

# City of Yellowknife Long Term Capital Planning

Governance and Priorities Committee

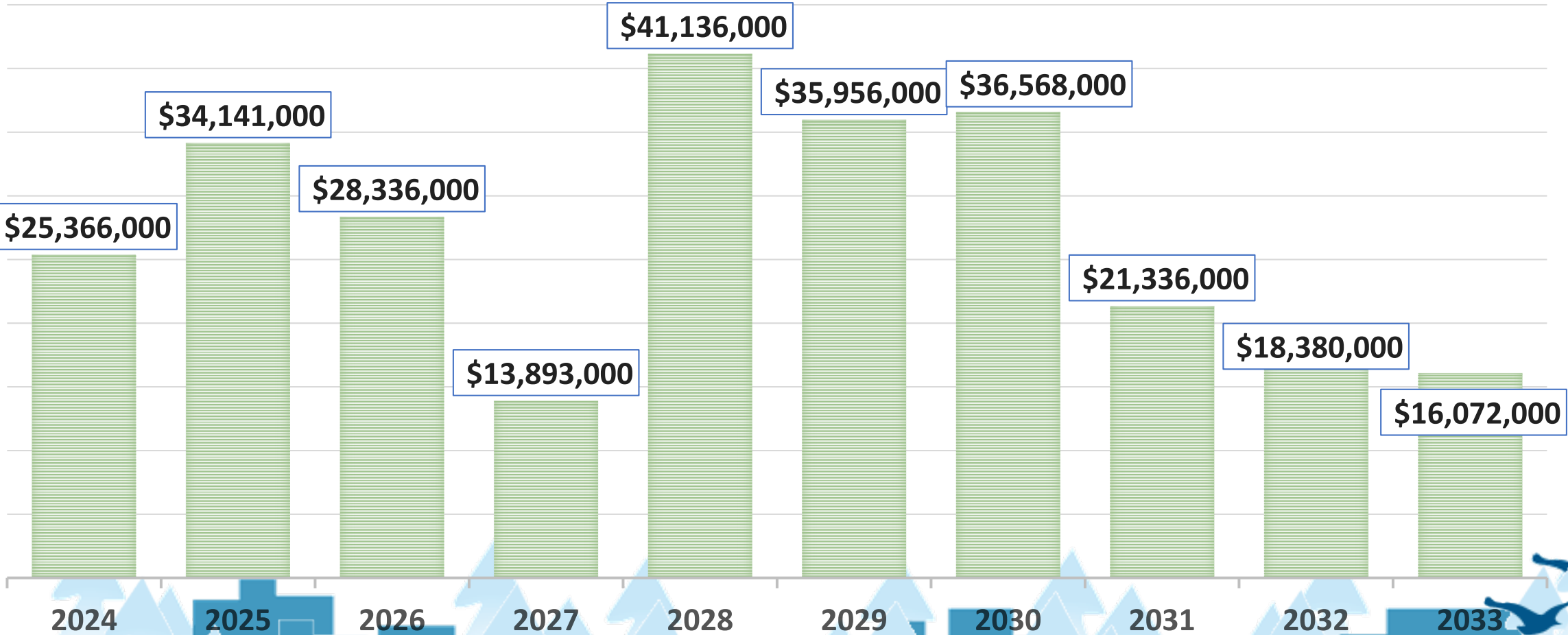
January 22, 2024

# Agenda

- 2024-2033 Capital Plan
- Capital Budget Estimating
- Minor Capital < \$10M
- Major Capital > \$10M
- Asset Management Lens
- Revenue Inducing measures
- Cost Controlling measures
- Moving forward.....

# 2024-2033 Capital Plan

\$271.2M



# Capital Budget Estimating

- Based on stage of project.
- Can vary by large % points.
- Post Covid-19 costs are large.
- Supply chain shortages.
- Labor crunch. (local & national)
- General inflation on all goods.
- High interest rates.

