



CITY OF YELLOWKNIFE

GOVERNANCE AND PRIORITIES COMMITTEE AGENDA

Monday, July 25, 2022 at 12:05 p.m.

Chair: Mayor R. Alty,
Councillor N. Konge,
Councillor S. Morgan,
Councillor J. Morse,
Councillor C. Mufandaedza,
Councillor S. Payne,
Councillor R. Silverio,
Councillor S. Smith, and
Councillor R. Williams.

<u>Item</u>	<u>Description</u>
1.	Opening Statement: The City of Yellowknife acknowledges that we are located in Chief Drygeese territory. From time immemorial, it has been the traditional land of the Yellowknives Dene First Nation. We respect the histories, languages, and cultures of all other Indigenous Peoples including the North Slave Métis, and all First Nations, Métis, and Inuit whose presence continues to enrich our vibrant community.
2.	Approval of the agenda.
3.	Disclosure of pecuniary interest and the general nature thereof.
ANNEX A	(For Information Only)
4.	A memorandum regarding 2022 Second Quarter Forecast and Variance Report.
<u>IN CAMERA</u>	
ANNEX B	
5.	A matter still under consideration.
6.	Business arising from In Camera Session.



CITY OF YELLOWKNIFE
MEMORANDUM TO COMMITTEE
(For Information Only)

COMMITTEE: Governance and Priorities

DATE: July 25, 2022

DEPARTMENT: Corporate Services

ISSUE: 2022 Second Quarter Forecast and Variance Report

BACKGROUND:

The 2022 Second Quarter Forecast and Variance Report identifies revenues and expenses that are expected to be above or below the 2022 budgeted amounts, based on information available as at June 30, 2022. The Forecast and Variance Report is prepared in accordance with Canadian public sector accounting standards ("PSAS") which differs from the presentation in the City's annual budget. Please see Appendix A for further information.

Currently, total revenues are expected to be \$424,000 higher than budget. Expenses are expected to \$234,000 higher than budget, resulting in a projected annual surplus of \$12,751,000 which is \$190,000 higher than budget.

The annual surplus in the City's financial statements shows the increase in the total net worth of the municipal corporation and includes the value of assets it owns (net financial and non-financial). The annual surplus only shows whether the revenues raised in the year were sufficient to cover the year's costs. It does not mean there is extra money to spend. The annual surplus will increase the City's total net worth (accumulated surplus) which will ensure the City is able to provide future services to its residents and businesses.

Table 2: Statement of Operations

Statement of Operations	2022 Actuals to June 30 (\$000's)	2022 Budget (\$000's)	2022 Forecast (\$000's)	2022 Variance (\$000's)
Revenues				
Municipal taxation	34,160	34,067	34,080	13
User fees and sale of goods	11,589	22,886	23,163	277
Land sales	1,025	3,421	2,921	(500)
Grants and transfers	580	886	1,665	779
Government transfers related to capital	8,068	31,446	31,348	(98)
Investment income	494	680	705	25
Fines, penalties and cost of taxes	320	929	827	(102)
Development levies, licenses and permits	558	1,051	1,081	30
Franchise fees	496	1,079	1,079	
Total Revenues	57,290	96,445	96,869	424
Expenses				
Amortization of tangible assets		15,409	15,409	
Provision for allowance	1	250	250	
Bank charges and short-term interest	94	238	238	
Materials and supplies	287	1,681	1,668	(13)
Contracted and general services	7,632	20,771	21,495	724
Insurance	630	819	865	46
Interest on long-term debt	326	503	503	
Mayor and council expenses	285	638	618	(20)
Salaries, wages, employee benefits and unfunded liabilities	13,282	32,365	32,171	(194)
Utilities - electricity	1,388	2,940	2,786	(154)
Utilities - fuel	854	1,402	1,410	8
Minor capital expense	1,224	6,868	6,705	(163)
Total Expenses	26,003	83,884	84,118	234
Annual surplus (deficit)	31,287	12,561	12,751	190

Explanation of revenue variances:

- Municipal taxation is projected to be higher than budget due to land sales that occurred after the mill rate was set.
- User fees and sale of goods are projected to be higher due to an increase in property development as well as an increase in call volumes for false alarm fire services and a higher demand for recyclables.
- Land sales are expected to be lower than budget due to delays in obtaining land to bring to market.
- Grants and transfers are higher due to additional grants for the relocation of the Visitor Centre and Canada Day.
- Government transfers related to capital are lower than budget due to the availability of contractors and delays in supplies and materials.

- Investment income is higher due to an increased cash balance resulting from deferred revenue (funding received for capital projects not yet completed).
- Fines, penalties, licenses and permits are expected to be lower than budget due to the lower number of parking fines and traffic violations and a reduced number of library visitors.
- Development levies, licenses and permits are projected to be higher than budget due to an increase in business licenses and building permits.

