



CITY OF YELLOWKNIFE

GOVERNANCE AND PRIORITIES COMMITTEE REPORT

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

Report of a meeting held on Monday, July 25, 2022 at 12:05 p.m. in the City Hall Council Chamber. The following Committee members were in attendance:

Chair: Mayor R. Alty,
Councillor N. Konge,
Councillor S. Morgan,
Councillor C. Mufandaedza, and
Councillor S. Smith.

The following members of Administration staff were in attendance:

S. Bassi-Kellett,
C. MacLean,
K. Thistle,
C. White,
G. White,
S. Woodward, and
S. Jovic.

| <u>Item</u> | <u>Description</u> |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------|
| 1. | (For Information Only) Mayor Alty read the Opening Statement. |
| 2. | (For Information Only) There were no disclosures of pecuniary interest. |
| 3. | (For Information Only) Committee accepted for information a memorandum regarding 2022 Second Quarter Forecast and Variance Report. |

Committee noted that 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 to 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 are 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 to 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) | Note |
|-----------------------------------------------|-------------------------------------------|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 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.

Committee noted that Council's policies, resolutions or goals include:

| | |
|-----------------------|-----------------------------------------------------------------------|
| 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. |

Committee noted that applicable legislation, by-laws, studies or plans include:

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.

(For Information Only)

4. Councillor Smith moved,
Councillor Konge seconded,

That Committee move in camera at 12:26 p.m. to discuss a matter still under consideration.

MOTION CARRIED UNANIMOUSLY

(For Information Only)

5. Committee discussed a matter still under consideration.

(For Information Only)

6. Committee recessed at 1:47 p.m. and reconvened at 1:52 p.m.

(For Information Only)

7. Committee continued its discussion regarding a matter still under consideration.

(For Information Only)

8. Councillor Konge moved,
Councillor Mufandaedza seconded,

That Committee return to an open meeting at 2:10 p.m.

MOTION CARRIED UNANIMOUSLY

(For Information Only)

9. There was no business arising from the in camera session.
10. The meeting adjourned at 2:10 p.m.