



CITY OF YELLOWKNIFE

2014-2019 ECONOMIC DEVELOPMENT STRATEGY

Background Report



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1 Study Process

The development of the Economic Development Strategy was a multi-phase process involving background review, statistical analysis and community engagement. The following flow chart explains the project process and how the Economic Development Strategy was created.

DIAGRAM 1: PROJECT PROCESS



This background report presents the information gathered and lessons learned through the project process. Each section addresses a phase of the work and suggests how the information gathered was utilized in the development to the Economic Development Strategy.



2 Stakeholder Interviews

The project began with a series of stakeholder interviews with business and community leaders as well as members of Council and Administration with the City of Yellowknife. These interviews set the stage for the direction of the project. Feedback gained through the interview process was carried forward in the strengths, weaknesses, opportunities and threats and assisted in the generating of themes and strategic priorities for the economic development strategy.

Interview guidelines and stakeholder contact lists were generated in collaboration with staff from the city of Yellowknife. Interviews were conducted by telephone and in person throughout May and June of 2013. All Councillors and Directors participated in the interview process, as did 40 business and community stakeholder drawn from a cross section of industry and community interests. Interview participants were asked six questions:

1. What economic development opportunities do you see for Yellowknife, both currently and 10 years in the future?
2. What key challenges face Yellowknife in its future growth and development?
3. What do you think the role of the City of Yellowknife and partner agencies should be in addressing these challenges?
4. What concrete steps do you think the City of Yellowknife should consider taking?
5. What do you want Yellowknife to be known for in the next five to ten years?
6. Finally, are there one or two messages that you'd like to convey to the leadership of the City of Yellowknife regarding the economic development strategy?

Responses have been summarized into the following categories:

- What does economic development mean to the city of Yellowknife?
- What are Yellowknife's opportunities for economic development?
- What incentives should Yellowknife offer for business development?
- What challenges will Yellowknife face in achieving these opportunities?
- What is your vision for the future?

2.1 What does economic development mean for Yellowknife?

Interview participants clarified what they perceived to be the role of economic development for the city. Highlights include:

- Increasing the number of businesses and business tax assessment allowing the city to fund and supply amenities and facilities needed by residents such as parks and arts and cultural facilities.
- Encouraging small business growth (i.e., listening to the needs of the city's business community and providing for them).
- Assisting other departments in their communications with public.
- Assisting other city departments, including Planning and Development, to familiarize staff with the principles of economic development and handling investment leads.
- Providing an attractive environment for business and investment by limiting fees and expenses associated with opening or expanding a business.



- Working with Planning and Development in making land available and attractive for development.
- Working with neighbouring Aboriginal communities to settle land claims in and around Yellowknife.
- Ensuring consistent application of zoning decisions and tax assessments and completing them in a timely manner sensitive to the limited construction season in the territory.
- Attracting and retaining people to build a stable and growing permanent resident population.

Respondents believe the city needs to remain focused, encouraging the city to select only two or three issues to tackle in the next few years with an additional two or three items to be implemented over the longer term. While many identified social issues in Yellowknife as challenges to economic development, it was not clear from the responses received that economic development has a role to play in addressing social issues in Yellowknife.

2.2 Identifying opportunities for economic development

There were many common themes in the conversations regarding opportunities for Yellowknife, allowing the identified opportunities to be categorized for consideration in the study.

Increasing population

Unlike the provinces, the three territories' primary source of income is a direct transfer from Ottawa based on a per capita calculation. Due to this, stakeholders felt there was a vested interest in Yellowknife increasing its permanent population in order to increase this per capita funding transfer from the federal government. According to Federal Department of Finance Transfer Tables, the Northwest Territories will receive \$1.166 billion in federal transfers in 2013/14 of which \$1.121 billion is Territorial Formula Financing. These transfers amount to more than 70% of the GNWT budget.¹ Key targets for increasing the permanent population of Yellowknife include:

- Mining employees
- Public sector workers attracted to new jobs created through devolution
- Workers to construct the Mackenzie Gas Pipeline
- The growing presence of the Department of National Defense
- Working with Conseil de développement économique de Territoires du Nord-Ouest (CDÉTNO) and Destination Canada to attract foreign nationals
- Retaining retirees

Tourism

Of all the opportunities discussed by interview participants, tourism was referenced the most frequently. Stakeholder participants believe there are numerous natural amenities from which to build the tourism sector, including the Aurora Borealis, the long summer days and Great Slave Lake (tenth largest freshwater lake in the world). Tourism related to Aboriginal culture, and the city's festivals and events, are also seen as opportunities, along with business tourism, conventions and encouraging friends and family members of residents to visit Yellowknife.

¹ Retrieved from <http://www.fin.gc.ca/fedprov/mtp-eng.asp>



Partnerships are seen as an important aspect of increasing Yellowknife's tourism industry, including working with Aboriginal communities, arts and cultural agencies and Tourism NWT to name a few. The Old Town and the revitalized harbour are seen as natural activity nodes for tourism in Yellowknife.

Arts and culture

While arts and culture are often viewed in the context of improving quality of place, stakeholders in Yellowknife believe there is an opportunity to leverage arts and culture to help build quality of place, increase the tourism attractions in Yellowknife and generate employment in its own right by attracting and supporting artists in Yellowknife. For example, the success of *Ice Road Truckers* and *Arctic Air* lead people to believe there is an opportunity to expand film and television in Yellowknife.

Yellowknife as a service centre

Stakeholders identified that Yellowknife is a key supplier of goods and services for communities, industry and business in north, central and eastern arctic. The service district for Yellowknife extends beyond the Northwest Territories, and Yellowknife is also the service and distribution centre for the Kitikmeot region of Nunavut. It is believed there opportunities to build the retail and commercial service in Yellowknife, attract Canadian cargo business to and from Asia (Yellowknife is Canada's closest airport to Asia) and attract mining and oil and gas support companies from Edmonton to increase Yellowknife's role as the service centre for northern mining and oil and gas operations.

Mining and manufacturing

Yellowknife once had a robust cutting and polishing industry, which has largely disappeared from the city. There is still an agreement in place with the diamond mining companies to cut and polish a percentage of diamonds in the North. Yellowknife should work to have these jobs return to the city. In addition, Yellowknife has opportunities to work with other levels of government to seize opportunities from gold mining remediation. Some believe the remediation efforts of the Giant Mine could require 350 – 500 workers.

Environmental and alternative energy technologies

Private sector testing of vehicles and equipment in northern climates is a potential opportunity for Yellowknife. More importantly, stakeholders believe alternative and renewable energies should be explored to reduce the cost of heat and power in Yellowknife. Yellowknife depends on imported diesel for heating and a taxed hydroelectric system for power. Stakeholders believe that biomass, solar and ground source geothermal heating should be explored and introduced as local solutions to the high costs of heat and power. Finally, it is believed that higher environmental standards could be introduced for construction, increasing the supply of environmental construction materials and upgrading the skills of construction contractors in Yellowknife.

Education

Many stakeholders are focused on the need to expand post-secondary education services in Yellowknife. Expanding these services could serve to retain youth, attract workers seeking specialized training, re-establish northern/circumpolar relationships and revitalize downtown. First Nations communities and development corporations are seen as important collaborators in realizing these opportunities. Alberta post-secondary institutions such as the University of Alberta, MacEwan University and NAIT are also seen as potential partners. Stakeholders view the following as specific opportunities in the education sector:



- Construction of a new or expanded downtown post-secondary education campus or technological institute including residences, conference facilities and a business incubator
- Establishment of a mining training centre of excellence for northern Canada
- Re-establish circumpolar relationships for northern research
- Establishing a national centre of excellence for aboriginal economic development

Stakeholders acknowledged that Aurora College already has programming partnerships with the University of Lethbridge, University of Regina and the University of Victoria among others. These partnerships could be expanded to bring new educational offerings to students in Yellowknife.

Downtown improvements

Stakeholders agreed there are also opportunities for downtown improvements through the creation of boutique shopping in the downtown areas and connecting the downtown with the commercial districts of Old Town and Old Airport Road.

2.3 What incentives should the City of Yellowknife offer?

Stakeholders offered a mix of financial and non-financial suggestions for business development incentives in Yellowknife. It was noted that Yellowknife already has a Development Incentive Bylaw from the downtown core, and it was suggested this be expanded to accommodate more business development and extended geographically to include Old Town. Other incentives suggested include:

- Establishing a small business incubator
- Expanding the definition of permitted home based business to promote home based business
- Expanding public private partnerships for development
- Utilizing Land Development Fund for redevelopment
- Zoning improvements to encourage development
- Property tax incentives to promote business development, e.g., Development Incentive Bylaw

Interestingly, stakeholders also suggested housing incentives, understanding that the cost of living challenges businesses in attracting employees and growing their businesses. It was suggested the city create an affordable housing agency to address the cost of housing. Implementing local improvement charges (or other incentives) to encourage green construction and retrofitting was also encouraged.

2.4 Identifying challenges to economic development

There were several common themes to the challenges discussed by the interview participants.

Cost of living

Yellowknife is considered as an expensive place to live. Whether renting or owning, affordable housing is difficult to find. Utilities, including the costs of heat and power, are also felt to be very expensive. The lack of options for housing and the cost of utilities are considerably higher than those found in cities in southern Canada and discourage people from taking up residence in Yellowknife.



Migration from other northern communities

Yellowknife draws people from across the Northwest Territories. People come for work, education and to access health services, often not returning to their home communities. In some cases, the people migrating are unemployed or unemployable and have nowhere to live in Yellowknife. This contributes to Yellowknife's issues with homelessness and safety in the downtown area, challenging business development and growth in the downtown.

Reliance on non-renewable resource extraction

The Northwest Territories and Yellowknife have benefited from mining and resource extractive industries in the north. These industries provide significant employment and wealth in the NWT and Yellowknife. However, the benefits of these industries can disappear as quickly as they arrived. The Ekati mine, while new deposits have been discovered, is at risk of closing in 2019, taking with it over one thousand direct jobs. This level of employment from a single employer is difficult for any region to replace.

Tight labour market

Yellowknife has high participation and employment rates and low unemployment rates. The result is very little 'slack' in the workforce. New and expanding businesses are challenged to find the workers they need. Those who aren't working may have limited literacy and numeracy skills, preventing them from entering the workforce. Industries outside the mining sector such as tourism and retail cannot compete with mining sector salaries and face high levels of turnover. The labour force challenges faced by businesses in Yellowknife are exacerbated by national and international competition for talent and by the growing trend of a fly-in/fly-out rather than resident labour force.

Business development policy, costs and infrastructure

Just as Yellowknife is considered an expensive place to live, it is also considered to be an expensive place to do business. For businesses requiring a large footprint on Old Airport Road, land and buildings are in short supply. Development and construction costs are expensive as are the costs of utilities. Policies requiring businesses to change from diesel to propane heating will require businesses to incur renovation costs.

In addition to high costs of development and doing business, a lack of infrastructure also persists. Some areas have no municipal services such as water and sewer. A lack of coordination between city departments and between the city and business development partners makes it more difficult to secure external investment. Tight capital markets restrict access to funds for expansion of existing businesses.

At the same time, businesses in Yellowknife, particularly mining service and supply businesses, face competition from other communities. Interview participants note that Hay River has been aggressively pursuing business investment and opening land for development. Southern communities such as Edmonton don't face the infrastructure and cost challenges faced by businesses in Yellowknife.

Lack of tourism infrastructure

Yellowknife is remote. The road leading to Yellowknife is in poor condition, making it difficult for recreational vehicles. And when recreational vehicles do arrive, there is a shortage of camping facilities. Additionally, the lack of direct international flights reduces the ability to draw tourists, and conference and hotel facilities are insufficient to attract large conferences and conventions.



Compounding these challenges is the lack of direction and policy at the municipal level to drive tourism development. The City doesn't provide a clear mandate for the visitor centre, there is no conference attraction strategy in place and the *Cities, Towns and Villages Act* doesn't allow the City to levy and collect a hotel tax, making it difficult to establish a destination marketing organization.

GNWT mandate to serve all communities

Stakeholders engaged expressed concern that the GNWT directs their energies to the smaller communities to the detriment of Yellowknife. For example, there are insufficient resources for housing and health services for those migrating from other communities to Yellowknife. Educational programming is also viewed as limited, and there is a desire for Aurora College to take a stronger role in Yellowknife's growth and development.

Downtown decline

Stakeholders are concerned with homelessness and safety in the downtown area. They feel these are the primary reasons for the decline of retail services. They also raised concerns that 'pillars' of the downtown such as the movie theatre might relocate, contributing to a more rapid decline of the downtown. Business representatives feel the parking requirements and other development policies are restrictive to additional development. They also expressed confusion regarding the role of economic development vs. the role of the Chamber in downtown revitalization.

Local support for community economic development

Yellowknife has, relative to other centres in Canada, limited retail opportunities. There is evidence of retail 'leakage'. That is, residents purchasing goods elsewhere, be it online or in other cities when traveling for business or pleasure. There is a disconnect between the desire to build a better city and supporting local retailers and the outflow of local spending. In addition people feel there is a lack of local support and investment in other quality of life aspects of Yellowknife such as arts and cultural facilities.

Uncertainty of external forces

Like many other places, Yellowknife is threatened by an external policy and economic environment. Federal and territorial policies and funding priorities have significant impact on the ability to develop renewable energy sources and shift to energy efficient construction. Regulatory approval delays the development of mining projects, and an uncertain global economic climate influences commodity prices, the lifeblood of the NWT and Yellowknife economy.

2.5 Vision for the Future

"If you don't define the future and position yourself for that then you won't create your own future"

Interview participant

Residents of Yellowknife are passionate about their city and articulated a future vision that included:

- Yellowknife as a community for all seasons
- Diverse and affordable housing options
- A revitalized and vibrant downtown
- A growing population and business community
- A downtown post-secondary campus



- A business incubator
- A conference centre
- A pro-business environment
- Diversity of businesses and stable economy
- A focus on energy, renewable energy and a legacy of being a clean and green community
- Clustered city facilities with increased energy efficiency to reduce costs
- An active arts and culture community
- International tourism destination
- Positive working relationships with Aboriginal communities
- Yellowknife as the primary service and supply centre for the central arctic



3 Background Review

The stakeholder interviews conducted at the outset of the project were supplemented with a background document review and quantitative assessment of the economic base of the NWT and Yellowknife. Seeking alignment between these two approaches, qualitative and quantitative, serves to support and verify the opportunities and challenges facing Yellowknife.