Explanation of expense variances:

- Materials and supplies are projected to be lower due to an overall reduction in printing volume.
- Contracted services are projected to be higher than budget due higher expenses for the relocation of the Visitor Centre and Canada Day, property relief enhancements for indoor and outdoor spaces, the water line break at the pool, fleet management cost and higher fuel prices for the transit service contract.
- Insurance is higher than budgeted due to the increased replacement costs for City owned properties.
- Mayor and Council expenditures are lower than budget due to less in person meetings and travel.
- Salaries and wages are expected to be lower than budget, mainly due to vacancies.
- Utility costs for electricity is trending to be under budget.
- Minor capital is estimated based on 15% of the 2022 capital budget and will vary based on actuals at year-end.

The City's annual surplus is expected to be \$190,000 over budget. The \$190,000 variance can be attributed to:

Favourable Variances:

- Increased revenues from development recoveries, higher false alarm services, operating grants, property taxes and other income - \$446,000;
- Reduced costs due staff vacancies, lower utility – electricity costs, estimated minor capital costs, and other expenses - \$544,000

Unfavourable Variances

- Decreased revenues due to lower than anticipated land sales, a lower number of parking fines and traffic violations, and lower capital grants related to availability of contractors and supplies - \$700,000.
- Increased costs for contracted services, insurance premiums, and fuel - \$100,000.

Below is a summary of the City's capital projects forecast which is based on the best information available at June 30, 2022. The total budget for projects is \$61,559,886, which includes carryforwards of \$19,447,992 from 2021. Overall, capital spending is expected to be \$16,356,149 under budget. The estimated carry forward is \$16,570,325.

Capital Forecast for Period Ending June 30, 2022

Capital Projects	Actuals to June 30 (000's)	2022 Capital Budget	2022 Forecast (000's)	2022 Variance (000's)	Notes
Accessibility Audit/Implementation	55,425	1,223,999	900,000	323,999	Supply chain delays. Carry forward \$324K to 2023.
Aquatic Centre	4,995,603	26,036,958	26,036,958		Work includes: mobilization to site, blasting and removing of debris, relocation of playground, foundation and steel work.
Arbour Development Study		50,000	50,000		
Art & Culture Master Plan	24,967	50,033	50,033		
Asset Management -Projects	48,561	613,296	400,000	213,296	Delay in P/Y hiring. Lower than expected cost for Road Condition Assessment. Carry forward \$213K to 2023.
Backup Power Liftstation Generator Installation	38,044	201,391	201,391		Awaiting final invoicing. More decking needed around generator shack to access all sides.
Baling Facility- Mechanical Upgrades		7,521	7,521		
Budget Management		24,800	24,800		
CEP Community Outreach		32,468	32,468		
CEP Interior LED Lighting	111,120	334,392	334,392		
CEP Waste Strategic Plan		38,711	38,711		
City Hall Upgrades		175,074	175,074		
Columbarium Park	3,700	150,650	80,000	70,650	Project will be completed in 2022 and will not exceed \$80k. The remaining funds (\$71K) may be needed for the additional costs for the Curling Club upgrade.
Community Energy Plan Projects	29,835		30,000	(30,000)	
CS Land Fund Capital Projects		1,900,000		1,900,000	Project delayed due to lack of available resources. Carry forward \$1.900 million to 2023.
Curling Club Upgrades		150,000	150,000		Project scope being assessed as project costs are expected to higher than originally anticipated. Project may begin in 2022 and continue in 2023.
Design and Construction Standards	34,714		34,714	(34,714)	Project scope increased to include creation of standards for Community Services (Change added \$50K to project). Formula funding will be used to cover the overage.
Development & Building Permit Automation		83,755	83,755		

Capital Projects	Actuals to June 30 (000's)	2022 Capital Budget	2022 Forecast (000's)	2022 Variance (000's)	Notes
Email Management	4,420		4,420	(4,420)	
Emergency Radio Infrastructure Renewal	2,367	19,917	19,917		
FDM Software		18,983	18,983		
Fire Hall Equipment		175,000	175,000		
Fire Hall Expansion/ Renovation	34,125	516,000	516,000		
Fleet Management		2,156,198	2,156,198		
Hydroseeder Solid Waste Facility	44,456		93,805	(93,805)	New expenses for hydroseeder.
Implementation of 50/50 Recommendations		25,000		25,000	
Information Technology Infrastructure Renewal	85,078	401,878	401,878		
Lagoon Control Structure Replacement	22,533	899,070	50,000	849,070	Preliminary estimates. Carry forward \$849K to 2023.
Lagoon Sludge Removal	110,304	3,099,084	800,000	2,299,084	Preliminary estimates. Carry forward \$2.3 million to 2023.
Land Fund Capital Projects		3,556,054	597,000	2,959,054	Planned land fund activities may not be completed prior to year-end. Carry forward \$2.9 million to 2023.
Land Surveying (Commissioners)		600,000	300,000	300,000	The City is waiting for the GNWT to sign the MOU related to the bulk land transfer. Carry forward \$300K to 2023.
Lift Station #1 Replacement		350,000	350,000		
Multiplex Ice Plant Maintenance/Upgrade	230,374	250,192	250,192		
New Landfill/ Landfill Expansion	39,293	322,678	322,678		
Park Equipment Replacement		217,005	217,005		
Patching Program		325,173	325,173		
Paving Block 501	10,321		143,550	(143,550)	Hall Court paving and engineering. Carry forward overall variance of \$524K for the three paving project general ledgers
Paving Program	26,101	3,773,455	183,246	3,590,209	Favourable variance will offset Block 501 \$144K (7615-5-6571) and ICIP paving \$2.921 million (7615-5-6572).
Paving Program – ICIP	231,318		2,921,862	(2,921,862)	50th Street Part 1 deferred to 2023. Materials delay.
PH#4 Water Truckfill Safety Project	183,858	495,007	234,000	261,007	Construction postponed until 2023. Carry forward \$261K to 2023.
Public Transit Review	2,254		19,465	(19,465)	Change of scope for Public Transit Review.
Pumphouse & Liftstation Upgrades		9,754	9,754		

