



2007

ANNUAL REPORT

December 31, 2007

yellowknife Life

northwest territories



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

PRESENTED TO

City of Yellowknife
Northwest Territories

for the Fiscal Year Ended
December 31, 2006



Richard S. Orr
President
Jeffrey A. Lowe
President/Chairman



City of Yellowknife Annual Report

For the year ended December 31, 2007

Prepared by the City of Yellowknife, Department of Corporate Services

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mayor Gord van Tighem

Highlights of 2007

Forty years ago, Yellowknife was designated the capital of the Northwest Territories, setting off our transition from a small mining town, to a mining/government centre, to the Diamond Capital of North America™ with a population of close to 20,000. This proud evolution was on my mind as I celebrated Yellowknife's 40th anniversary with a community barbecue in June 17, 2007. After two and a half terms as mayor, I am honoured to continue to serve the people of such a vibrant city.

The 40th anniversary year was a great year for Yellowknife. The same day as our 40th anniversary barbecue, we catapulted onto the international stage with the debut of the documentary-based reality series *Ice Road Truckers* on the History channel. It's brought us lots of attention, and made stars of some Yellowknifers! Also in 2007, non-stop seasonal air service began between Yellowknife and Vancouver. The Midnight Sun Float Plane Fly In exceeded all expectations. The HMCS Yellowknife came out of dry dock after upgrades, and we returned the flag and bell to the ship. And many dignitaries, including Prime Minister Stephen Harper and Leader of the Opposition Stéphane Dion, came to visit.

I am particularly proud of the work that was done in 2007 to make Yellowknife a sustainable city. We laid the groundwork for switching to a wood pellet-fired boiler to heat the Yellowknife Arena, Curling Club and Ruth Inch Memorial Pool, a move that will help us exceed the target set by our Community Energy Plan, of a 20 per cent reduction in greenhouse gas emissions by 2014. We set up a study of the geothermal potential of the defunct Con Mine, and are now working with a world-class team of experts in geothermal technology to find out just what the possibilities are. We have also embarked on a Smart Growth Strategy to plan for the long-term growth of the city using the principles of compact development, a good quality of life, economic revitalization, integrated land uses and environmental protection. It is initiatives like these that have lead *Corporate Knights* magazine to name Yellowknife the most sustainable small city in Canada.

Forty years into our history as the capital of the Northwest Territories, we have come of age. We are a safe, livable and sustainable city, and we are striding with confidence toward the future!



A handwritten signature in black ink, reading "Gord van Tighem".



Yellowknife: Celebrating 40 years

Forty years ago, Yellowknife was designated the capital city of the Northwest Territories. On September 18, 1967, the first planeload of territorial government civil servants landed. By Christmas of that year, Yellowknife's first office tower, the four-storey Cunningham Building (now NWT Commerce Place) opened, and the small mining town of 4,000 had changed forever.

In 1970, we became the NWT's first city. Throughout the 1970s and '80s, more office towers went up, and more subdivisions were constructed as we evolved into a government and mining centre. In the '90s, diamond mining developed, just as the gold mines were closing down, and we didn't skip a beat.

Today we are a modern city of nearly 20,000, with the wilderness on our doorstep and all the

amenities you could want. We have daily flights to destinations in southern Canada and throughout the Northwest Territories, friendly people, interesting neighbourhoods, fine hotels, dining, nightlife, music, shopping, live theatre, great recreational programs and facilities and state-of-the-art education and medical facilities.

Known as the Diamond Capital of North America™, Yellowknife enjoys a thriving economy. Yellowknife is the staging point for three diamond mines located on the tundra about 260 kilometres northeast of the city. A fourth potential NWT diamond mine is in the regulatory process. A secondary diamond industry, including diamond cutting/polishing plants and diamond supply businesses, has developed along with the growth



City of Yellowknife stats

- Population: 18,700
- Average Family Income (2005): \$117,023
- Unemployment rate (2006): 2.2 per cent

Yellowknife amenities

- 11 schools
- Aurora College with affiliations to Canadian colleges and universities
- State-of-the-art hospital and medical services
- Two arenas (including a twin pad arena)
- Curling rink
- Indoor swimming pool
- Public transportation
- Bowling alley
- Pool hall
- Movie theatres
- Live theatre at the Northern Arts and Cultural Centre
- A lively local arts and music scene
- Top-notch telecommunications
- Fitness centres
- Walking trails and parks
- A vibrant sports and volunteer community
- Seniors activity centre

as the NWT capital

of the diamond mines and has increased Yellowknife prosperity. The influence of the diamond industry is everywhere, in diamond jewellery sold in the stores, and in the diamond-related activities that are becoming available to visitors.

The city is also a government/transportation centre, a centre for Aurora viewers, a jumping off point for wilderness adventures, and a centre for Aboriginal arts and crafts. We stand to benefit from the proposed Mackenzie Valley natural gas pipeline which is currently undergoing regulatory review. This prosperity means jobs and more jobs, so that we continue to enjoy one of the lowest unemployment rates in Canada.

We've come a long way in the last 40 years!

our city council



Bob Brooks



Mark Heyck



Shelagh Montgomery



Kevin Kennedy



Lydia Bardak



David Wind



David McCann



Paul Falvo

Mission Statement

The elected Council of the City of Yellowknife will provide leadership, vision and direction in determining the needs and aspirations of the community. To meet these needs and aspirations, Council will strive to continually improve and provide municipal programs and services of high quality and value at the most effective cost.

goals & objectives 2007 to 2009

Goal 1

An open, transparent, responsive community government engaged in meaningful dialogue with citizens.

OBJECTIVES

- Engage the public in municipal decision making.
- Regularly communicate with residents using a variety of media and venues.
- Conduct business in a transparent manner while respecting public interest and protection of privacy.
- Work co-operatively with other orders of public government and Aboriginal governments.
- Encourage the GNWT to update and maintain legislation that relates to the needs of the City.

Goal 2

A sustainable, more self sufficient community.

OBJECTIVES

- Work responsibly toward economic, social and environmental sustainability.
- Monitor and plan for mitigating and adapting to the effects of climate change.
- Responsibly manage and reduce waste.
- Proactively address current and long-term land needs.
- Encourage diversification of our economy.
- Promote affordable housing options.