Estimate Class	Primary Characteristic Maturity Level of Project Definition Deliverables Expressed as % of complete definition	Secondary Characteristics		
		End Usage Typical purpose of estimate	Methodology Typical estimating method	Expected Accuracy Range Typical variation in low and high ranges <sup>(1)</sup>
Class 5	0% to 2%	Functional area or concept screening	SF or m <sup>2</sup> factoring, parametric models, judgment, or analogy	Low: -20% to -30% High: +30% to +50%
Class 4	1% to 15%	Schematic design or concept study	Parametric models, assembly driven models	Low: -10% to -20% High: +20% to +30%
Class 3	10% to 40%	Design development, budget authorization, feasibility	Semi-detailed unit costs with assembly level line items	Low: -5% to -15% High: +10% to +20%
Class 2	30% to 75%	Control or bid/tender, semi-detailed	Detailed unit cost with forced detailed take-off	Low: -5% to -10% High: +5% to +15%
Class 1	65% to 100%	Check estimate or pre- bid/tender, change order	Detailed unit cost with detailed take-off	Low: -3% to -5% High: +3% to +10%

(1) The state of construction complexity and availability of applicable reference cost data affect the range markedly. The +/- value represents typical percentage variation of actual cost from the cost estimate after application of contingency (typical at a 50% level of confidence) for given scope.

# Minor Capital (sub \$10M)

1. **Biennial W&S Replacement**
2. **Biennial Paving Program**
3. **Landfill “Cell C” Construction**
4. **Water Licence Compliance  
(15 year licence)**

**We are getting less work done for the same budgets from 10 years ago.**

1. \$5,000,000
  2. \$4,500,000
  3. \$6,120,000
  4. VARIES (greatly on year)
- We are cutting (deferring) essential capital projects to pay for other essential capital projects in an attempt to stretch budgets.**

