset management plan

**RECONCILIATION OF BUDGET
- BUDGET SUMMARY VS FINANCIAL STATEMENTS**

For year ended December 31, 2012 (in thousands of dollars)

Budget as per 2011 Budget Summary	\$ 70,770
Less Capital Expenditures	<u>17,969</u>
	\$ 52,801
Plus Minor Capital	<u>3,308</u>
Budget as per 2011 Financial Statements	\$ 56,109

CONSOLIDATED EXPENSES BY OBJECT

for years ended December 31 (in thousands of dollars)

	Budget 2012		Actual 2012		Variance	Variance %
Salaries, Wages and Benefits	\$ 21,543	38%	\$ 21,357	38%	\$ 186	1%
Contracted and General Services	9,331	17%	9,923	18%	(592)	(6%)
Amortization	9,192	16%	8,942	16%	250	3%
Minor Capital	3,164	6%	3,464	6%	(300)	(9%)
Fiscal and Administration	3,619	6%	4,027	7%	(408)	(11%)
Utilities	2,907	5%	2,938	5%	(31)	(1%)
Land Expenses	5,514	10%	4,041	7%	1,473	27%
Vehicle O&M	<u>839</u>	1%	<u>996</u>	2%	(157)	(19%)
	\$ 56,109		\$ 55,688		421	1%

Percentages may not add up to 100% due to rounding

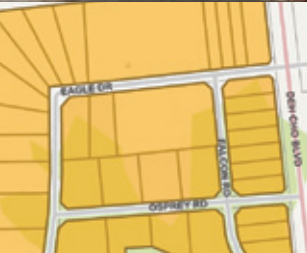
has been developed that will guide the budgeting process over the next 25 years.

The property taxes collected by the City are calculated on the assessment base of homes, business and government offices within its boundaries and represent 74% of the General Fund revenue to the City (36% on a consolidated basis). The City has experienced a slight increase in the level of assessment growth over the past two years.

As a result, the City has been able to keep tax increases to a minimum but has ensured adequate resources to fund the ever-increasing cost of providing basic services. As an alternate option to tax increases, the City also reviews all programs and rationalizes the continuation of existing services and service levels. It is all a balancing act. Over the past 15 years, the City's overall tax rate increases have been less than the increase in the general cost of living or the Consumer Price Index (CPI). Since the CPI does not fairly represent the inflationary pressures faced by a municipality, the City has developed its own index based on the weighted cost of its expenditures. The Municipal Pricing Index or MPI has been developed to help guide the City in determining its revenue requirements to meet its obligations to residents. Future tax increase levels will be guided by the MPI which will serve as a cap on tax increases in the absence of changes in service levels. This new approach to calculating the City's revenue requirements should serve to mitigate this risk.



Come Grow With Us YELLOWKNIFE



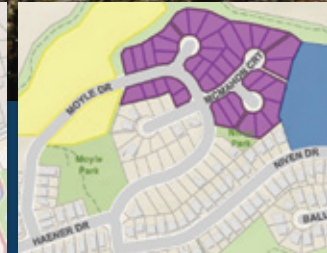
Engle Business
District



Hordal &
Bagon



Enterprise Drive
Extension & Grace Lake



Niven Lake Phase V
Niven Lake Phase VII

Land for Sale



For more information, contact
City of Yellowknife
Planning and Development Department
867.920.5611 or 867.920.5614
www.yellowknife.ca