3.1 Introduction

Yellowknife is home to the largest economy in the Northwest Territories. It equally contributes to and benefits from the economic activities taking place throughout the North Slave region if not the entire territory. The territory's economic growth is dependent on a strong and vibrant Yellowknife. Any increase in the quality and diversity of consumer and industrial goods and services available in Yellowknife adds to the standard of living and quality of life for residents, creating more employment and business opportunities. As Yellowknife's economy grows, so does the opportunity for greater circulation of money inside the city, effectively lowering the need for imports and reducing the speed with which money flows to southern markets.

The economies of the Yellowknife and the NWT are so closely connected that the city should consider its economic development responsibilities beyond the municipal boundaries and become a strong voice in the development of the territorial economy. However, in doing so the city needs to consider:

- The city does not have a direct say into the employment and spending decisions of the Government of the Northwest Territories (GNWT), but is affected by GNWT decisions more than any other community in the territory.
- The city does not hold jurisdiction over the natural resources being exploited or those being advanced for future development, yet the impacts and benefits of these projects are felt in Yellowknife more so than anywhere else.
- Yellowknife is being affected by people migrating from smaller, isolated communities to the city, shifting the socio-economic makeup of the population. Any and all costs associated with this demographic shift, including intrinsic costs, are borne by the city.

There can be no doubt that the economic growth, development, and demographic changes of the NWT and the city go hand in hand.

In this chapter, the state of the economy of the NWT and Yellowknife are examined. The principle variables of concern are mining, government, and population as all other economic analysis and strategies for Yellowknife depend on these three things. However, the assessment considers all sectors of the economy.

3.2 Economy of the Northwest Territories

Based on the most recent National Household Survey (NHS), the Northwest Territories (NWT) had a population of 43,501 people in 2011, located in 33 recognized communities across the territory. The population in 2013 is estimated to be 43,537. Outside of Yellowknife, the largest communities are Inuvik (3,655), Hay River (3,590), Fort Smith (2,105), Behchoko (1,910) and Fort Simpson (1,295). The remaining



communities are relatively small with 22 communities having a population of less than 500. The city of Yellowknife, with over 19,888 represents 45.5% of the total population of the NWT, serves as the administrative and services centre for the NWT. Yellowknife's economy is therefore closely tied to the economic climate of the NWT.

The economy of the NWT experienced a significant downturn through the 2008 recession. Real GDP (Gross Domestic Product factoring inflation) in 2012 was 23% lower (in 2007 dollars) than in 2007. The economy declined 9.2% in 2008 and a further 14.4% in 2009, reflecting declining diamond production. A decline in global resource prices in 2011 resulted in an investment decline of 25%² in that year and a fall in Real GDP of 4.9%. GDP recovered slightly between 2011 and 2012, registering growth of 1.9%. It is predicted that real GDP growth will remain sluggish through 2014.

In March 2012, Statistics Canada estimated that 22,200 out of 32,100 residents, 15 years of age and over, were employed in NWT, representing an employment rate of 69%. This is well above the Canadian average of 62%. In addition, NWT's participation rate in March 2012 was 74%, compared to the Canadian average of 67%, highlighting that many who live in the Northwest Territories live there to work. This information also points to the fact that the territorial economy may be prone to labour market shortages and skills gap due to a lack of available workers in the labour market if demand were to increase. A survey conducted by the Canadian Federation of Independent Businesses (CFIB) highlighted that 76% of businesses in the NWT were unable to find staff to support expansion. Labour market growth and retention will be critical to the NWT's economy as growth and development continue to occur across the territory.

3.2.1 Public Sector

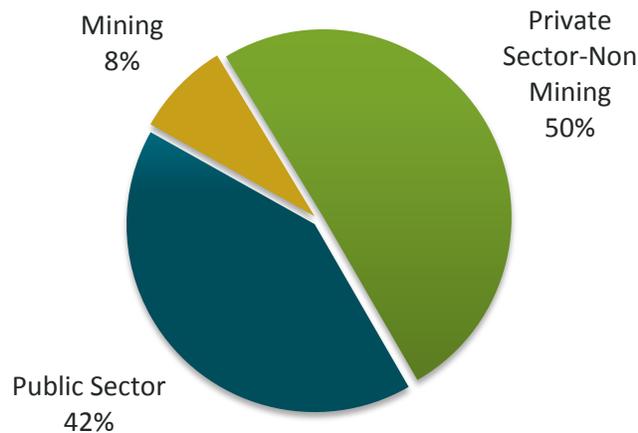
The economies of the NWT and the city of Yellowknife are dependent on one another and can be described in terms of their stabilising and growth components. Government, which includes all levels of public administration (federal, territorial, municipal, and Aboriginal), education, health and defence provide the NWT and Yellowknife with considerable economic stability, employment, personal income and non-residential construction. In terms of direct employment, it is highly unlikely that any other sector of the economy will ever match government's demand for labour. Government jobs represent half of the NWT's labour market and 42% of Yellowknife's workforce (see Figure 1).

In the same way that businesses grew to meet the needs of the diamond industry, countless businesses exist primarily if not exclusively because of the goods and services purchased by government. Employment multipliers represent the number of additional jobs in the broader economy created for every job in a core industry. The NWT Bureau of Statistics estimates the employment multiplier for public administration in the territory is 1.31. That means for every 100 jobs in public administration another 31 jobs are created in the territorial economy. Similarly, the employment multiplier for education services is 1.16, and it is 1.38 for health and social services.

² Conference Board of Canada (2012). Economic Growth in the Territories Far Surpasses that of Southern Canada. News Release 12-94.

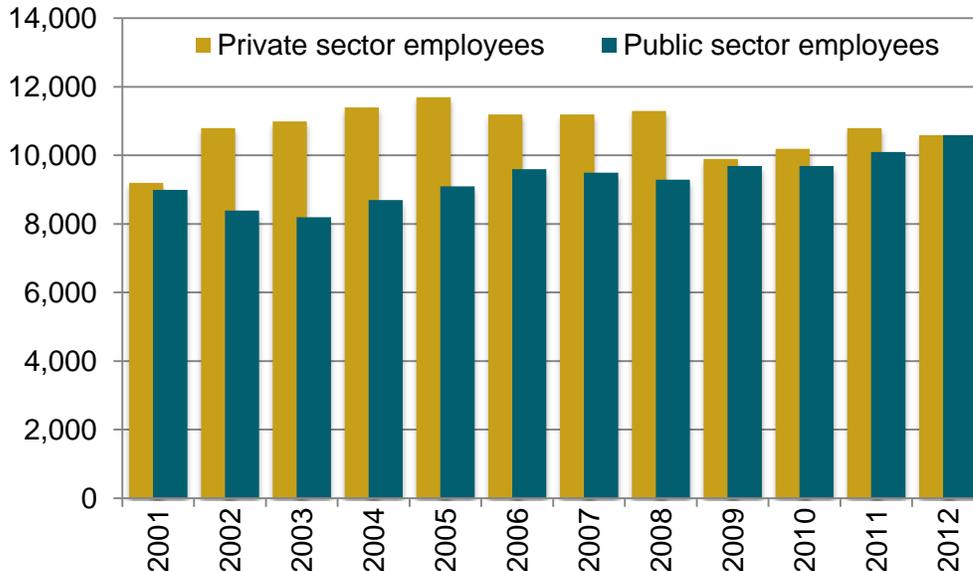


FIGURE 1: YELLOWKNIFE LABOUR MARKET



Government offers stable employment and business opportunities but typically does not offer much opportunity for growth (unless local businesses are able to provide goods or services that were previously imported from southern Canada). Employment in public administration has grown from 9,200 in 2001 to an estimated 10,600 in 2012 (a 15% increase). While devolution represents an important administrative change for the territory that will likely result in a small one-time increase in employment, the post-devolution organisational chart was not available for this study.

FIGURE 2: PUBLIC AND PRIVATE SECTOR EMPLOYMENT IN NWT



3.2.2 Mining and Mineral Exploration

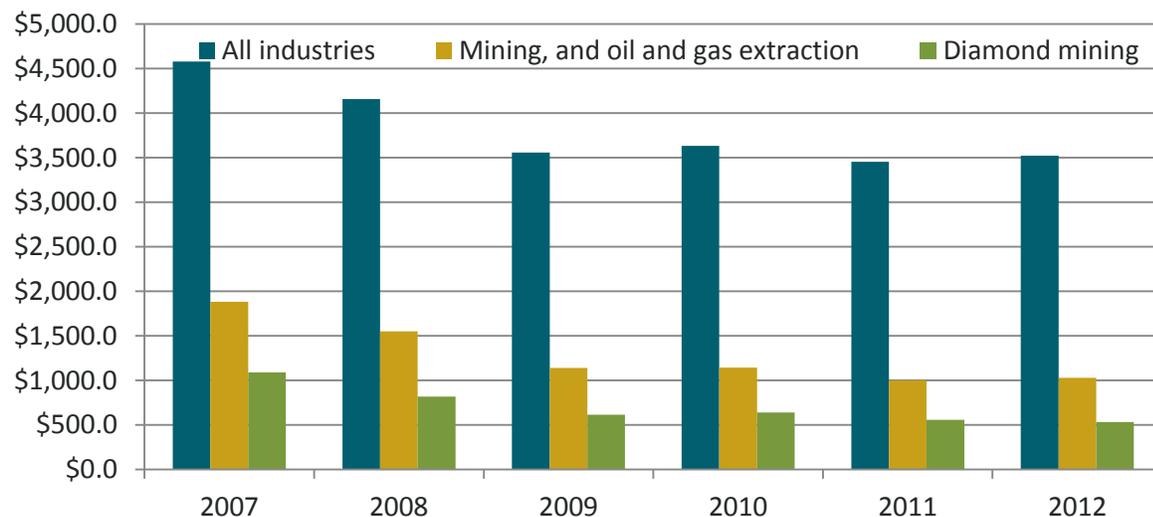
Exploration and mining is the largest category of private sector activity in the NWT. In 2012, mining and oil and gas contributed 29.3% of territorial GDP. The mining industry in the NWT is dominated by diamond mining, which accounted for 15.1% of GDP alone. There are an estimated 3,000 people employed in the mining industry, the largest source of private sector employment in the territory.



Economic characteristics of the resource sector are quite different from the public sector. Growth happens quickly, followed by years, if not decades, of little to no growth at all. The mining sector peaked in the NWT in 2007. It has since declined, pulling the rest of the economy with it. In 2007, diamond mining alone accounted for 23.8% of GDP. In 2012, this had declined to 15.1% of total GDP as GDP itself declined from \$4.58 billion to \$3.52 billion (Figure 3).

There is tremendous resource extraction potential in the NWT that has yet to be discovered. According to the *Fraser Institute's 2011/2012 Survey of Mining Companies* the NWT ranks as the 6th best jurisdiction in the world for mineral potential, out of over ninety jurisdictions surveyed. Natural Resource Canada, however, explains that the NWT's share of exploration expenditures has decreased from 7% of the national total in 2007 to 3% in 2012. This is in direct contrast to the other northern territories where the situation has been improving. This change is a concern and must be addressed in order to improve the NWT's investment climate and overall economic growth.

FIGURE 3: NWT GROSS DOMESTIC PRODUCT IN CHAINED 2007 DOLLARS



Source: Northwest Territories Bureau of Statistics

In terms of employment, the Ekati Diamond Mine is the most important of all the resource projects in the NWT. Its operation is only slightly larger than that of Diavik, but its potential for an additional 10 years of mining makes it enormously important. The Ekati mine, as it exists today, is estimated to have another five or six years before shutting down.

The Ekati mine could shut down as early as 2019. Although over five years away, this is an issue that the territory realizes they must deal with in the next few years. There are several projects which, though significantly smaller than the Ekati mine, could combine to offset any potential unemployment or labour exodus that may be created through the slated closure of Ekati in 2019 (Figure 5). However, most of the projects are in the initial stages of development and not guaranteed to proceed.

Dominion Diamond Mines, the current owner of Ekati, suggests additional deposits could extend the life of the mine by an additional 10 years. However, as an environmental assessment and feasibility study



are still required before these new deposits could be accessed, the extension of Ekati’s operations remains uncertain. For its part, Diavik also has some potential for additional development that would increase current production within its existing mine life, but it is otherwise scheduled to close in eight to 10 years.

There are several projects currently in the developmental stage that could come on line in the next five to ten years (Figure 4). These potential projects include the Gahcho Kué Diamond Project, the NICO Gold/Bismuth/Cobalt Project and the Nechalacho Rare Elements Project. The potential mine at Prairie Creek in the Deh Cho Region is listed separately because its impact on Yellowknife will be smaller than the projects in the North Slave Region. The same can be said of the oil and gas exploration that is expected in the Sahtu. It will undoubtedly affect Yellowknife, but to a much smaller degree than the nearby mining projects.

FIGURE 4: NWT RESOURCE SECTOR PROJECTS

Project	Resource	Expected Construction	Expected Start Date	Expected End Date	Average Direct Employment
Ekati	Diamonds	1996	1998	2019	1,321 (2011)
Diavik	Diamonds	2000	2003	2022	1,071 (2012)
Snap Lake	Diamonds	2005	2008	2029	731 (2012)
Gahcho Kué	Diamonds	2014	2016	11 years	~365
NICO	Gold/Cobalt/Bismuth	2015	2017	~18+ years	~200
Nechalacho	Rare Earth Elements	2016	2018	~16+ years	~225
Prairie Creek	Lead/Zinc/Copper	2015	2017	~16 years	~220
Sahtu Exploration	Oil and Gas	2013	-	~5 years	~185

Source: Department of Industry, Tourism and Investment (2012). NWT Mineral Development Strategy Discussion Paper

Figure 5 contains the effect on NWT’s population based on the start and end dates provided for the first six projects listed in the Figure 4.³ The results were calculated using Impact Economics’ *NWT Economic Impact Model*. The operating diamond mines are represented as the current scenario, which has been labelled the “no growth” scenario, with Gahcho Kué, NICO and Nechalacho added in succession. This figure demonstrates some important points.