**Regulatory requirements are increasing and are more budget intensive.**

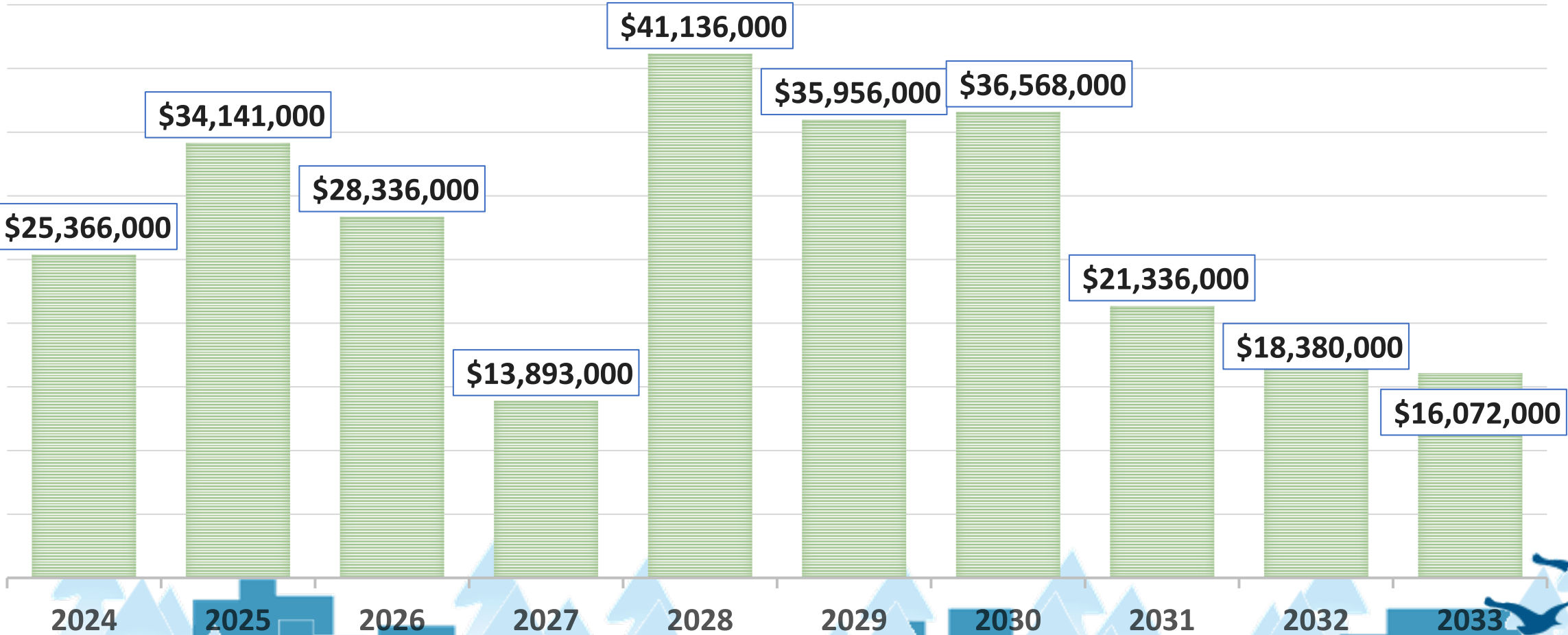


# Major Capital (\$10M +)

PROJECT	YEAR	ORIGINAL COST	REVISED COST	BUDGETED/AVAILABLE FUNDING	FUNDING SHORTFALL
Aquatic Centre	2018	\$71,700,000	\$71,700,000	\$71,700,000	-
Fire Hall Expansion/Reno	2022	\$3,300,000	\$18,800,000	\$7,000,000	\$11,800,000
Submarine Water Line 1	2017	\$34,500,000	\$62,700,000	\$34,400,000	\$28,300,000
Lift Station #1	2022	\$9,000,000	\$16,800,000	\$9,000,000	\$7,800,000
Lagoon Desludging	2019	\$11,700,000	\$11,700,000	\$11,700,000	-
WTP Pellet Boiler	2022	\$2,900,000	\$12,900,000	-	\$12,900,000
<b>TOTAL SHORTFALL</b>					<b>\$60,800,000</b>

# 2024-2033 Capital Plan

\$271.2M



# Asset Management

*An integrated approach to effectively manage assets to deliver services to residents in a sustainable manner (FCM)*

Pressure to use funds efficiently leads to short term decision making in many instances.

Lack of pro-active asset management practices across Canada

Levels of Service adopted by Start of 2025 at the City.

Asset Management Data informing the City's budget by 2026

Need to be more disciplined in setting aside funds for asset maintenance & replacement.

**Assets = Roads & Sidewalks, water & Sewer pipes, recreational facilities, offices & other municipal buildings.**

General Fund to Capital Fund ↑ to \$2M yearly



# Revenue Increasing Measures

Raise Taxes



Raise Fees



Special  
Capital Levy



Higher Costs to  
Residents

Increase Operating Revenues & Inter-Fund Transfer amounts especially to the Capital Fund/Reserves.

Not  
Guaranteed



Competitive

Continue to seek grant funding from the other orders of government.

Likely to have less impact on residents but  
might high cost of borrowing

Rely on external borrowing to supplement taxes, fees & charges

Loan for Aquatic  
Centre: \$10M at  
4.136%, expiring in  
July 2037.

# Cost Controlling Measures

Some projects will remain in the 'carry over' list as funds have been committed for their completion either via contracts or government funding

## Press "Pause"

- Re-Evaluate current projects list and prioritize.
- Carry Forward Amount for this year is \$34.3 million
- Advancing current projects as much as possible instead of adding more of new.
- Reduce Scope of projects.

## 'Release' projects from the 'Carry Over' List

- Funds associated with pending projects that do not have a completion date for various reasons should be re-allocated to other projects and re-budgeted at a future date once there is more clarity. E.g. Force Main Twinning project.

Public-Private Partnerships (PPP) = {Build-Operate-Transfer Model}

# Questions Moving Forward.....

Should the City focus on only minimal municipal services?

More financial involvement from other levels of government on non-municipal mandates

Should the City continue to raise taxes and fees incrementally?

Should the City prioritize only “regulatory” projects?

Communities need more than “regulatory” projects to exist and grow

Should the City budget based on current realities?

Should the City add more resources to complete projects?

Difficult to find staff and does not solve budget overruns

# Thank You