Goal 3

A financially healthy corporation that prudently manages its resources to increase efficiency, effectiveness and productivity.

OBJECTIVES

- Provide cost effective programs and services.
- Support and actively encourage employee innovation.
- Maintain and enhance a professional, well-equipped workforce that takes pride in public service.

Goal 4

Infrastructure, services and facilities that meet the needs of residents.

OBJECTIVES

- Prioritize and strive to meet the recreation needs of the City.
- Proactively manage the infrastructure gap in Yellowknife.
- Improve transportation infrastructure and services, including public transit.

Goal 5

A safe, healthy and inclusive community.

OBJECTIVES

- Become a more inclusive community.
- Promote community well-being.
- Become a safer community.

Goal 6

A safe, healthy and inclusive workplace.

OBJECTIVES

- Become a more inclusive organization.
- Promote employee well-being.
- Become a safer workplace.



Bailey House moves ahead

In March 2008, City Homelessness Coordinator Dayle Handy's office in the basement of City Hall was filled with quilts donated for use in Bailey House, scheduled for opening later on in the spring. "Construction is in the final stages," she said. "The floors and cupboards are in, the shelves and the toilets have been installed. The painting is being done."

The new transitional house for men has been rising steadily on the corner of Franklin Avenue and 44th Street ever since the sod-turning in June, 2006. The facility has 32 rooms – 16 bachelor suites and 16 single rooms with baths – to house adult men who are trying to change their lives by making productive choices.

Bailey House will be staffed on a 24-hour, seven-day-a-week basis and will offer long-term support programs to help men get established and move on with their lives. There are specific admission criteria, one of which is that clients must be clean and sober. "It will help them create and maintain healthy living habits," said Dayle.

"The project and the partnership model that was used to construct it have attracted national prominence."

– Dayle Handy

Named after Reverend Gordon and Ruth Bailey who looked after Yellowknife's less-fortunate for many years, Bailey House was constructed through a management partnership with Diavik Diamond Mines. Support for the facility came from the City, the federal and territorial governments, the Bailey House Fundraising Committee and others. The centre will be managed and operated by the Yellowknife Branch of the Salvation Army.

The project and the partnership model that was used to construct it have attracted national prominence, said Dayle. Now that it's almost complete, the Yellowknife Homelessness Coalition is looking at the idea of a similar centre for women.

Firehall Praises new sign

A new public information sign at the Yellowknife Firehall is not only more effective, but less work for the Fire Division.

The electronic sign which went up in May, 2007, replaces the previous black letter information sign.

"This is so much easier," says Deputy Fire Chief Darcy Hernblad. "Before when we wanted to change the message, we had to go out and manually change the letters. Now we can just key new messages into a computer."

The Fire Division takes its public information function seriously, and had long wanted a better sign, but it was too expensive. That was before BHP Billiton came to the rescue by donating \$25,000 for the new sign.



Cody Peterson

"With the new sign our fire prevention messages are getting out quicker and much better than before," says Darcy. "We believe in sharing too and are putting up public safety messages for our working partners, the Municipal Enforcement Division and the RCMP."



Steve Gunning

By-law officers get onboard cameras

Onboard cameras, installed in City patrol vehicles in 2007, give by-law officers another set of eyes, says the City's Manager of Municipal Enforcement Doug Gillard.

The video cameras can record activities both inside and outside patrol cars, and save them on a hard drive for a period of time, allowing officers to save useful footage on a DVD when necessary.

One of the uses of the system is to provide hard evidence of details that may have been missed or incorrectly observed at the time of an infraction.

It also serves as a safety feature, both for the members of the public and the officers. "Both the officers and the people they deal with know they're being recorded," notes Doug. "It provides another set of eyes. It's one of the most useful tools we have out there."

IS GEOTHERMAL ENERGY THE FUTURE?

Deep in the bowels of the now-defunct Con Mine is geothermal energy (heat within the earth) that may one day be pumped up to the surface to heat buildings in Yellowknife. This kind of energy has the potential to reduce the city's dependency on fossil fuel, reduce greenhouse gas emissions and save on energy costs.



While the possibilities are great, no one knows at this point whether this is actually viable or not. City Energy Coordinator Mark Henry hopes a \$300,000 feasibility study (funded in part by the federal and territorial governments) will answer that question.

"Geothermal energy has great potential. We know there is a substantial resource down there," he says. The first phase of the study is to define the resource. Then it will look at the technicalities and the economics of the project. Depending on the results of the study, a pilot project may be set up, although Mark notes this step is at least five years away.

The heat in the mine comes from the core of the earth and is stored in the water that is

slowly filling the mine. To utilize the heat, the water would be pumped up to the surface where the heat would be removed by a heat exchanger, and the water would flow back into the mine – and this would have to be done in a way so that the resource remains sustainable.

The study will measure the project against the three pillars of sustainability:

- Environmental: Does the project reduce greenhouse gas emissions?
- Costs: Are there cost savings?
- Sustainable community: Does the project enhance the sustainability of the community by reducing dependence on imports?

underbelly ploughs improve snow removal

For the second winter in a row, Yellowknife has had a record amount of snow – 166 per cent of the normal snowfall was on the ground by late February, 2008 – and this presents a challenge for the Public Works crews who do the winter road maintenance.

Fortunately, the City now has two new units that have made winter road maintenance more efficient. In addition to the regular graders and loaders, the City now has underbelly ploughs, attached to sander trucks.

"The plough fits under the truck and allows us to sand and gravel the roads at the same time as we plough them," notes Works Superintendent Dennis Althouse. "They allow us to cover the whole city within five days after a storm, instead of the seven to eight days it used to take. The new trucks save us time, manpower and money."

The new trucks are also safer for the operators, says Dennis. They are steered by joysticks and allow the operator to sit down, unlike the old



units where the operator had to stand up. "This is safer because you are less likely to hit your head when you go over a bump, and the operator is less fatigued on a long shift," says Dennis.

After a snowfall, grader/truck operators start at 11 p.m. to push the snow into windrows down the middle of the road. The dump trucks and loaders follow at 3 a.m. to take the snow to dumping areas.