First, the no growth scenario demonstrates how severe the pace of decline in population would be if no other projects were developed during the next 10 years. This is not the most likely scenario, but it provides a good visual of the importance of these projects to the existing NWT population and economy. It is not hard to imagine that the base population of the territory would gravitate towards late-1990 levels should there be no operating mines.

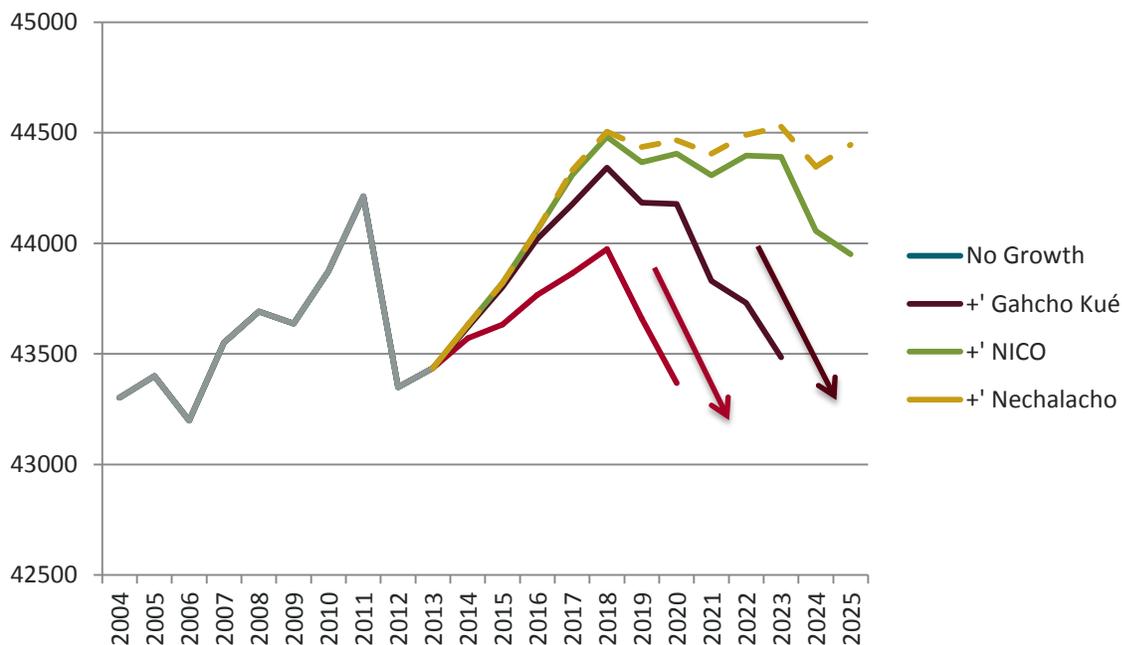
³ Note that this figure assumes all other activities in the NWT are held constant. This means the figure does not represent a true forecast of growth, but rather the implications of these isolated scenarios.



Second, the figure shows the incremental impact on the territory’s population of each successive project.

- The Gahcho Kué Diamond Project has progressed past most regulatory hurdles and could be developed as early as 2014. This project is small in comparison to Ekati or Diavik but would play a crucial role in stabilising the economy, buying time for other projects to be developed. Should no additional projects come on stream, the closure of Ekati and Diavik would overshadow the benefits of Snap Lake and Gahcho Kué, with a similar, though slightly delayed, decline as shown for the No Growth Scenario.
- Should NICO be developed by 2015 and Nechalacho in 2016, one or both of these projects would further solidify the NWT economy and population base, potentially taking the territory beyond its previous peak reached in 2007. Again, these are small projects when compared to Ekati or Diavik, so their incremental impacts would be similarly small, but like Gahcho Kué, they would go a long way in stabilising the territory’s population and its economy.
- The third point that this figure demonstrates is that two or three of these smaller resource projects are needed in order to protect the economy from a significant downturn. One project on its own would buy the NWT some time but would not be enough to fully mitigate the negative impacts of Ekati or Diavik’s closure.

FIGURE 5: NWT POPULATION PROJECTION SCENARIOS



Source: GNWT Bureau of Statistics adapted by Clinton Economics

There are also a number of projects in the Kitikmeot region of Nunavut that should be considered. These include the Izok Corridor Project, Hope Bay Gold Project and the Gold and Silver Deposits at Hackett and Back Rivers. All of these projects have suffered setbacks during the past 12 to 24 months, which means delays in their development. The project that is most likely to be developed, based on today’s economy and the information available, is MMG’s Izok Corridor Project. But even under a best-case scenario, this project would not be developed for another three to five years. Without a project description, it is too speculative to determine its impact on Yellowknife.



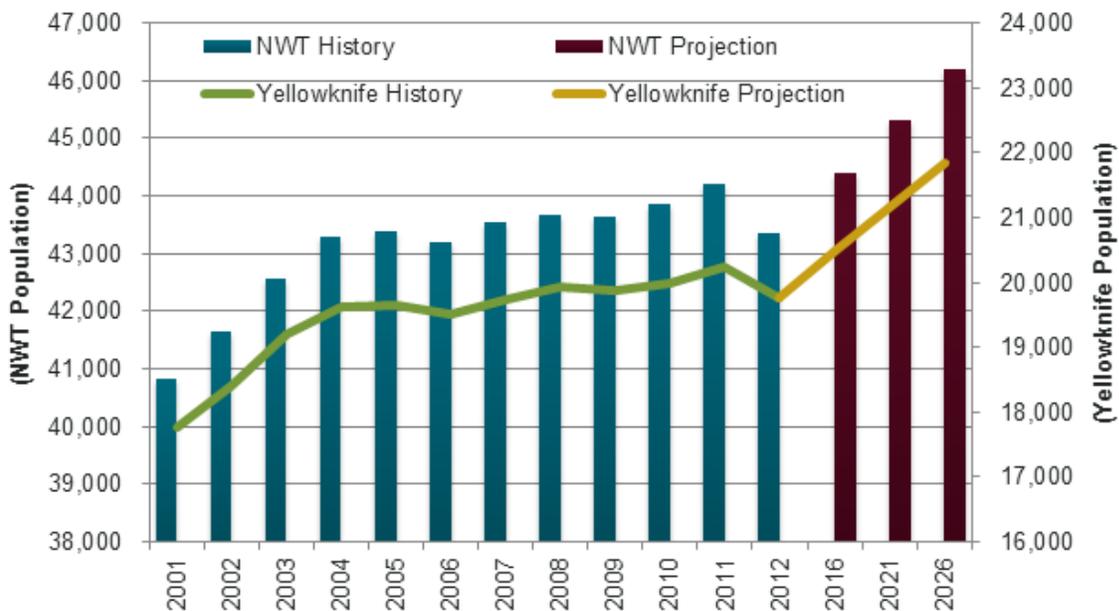
With all this being said, mines have a fixed life, and the benefits from mining diminish once economic minable reserves are exhausted. In NWT, it is clear that by 2019 employment and economic output at the existing mines might begin to reduce significantly. The territory must work with existing mining operations to extend the life of the mines as well as make efforts to ensure potential new mines can come online before 2019.

3.2.3 Resource Sector Impacts on Yellowknife

The growth or decline of resource economies rarely have much to do with local decisions or the local economy. However, much can be done to promote and maintain these economies once a project is developed and into production. It is these actions that can mitigate the negative impacts of mine closures.

The population impacts shown in Figure 5 are for the territory as a whole. The impact on Yellowknife would be slightly different. The NWT Bureau of Statistics completes forecasts of Yellowknife’s population. Its current projections are shown in Figure 6. Understand that the Bureau completes these projections with the assumption that net migration is zero. Historical evidence does not support this assumption. Thus, the overall projection for the territory is likely unrealistic. Its projection for Yellowknife, on the other hand, is more believable because the city is starting to gain more and more residents through intra-migration that is compensating for the emigration of residents to southern Canada. So, while the assumptions might be incorrect, the result is somewhat more reasonable, at least over the short term.

FIGURE 6: YELLOWKNIFE POPULATION PROJECTIONS



Source: GNWT Bureau of Statistics adapted by Clinton Economics

NWT and its resource economy present a somewhat special case. There are no major resource projects (Giant Mine Reclamation notwithstanding) within or directly adjacent to a community’s boundaries. As a



result, its interplay with the territory's economy is different than what might occur in other parts of the country. The most significant of these differences is that residency is not a requirement for employment. In addition to affecting Yellowknife's population, it also makes it difficult to accurately predict demographic shifts as a result of mining projects (for example, the creation of 500 jobs in mining does not mean Yellowknife or the NWT should expect an inflow of 500 workers and their families).

Diavik reports that approximately 35% of the Diavik Diamond Mine's workforce resides in Yellowknife, which is a good proxy for percentage of all resource workers residing in Yellowknife. In addition to the employees working directly for the mines, the mining operations purchase goods and services in Yellowknife, supporting countless retail and consumer service businesses throughout the city and creating hundreds of jobs. The employment multiplier for diamond mining in the NWT is 1.52. If 35% of the workers at Ekati, Diavik and Snap Lake resided in Yellowknife, this translates into 1,093 workers living in Yellowknife. Using the multiplier of 1.52, an additional 568 jobs are created from these positions. This does not take into account that the diamond mines themselves may be purchasing a disproportionate volume of goods and services from Yellowknife. Technically, the additional jobs created by the mining industry are created across the NWT; however, it is likely that many of these jobs are created in Yellowknife.

As the mining sector accounts for a considerable portion of Yellowknife's population and economy, the city of Yellowknife does need to be concerned with the tenuous nature of the resource sector and NWT economy. It has been demonstrated that several new projects would need to start over the next five years to avoid the downturn that would result from Ekati's closure. The closure of Ekati, with no new project brought on stream, would result in a decline in population, household income, consumer spending and real estate values.

3.2.4 Additional Sectors

Although the mining industry is instrumental in the economic growth of the Northwest Territories, there are other sectors that play an important role in the territorial economy. Many of these, in particular construction and transportation and logistics, are immediately impacted by investment in the mining industry; however, emerging economic sectors are being developed to diversify the economy.

Construction

The construction industry employed 1,950 workers in 2011. This represents approximately 6.9% of the total territorial workforce and almost 8.8% of private sector employment. Construction workers in the NWT average weekly earnings of just under \$1400, one of the highest in 2011. In 2011, the NWT construction industry contributed \$158 million to territorial GDP, or 5.5% of total GDP. This is a considerable drop from the sector's peak in 2007, when total contribution to the NWT's GDP equalled \$380 million or approximately 10% of total GDP. Construction activity is directly linked to capital investment. Based on this, it is not surprising to see that revenues declined between 2007 and 2009, as the construction of DeBeer's Snap Lake mine was completed in 2007 and entered production in 2008.

As with the mining sector, construction projects are or have the potential to be serviced from Yellowknife, generating the opportunity to develop businesses in the construction supply chain in Yellowknife.



Transportation

The industry's GDP increased 80% between December 1999 and December 2005. However, since 2005 transportation has shown little growth. The industry is one of NWT's largest employers, directly accounting for over 10% of employment. Transportation showed considerable growth over 2000-2003, which coincided with the development of Diavik Diamond Mines. Since 2007, the transportation and warehousing sector has reduced investment in the NWT by \$87 million. Investment in the industry has been declining as a percentage of the NWT total, down to five per cent from eight per cent in 2007. Air, rail and marine transportation represents 60% of the industry. The second largest group is trucking, accounting for 21% of the NWT industry. Pipelines currently represent six per cent, but their share has been declining.

Yellowknife, as the service centre for the Northwest Territories and central arctic, is home to much of the transportation sector's activity in the NWT. Yellowknife should seek to solidify its role as the service and supply centre, attracting more transportation services to Yellowknife.

Oil and Gas Extraction

Norman Wells, in the NWT's south is one of Canada's richest oil fields. Current volumes for oil and natural gas production are declining in that area. However, new opportunities are being explored. Currently there are three projects proposed for exploration offshore. Companies are undertaking seismic surveys and collecting field data. The proposed Mackenzie Gas Pipeline (MGP) has the potential to create huge economic benefits for the NWT. Natural gas liquids are proposed to be separated in Inuvik and shipped down the pipeline to join the existing Enbridge pipeline. The project estimates highlight that the MGP will cost \$16.2 billion: \$7.8 billion for the pipeline, \$4.9 billion for the development of the anchor fields and \$3.5 billion for the gas-gathering system.

Similar to other sectors, Yellowknife has the potential to be the central service point for oil and gas activity and pipeline construction in the north. Doing so closely links the opportunities in the oil and Gas sector with Construction and Transportation.

Tourism

Tourism is seen as an important 'export' based sector in the NWT, generating jobs and income for many northerners. Yet tourism represents just two per cent of the total economy, showing little change in the decade to 2011. Furthermore, since 2007/2008, there has been a steady decline in visitations to the NWT. Overall, visitations to the NWT have decreased by 19% since 2007/2008. The economic downturn in late 2008 negatively impacted business and leisure travel in 2009 and 2010.

Tourism provides a potential market for local arts and crafts, an industry utilizing many traditional skills and supporting sustainable development. Increased emphasis on both product and promotions is required by Yellowknife, GNWT and communities across the NWT to increase tourism revenue.

Arts and Fine Crafts

Arts and fine crafts make an important contribution to our economy as an export industry as well as a cultural identifier. According to the 2008/2009 Household Survey conducted by the NWT Bureau of Statistics, there were more than 3,000 NWT residents over the age of 15 who participated in producing some form of art or craft. The NWT arts and fine crafts sector is quite diverse, characterized by a wide



range of traditional and modern activities. Production is primarily cottage based. Individuals often produce and sell products independently, frequently out of their homes.

