

D E C E M B E R 3 1 , 2 0 0 5



2005
Annual Report

YELLOWKNIFE LIFE

NORTHWEST TERRITORIES, CANADA



www.yellowknife.ca



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Financial Reporting**

PRESENTED TO

CITY OF YELLOWKNIFE,
NORTHWEST TERRITORIES

for the Fiscal Year Ended
December 31, 2004

Claus E. Pusack
President
Jeffrey L. Cumming
Executive Director

City of Yellowknife Annual Report

For the year ended December 31, 2005

Prepared by the City of Yellowknife,
Department of Corporate Services

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Prince of Wales Northern Heritage Centre, Yellowknife, NT

By Stephen Cumming

Inset photos (L-R): Kate Steadman, John Schnell, Karen Murchie, John Schnell

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Mayor's message

It has been another great year for Yellowknife, and the city continues to boom. A third diamond mine is scheduled to open in 2007 while a fourth mine has entered the regulatory process. The regulatory process for the Mackenzie Valley pipeline is moving toward a projected completion at the end of 2006. We are welcoming many visitors to view the aurora, experience our unbounded wilderness, and, increasingly, to experience our diamond industry. In addition, more people than ever before are coming to Yellowknife for conventions and festivals. There is no end in sight to the opportunities.

One of my goals as Mayor is to strengthen ties between Yellowknife and other centres. In September, I issued a Terry Fox Run challenge to the City of Edmonton. Even though the Edmonton run achieved a higher participation rate than the Yellowknife run, it was a win for us too. Yellowknife became more prominent in Edmonton, and both cities raised more money for the Terry Fox Foundation. I am also pleased to note that Edmonton is appointing an ambassador to Yellowknife, and we look forward to continuing to work with Edmonton to our mutual benefit.

Another highlight in 2005 was the launch of the Rare in Nature diamond campaign to promote Yellowknife as a diamond tourism destination around the world. As a direct result of this campaign, I was pleased to welcome the first diamond tourists to Yellowknife. As we continue to develop tourism infrastructure around the diamond industry, I expect more and more diamond tourists to visit.

In 2005, Aboriginal people throughout Canada came to Yellowknife for the Assembly of First Nations Annual General Assembly in the largest gathering this city has ever hosted. We celebrated the 50th anniversary of Caribou Carnival and Dog Derby, the 25th annual Folk on the Rocks Music Festival and the NWT/Nunavut Chamber of Mines annual Geoscience

Forum enjoyed record attendance. We also went all out to host the Arctic Winter Games International Committee and were successful in our bid to host the 2008 winter games. These are all signs of a city coming of age.

We have all noticed a significant change in weather patterns over the last few years, as part of a general trend of global climate change, widely believed to be the result of emissions released by burning hydrocarbons. To help reduce greenhouse gas emissions, we have been very active in working with our partners to develop the Interim Community Energy Plan for the City of Yellowknife. The plan sets a target to reduce greenhouse gas emissions by 20 per cent over the next 10 years. I look forward to continued co-operation with our partners to implement this plan.

While there were many positive developments in 2005, the city also mourned the tragic deaths of firefighters Lt. Cyril Fye and Kevin Olson who lost their lives in the line of duty in March. These men gave their lives to the service of others. We honour their sacrifice and offer condolences to their families. I would also like to recognize the continued dedication and service of all the members of the Yellowknife Fire Division. Through fire fighting and the many educational and community programs they are involved with, they work hard to keep our city safe for all of us.

Sincerely,



Gordon Van Tighem, Mayor

Our City Council

2004 - 2006: goals and visions

Yellowknife City Council has been working to define our goals for the future. We started with ourselves, making our first goal to create:

1. An open and responsive local government committed to providing excellent public service and evolving to meet the changing needs and priorities of its citizens.

We intend to work with other levels of government and the many groups concerned about our community. We will continue to keep residents informed and seek public input through the City's website, the Citizen Survey, and other effective communication tools.

All Yellowknifers want to live in a healthy, clean community and to protect the things that make this city special. Therefore, our second goal is to create:

2. A safe and caring community focused on public safety, improving the quality of life in Yellowknife, protecting the natural environment and preserving its rich heritage.

This means reviewing and updating the programs, policies and by-laws through which we protect the quality of life in our city. It also means entering into partnerships to identify and preserve heritage sites.

No city can progress without careful planning and we have made a commitment to:

3. A well planned city that promotes responsible and quality urban development.

We have adopted the 2004 General Plan to guide our long term planning, and are reviewing the Zoning By-law.