Record Snowfall

Snow on the ground on February 23

2008	63 cm
2007	42 cm
2006	33 cm
2005	49 cm
2004	44 cm

Smart operators

Grader operators have a map of all the City's manholes in their heads. They know which manhole covers are flush with the pavement, and which ones have been raised by frost, and they share this information with each other at coffee break.

"This is important information because a manhole cover that's raised even slightly can stop a grader," explains Works Superintendent Dennis Althouse.



KEEPING UP WITH AN EXPANDING CITY

New booster station and expanded reservoir

As Yellowknife continues to grow, the demand on the city's water system increases. To cope with the increased demand, the City is expanding its main reservoir and building a second booster station.

The \$1.8 million booster station is needed to ensure that optimum water pressure can be maintained throughout the city, particularly once Phase VII of the Niven Lake residential development is completed, explains the City's Public Works Manager Dennis Kefalas. "This will add to the one booster station we already have. It will have a couple of pumps and increase water pressure."

The \$3.4 million reservoir project is an expansion of the City's main reservoir on Yellowknife Bay, near Pumphouse No. 1, which pumps and treats all the water for the city. "The expansion is to increase the capacity of treated water," says Dennis. "We now have 6 million litres of treated water in the main reservoir, and the demand is about 7 million litres a day."

Water is also stored in two other reservoirs in the city, but it all comes through the main reservoir and water treatment facility.

Construction on both the expanded reservoir and the new booster station started in November, 2007 and is expected to be completed in the summer of 2008.

City fleet keeps workers on the go

To ensure that all the work gets done as efficiently as possible, the City maintains a fleet of 155 vehicles, which in 2007 was valued at about \$14 million. Vehicles range from light vehicles used by the City staff, to heavy equipment used for road maintenance, to fire trucks and rescue vehicles.

A recent study found that half of the current fleet had passed its economically useful life, and for the last three years the City has been in the process of slowly replacing the older vehicles. This resulted in a substantial reduction in repair and fuel costs in 2007.

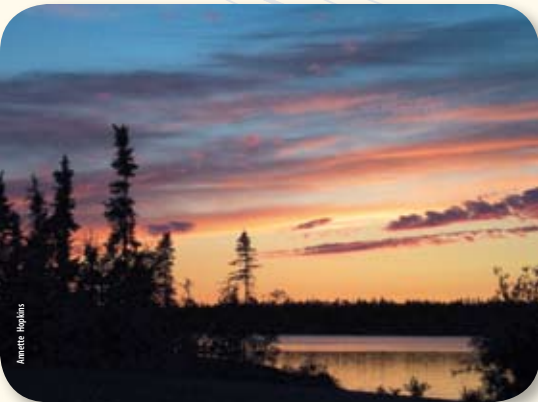


User pay BOOSTS RECYCLING

The City continues to enjoy success with its user pay program at the Solid Waste Facility, as more and more people choose to recycle.

The user pay system, implemented in 2006, sets fees for drop-offs at the Solid Waste Facility, and for garbage pickup over a three-bag limit.

“What user pay did was limit the amount of garbage people left at the curb,” says Director



of Public Works Greg Kehoe. “It made people think about what they put into the garbage and where it goes. The next logical step is to recycle, and that’s what people are doing.”

Greg is encouraged that recycling has increased not only among Yellowknife residents, but that businesses are also recycling more materials such as cardboard.

There are six recycling locations around the City, and Greg says they need unloading more and more often as time goes by.

WASTE IN SOLID WASTE FACILITY

Reduction in the amount of waste in the Solid Waste Facility as the result of recycling:

2004:	2.8 per cent
2007:	13.4 per cent

Recycling Locations

- City Solid Waste Facility
- Pool/arena parking lot
- Corner of School Draw Ave. and Franklin Ave.
- Co-op parking lot
- 52nd Avenue
- Beside Olexin Park on 52nd St and 54th Ave.

WOOD PELLETS HELP MEET COMMUNITY ENERGY PLAN GOALS

Plans to convert the heating system of the Yellowknife Arena, Curling Club and Ruth Inch Memorial Pool from oil to wood pellets will put the City just a hair’s breadth short of its goal to reduce greenhouse gas emissions by 20 per cent by 2014, only it will happen in 2008.

The new wood pellet-fired district heating system that will heat all three facilities from its own building behind the arena is expected to be put into place in summer, 2008.

“This is interesting and innovative,” says the City’s Energy Coordinator Mark Henry. “Wood pellet heating is carbon-neutral and we will be replacing 90 per cent of the carbon emissions that those facilities use now.”

The new system represents a \$530,000 capital investment (largely funded through federal and territorial government programs) with a six-year payback. “At 95 cents a litre, oil costs to heat those facilities are \$280,000 a year,” says Mark. “That cost will be reduced to \$150,000 a year for wood pellets.”

The Community Energy Plan, adopted by the City in 2006, recommends wood pellet boilers as sustainable sources of energy. The plan goes on to say that conversion to wood pellet boilers by the City will also encourage private conversion to pellets by supporting a local wood pellet supply industry. “Some of the private sector is already doing this,” says Mark. “It will become more and more viable with each boiler that comes in.”

OVERVIEW

The citizen survey is a tool used by City Council to determine how well the City is meeting the needs of its residents. It is also used to help guide the City as it makes decisions regarding planning, budgeting and issues management. The citizen survey has been conducted on an annual basis since 2001. This year it took place between March 27th and April 8th, 2008, and was conducted by Ipsos Reid.

The main objectives of this year's research were:

- Assess residents' perceptions towards quality of life;
- Determine issues in need of attention from local leaders;
- Assess importance of, satisfaction with, and usage of select City services;
- Measure residents' perceived value for taxes and;
- Measure the level of support for changes to the City's sidewalk snow removal bylaw

A total of 800 telephone interviews were conducted with a randomly selected representative sample of Yellowknife residents aged 16 years or older. The final data was weighted to ensure that the age and gender distribution reflects that of the actual population in Yellowknife according to the 2006 Census data. Overall results are accurate to within ± 3.5 percentage points, 19 times out of 20. The complete report on the survey is available on the City's website www.yellowknife.ca and at City Hall reception.

value for taxes

Perceptions of the City's value for taxes are favourable, with the majority (72%) of citizens saying they receive good value for their tax dollars. Further analysis of the data shows that value is predominantly deemed as being "good" (64%) rather than "very good" (8%).