Many arts and fine crafts retailers in the NWT (43%) are relatively small businesses, with annual gross revenues of less than \$50,000. Many of these are located in Yellowknife. As the landing point for tourism as well as being the transportation hub for the NWT, Yellowknife is the natural focal point for the production and distribution of art and fine crafts in the NWT.

Media and Film Industry

A Review of Film Commission Mandates produced in 2011, provides an understanding of the state of the film industry in the NWT. The study found that film and digital media activities, including website design, annually contribute about \$9 million to the NWT economy. This includes about \$5 million in wages. More than 100 people are estimated to be employed full time in the NWT film and media arts industry. Both the Native Communications Society and the Inuvialuit Communications Society (ICS) develop a variety of productions each year for the national Aboriginal People's Television Network. They currently produce four to six documentaries annually. Each project injects approximately \$60,000 into the local community. Successful reality television shows, including *Ice Road Truckers* and *Ice Pilots*, contribute an estimated \$100,000 in direct expenditures each year. Yellowknife, as the transportation and service hub and focal point of art and cultural activities in the NWT, has the potential to position itself at the centre of media and film in Canada's North.

3.2.5 Key Issues

Unlike provinces in Canada, the territorial government's spending is made more stable by the fact that its largest revenue source is transfers from the federal government—not its own economic tax base. There is some room for variation within the formula that determines the size of transfer, but this can be mitigated by government's ability to finance current spending by borrowing.

Unresolved land claims continue to cause barriers to investment. However, negotiations are continuing with other Aboriginal groups, and the conclusion of negotiations should provide additional clarity for residents, governments and industry. The finalization of some Aboriginal land claims has already established increased clarity with respect to roles and responsibilities related to land ownership, land access and the structure and operation of licensing authorities in some regions.

3.3 City of Yellowknife

The City of Yellowknife has committed to creating a policy environment where business can grow and thrive. The City has recently developed the Engle Business District in the city's west end - a multi-phased project that accommodates a variety of general industrial and business industrial uses. Currently in Phase 1 development, the Engle Business District can supply over 200 hectares of industrial land which is more than sufficient to accommodate industrial growth and relocation of uses from other parts of town beyond the 10-year timeframe of this plan. Existing industrial and commercial spaces have also been given intensification targets in regions such as Old Town, Kam Lake and Old Airport Road.

Under the City's Development Incentive Program By-law, businesses are encouraged through tax abatements to push industrial development to Engle Business District and redevelop particular areas of the city. Additional plans and policies are highlighted in Figure 7.



FIGURE 7 CITY OF YELLOWKNIFE'S ECONOMIC DEVELOPMENT PLANNING CONTEXT

Key Policy Document	Purpose	Provisions related to Economic Development	Work to date
City of Yellowknife Smart Growth Development Plan (2010)	<p>The main objective of the Smart Growth Plan was to create an integrated long-range growth and development strategy for the city based on a number of smart growth principles. Yellowknife's smart growth principles include:</p> <ul style="list-style-type: none"> ■ Community collaboration ■ Fair and equitable ■ Placemaking ■ Housing ■ Open space and natural areas ■ Redevelopment and reinvestment ■ Transportation ■ Promotion of clean energy ■ Regional awareness 	<p>The plan's action for economic development seeks to "create a prosperous community with affordable living based on economic diversification and the mobilization of Yellowknife's unique assets and resources."</p> <p>The Economic Development Implementation Framework highlights a number of following actions including:</p> <ul style="list-style-type: none"> ■ Explore and develop taxation models, including Business Improvement Districts and Tax Increment Financing that would allow greater control in the neighborhood revitalization ■ Commission a report to identify opportunities for user-fee structure and alternative revenue streams ■ Maximize the utilization of government grants for city infrastructure 	<p>In 2009, City Council adopted the Development Incentive Program that offers tax abatements to targeted areas of the city for five redevelopment initiatives including:</p> <ul style="list-style-type: none"> ■ Residential intensification ■ Industrial relocation ■ LEED certification ■ Brownfield remediation and ■ Heritage preservation
Yellowknife Harbour Plan (2012)	<p>A planning exercise was conducted for the area of Yellowknife Bay to develop a clear vision, framework and coordinated efforts for regulating activities and development along the Harbour.</p> <p>A vision was created for the Harbour.</p>	<p>Planning recommendations include the development of a planning framework that would support character area-specific design guidelines that shapes change in neighborhoods and districts according to the following three categories:</p> <ul style="list-style-type: none"> ■ Maintain with sensitive development ■ Revitalize and intensify with compatible development/redevelopment ■ Large-scale development/redevelopment 	<p>The strategic plan has been completed and action items are currently underway.</p>



<p>City of Yellowknife By Law No. 4534 Development Incentive Program By-Law</p>	<p>This By-Law provides tax abatements and grants to encourage the following five smart growth development and redevelopment initiatives:</p> <ul style="list-style-type: none"> ■ Residential intensification ■ Industrial relocation ■ Brownfield remediation and development ■ LEED ■ Heritage preservation 	<p>The industrial relocation incentive encourages the relocation of uses deemed industrial by the Development Officer from lands throughout the city to the Engle Business District.</p>	<p>Development incentives have worked to attract industrial relocation to the Engle Business District and away from the Kam Lake Industrial Park and other areas in the city.</p>
<p>City of Yellowknife General Plan By-Law No. 4656</p>	<p>The purpose of the 2011 General Plan is to set out a vision for the future growth and development of Yellowknife over the next 10 years. The General Plan provides policy direction not only on the timing and location of growth but on the character of that growth. The General Plan policies are consistent with the Smart Growth Principles.</p>	<p>Commercial and Industrial Land Development: The growth vision anticipates an additional 2,350 jobs in Yellowknife over the next 10 years if the economic conditions and population growth to create these jobs prevails.</p> <ul style="list-style-type: none"> ■ The demand for commercial space should be met through the intensification areas of Downtown, Old Airport Road and Old Town. ■ To meet industrial land needs, the Engle Business District is a multi-phased development project that can deliver 200 hectares of industrial land for development 	<p>Currently in Phase 1 development, the Engle Business District can supply over 200 hectares of industrial land which is more than sufficient to accommodate industrial growth and relocation of uses from other parts of town beyond the 10-year timeframe of this plan.</p>
<p>Council's Goals and Objectives 2013 – 2016</p>	<p>Council's vision for the community is <i>"a welcoming, inclusive, vibrant and family-oriented city with a strong sense of community pride. We will strive to be self-sufficient while actively promoting economic development and tourism and protecting our unique history, culture and natural beauty."</i> Council has established four goals with associated objectives to achieve this vision.</p> <p>Goal #1: Building a sustainable future</p> <ul style="list-style-type: none"> ■ Realize opportunities to encourage economic growth and diversity. ■ Continue to have a sustainable and practical approach to infrastructure deficit 		



reduction.

- Emphasize fairness, value and transparency in financial decisions, program delivery and land administration.
- Facilitate and support sustainable development.
- Advance the City's financial interests with other orders of government.

Goal #2: Stewards of our natural and built environment

- Maintain, respect, preserve and enhance the natural environment, natural heritage and green space.
- Improve transit, roads, sidewalks, recreation facilities and trails with an emphasis on active and healthy living choices.
- Develop smart and sustainable approaches to energy, water and sewer, waste management and building systems.
- Promote a range of commercial, residential and institutional development and revitalization opportunities.
- Maintain and enhance core services and adapt to changing needs.
- Fully implement and sustain a customer service culture.
- A sense of personal and community safety.

Goal#3: Enhancing communications and community engagement

- Celebrate community participation and volunteerism.
- Promote heritage, culture, arts and other unique characteristics of Yellowknife.
- Ensure transparency, accountability and reporting

Goal #4: Creating and sustaining meaningful relationships

Develop Prosperity through Strategic Partnerships.

- Advance the City's interest in responding to social, environmental and economic issues and their impacts.
- Be accountable to residents by ensuring open and accessible information flow and accessible decision-making.
- Create an environment of mutual respect, open dialogue and teamwork.

Yellowknife's policy context is strong and supports development and revitalization of key neighborhoods in the city. The following section examines the key economic development statistics to develop a better understanding of the economic context in which these policies are utilized and applied to foster economic development in the city.

3.3.1 Demographic Characteristics

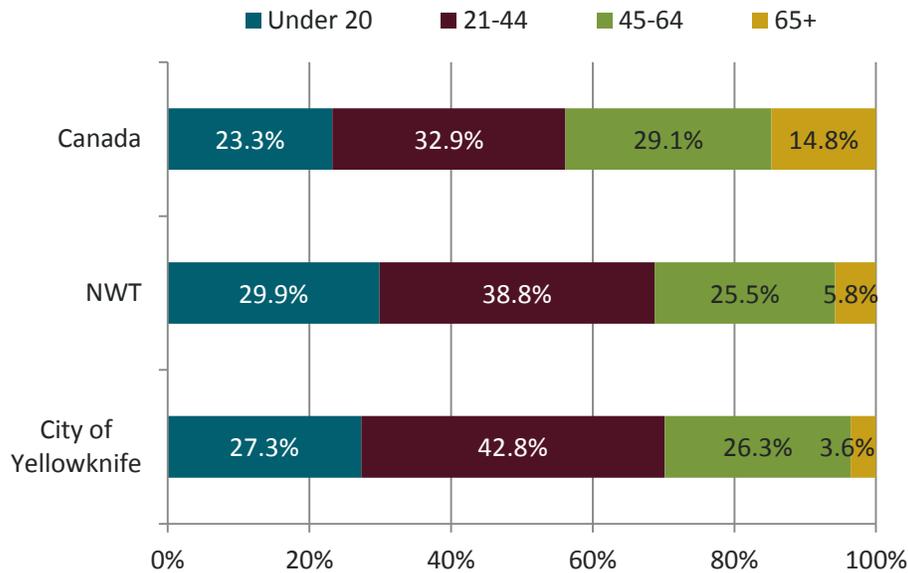
Population by Age

Yellowknife's population is considerably younger than that of Canada. The largest segment of Yellowknife's population from 2001 until 2011 has been between of ages of 21 to 44 years old (Figure 8). This trend points to the large segment of the population who spend the beginning and middle of their



careers in Yellowknife. In 2001, Yellowknife’s population under the age of two was greater than the population between the ages of 45 to 65, boding well for the future of Yellowknife’s available labour force.

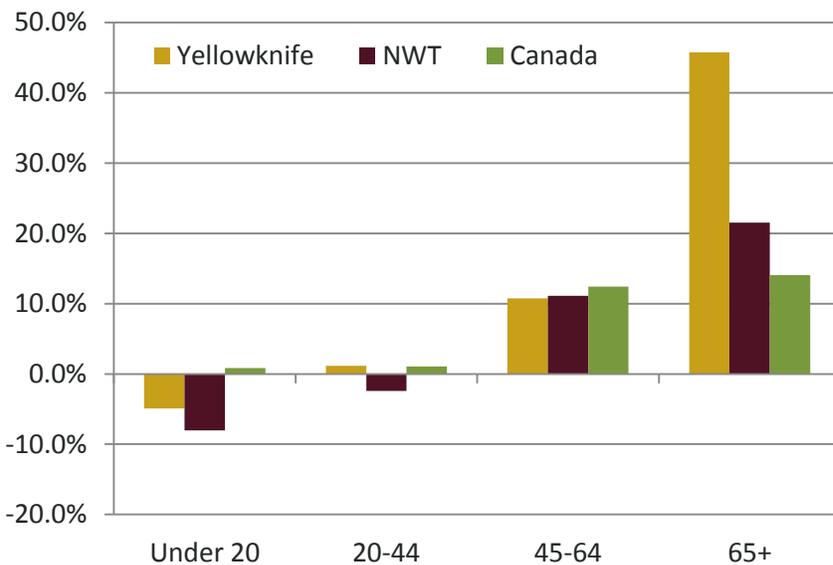
FIGURE 8: POPULATION BY AGE, YELLOWKNIFE, NORTHWEST TERRITORIES, CANADA 2011



Source: Statistics Canada Census of the Population, 2011

However, these demographics have shifted, and Yellowknife has seen a dramatic increase in the age of the population (Figure 9). From 2001 to 2011, the population over the age of 44 has increased by over eight per cent, and the population of those younger than 44 has decreased by 16 percent.

FIGURE 9: POPULATION GROWTH BY AGE GROUP, 2006 TO 2011



Source: Statistics Canada Census of Population, 2006 and 2011



Yellowknife’s population under the age of 20 has decreased by four per cent since 2006, and the NWT’s population under the age of 20 has decreased even more steeply by over eight per cent. This adds to the challenges posed by the decline in population of those aged 20-44. The NWT’s population aged 20-44 decreased by close to two per cent from 2006 to 2011, and Yellowknife’s young and middle-aged worker population increased only marginally. Yellowknife and the NWT will need to focus on attracting workers to the territory in order for future growth to occur.