Similarly, we cannot make the most of our future if we waste time and money, so we want:

4. A financially healthy corporation that prudently manages its resources, and maximizes value in both program and service delivery.

Our staff are among the city's greatest resources, providing responsible and caring service to residents. We plan:

5. To maintain a professional, well-equipped and innovative work force that takes pride in public service and delivers high quality and efficient municipal programs and services.

As a result of these efforts, we will achieve our final goal:

6. To have a diverse and vibrant economy.

We plan to maximize tourism and resource development opportunities, attract new families to the city and diversify the economy so that Yellowknife can prosper on many fronts. Yellowknife is one of the finest places in Canada to live, learn and grow. We commit ourselves to building an even stronger community.

Councillors



Wendy Bisaro



Bob Brooks



Mark Heyck



Blake Lyons



David McCann



Kevin O'Reilly



Doug Witty



Alan Woytuik

Welcome to the Diamond Capital of North America™!

Built on gold mining, and now the centre of the thriving North American diamond industry, Yellowknife is a jewel set in the wilderness of northern Canada. The capital of the Northwest Territories, we are a modern city of nearly 20,000 with all the amenities that you would associate with a city many times our size — daily flights to destinations in northern Canada and throughout the Northwest Territories, friendly people, fine hotels, dining, nightlife, music, shopping, live theatre and more. We have superior recreational programs and facilities and state-of-the-art education and medical facilities. And when you want a change from city life, the wilderness, with all its possibilities, is just a breath away. In 2005, Yellowknife continued to enjoy an economic boom, largely fuelled by the burgeoning diamond industry. Nearly 15 per cent of the world's diamonds are now produced in the Northwest Territories. We are the staging point for two operating diamond mines, a third mine is scheduled to go into production in 2007, and a fourth mine has entered

Birthplace of Canada's diamonds

Diamonds were discovered about 300 km northeast of Yellowknife at Point Lake, NWT in 1991. The discovery started the largest staking rush in Canadian history. Canada's first diamond mine opened in 1998 at Lac de Gras, NWT.

The NWT's focus goes beyond diamond mining operations. The Government of the Northwest Territories, Department of Education, Culture and Employment developed the world's first-ever occupational standards for a variety of trades within the diamond cutting and polishing industry.

the regulatory process. The success of the mining industry has created a secondary diamond industry which includes diamond cutting and polishing plants and diamond supply businesses.

The lure of diamonds is felt around the world, as an increasing amount of diamond jewellery and diamond-related activities, are drawing visitors to Yellowknife. Yellowknife has long been known as a centre for aurora viewers and a starting point for wilderness adventures but, as a result of diamond tourism marketing and promotions, it is also becoming a destination for diamond tourists.

While diamonds represent Yellowknife's economic present and future, the atmosphere of our gold mining past still lingers in the city. The city was founded as a gold mining town in the 1930s, and gold mines operated within the city limits until 2004. And, as high gold prices fuel continued gold exploration in the region, the gold mining era is not necessarily over.

In addition to mining and tourism, our economy is rounded out by government and oil and gas exploration. As the capital of the Northwest Territories, Yellowknife is home to most of the territorial

government infrastructure, and is also a regional federal government centre. We are benefiting from oil and gas development associated with the proposed Mackenzie Valley natural gas pipeline which, although centred in other parts of the Northwest Territories, is providing a stimulus to the Yellowknife economy. All this prosperity means jobs, jobs and more jobs, so that we enjoy one of the lowest unemployment rates in Canada.

Yellowknife is one of the best places in Canada to live! We like it here. We expect everybody will.

View from Yellowknife Bay



Gary Mound

Yellowknife gets 2008 Arctic Winter Games

Yellowknife will host the 20th Arctic Winter Games in 2008, the Arctic Winter Games International Committee (AWGIC) announced in April, 2005, only weeks after they visited the city to tour the facilities.

"The community went all out to organize this bid for the Arctic Winter Games," says Grant White, Director of Community Services. "A huge effort was put forth that involved many facets of the community including business, government and other organizations."

The bid was submitted in 2004 and followed up in 2005 by full red-carpet treatment for the AWGIC when they visited Yellowknife. The committee was greeted by a band and enthusiastic athletes when they arrived at

the airport. They toured the city in two white limousines, and were feted at a huge reception at the Multiplex which included a jazz band, a choir, arts and crafts displays and athletic demonstrations.

"We have all the facilities to host this event, particularly with the completion of the Multiplex," says White. "An important concern was the care and comfort of the athletes, and that's one of the things we focused on in our bid."