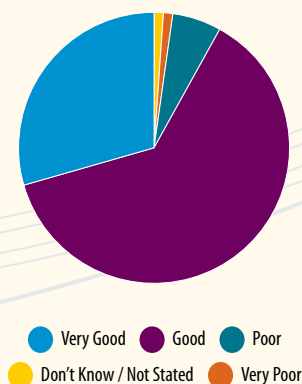
strong support for downtown cleanup

To clean up the downtown, citizens would like to see more garbage cans and recycling bins as well as stricter enforcement of littering offences. Assessments of its provision of a well-maintained and clean downtown area are one notable exception to the City's overall positive performance.

QUALITY OF LIFE

Citizens are united in their positive outlook for the quality of life in Yellowknife.

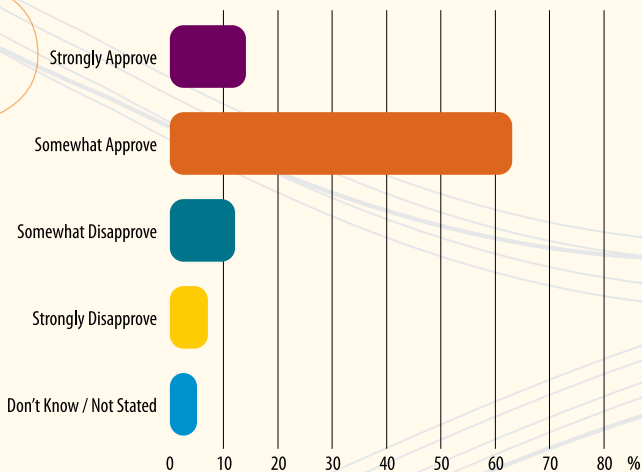
Overall, the residents are delighted with the quality of life they experience in their community, with fully 93% rating the quality of life in Yellowknife positively. More specifically, 30% of citizens rate the quality of life in Yellowknife as "very good" and another 63% regard it as "good".



Yellowknife residents' overall perceptions of quality of life are slightly below other surveyed Canadian municipalities (96% "very good"/"good" Canada norm). However, the intensity of ratings is lower in Yellowknife (41% "very good" Canada norm).

CITIZEN SURVEY

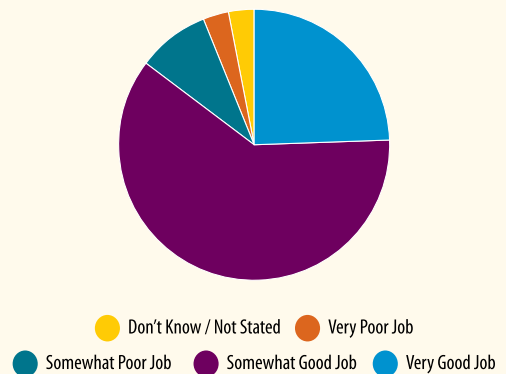
most residents approve of council's performance to-date



More than three-quarters (77%) of citizens approve of Council's overall performance this year, with 14% saying they "strongly approve" and 63% saying they "somewhat approve". Yellowknife residents report a higher approval rating than those living elsewhere, with only 71% of those living in other Canadian municipalities saying they approve of their Council's performance (12% "strongly approve").

City Staff Receive Favourable Performance Ratings Overall

Perceptions of City staff are favourable, with nearly nine-in-ten (86%) citizens saying staff are doing a "very" (25%) or "somewhat" (62%) good job overall. Yellowknife residents' perceptions of staff performance are on par with other Canadian municipalities, both overall (87% "very/somewhat good job" Canada norm) and in intensity (24% "very good job"). However, views have declined since 2007, when 91% of citizens reported a favourable impression of City staff (down 5 points this year).



Fact File

Nearly two-thirds (65%) of citizens would support the City changing its sidewalk snow clearing bylaw so that all Yellowknife residents and businesses are responsible for clearing the snow from the sidewalks in front of their home or business. The intensity of support is also high, with 40% saying they would "strongly support" the City making this change.

All survey information is tabulated using: Base: All respondents (n=800)

Water Watcher Cards HELP KEEP KIDS SAFE

The Ruth Inch Memorial Pool introduced Water Watcher Cards, a new program to ensure there is always adult supervision when kids are swimming, during Water Safety Week in 2007.



A Water Watcher Card is meant to be passed between people to ensure that there will always be a Designated Watcher of children. If you hold the card, you agree to stop all other activities, such as reading or having a conversation, and keep your eyes focused on the children in and around the water. When you want a break, you pass the card to somebody else, explains Pool Supervisor Johanna Elliott.

Part of the program is teaching the children to be alert swimmers, adds Johanna. "We teach the kids how to tell if an adult's attention is wandering, and if they notice the adult is not paying attention, to get out of the water."

Water Safety Week takes place in early June each year, and features different themes and activities to stress the importance of water safety.

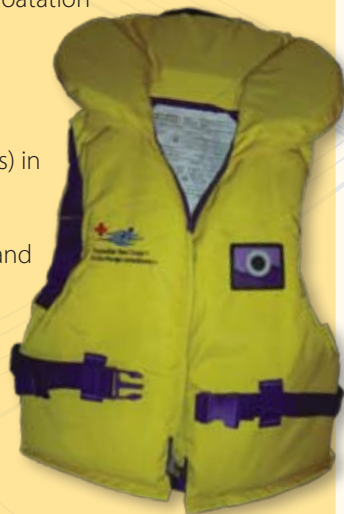
NEW PFDs HELP WITH WATER SAFETY

Water safety is a huge priority at the Ruth Inch Memorial Pool, and a donation by Paddlers for Parts of personal flotation devices for children has made a difference.

Paddlers for Parts, a local non-profit group that promotes organ and tissue donation, donated 30 personal flotation devices (PFDs) in a presentation in June, 2007.

The PFDs are being used to teach boating and water safety programs.

The group has long supported the City's Water Safety Programs by sponsoring free swims and kayaking opportunities. In return, they ask that people fill out organ donor cards. Paddlers for Parts also participates in the Adopt-A-Street Program, Community Clean-up Week and Water Safety Week.



New parks equipment means more FUN!



Both big kids and small kids are having more fun at the Latham Island Park after new slides, swings and climbing apparatus were installed in 2007.