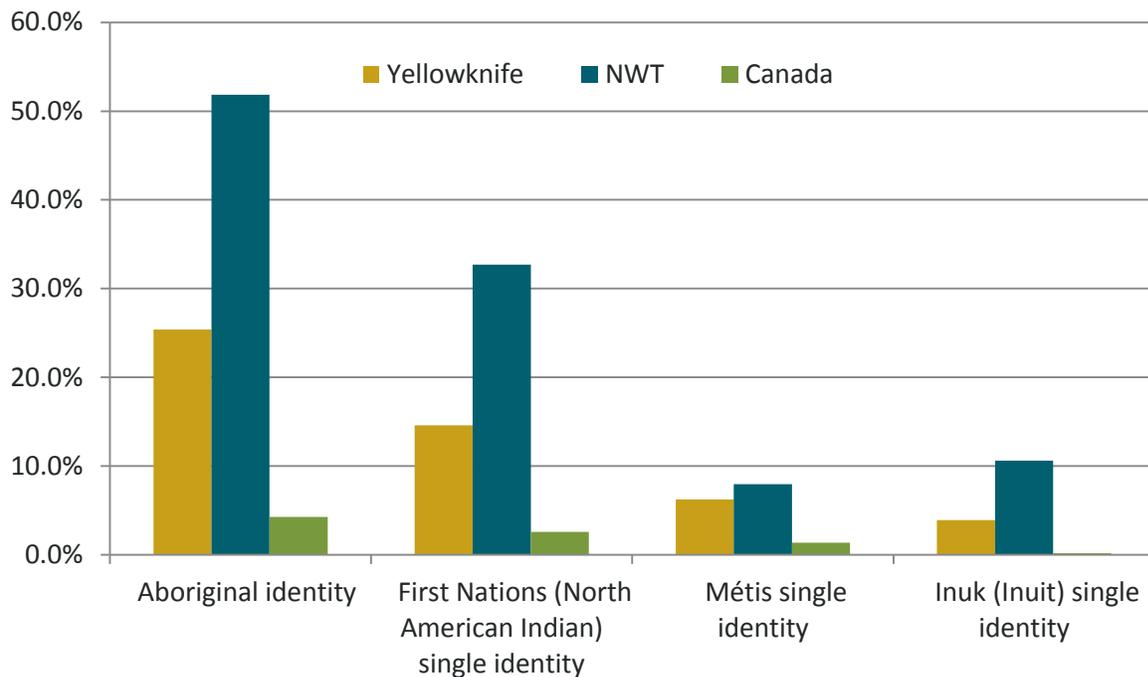
Although the percentage of the total population that is over the age of 65 is still relatively low compared to the national average, this increase in those over the age of 65 suggests the need to investigate whether the city has the capacity to provide adequate and affordable housing, social assistance and health care to the elderly in need.

Aboriginal Population

As a total percentage of population, Aboriginal people comprise more than 50% of the territorial population and approximately 25% of Yellowknife’s population (Figure 10). Most of Yellowknife’s Aboriginal people are First Nations, with smaller percentages identifying as Metis and Inuit.

The Aboriginal populations within the Northwest Territories will play an integral role in future economic development. Training programs for Aboriginal communities will assist youth in accessing future employment opportunities in Yellowknife and across the NWT.

FIGURE 10: ABORIGINAL POPULATION, YELLOWKNIFE, NORTHWEST TERRITORIES AND CANADA, 2011



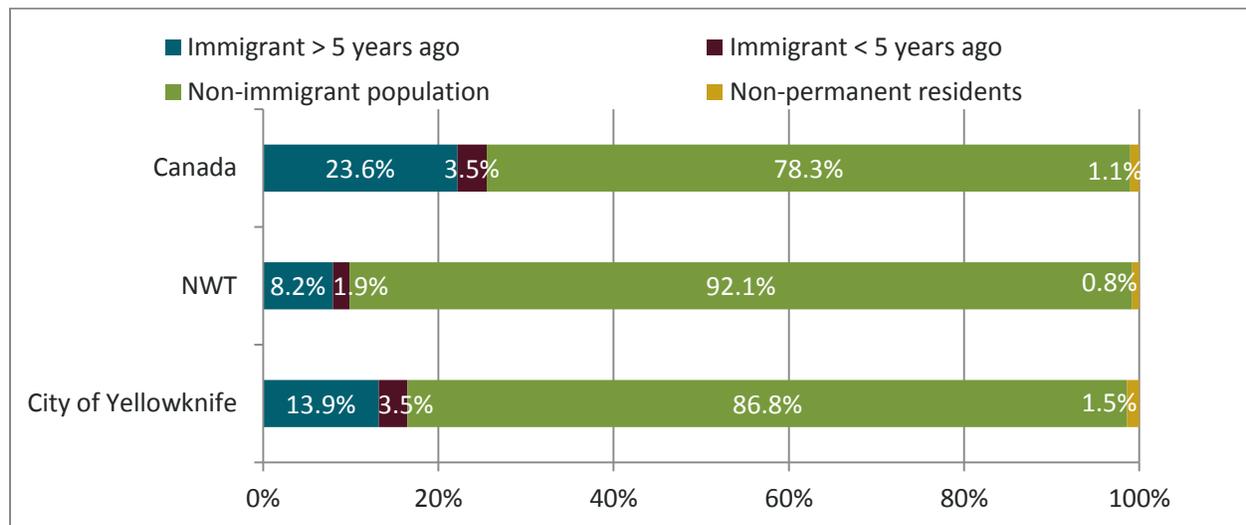
Source: Statistics Canada, National Household Survey, 2011



Growth and Change in Immigrant Population

The majority of Yellowknife's population (86.8%) is non-immigrant (Figure 11). This is significantly higher than the national average of 78.3%. Most immigrants, when entering Canada, settle in larger urban regions including Vancouver, Montreal and Toronto where established cultural communities have been formed. Climate might also act as a deterrent in attracting new immigrants to the North. Immigrants comprise a higher percentage of Yellowknife's population than the territorial average. Although Yellowknife's immigrant population is significantly lower than the national average, it seems that immigrants who are attracted to living in the NWT tend to settle in Yellowknife.

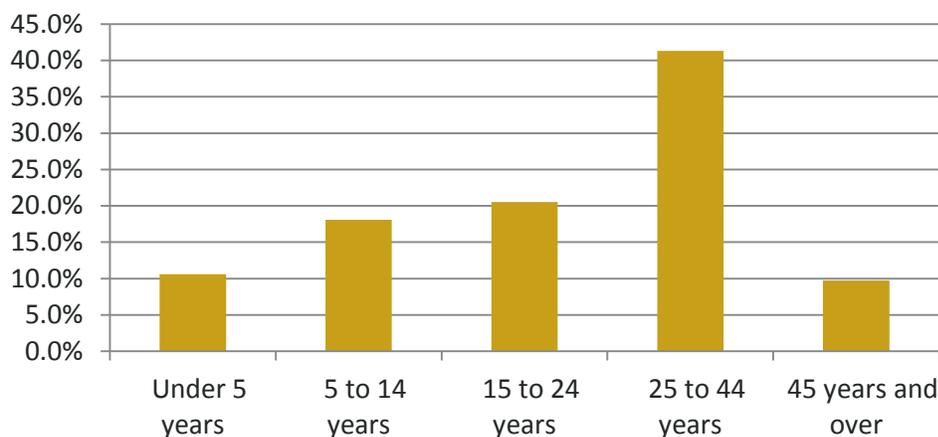
FIGURE 11: IMMIGRANT STATUS BY PERIOD OF IMMIGRATION, 2011



Source: Statistics Canada National Household Survey, 2011

The immigrant population that comes to Yellowknife is very young, with the smallest proportion of immigrants being over 45. More than 40% of immigrants come to Yellowknife between the ages of 25 to 44 years of age, most likely due to employment opportunities.

FIGURE 12: IMMIGRANT STATUS BY AGE AT IMMIGRATION, YELLOWKNIFE, 2011



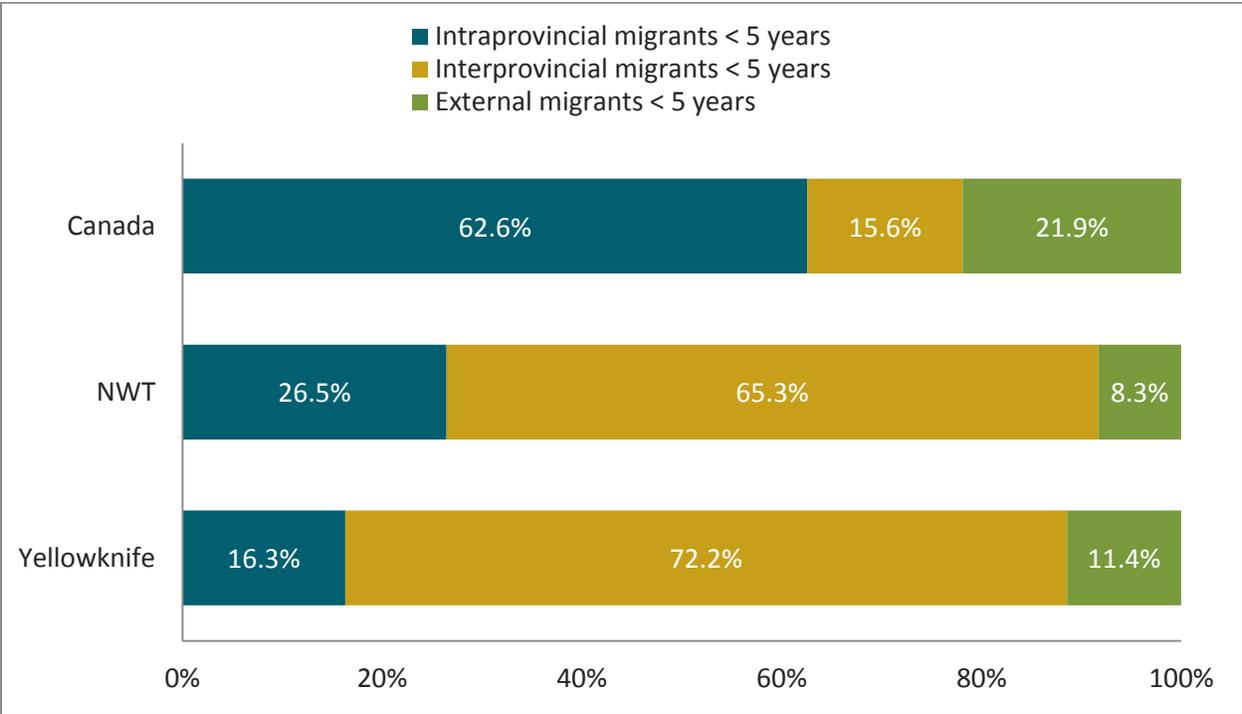
Source: Statistics Canada National Household Survey, 2011



While immigrants comprise a smaller percentage of the population than the national average, Yellowknife also has a larger percentage of the population as non-permanent residents (1.5%) than the national average (1.1%). This could be driven by the fact that mining industry players are multi-national, global leaders and attract workers from around the globe to work in their head offices and facilities. However, more research would need to be conducted to validate this hypothesis.

Mobility and Migration

FIGURE 13: INTERNAL VERSUS EXTERNAL MIGRANTS HAVING MOVED IN THE PAST 5 YEARS, 2011



Source: Statistics Canada National Household Survey, 2011

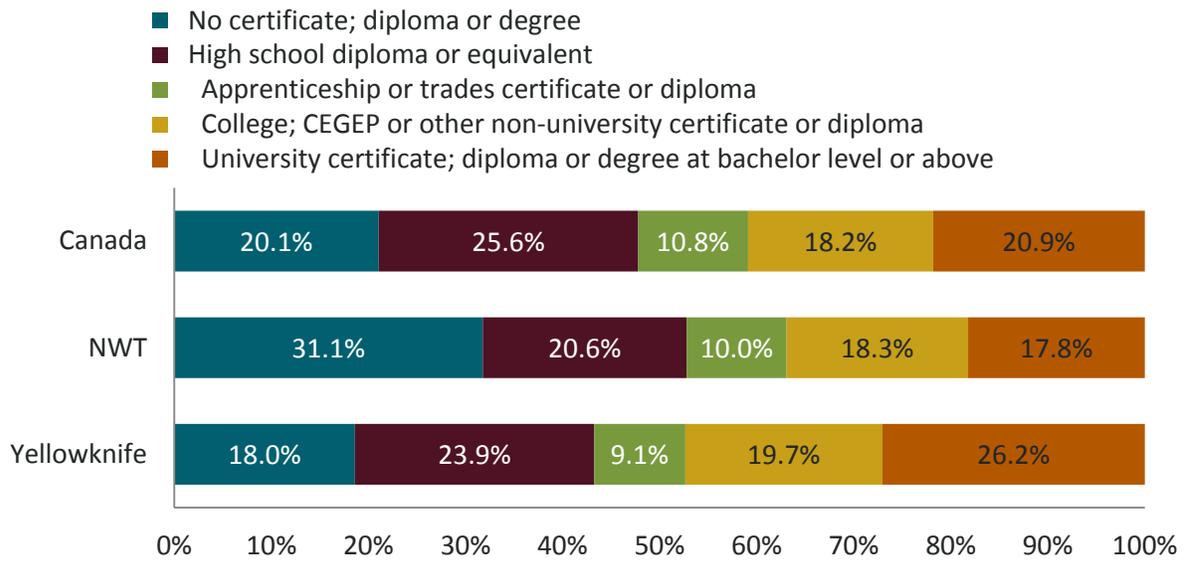
Over 72% of the population who have relocated to Yellowknife in the past five years are from outside of the Northwest Territories. This trend is unique to the territories, where the labour force is small and specialized skills need to be recruited from outside of the territory. National trends highlight that most of Canada’s mobile populations migrate within the same province rather than to different provinces/territories. In contrast to the rest of Canada, only 16.3% of the population has migrated from elsewhere in the NWT and only 11.4% has migrated from outside of Canada.

Educational Attainment and Field of Study

Compared to Canada and the NWT, Yellowknife’s population has high levels of educational attainment. Over 55% of the city’s population (Figure 13) has some form of post-secondary credentials including apprenticeship and trades certificates, college diplomas and university degrees. This is significantly higher than the national average of 50%. This is consistent with Yellowknife’s position as the administrative centre for the NWT.