Capital Projects	Actuals to June 30 (000's)	2022 Capital Budget	2022 Forecast (000's)	2022 Variance (000's)	Notes
Recycling Depot Fencing	2,641		2,641	(2,641)	
RIMP Building Structural Assessment		75,000	75,000		
Sewage Force Main Twinning	6,998	990,293		990,293	Construction will be postponed until 2023. Carry forward \$990K to 2023.
Submarine Line Contracted Costs	150,535	3,724,008	500,000	3,224,008	Preliminary estimates. Carry forward \$3.224 million to 2023.
Sustainability Coordinator	62,519	140,000	140,000		
SWMP Implementation		90,421	90,421		
Traffic Lights Video Detection Equipment	66,520	97,798	97,798		
Trail Development		210,000	105,000	105,000	Rotary Range Trail \$105K 2022. Carry forward \$105K to 2023 to complete the project.
Transfer Station & Cell Access Improvement		98,905	98,905		
W&S Federal Funded - PAVING - ICIP		585,000	585,000		
Water & Sewer Infrastructure Replacement	1,322,175	3,853,343	3,853,343		
Water & Sewer Replacement - PAVING		108,908	108,908		
Water Treatment Plant Pellet Boiler	38,380	2,860,500	360,500	2,500,000	Anticipate design and tendering in 2022 with construction in 2023. Carry forward \$2.5 million.
Webcasting		105,505	105,505		
Weigh Out Station At SWF	4,064		4,064	(4,064)	Project may move forward in 2022.
Wetland and GSL Monitoring	6,136	115,000	115,000		Preliminary estimates.
Wireless Infrastructure		74,097	74,097		
YKCA Upgrade - Contracted Costs	127,986	147,612	147,612		
Total Capital	8,156,725	61,559,886	45,203,737	16,356,149	

* Budget Includes 2021 carry forwards of \$16,620,325.

COUNCIL POLICY / RESOLUTION OR GOAL:

Council Goal # 2 Delivering efficient and accountable government.

Council Objective 2.1 Enhance long-term financial and asset management planning.

Council Objective 2.1 Integrate a culture of continuous improvement into corporate culture.

APPLICABLE LEGISLATION, BY-LAWS, STUDIES, PLANS:

1. *Cities, Towns and Villages Act, S.N.W.T. 2003, c.22 (CTV Act)*; and
2. Council Motion #204-19, City of Yellowknife Budget Policy.

ATTACHMENTS:

Appendix A

Prepared: July 15, 2022; LV

Revised: July 19, 2022; LV

Revised: July 20, 2022; LV

Appendix A

Like most municipalities in Canada, the City's budget is cash-based, which means capital expenditures are expensed rather than treated as Tangible Capital Assets ("TCAs"). PSAS requires TCAs to be set-up as an asset rather than expensed in the City's financial statements. Therefore, there will always be a difference in the annual surplus (deficit) recorded in the budget and the annual surplus (deficit) recorded in the financial statements. Below is a reconciliation between the annual surplus (deficit) shown in Budget 2022 and how it is presented in this report.

Table 1: Reconciliation of Annual Surplus (Deficit)

	(in 000's)
Net Revenue (Expenditure) or Annual Surplus (Deficit) per Budget Summary 2022	(25,856)
Deduct:	
Debenture Interest Per Budget	(503)
Minor Capital Expenses	(6,868) Note 1
Add:	
Capital Expenditure	42,187
Carry Forward Projects	3,602
Revised Revenue (Expenditure) or Annual Surplus	12,562

Note 1: A portion of Capital Expenditures will not meet the definition of a TCA and will be expensed. Based on historical trends, minor capital expense budget is estimated to be 15% of the capital expenditures budget.