The refurbishing of the park is part of an ongoing city program to upgrade playgrounds, says City Director of Community

Services Grant White. "We have 15 playgrounds in the city, each of which has a lifespan of 15 to 20 years. Starting in 2001, we've been upgrading one playground a year."

As with other playgrounds, the upgrade to the Latham Island Park started with a tailgate meeting where City Facilities Manager Andrew Morton met with interested people in the neighbourhood over the tailgate of his truck to discuss proposed changes. "There's a lot of interest in this, and we listen carefully to what people want in their playgrounds and then respond to the concerns," says Grant.

The Latham Island Park upgrades cost \$120,000. School Draw Park is on the list for upgrades in 2008.



Ringin' in 2008 **WITH A BANG**

The verdict was unanimous: the fireworks the City put on to say goodbye to 2007 and ring in 2008 were fantastic!

This year, the City spent \$20,000 on a new type of colourful Chinese fireworks to light up the skies above Yellowknife for 20 minutes on December 31, 2007.

The pyrotechnical team, led by Kate Dooley, began preparations for the show well in advance,

laying out wires and sand on Frame Lake so that the show was safe and synchronized.

"I was amazed by how much work it was, but Kate coordinated it all and did a great job," said Brian Kelln, Manager of the Programs Division for the Department of Community Services. "These were the best fireworks I've seen in a long time. I think this will become a tradition."

Feeding the **HUNGRY**

Yellowknife citizens like helping other people, and this instinct to reach out to others is helping the Yellowknife Community Library keep its collection intact.

People often keep library books past their due date, and the prospect of having to pay a fine discourages them from returning the books. Now, under the Food for Fines Program, book borrowers have a chance each year during May and June to return those forgotten books and bring a donation for Yellowknife Food Bank, instead of paying a fine.

"People might come back if they don't have to pay cash, and they get to do something good for other people," explains Library Manager Deborah Bruser. "It creates an upbeat atmosphere. It's really quite festive. The advantage to the library is that we get our books back into circulation."

About 400 food items were brought to the library during the 2007 Food for Fines Program. The program has replaced the amnesties that the library used to have on a regular basis.

The library has some 70,000 titles.



THE OILERS WERE HERE!

Yellowknife earned itself a place on the NHL map when the Edmonton Oilers became the first NHL team in history to stage a Rookie Camp in the Northwest Territories.

Facilities for Kids, the Yellowknife organization that supports the development of sports facilities, initiated the move to have the camp here. The idea caught on, and in early September, the Oilers rookies arrived in Yellowknife.

From September 7 to 9, 2007, 38 rookies (25 forwards, 10 defencemen and 3 goaltenders) went through their paces on the ice of the Shorty Brown Arena at the Multiplex. The Oilers rookies also participated in the Champions for Children fundraising dinner on September 8.

Tickets for all the sessions were sold out, with the proceeds going to Facilities for Kids and KidSport™.



VOLUNTEERS CONTRIBUTE TO AWG GETTING READY FOR ARCTIC WINTER GAMES

In fall of 2007, signs started to appear throughout Yellowknife marking the sporting and cultural venues of the 2008 Arctic Winter Games. Foxy's Den opened in one of the malls to sell AWG merchandise, calls went out for volunteers, and the excitement of hosting the 20th Games began to build.

The 2008 Games were the 20th Games to be held. The Games have grown substantially since the first ones took place in 1970, and the Arctic Winter Games Host Society spent years getting ready.

The City of Yellowknife had seats on the Host Society and City employees with the Department of Community Services helped organize the sports facilities for the games. The City-operated Multiplex, the Community Arena and Curling Club, along with nearly every other gym or hall in town, were prepared to host sports and other activities. It

took a lot of organization and time in 2007.

Some 2500 volunteers were recruited and preparations were made to host more than 2000 athletes who competed in 18 sports and represented teams from nine circumpolar regions (NWT, Yukon, Nunavut, Greenland, Alaska, northern Alberta, Nunavik, the Yamal-Nenets region of Russia and the Saami peoples of northern Scandinavia).

The theme of the games was *Northern Stars, Inspired by Dreams*, a theme that recognized the potential of youth. It was fitting that the 20th Games should take place in Yellowknife because this is where the first Games took place in 1970. At those Games, 500 athletes from the NWT, Yukon and Alaska took part in ten sports. The 2010 Games will take place in Grande Prairie, Alberta.



MUCH MORE THAN BOOKS AT THE LIBRARY

The Yellowknife Public Library offers a host of community services, over and above the lending of books, videos, DVDs, audio tapes, CDs and other materials.

It also has a photocopier, a microform reader/printer, computers with Internet access and a reference collection of materials such as telephone books and college calendars.

Non-profit groups can book the Library meeting room free of charge for meetings of any size up to 100.

And if you need a quiet place to work for a few hours, you can book the library's Writers' Room. Equipped with two desks and chairs, lamps and a bookcase, this private and quiet room is available to Yellowknife residents, visiting authors and illustrators.

You can just call the Library at 920-5642 to book the facilities.



Canadian jewellers love Yellowknife

More than 30 jewellers from across Canada visited Yellowknife in September, 2007, and loved it! Members of this group were the top selling jewellers of Polar Ice™ and Polar Bear Diamonds™ in Canada.

"These are people who sell Polar Ice™ and Polar Bear™ brand diamonds, which are government certified diamonds mined, cut and polished in the Northwest Territories," says City Economic Development Officer Leslie Valpy. "They really wanted to see where the diamonds are coming from."

The group toured the Diavik Diamond Mine, as well as Arslanian Cutting Works Ltd. here in the city. They also spent an evening viewing the Aurora Borealis with a local outfitter.



"They were here for a few jam-packed days and by the time they got through all the tours and activities, they were all exhausted," says Leslie. "But they were very impressed with Yellowknife, and now when they sell Canadian diamonds, they can tell people about Yellowknife."

The Polar Diamond Group, which is an owner of Arslanian Cutting Works Ltd. in Yellowknife, sponsored the event.



PREPARING FOR FUTURE ECONOMIC DEVELOPMENT

One of the continuing challenges presented by a resource-based economy such as Yellowknife's is to ensure that the city benefits as much as possible from development. This is a particular challenge with developments like the diamond mines, which are outside city boundaries but still affect the city.