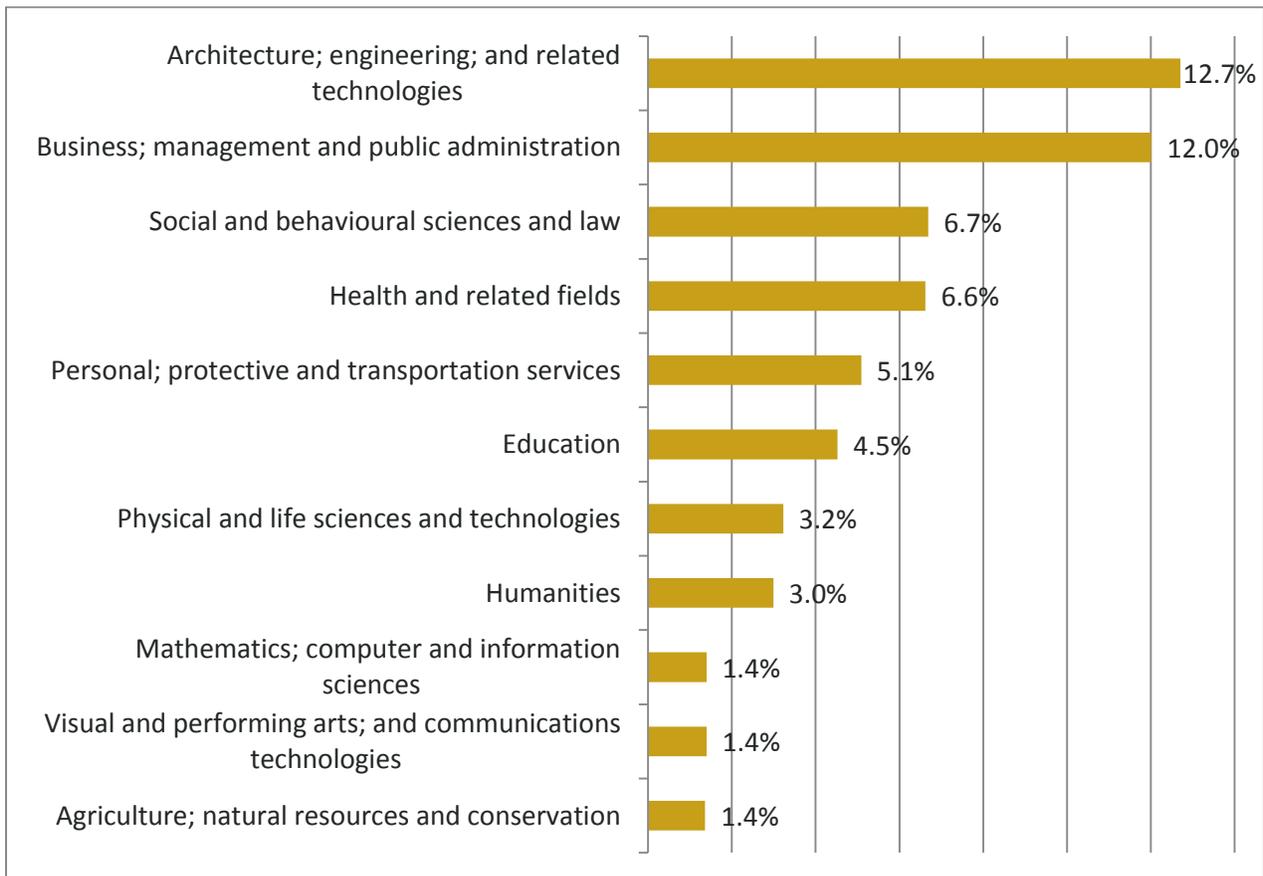


FIGURE 14: COMPARATIVE EDUCATIONAL PROFILE, PERCENTAGE OF POPULATION AGED 25 TO 64, 2011



Source: Statistics Canada National Household Survey, 2011

FIGURE 15: EDUCATIONAL PROFILE BY MAJOR FIELD OF STUDY, YELLOWKNIFE, 2011



Source: Statistics Canada National Household Survey, 2011

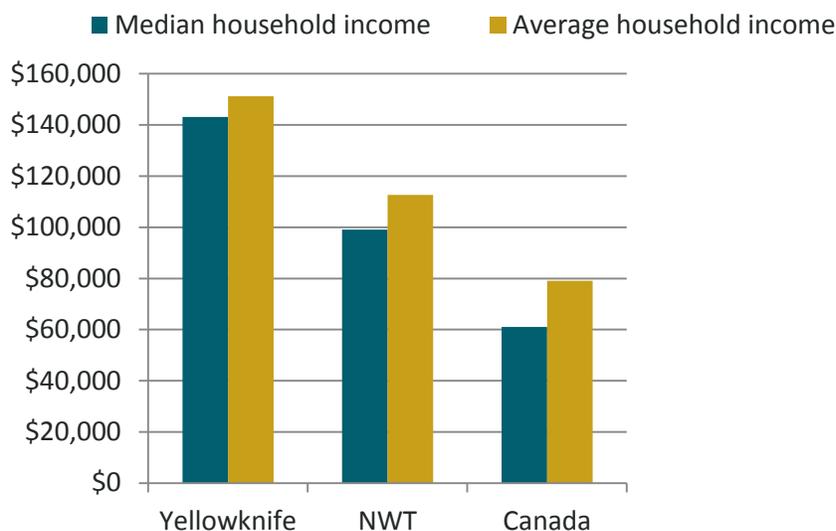


Of those people with post-secondary credentials, 12.7% hold a diploma or degree in architecture, engineering and related technologies (Figure 14). Another 12% hold diplomas or degrees in business, management and public administration. This labour force information reinforces that Yellowknife is the administrative hub for the NWT government as well as the home of significant mining employment.

Household Income

With a median household income of \$143,168 in 2010 (Figure 15), incomes of Yellowknife’s residents are more than double the national average and well above the territorial average. Additionally, there is very little spread between median household incomes and average household incomes, indicating a high degree of income equity across households. These high household incomes should be considered a strength for attracting retail and commercial outlets to Yellowknife. While the population base isn’t large, the residents do have the incomes to support the retail sector.

FIGURE 16: COMPARATIVE HOUSEHOLD INCOME (PRIVATE HOUSEHOLDS), 2010



Source: Statistics Canada National Household Survey, 2011

3.3.2 Labour Force and Employment Profile

Labour Force Characteristics

According to the National Household Survey, 2011 Yellowknife has strong labour force characteristics (Figure 17). Yellowknife’s participation rates, at 84.9% in 2011, were much higher than participation rates for the NWT (75.4%) and Canada as a whole (60.9%). While participation rates declined across Canada and within the NWT from 2006 to 2011, they increased from 84.2% in Yellowknife.

Yellowknife’s unemployment rate rose from 5.8% in 2006 to six per cent in 2011 but was still well below the national unemployment rate of 7.8% and almost half the territorial rate of 11.4%. The economy of Yellowknife was impacted by the recession, with a small increase in the unemployment rate from 2006, but was generally insulated from it compared to the rest of Canada, where the average unemployment rate increased by 1.2%. While more current data for the city of Yellowknife is not available, the September 2013 Labour Market Bulletin shows the unemployment rate in the NWT had declined to



8.9% in August, 2012 and to 7.8% by August, 2013. Given this decline in the territorial unemployment rate, it is likely unemployment rates in Yellowknife have also declined.

FIGURE 17: LABOUR FORCE CHARACTERISTICS, TOTAL POPULATION, 2011

Labour Force Activity	Yellowknife		NWT		Canada	
	2006	2011	2006	2011	2006	2011
Total population aged 15 years and over by labour force status	14,480	15,025	31,135	31,750	25,664,220	27,259,525
In the labour force	12,195	12,760	23,825	23,930	17,146,135	17,990,080
Employed	11,490	11,995	21,350	21,200	16,021,180	16,595,035
Unemployed	705	765	2,475	2,730	1,124,955	1,395,045
Not in the labour force	2,290	2,270	7,310	7,820	8,518,085	9,269,445
Participation rate	84.2%	84.9%	76.5%	75.4%	66.8%	66%
Employment rate	79.4%	79.8%	68.6%	66.8%	62.4%	60.9%
Unemployment rate	5.8%	6%	10.4%	11.4%	6.6%	7.8%

Source: Statistics of Canada, National Household Survey, 2011.

Labour Force by Industry

Public administration, as an industry category, employs the largest proportion of Yellowknife's labour force at 24.6%, up from 21.2% in 2006 (Figure 18). Yellowknife and the NWT's concentration in public administration is unique to Canada's territories.

Public administration in all three of the territories is higher than in any of the provinces, highlighting the dependence of the public sector on employment stability in the territories. The naming of Yellowknife as the capital city resulted in a significant increase in the city's population and stability to the city's economy.

The second largest industry by labour force is transportation and warehousing, employing 9.2% of Yellowknife's resident workers. This sector has increased as a proportion of the total labour force from 2006-2011.

Sectors that employ a high percentage of Yellowknife's labour force include:

- Public administration, increasing from 21.2% in 2006 to 24.6% in 2011
- Transportation and warehousing, increasing from 9.1% in 2006 to 9.2% in 2011
- Retail trade, declining from 9.7% in 2006 to 8.6% in 2011
- Health care and social assistance, declining from 8.6% in 2006 to 8.3% in 2011
- Mining, quarrying and oil and gas extraction, increasing from 7.2% in 2006 to 7.7% in 2011
- Construction, increasing from 4.7% in 2006 to 6.3% in 2011



FIGURE 18: PROPORTION OF TOTAL LABOUR FORCE BY INDUSTRY (NAICS), 2006 AND 2011

Industries (NAICS)	Yellowknife		NWT		Canada	
	2006	2011	2006	2011	2006	2011
All industries	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
11 Agriculture; forestry; fishing and hunting	0.1%	0.1%	0.9%	0.6%	3.1%	2.5%
21 Mining; quarrying; and oil and gas extraction	7.2%	7.7%	6.8%	6.3%	1.4%	1.5%
22 Utilities	0.9%	0.5%	1.4%	1.2%	0.8%	0.9%
23 Construction	4.7%	6.3%	6.8%	8.2%	6.3%	6.9%
31-33 Manufacturing	2.0%	0.9%	1.5%	0.8%	11.9%	9.2%
41 Wholesale trade	1.6%	1.8%	1.6%	1.6%	4.4%	4.2%
44-45 Retail trade	9.7%	8.6%	9.4%	9.2%	11.4%	11.6%
48-49 Transportation and warehousing	9.1%	9.2%	8.2%	7.7%	4.9%	4.7%
51 Information and cultural industries	4.0%	3.3%	2.6%	2.2%	2.5%	2.4%
52 Finance and insurance	2.4%	2.2%	1.6%	1.5%	4.1%	4.4%
53 Real estate and rental and leasing	1.4%	1.4%	2.1%	1.8%	1.8%	1.8%
54 Professional; scientific and technical services	5.5%	5.3%	4.1%	3.9%	6.7%	7.1%
55 Management of companies and enterprises	0.2%	0.2%	0.1%	0.3%	0.1%	0.1%
56 Administrative and support; waste management and remediation services	3.4%	2.9%	3.0%	2.7%	4.3%	4.1%
61 Educational services	5.3%	6.2%	7.1%	7.5%	6.8%	7.4%
62 Health care and social assistance	8.6%	8.3%	9.1%	8.9%	10.2%	11.1%
71 Arts; entertainment and recreation	1.7%	1.1%	1.7%	1.5%	2.1%	2.1%
72 Accommodation and food services	7.2%	5.9%	6.3%	5.0%	6.7%	6.4%
81 Other services (except public administration)	3.9%	3.4%	3.7%	3.7%	4.9%	4.6%
91 Public administration	21.2%	24.6%	21.6%	25.4%	5.8%	7.2%

Source: Statistics of Canada Census of Canadian Population 2006, Statistics of Canada National Household Survey 2011.

Those sectors that both provide significant employment and exhibit increasing employment are sectors to focus on in the economic development strategy. The large decline in employment in retail trade should also be a concern, and the city should investigate if Yellowknife is losing retail market share to other places.



FIGURE 19: LABOUR FORCE GROWTH/DECLINE BY INDUSTRY, 2006-2011

Industries (NAICS)	Yellowknife	NWT	Canada
All industries	3.6%	-1.3%	4.3%
11 Agriculture; forestry; fishing and hunting	-33.3%	-30.2%	-16.4%
21 Mining; quarrying; and oil and gas extraction	10.9%	-8.8%	9.3%
22 Utilities	-40.9%	-14.1%	12.8%
23 Construction	40.7%	18.4%	13.7%
31-33 Manufacturing	-52.1%	-48.6%	-19.3%
41 Wholesale trade	15.4%	-5.3%	-0.8%
44-45 Retail trade	-7.7%	-3.4%	6.0%
48-49 Transportation and warehousing	5.0%	-7.8%	0.9%
51 Information and cultural industries	-16.3%	-18.5%	0.8%
52 Finance and insurance	-8.5%	-6.7%	11.4%
53 Real estate and rental and leasing	9.1%	-12.4%	6.1%
54 Professional; scientific and technical services	0.0%	-6.7%	10.5%
55 Management of companies and enterprises	20.0%	85.7%	-15.0%
56 Administrative and support; waste management and remediation services	-13.3%	-11.2%	0.8%
61 Educational services	21.9%	4.2%	13.1%
62 Health care and social assistance	0.5%	-4.0%	13.6%
71 Arts; entertainment and recreation	-34.1%	-10.3%	4.9%
72 Accommodation and food services	-16.0%	-22.2%	0.4%
81 Other services (except public administration)	-10.5%	-2.3%	-1.5%
91 Public administration	20.7%	16.1%	28.9%

Source: Statistics Canada, National Household Survey 2011.

Figure 19 shows the growth and decline of industries in Yellowknife between 2006 and 2011. A number of key industries grew in terms of the labour force. These industries include:

- Construction (40.7% increase)
- Educational services (21.9% increase)
- Public Administration (20.7% increase)
- Management of companies and enterprises (20.0%)
- Wholesale trade (15.4% increase)
- Mining, quarrying and oil and gas extraction (10.9% increase)
- Real estate and rental and leasing (9.1% increase)
- Transportation and warehousing (5% increase)

Declines occurred in a number of sectors in Yellowknife from 2006 to 2011; however, most of these labour force decreases occurred in industries that are generally small, resulting in little negative impact on the overall employment characteristics for Yellowknife. Retail trade is the clear exception to this.