The games will bring thousands of athletes from across the circumpolar world to Yellowknife. In 1998, the last time Yellowknife hosted the games, the Yellowknife economy got a \$2.5 million economic boost.



City's Top Pix



Houseboat in Yellowknife Bay

Some 60 local photographers submitted 300 photos to the City's first Top Pix photo contest. Stephen Cumming won the grand prize of a Canadian diamond worth about \$2,000 and his winning picture is on this annual report's cover.

Other photographers whose pictures made the top 10 were: Dave Prichard, Kate Steadman, Gaye Horn, Fran Hurcomb, Bryan Swansburg, Rhonda Kennedy and John Schnell. The photographs were displayed at City Hall and will be used in City publications and promotional materials.



Jiri Hermann

Yellowknife diamonds are *Rare in Nature*

The *Rare in Nature* diamond awareness campaign is a major step toward promoting Yellowknife worldwide as the Diamond Capital of North America™, says Director of Economic Development, Peter Neugebauer.

A partnership among the Government of the Northwest Territories, the City and businesses, *Rare in Nature* was launched in October 2005, during L'Oréal Fashion Week in Toronto.

The campaign promotes luxury diamond travel opportunities to Yellowknife, the first couture diamond jewellery collection made from Northwest Territories-certified diamonds, training opportunities in Yellowknife's diamond cutting and polishing plants, and much more. The *Rare in Nature* website provides

information about the Northwest Territories diamond industry, travel and learning opportunities.

"Our vision, as the Diamond Capital of North America™, is to give visitors the opportunity to see, touch, learn about and buy Canadian diamonds, in addition to experiencing other great Yellowknife attractions such as the beautiful aurora, and the wilderness on our doorstep," says Neugebauer. "The *Rare in Nature* campaign will help us realize that vision."

A Thriving City

Yellowknife continued to grow in 2005 as a four-year trend toward steady construction values held fast.

In 2005, just over \$47 million of new construction was undertaken in the city. A total of 539 building permits were issued in 2005, 383 of those for residential construction and 156 for commercial construction. Add that to 1,307 business licences that were issued in 2005, and you've got a thriving city!

Major construction projects in 2005 included:

- Completion of the Greenstone Federal Building on Franklin Avenue.
- Extensive expansions to the Yellowknife Airport.
- Major renovations to Mildred Hall School.
- Expansion to the Kimberlite Career and Technical Centre.
- Continued development of Phase 6 of Niven Lake.
- Reconstruction of Old Airport Road.

Niven Lake subdivision



Stephen Cumming



Downtown Yellowknife

Planning for future growth

As Yellowknife grows, City planning becomes increasingly important. "It is one of the City's goals to have a well-developed and well-planned city," notes Monte Christensen, Manager of Planning and Lands.

To meet that goal, the City adopted a new general plan early in 2005, and prepared a Residential Growth Study later in the year. The City also laid the groundwork for an application to the Government of the NWT for additional land to accommodate expansion. The application was approved in early 2006.

Planning is a careful exercise in analysis and projection, says Christensen. First you have to determine the need for infrastructure for the foreseeable future. This involves analysing the economic potential in the City and projecting population growth. These projections are then related to current infrastructure to see where and when expansion is needed.

Once the infrastructure needs are established, it's time to look at the physical land which could potentially host further development. "The cost of developing infrastructure varies, depending on the distance from existing services and the

type of land. All these factors need to be considered," Christensen explains. "We also want to preserve environmentally-sensitive areas, maintain areas of natural beauty and ensure access to public areas such as the waterfront."

Once a draft plan is developed, it is released to the public for feedback — one of the most important parts of the planning process. Public concern can steer the planning process in a completely new direction, Christensen notes. "It is everybody's city," he says. "We take public direction on where and when to develop."



Planning fact

According to current projections, the City's population will increase by 2,073 by 2009. This means there will be a demand for 740 new dwellings. By 2019, the population is expected to increase by 5,678 and a total of 2,028 new dwellings will be needed.



Old Town & Latham Island

Cold weather testing centre in Yellowknife?

The City is investigating the possibility of setting up a Cold Weather Testing Centre in Yellowknife in an effort to diversify the economy.

"We have a robust economy and that requires a new economic development strategy. Instead of trying to create prosperity, we are now working to maintain it," says Director of Economic Development, Peter Neugebauer. "In our resource-based economy, that means diversification. We want to get away from boom and bust cycles."

A Cold Weather Testing Centre was one of the opportunities identified in a 2005 report titled New Paradigm for Economic Growth that identifies economic growth opportunities for Yellowknife. The report was completed with funds from the federal government's Canada's Community Investment Support Program. The report also identified geothermal energy development and diamond value-added opportunities as building blocks for economic diversification.