To ensure that Yellowknife is well-positioned to take advantage of any future developments, the City commissioned a socio-economic report. Entitled *Background Considerations of Relevance for Long-Range Planning by the City of Yellowknife in Advance of*

Industrial Development, the report documents how 19 other municipalities have dealt with resource-related economic issues similar to those faced by Yellowknife.

"This is about networking with municipalities, so that we can learn from them and we don't re-invent the wheel," says City Economic Development Officer Leslie Valpy. "It's long-range planning which lays out options. It's helping us to prepare for further developments that will impact Yellowknife."

This report complements the New Paradigm for Economic Development (2006) and ongoing research related to cold weather testing opportunities.



NESTIC moves a step closer to reality

The dream of constructing an NWT Network of Environmental Science, Technology and Innovations Centre (NESTIC) is a step closer to reality as it moves into the business planning phase for a Yellowknife facility.

NWT NESTIC is proposed as a hub-and-node network of public and private sector scientific and technological facilities. At this time, the focus is on constructing a facility in Yellowknife.

The ideal plan includes a facility in Yellowknife with waterfront

access to allow for Great Slave Lake research, and potential geothermal and wind energy research.

"The old Con Mine site may be perfect, and this would be a great fit with geothermal research that the City is currently leading," says City Economic Development Officer Leslie Valpy.

The facility would have a number of private and public sector tenants. The project would help Yellowknife build a diverse and sustainable

economy. Among other things, it could provide state-of-art science, technology, research and innovation facilities which could in time attract more researchers to Yellowknife, provide a home for resource management monitoring agencies and provide the NWT with a real and virtual northern science and technology library.

The business plan for the proposed Yellowknife facility is expected to be completed in the fall of 2008.

NEW ENERGY EFFICIENCY STANDARDS FOR BUILDINGS

The City's new EnerGuide for New Houses (EGNH) standards foster a holistic approach to house-building, says City Building Inspections Manager Bill Fandrick.

Under the new standards, all new houses being constructed in Yellowknife must work toward meeting an EnerGuide rating of 80.

To have higher EnerGuide (energy efficiency) ratings, builders have to look at the house as a system, rather than a series of separate components installed by different tradespeople, Bill explains.

"The insulation, window and door construction, heating and ventilation systems all have to be considered when building an energy efficient house," he notes. "If you construct all the components in isolation, you might, for example, end up with a well-insulated, but poorly ventilated, house."

For the next three years, the City will be working closely with builders to help them adjust to the new standards, and build the necessary capacity. Starting in January, 2008, all new houses will have to be registered with the EnerGuide Program

in order to get a building permit. Building inspectors who are also certified energy advisors help evaluate the house design and recommend options for meeting the EGNH 80 standard. Air-tightness tests and insulation/vapour barrier inspections also take place, and the building gets an EnerGuide rating when it's complete.

The easing-in period will end December 31, 2010. Starting January 1, 2011, all new houses will be required to meet the EGNH 80 standard.

The new standards will add about five per cent to the house construction cost, but that will be paid back in energy cost savings within seven years.

In addition, all commercial/ industrial construction is expected to meet or exceed 25 per cent of the Model National Energy Building Code by January 1, 2009.

"This is all driven by the City's Community Energy Plan that sets targets to reduce greenhouse gas emissions in Yellowknife," says Bill. "More than 40 per cent of greenhouse gas emissions come from building heat."

TAKING THE LONG VIEW SMART GROWTH PLAN

The City is taking a long and integrated view to city planning with its new Smart Growth Redevelopment Plan.

"Unlike the General Plan which covers five to ten years, the Smart Growth approach looks at the long-term. It sets up a model of development, using Smart Growth principles, that can guide growth up to 2060, or when the city reaches the target population of 50,000," says the City's Director of Planning and Development Jeff Humble.

The Smart Growth principles are designed to encourage sustainability. They promote compact development, a good quality of life, economic revitalization, integrated land uses and environmental protection. They integrate five broad areas: public involvement, land use and urban design, transportation, energy and environment, and economic development.

The initial public involvement phase was started in 2007 with a questionnaire survey and focus group sessions, says Jeff. The Smart Growth Redevelopment Plan Committee is targeted to be set up in early 2008. The plan which will propose a strategy for the city's core area, waterfront, primary commercial districts and the city's entranceways is expected to be completed by the end of 2009.

New high-tech equipment measures energy efficiency

The City has invested in two new pieces of high-tech equipment to measure energy efficiency in buildings: 1.) A new thermographic camera which can take photos of building surfaces to determine heat loss. 2.) A blower door fan which is capable of depressurizing a house to determine where drafts will come in.

CONSTRUCTION VALUES UP

Estimated construction expenditures in 2007 more than doubled over the amount spent in 2006. In 2007, 494 building permits (commercial and residential) were issued, for projects valued at an estimated \$93,921,636. In 2006, there were 389 permits, for projects valued at an estimated \$35,046,650.



engle INDUSTRIAL DISTRICT

Yellowknife's transportation industry continues to grow along with the expansion of the mining and resource sector. To meet the needs of the expansion, a new industrial district has commenced construction west of the Yellowknife Airport. In early

2007 the City's Planning and Development Department established a Development Scheme and Zoning Amendment to facilitate the development. The subdivision, known as the Engle Business District, was spurred on in 2006 by Robinson Trucking

with the construction of a 160 million litre tank farm on a 15-acre parcel. The naming of the Engle Business District was derived from Yellowknife's aviation pioneer Bob Engle who founded Northwest Territorial Airways.

The planning and engineering design of Engle Business District Phase I was completed in 2007, and under the Department of Public Works, the preliminary roadway and infrastructure placement will be completed in the summer of 2008. With minimum parcel sizes of one hectare, the City has pre-sold 10 hectares of land in Phase I, and has 40 hectares of developable land remaining.

"There has been substantial interest in the remaining lands by industries in Yellowknife and with the final lot pricing and marketing plan targeted for the summer, additional sales are projected for 2008", says Director of Planning and Development Jeffrey Humble.

YELLOWKNIFE WINS SUSTAINABLE CITY AWARD

Yellowknife has been named the most sustainable small city in Canada by *Corporate Knights*, a Canadian magazine for responsible business.