Those industries experiencing a decline in Yellowknife and the NWT while experiencing an increase nationally should be a concern to Yellowknife. These industries include:

- Utilities declined by 40.9% in Yellowknife and 14.1% across the territory while rising 12.8% nationally
- Retail trade decline by 7.7% in Yellowknife and 3.4% across the territory while rising 6% nationally
- Arts, entertainment and recreation declined by 34.1% in Yellowknife and 10.3% across the territory while increasing by 4.9% nationally
- Information and cultural industries declined by 16.3% in Yellowknife and 18.5% across the territory while rising 0.8% nationally

There are also several industries that exhibit a consolidation of services in Yellowknife as employment in these industries increased in the city while declining across the territory. These industries include:

- Wholesale trade 15.4% increase in Yellowknife while declining 5.3% in the NWT
- Mining, quarrying and oil and gas extraction with a 10.9% increase while declining 8.8% in the NWT
- Real estate and rental and leasing increased by 9.1% while declining 12.4% in the NWT
- Transportation and warehousing increased by five per cent while declining 7.8% across the NWT

Other sectors also show a consolidation of services in Yellowknife with employment growth in the city far outpacing growth across the territory. These sectors are:

- Construction with Yellowknife posting 40.7% growth vs. 18.4% in the NWT
- Educational services with Yellowknife posting 21.9% growth vs. 4.2% in the NWT

Overall, it appears that Yellowknife is increasing its share of employment across sectors in the NWT while also capturing a greater share of the direct and indirect employment related to the territory's mining industry. Retail, arts and entertainment and information and cultural industries should remain targets to capture a greater share of consumer expenses in these industry sectors.

Labour Force by Occupation

When measuring employment by occupation, sales and service is the largest occupational group in Yellowknife (Figure 20), employing 22% of the resident labour force. This is typical for a large urban area, particularly one that is a regional service centre like Yellowknife.

An additional 18.7% of the population works in business, finance and administration occupations, which is above the territorial and federal averages of 17.9 and 16.5% respectively. This above average occupational concentration reiterates the importance of Yellowknife as a hub of administration in both the public and private sector in the NWT. This is further reinforced by the 13.9% employed in management occupations, higher than 12.9% for the territory and 11.2% for Canada. The high percentage of workers (compared to the national average) in trades and transport occupations (15.1%) and natural and applied sciences (9.9% vs. 7%) indicate Yellowknife's position as a service centre for the territory's mining industry. However, it appears that Yellowknife's role in these industries is weighted more towards sciences, engineering and management, while other communities have strengths in trades, transport and equipment operation. While Yellowknife appears to be the centre of health care delivery, employing 5.2% of residents vs. 4.6% of residents across the territory, other communities have a higher portion of occupations in education, law and social, community and government services.



FIGURE 20: PORPORTION OF TOTAL LABOUR FORCE BY OCCUPATION (NOC), 2006 AND 2011

Occupation (NOC)	Yellowknife		NWT		Canada	
	2006	2011	2006	2011	2006	2011
All occupations	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 Management occupations	13.1%	13.9%	13.1%	12.9%	11.0%	11.2%
1 Business; finance and administration occupations	18.7%	19.8%	16.5%	17.9%	16.5%	16.5%
2 Natural and applied sciences and related occupations	9.4%	9.9%	7.2%	7.4%	6.6%	7.0%
3 Health occupations	4.9%	5.2%	4.3%	4.6%	5.7%	6.3%
4 Occupations in education; law and social; community and government services	11.7%	14.8%	13.4%	16.4%	11.0%	11.7%
5 Occupations in art; culture; recreation and sport	3.3%	2.8%	2.7%	2.3%	2.7%	2.9%
6 Sales and service occupations	22.0%	17.5%	22.1%	17.5%	23.2%	23.1%
7 Trades; transport and equipment operators and related occupations	15.1%	12.9%	17.8%	16.8%	14.8%	14.4%
8 Natural resources; agriculture and related production occupations	0.9%	2.2%	1.8%	2.9%	2.5%	2.3%
9 Occupations in manufacturing and utilities	0.7%	1.0%	1.1%	1.3%	6.1%	4.6%

Source: Statistics Canada Census of Population 2006 and Statistics Canada National Household Survey 2011.

Occupations related to natural resources, agriculture and related production occupations increased by 148.8% from 2006 to 2011 (Figure 21). This increase has been fueled by the growth of the mineral extraction and oil and gas sector. Occupations in manufacturing and utilities increased by over 50%. However, the utility and manufacturing sectors both saw a decline in their labour force over the same time period. This could point to a growth in occupations classified in manufacturing and utilities in other sectors of the economy, including mining and oil and gas and construction. Occupations in education, law and social, community and government services increased by 30.8%, which reinforces the growth in public administration witnessed in the same time period.



FIGURE 21: LABOUR FORCE GROWTH/DECLINE BY OCCUPATION, 2006-2011

Occupations (NOC)	Yellowknife	NWT	Canada
All occupations	3.6%	-1.3%	4.3%
0 Management occupations	9.7%	-2.7%	5.7%
1 Business; finance and administration occupations	9.5%	7.1%	4.4%
2 Natural and applied sciences and related occupations	8.4%	1.3%	11.8%
3 Health occupations	8.8%	3.9%	16.2%
4 Occupations in education; law and social; community and government services	30.8%	20.7%	11.7%
5 Occupations in art; culture; recreation and sport	-13.9%	-15.6%	12.3%
6 Sales and service occupations	-17.7%	-21.6%	3.8%
7 Trades; transport and equipment operators and related occupations	-11.5%	-6.5%	2.0%
8 Natural resources; agriculture and related production occupations	148.8%	55.8%	-7.3%
9 Occupations in manufacturing and utilities	57.6%	12.9%	-21.3%

Sources: Statistics Canada Census of Population 2006 and Statistics Canada National Household Survey 2011.

3.3.3 Industry Sector Analysis - Location Quotients

In order to determine the level and degree of diversity and industrial specialization that has developed in Yellowknife, location quotients (LQs) have been calculated to measure the relative concentration of industry/business activity by major industry sector.

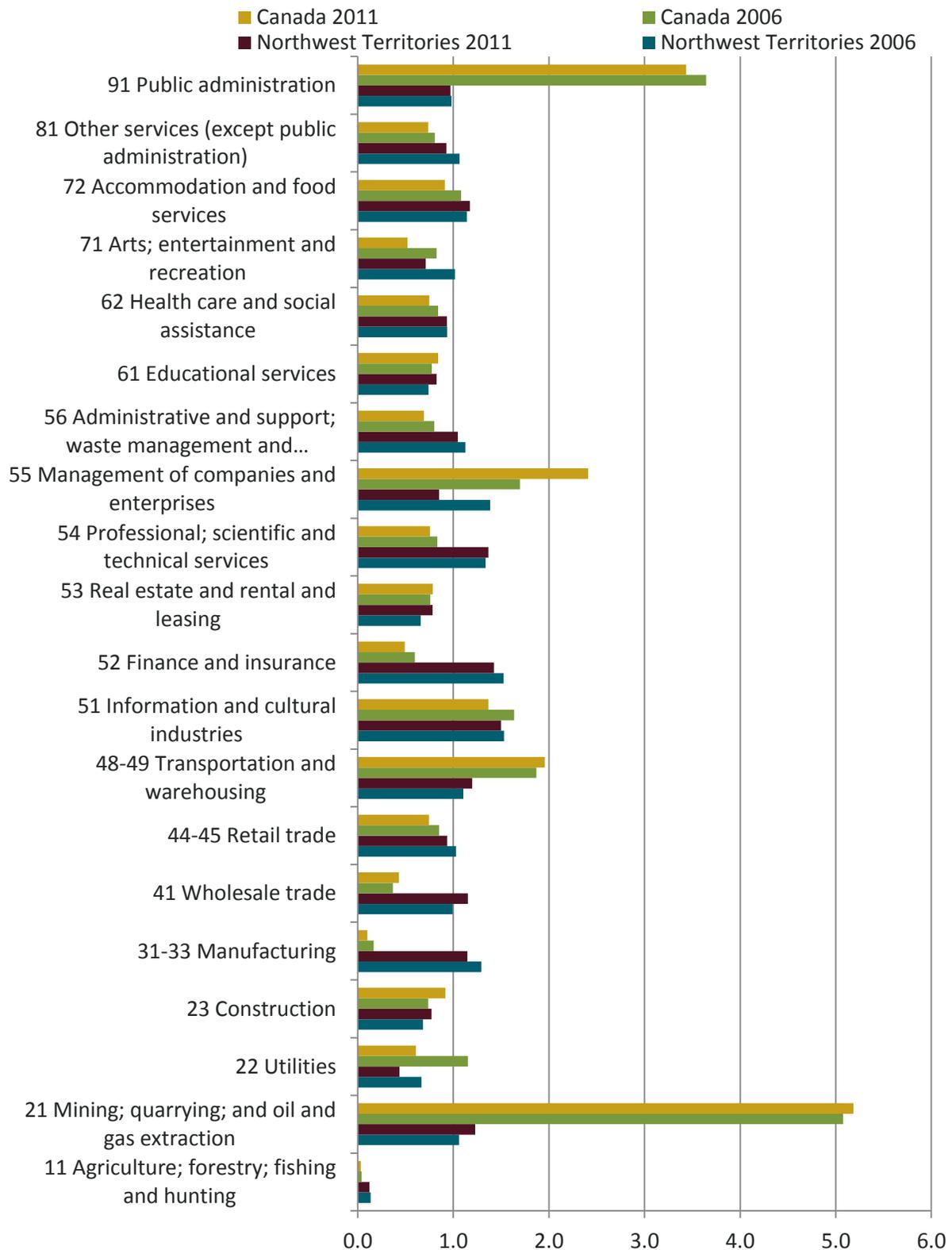
Location Quotients are a commonly used tool in local/regional economic analysis. They assess the concentration of economic activities within a smaller area relative to the overarching region in which it resides. Understanding that the Yellowknife's economy is a huge proportion of the NWT's economy, we have chosen to compare Yellowknife against the NWT and Canada to gain a clearer understanding of industry concentration in Yellowknife (Figure 22).

A location quotient greater than 1.0 for a given sector indicates a local concentration of economic activity and may be an indication of a competitive advantage with respect to the attraction of that industry sector. Location Quotients equal to 1.0 for a given sector suggest that Yellowknife has the same concentration of economic activity as the country. Finally, a location quotient of less than 1.0 suggests that Yellowknife does not have a strong competitive advantage in that sector.

In theory, an industrial or business concentration that is greater than the overarching regional average may also represent the export base of the participating municipality (both in terms of products or services). Businesses that make up this export base may have chosen to locate in the community due to certain local or regional competitive advantages. These competitive advantages can be used to attract additional investment in the same or complimentary industries.



FIGURE 22: LABOUR FORCE LOCATION QUOTIENT, CITY OF YELLOWKNIFE VS. NORTHWEST TERRITORIES AND CANADA, 2006 AND 2011



Source: Statistics Canada Census of Population 2006 and Statistics Canada National Household Survey 2011.



Yellowknife, compared to Canada, has a high concentration of employment in mining, quarrying and oil and gas extraction, transportation and warehousing, management of companies and enterprises and public administration.

- Mining; quarrying; and oil and gas extraction: 5.2LQ
- Public administration: 3.4 LQ
- Management of companies and enterprises: 2.4 LQ
- Transportation and warehousing: 2.0LQ
- Information and cultural industries 1.4LQ

These LQs suggest that, compared to Canada, Yellowknife has concentrations in the sectors highlighted. These sectors underscore what the background review and other economic data has suggested: that Yellowknife has strengths in mining and public administration. However, when compared to the NWT, Yellowknife no longer appears to have a concentration in public administration or management of companies and enterprises. In fact, with an LQ=1 for public administration, employment in this industry is the same, proportionally, as the NWT as a whole.

In comparison to the NWT, we can see that Yellowknife appears to have a concentration of employment in:

- Information and cultural industries (1.5LQ) - unchanged
- Professional, scientific and technical services (1.4LQ) - rising
- Finance and insurance (1.4LQ) - declining
- Accommodation and food services (1.2LQ) - rising
- Wholesale trade (1.2LQ) - rising
- Mining, quarrying, oil and gas extraction (1.2LQ) - rising
- Transportation and warehousing (1.2LQ) - rising

In addition to exhibiting a higher concentration of employment in these sectors, this degree of concentration has increased, with the exception of finance and insurance, across these sectors since 2006. This indicates Yellowknife's ability to attract investment in these sectors.

At the same time, Yellowknife has a lower proportional share of employment, compared to the territory, in educational services (0.8LQ) and health care and social assistance (0.9LQ). In these areas, the city should be working with the GNWT to increase the employment and services delivery in Yellowknife to be on par with the rest of the territory.

A concern should be noted with respect to retail trade. Yellowknife's LQ for this sector is only 0.7LQ compared to Canada and 0.9LQ compared to the NWT. This indicates retail leakage and an opportunity to enhance retail service offerings in Yellowknife. A similar conclusion can be drawn for arts, culture and recreation and other services.

3.3.4 Industry Sector Analysis - Business Patterns

Statistics Canada draws on information collected by the Canada Revenue Agency to compile business patterns data. Business patterns data collects data on the number of businesses, by number of employees by industry sector and subsector, in an area. All businesses with a mailing address in Yellowknife, that gross more than \$30,000/year in revenue and file business tax returns with the Canada Revenue Agency appear in the data set. While the location quotient discussion does give an indication of industry concentration and strength, business patterns supplies a picture of the business composition in



Yellowknife. Business patterns includes a category of 'indeterminate' businesses. These businesses have no employees and might be considered self-employed. It is unclear whether these businesses are home-based businesses or if they maintain a business location separate from their residence.