While various companies already use Yellowknife to test their products in cold weather, this could be increased if the City develops and markets a network of services to potential cold weather testing clients, notes the report. "A lot of the requirements are here already," says Neugebauer. "We have state-of-the-art communications infrastructure, extreme conditions and accessibility. Now we have to build on that."

The City also secured funding from the Government of the Northwest Territories to take out a territorial membership in the Northwest Corridor Development Corporation (NCDC). The Corporation, which includes members from the Northwest Territories, Yukon, British Columbia, Alberta and Alaska, focuses on northern transportation issues and economic development opportunities, allowing its partners to connect to markets in Asia, Europe, North and South America and Africa.

"Other cities represented in this group have also been impacted by resource development," explains Neugebauer. "Networking with communities that face the same challenges as we do will expand our grasp of the issues."



Heritage award winners

The 2005 Heritage Award was jointly presented to Mike Piro (posthumously) and Roger Zarudzki.

Mike Piro was instrumental in the formation of SPIRITYK, a group dedicated to keeping the spirit of the early days of Yellowknife alive. He was

a collector of items of significance to the history of Yellowknife, and a contributor to the mining equipment display at the Yellowknife Airport. Roger Zarudzki partnered with Mike Piro on the reclamation of many significant historical items.

The Heritage Award is presented annually to any individual or organization that has made or continues to make significant contributions to the promotion and/or preservation of Yellowknife heritage.

“Easy on the eyes” at the library

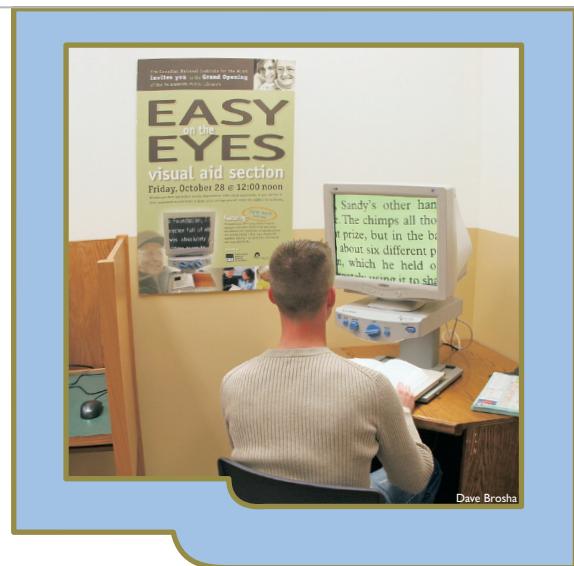
The Easy on the Eyes Low Vision Centre set up at the Yellowknife Public Library in 2005 allows the visually impaired to read and surf the Internet more easily.

The centre is the result of a partnership between the library and the Canadian National Institute for the Blind (CNIB). The CNIB donated a large-print computer, a magnifier that allows people to read books in magnified print on a screen and about 200 large-print books. The library provided space, shelving and had the area painted.

“This will provide equal opportunity for people who are visually impaired,” says

Library Manager, Deborah Bruser. “It is a real boon for people in Yellowknife, as well as those in other parts of the NWT who will be able to borrow the large-print books through the inter-library loan system.”

In 2005, the library also partnered with Aurora College and the NWT Library Association to bring renowned Canadian journalist and author Gwynne Dyer to Yellowknife. “We all donated funding and Mr. Dyer gave a public presentation that was very well attended. It was a wonderful evening,” says Bruser.



Recreation programs keep getting better

In Yellowknife, you never have to worry about finding something to do. Every year the City offers a huge variety of recreational programs for people of all ages. They range from astronomy, to arts and crafts, to yoga, to swimming — and everything in between.

One of the popular new programs in 2005 was Yumana Body Rolling (YBR). Originally created to help empower people to take care of their bodies, YBR uses different size balls to help stretch and strengthen muscles and realign body parts. “This is a program that’s really taken off in the last little while,” says City Program Manager, Brian Kelln. “All the attendance quotas have been filled for the body rolling programs.”

Another new venture in 2005 was the introduction of the Red Cross Swim Program for preschoolers. This program which prepares young children for the Red Cross Kids Program has seven levels with flexible entry and exit points. Children get stickers with fun, colourful mascots and their progress is recorded in booklets specifically created for preschoolers. “This is a nationally recognized program that allows for mobility,” notes Kelln.

In 2005, the City sponsored a total of 710 programs. Of these, 520 were aquatic programs.