The city was lauded for having the most community garden space of all the small cities considered, and for its 23.6 km of bike paths. The 2 km median commuting distance, and the fact that only 67 per cent of Yellowknifers are dependent on cars were other points in Yellowknife's favour.

The following City initiatives were singled out as making Yellowknife "a small city doing big things:"

- The \$500,000 Community Energy Plan
- The \$300,000 Geothermal Feasibility Study
- \$175,000 of Smart Growth Initiatives
- \$150,000 spent on conservation in 2007, with another \$150,000 allocated for 2008

summary of 2007 financial statements

The following condensed financial statements are derived from the City's Audited Financial Report which is prepared according to Canadian Generally Accepted Accounting Principles. The financial statements are the responsibility of management. Auditor's responsibility is to express an opinion on these financial statements based on their audit. Visit City Hall or the City website to see the Audited Financial Report, which contains the complete audited financial statements and other key financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2007

SUMMARY

The City is managing its financial resources in a prudent manner over a period of significant economic growth that is causing some inflationary pressures. In 2007 the City has managed to maintain a sound financial position with Fund and Reserve balances of \$18.1 million (2006 - \$11.1 million) as of December 31. The City is also making good progress in reducing its reliance on long term debt to fund core capital funding obligations. The City's long term debt was \$6.4 million compared to last year of \$8.7 million, a reduction of 26%.

At year end, there is a balance of \$1.3 million in the Land Development Fund. This balance will be instrumental in the City's ability to finance development in the Niven Lake residential subdivision and the Engle Industrial District out by the airport.

The City is continuing to adapt to the financial challenges associated with mine closures resulting in reduced taxation revenues and water and sewer costs that exceed associated revenues. The City is actively planning to mitigate these financial concerns in 2008 and beyond.

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2007

Revenues

	2007 Budget (\$000's)	2007 Actual (\$000's)	2006 Actual (\$000's)
Taxes	\$17,388	\$17,563	\$16,697
User Charges	19,156	17,082	17,016
Government Transfers	15,710	18,174	11,723
	<u>52,254</u>	<u>52,819</u>	<u>45,436</u>

Expenditures

Capital	14,505	12,602	10,741
Operations & Maintenance	18,337	14,587	13,914
Salaries	15,876	15,537	14,651
Others	983	784	902
	<u>49,701</u>	<u>43,510</u>	<u>40,208</u>

Net Revenue	2,553	9,309	5,228
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Debt Repaid	(2,294)	(2,301)	(1,965)
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Change in Funds Balance	259	7,008	3,263
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Opening Fund Balances	9,102	11,111	7,848
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Closing Fund Balances	\$9,361	\$18,119	\$11,111
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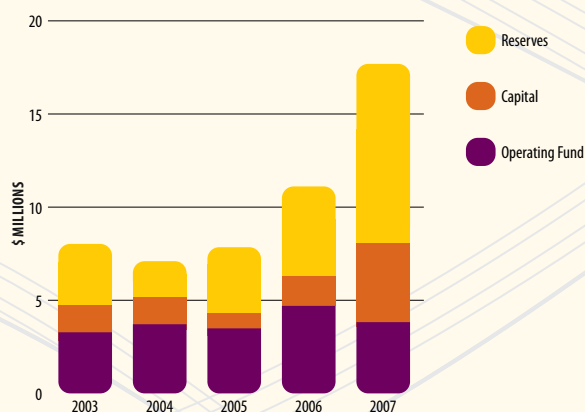
FINANCIAL POSITION

The City has a very healthy financial position. The City maintained a strong liquidity position in 2007 which was partly due to \$5.9 million in grants from the Gas Tax Rebate Program and Community Capacity Building Fund and Infrastructure Grants that were received in 2007 but will be expended in 2008 and beyond.

The City has five operating funds: General Fund, Land Development Fund, Solid Waste Development Fund, Water and Sewer Fund and Service Connection Failure Assistance Fund. The current balances in these operating funds are \$4 million compared to \$4.7 million last year as City had utilized \$1.9 million in 2007 from Land Fund to finance the Niven Lake booster station. The General Fund, Solid Waste Management Fund and Land Development Fund are well funded within the budget policies of Council. The Water and Sewer Fund and Service Connection Failure Fund will need to improve their balances in order to achieve the objectives set by the Budget Stabilization Policy. The City has budgeted to increase the user fee starting 2008 and it is anticipated that the Water & Sewer Fund will be stabilized by 2010.

The City maintains a Capital Fund and Reserves to fund major capital projects. Both the Capital Fund and Reserves are adequately funded based on Council's approved capital plans. The outlook for capital projects has improved since 2004 with the announcement of new federal funding sources under the Municipal Rural Infrastructure Fund and the Gas Tax Rebate Agreement. The City completed an Infrastructure Needs Assessment in 2006 that identified a \$67.8 million infrastructure gap over the next ten years. An updated review of infrastructure gap factoring into the inflationary pressure is about \$73 million. The long term capital funding support under the Gas Tax Rebate Agreement and other infrastructure grant programs will be critical to the City in its vision to manage the infrastructure gap over the next ten years. In the coming three years, City plan to use Gas Tax Rebate to finance the water treatment plant, reservoir expansion solid waste management and Community Energy Plan projects.

FUND BALANCE



Reserves are established at the discretion of Council to set aside funds for the future operating and capital expenditures. Operating funds include general, water and sewer, solid waste management, land development, and service connections failure assistance program operations.

STATEMENT OF FINANCIAL POSITION

As at December 31, 2007

Assets

	2007 (\$'000's)	2006 (\$'000's)
Cash	\$23,848	\$12,523
Receivables	7,820	10,064
Land	1,028	776
Prepays & Deferred Expenses	554	616
	33,250	23,979
Capital	236,177	225,746
	\$269,427	\$249,725

Liabilities

Accounts Payable and Accrued Liabilities	\$15,131	\$12,868
Long-Term Debt	6,422	8,723
	21,553	21,591

Financial Position

Investment in Capital	229,755	217,023
Operating Funds	8,484	6,289
Reserves	9,635	4,822
	\$269,427	\$249,725

BUDGET VARIANCE

		Over (Under) Budget
Revenue		
Development Levies, Licenses and Permits	402	
Government Transfers	2,463	
Land Sales	(3,967)	
Other	389	
Property Taxation	176	
User Fees	1,102	
		565
Expenditures		
Capital	(5,174)	
Computer Capital	1,845	
Contracted and General Services	436	
Cost of Land Sold	(3,322)	
Debenture Interest	(25)	
Other	(351)	
Professional Services	50	
Utilities - electricity and fuel	339	
Vehicle Operating and Maintenance	13	(6,190)
Net Over budgeted Expenditures		6,755

BUDGET VARIANCE

The City's overall consolidated operating surplus was \$6.8 million higher than budgeted in 2007.

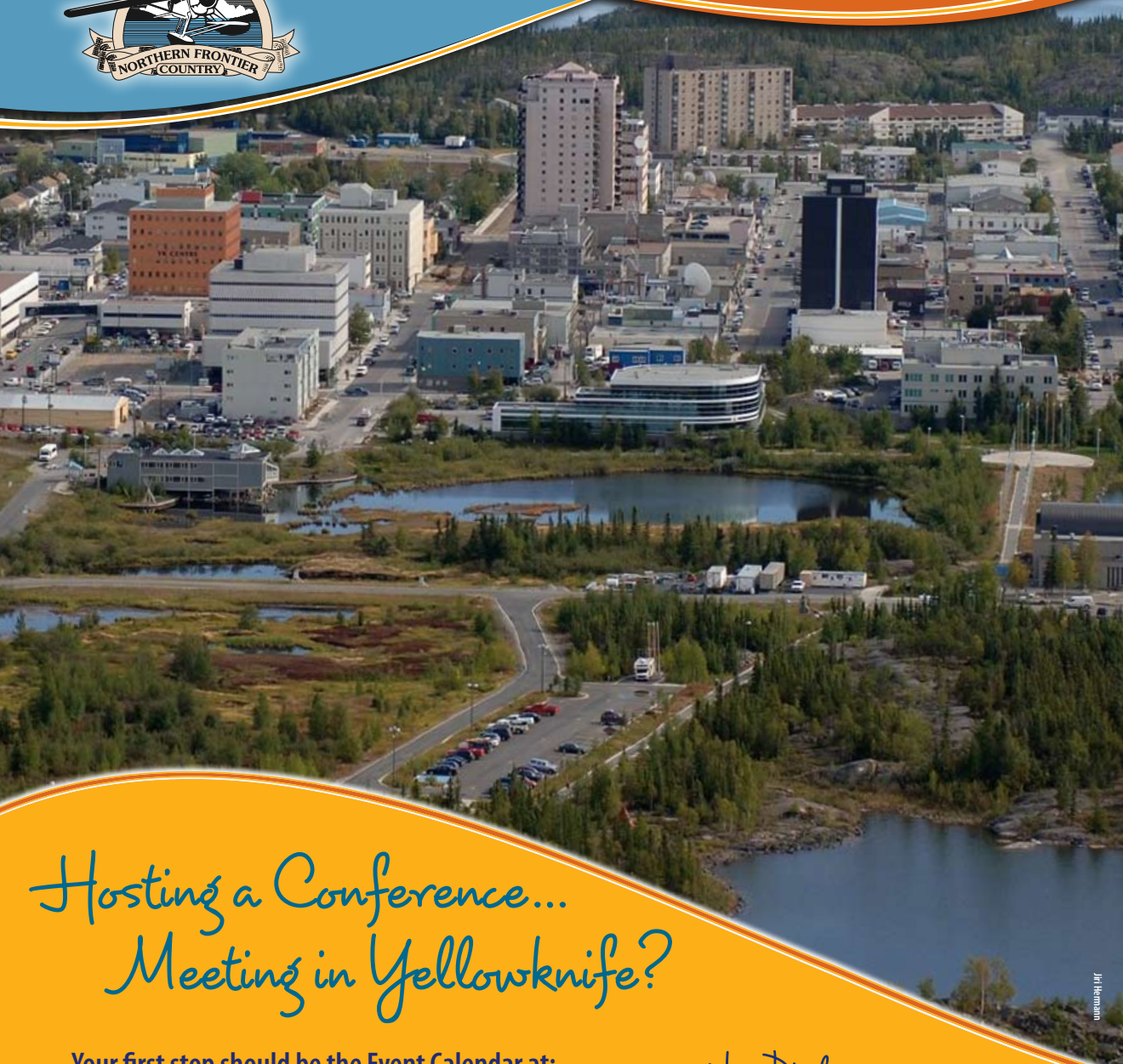
Overall revenues were up \$565,000. Land sales were lower than expected by \$4 million which was partially offset by increase in Community Capacity Building Fund (\$4.97 million received) which was distributed to community based projects and the deferred gas tax revenue (\$1.8 million) top be expended in 2008.

The overall expenditures were less than planned by \$6.8 million primarily due to the carry over of \$4.5 million in capital projects to 2008, lower than expected land sales leading to lower cost of land sold (\$3.3 million) and a high level of vacancies due to staff turnover of 17%.

AUDIT COMMITTEE'S REPORT

City Council has appointed an Audit Committee to ensure that the City's financial reporting is of the highest quality. The Committee reports directly to City Council and has complete access to all City records, management and the independent auditors. The 2007 financial statements and audit procedures were reviewed in detail by Committee members.

The Committee is comprised of:
Mayor Gordon Van Tighem (ex-officio), Councillor Dave McCann, Calvin Yip, John Doyle and Eitan Dehtiar.



Jr. Hermann

Hosting a Conference... Meeting in Yellowknife?

Your first stop should be the Event Calendar at:
www.northernfrontier.com

The Northern Frontier Visitors Association, in partnership with the City of Yellowknife, will help you plan an exciting and successful event in the Diamond Capital of North America™. The NFVA offers the following conference planning tools and assistance:

- Comprehensive event calendar for Yellowknife and surrounding North Slave Region;
- Promotional material for conference kits;
- Important information for meeting planners, from facility rentals and meeting space to accommodation;
- Links to tour operators to help you develop pre/post conference packages for your delegates.

*New Display
at the Visitors Centre featuring:*

- Our Diamond Story
- Kimberlite Wall
- People's Mural
- History of Yellowknife
- Aerial Mural



Economic Development

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