As we can see in Figure 23, the industries with the most number of businesses in Yellowknife are:

- Professional scientific and technical services – 180 businesses or 12.6% of all businesses
- Construction – 169 businesses or 11.9% of all businesses
- Other services – 131 businesses or 9.2% of all businesses
- Real estate and rental and leasing – 128 businesses or 9% of all businesses

FIGURE 23: YELLOWKNIFE BUSINESS PATTERNS, DECEMBER 2012

Industry	2012			Change		
	Total	Indeter- minate	Subtotal	Total	Indeter- minate	Subtotal
Total	1424	588	836	-0.4%	14	-20
11 Agriculture; forestry; fishing and hunting	2	0	2	-50.0%	-2	0
21 Mining; quarrying; and oil and gas extraction	19	7	12	-13.6%	2	-5
22 Utilities	4	1	3	0.0%	0	0
23 Construction	169	81	88	-4.5%	3	-11
31-33 Manufacturing	8	1	7	-27.3%	1	-4
41 Wholesale trade	41	11	30	-22.6%	-2	-10
44-45 Retail trade	127	24	103	3.3%	2	2
48-49 Transportation and warehousing	105	55	50	10.5%	9	1
51 Information and cultural industries	29	15	14	20.8%	5	0
52 Finance and insurance	66	37	29	-15.4%	-10	-2
53 Real estate and rental and leasing	128	90	38	16.4%	16	2
54 Professional; scientific and technical services	180	101	79	-1.6%	-5	2
55 Management of companies and enterprises	49	38	11	-12.5%	-8	1
56 Administrative and support; waste management and remediation services	79	30	49	-20.2%	-9	-11
61 Educational services	33	10	23	17.9%	2	3
62 Health care and social assistance	52	10	42	-21.2%	-8	-6
71 Arts; entertainment and recreation	24	14	10	26.3%	6	-1
72 Accommodation and food services	82	18	64	1.2%	1	0
81 Other services (except public administration)	131	41	90	6.5%	8	0
91 Public administration	96	4	92	29.7%	3	19

Source: Canadian Business Patterns, December 2008 and December 2012



From the total of 1,424 businesses, 588 (41.3%) are businesses with no employees. Businesses with no employees comprise 56.1% of businesses in professional, scientific and technical services and 47.9% of businesses in construction.

While there was a small overall decline in businesses between December 2008 and December 2012, this decline was experienced in almost all business sectors. In those sectors with the most number of businesses:

- Professional scientific and technical services declined by three businesses overall or 1.6%
- Construction declined by eight business overall or 4.5%
- Other services experienced an increase of eight business or 6.5%
- Real estate rental and leasing increased by 18 businesses or 16.4%

Sectors with the steepest decline were:

- Administrative and support, waste management and remediation services – decline of 20 businesses or 20.2%
- Wholesale trade – decline of 12 businesses or 22.6%
- Finance and insurance – decline of 12 businesses or 15.4%

Sectors with the greatest increases were:

- Public administration – increase of 22 businesses or 29.7%
- Real estate rental and leasing – increase of 18 businesses or 16.4%
- Transportation and warehousing – increase of 10 businesses or 10.5%
- Other services – increase of eight businesses or 6.5%

While most business have no employees or are very small, some industry sectors have very large employers. Most notably, public administration has 11 establishments with more than 100 employees, four of which have more than 200 employees. Transportation and warehousing also has seven businesses with more than 100 employees, three of these having more than 200 employees. Other large employers are found in retail trade, mining, quarrying and oil and gas extraction, accommodation and food services, construction, information and culture and finance and insurance. Yellowknife should acknowledge who these large employers are and ensure their business needs are being met.

As has already been discussed, Yellowknife has considerable employment in public administration. According to business patterns, there are 13 departments or agencies from the federal government, 68 from the territorial government, one municipal and five aboriginal public administration establishments.

Professional, scientific and technical services also have a high number of business establishments, and employment in Yellowknife and should be investigated more closely. Of the 180 businesses in this sector:

- Administrative management and general management consulting services has 34 businesses
- Office of lawyers has 23 businesses
- Engineering services has 15 businesses
- Office of accountants has 14 businesses
- Other management consulting services has 14 businesses
- All other professional, scientific and technical services has 13 businesses
- Environmental consulting services has 12 businesses



This indicates that the professional, scientific and technical services sector is serving both government and mining.

3.4 Municipal Incentives

Municipal incentives are frequently considered by communities and economic development departments in their efforts to attract new business to their community or to direct development patterns in the community. In assessing the value of offering municipal incentives, a municipality must be clear on the goal of the incentive as well as understanding other factors at play in investment attraction. Indeed, promotions such as marketing, economic development websites, customer service, the ability to partner with others and an area's unique competitive advantages might be more valuable to an investor than a municipal incentive program. For many businesses, municipal taxes are a small part of their cost calculations, ranking lower on the priority list than availability, cost and skill levels of the labour supply and the cost of input goods and services.

Incentives themselves can be divided into tax, cash and non-cash incentives.

3.4.1 Tax incentives

Many organizations, including the World Bank, make the case for not deploying tax incentives, believing that, "the best incentive is providing a level playing field for all businesses through a broadly based, low, uniform tax rate and a good investment climate."⁴ It is believed that tax incentives lead to lost tax revenues and a 'race to the bottom,' providing no long-term benefit to the jurisdiction granting the tax incentive. Rather, a municipality should focus on providing a good investment climate with an overall competitive cost structure, efficient delivery of services and strong business support services.

The World Bank recommends that if tax incentives are used, they should be part of a defined program or policy with clear, qualifying criteria that are directly linked to public benefits. The report warns against a discretionary case by case approval process for incentives. Tax holidays or exemptions are a popular idea but often ineffective. In cases where tax incentives are used, it is imperative that the measurable positive impacts are clearly understood, and that these are higher than the true costs of the incentive.

While the Northwest Territories is not currently a member of the New West Trade Partnership between the western provinces of Saskatchewan, Alberta and British Columbia, it is a good idea to be aware that this partnership agreement disallows any municipality from offering tax abatement incentives. Article 12(1) states, "Parties shall not directly or indirectly provide business subsidies that:

- provide an advantage to an enterprise that results in material injury to a competing enterprise or another Party
- entice or assist the relocation of an enterprise from another Party, or otherwise distort investment decisions .

Should the GNWT enter into future agreements with the western provinces, this article would likely apply and any tax incentives offered by Yellowknife would be disputed.

4 Providing Incentives for Investment, World Bank Investment Climate Advisory Services, Sebastian James, Jan 2010



As a further note of caution in this regard, upon a request by the Town of Rimbey on the evaluation of a tax abatement bylaw, Brownlee LLP, Barristers and Solicitors recommended against a bylaw offering tax abatement incentives for three reasons, two of which are applicable to Yellowknife⁵:

- the bylaws discriminate between rate payers in the same taxation class. To offer an abatement to one commercial or retail enterprise opens the municipality up to providing abatements for all commercial and retail enterprises
- the bylaw restricts future councils in their legislative authority. Brownlee LLP cites that the Supreme Court has reinforced that current councils cannot pass bylaws that limit future councils in their legislative ability

Based on these arguments, tax abatements as incentives for investment are ill advised. That being said, there are other options available to municipalities as incentives for business development.

3.4.2 Cash grants and tax deferrals

Façade Improvement Programs

Many municipalities offer revitalization and façade improvement incentives in the form of grants targeted at a specific neighbourhood or business district. Programs can be designed where a municipality sets out clear criteria for a grant to improve existing buildings. As an example, Sherbrooke, Quebec has developed a commercial grant program to target the improvement of commercial infrastructure in the downtown. The grant allows businesses to improve façades, preserving architectural detail, as well as some interior renovations. These grants are limited to 50% of expenses, have an upper limit per building, and eligible premises are limited to the downtown area. An annual approved budget amount is recommended for these types of programs. Yellowknife has an existing Façade and Site Improvement Program, providing grants for 50% of eligible expenses. An evaluation of this program should be undertaken to assess the success of the program and determine any adjustments that need to be made to increase the adoption of the program by building owners.

Green Incentives

Similar grant programs can be established to motivate businesses to improve energy efficiency or 'green' technology in a facility. In Medicine Hat, the Hat Smart program provides grants to homeowners and business owners to install solar panels on their buildings or replace old technology and appliances with newer ones that meet energy reduction guidelines. A green incentive program could cover an entire municipality, including residential, commercial and industrial properties. A green incentive program sends a clear message to investors in renewable energy projects that the community is 'receptive' to renewable energy investment. Such an incentive could also work in tandem with the Development Incentive Bylaw and assist businesses in incorporating technologies that would reduce their utility costs, which is important to many residents and businesses in Yellowknife.

Fee Exemptions

Some larger communities, such as the city of Calgary, provide grants to reduce the costs of building permits if a project fits the program criteria such as affordable housing developments. In a similar case, in Kitchener, Ontario, businesses can apply for a refund of building, sign, or demolition permit costs to

⁵ The third reason cites the Alberta Municipal Government Act and is not applicable to Yellowknife



ease the expense associated with revitalizing a property located in the downtown. The Development Incentive Bylaw already considers these provisions for residential buildings in the downtown area but could be expanded to consider other developments in the downtown or even other areas such as Old Town.

3.4.3 Non-cash incentives

Business Revitalization Zone or Business Improvement Area

Business Revitalization Zones (BRZ) or Business Improvement Areas (BIA) are typically established to improve property in a designated area and/or establish a designated area as a destination shopping district. The purpose of a BRZ must be clearly stated in the bylaw establishing the BRZ. BRZs collect a portion of the municipality's business or property tax levy to conduct programs and projects that serve to achieve the goal of the BRZ. The establishment of these zones is a popular tool employed by municipalities across Canada. Purposes for establishing the areas include:

- Improving, beautifying and maintaining property in the Zone;
- Developing, improving, and maintaining public parking; and
- Promoting the Zone as a business or shopping district.

3.4.4 Summary

The clear communication of a community's competitive advantages is a successful strategy for attracting business, as a competitive cost environment is a key factor in the decision to locate a business. Rather than focusing on business attraction, a municipality should consider deploying incentives to achieve specific development goals in the community. Investors evaluate the cost of living, availability and cost of land and its development, available labour force, transportation costs, and the ease of access to suppliers and/or customers in the investment process. These factors should be the focus of an investment attraction program. All information should be publicly available, easy to read, and accessible through the internet. Investment decisions are often time sensitive, so a rapid and effective response to an investment inquiry is crucial. The ability for economic development agencies as well as municipal staff to respond promptly to requests for information, to provide consistent information, and to offer business development services demonstrates that there is a willingness to respond to the needs of the business community.



4 Case Studies

As part of the information gathering process, five communities were selected to learn from their strategies, activities, programs and services. Communities were selected based on their size and characteristics such as being a northern or regional centre or capital as well as being a resource based economy.

Lessons learned from these case studies were applied to the strategic priorities and potential actions for Yellowknife in these priority areas. The communities selected for review are:

- Whitehorse, Yukon
- Iqaluit, Nunavut
- Juneau, Alaska
- Skellefteå, Sweden
- Kalgoorlie, Australia

4.1 Canadian Case Studies

4.1.1 Whitehorse, Yukon Territory

Whitehorse is the capital city of Yukon, with a population of 23,276. It is similar to Yellowknife in that it is the centre for the territory and the location of the majority of the territory's population as well as business supplies and services. In this case study, a comparative analysis is completed to identify how Whitehorse and Yellowknife compare in terms of economic development fundamentals. The tourism initiatives of the city of Whitehorse are assessed, as is its Housing Growth Strategy.

Comparative analysis

A number of community and economic development factors were used to evaluate the capital cities of the three territories; Yellowknife, Whitehorse, and Iqaluit. The following factors emerged as Yellowknife's strengths in comparison to Whitehorse:

- Yellowknife's airport is significantly busier than Whitehorse's airport, with 60,000 aircraft movements in 2012
- The driving distance to major centres is shorter from Yellowknife than from Whitehorse

The following factors emerged as Whitehorse's strengths:

- Larger population by approximately 4,000 people or 21% as compared to Yellowknife
- GDP growth of 32% in Yukon, compared to -25% in the Northwest Territories
- Unemployment rate of 5.3% in Yukon, compared to 7.3% in the Northwest Territories
- Lower crime rate of 1,982 per 10,000 people in Whitehorse compared to 3,700 per 10,000 people in Yellowknife, and a much lower increase in crime rates over the past five years
- The overall cost of living is lower in Whitehorse than in Yellowknife, as measured by the Consumer Price Index (CPI).

The decrease in GDP in the Northwest Territories is largely in the exports of goods to other countries and other provinces, but the most substantial decline was in goods to other countries. The increase in



GDP in Yukon is in the same area. The territory level data is relevant to both cities due to their roles as regional hubs; the economic vitality of each city is tied to events in each territory.

The CPI is a number that represents the cost of a fixed basket of goods and services. The basket includes food, shelter, general household expenses, transportation, health, and recreational goods and services. The cost of electricity, which is in the shelter category, is a major differentiator between the cost of living in Yellowknife and Whitehorse. Figure 24 illustrates the water, fuel and electricity portion of the CPI for shelter. Electricity is more than 50 points higher in Yellowknife than it is in Whitehorse, and the cost of fuel is 24 points higher. Although the cost of water is lower in Yellowknife by 25 points, it is not enough to compensate. There is also a special aggregate for the cost of energy, which primarily includes: electricity, natural gas, fuel oil and other fuels, and gasoline. The energy aggregate is 180.5 in Yellowknife and 161.9 in Whitehorse, which further pinpoints energy as an important area of competitive disadvantage for Yellowknife.

FIGURE 24: COST OF SHELTER, WATER, FUEL AND ELECTRICITY COMPARISON, WHITEHORSE AND YELLOWKNIFE

	CPI 2012 Yellowknife	CPI 2012 Whitehorse	Difference
Shelter	144.5	139.3	5.2
Water, fuel and electricity	184.3	162	22.3
Electricity (20)	163.3	111.4	51.9
Water	125.5	150.8	-25.3
Fuel oil and other fuels	257.4	233.4	24.0

Source: Statistics Canada. Table 326-0020 - Consumer Price Index (CPI), 2011 basket, monthly (2002=100 unless otherwise noted), Adapted by Millier Dickinson Blais Inc.

Economic Development

In the city of Whitehorse, economic development is managed through the Planning Department along with tourism. The City’s approach to economic development appears to focus on partnerships. Some of the major successes in economic development are based on strong roles being adopted by local groups and Yukon Territory. It is unclear if this a conscious strategy, based on a history of strong activity on the part of the non-profit sector, or a lack of activity on the part of the City.

In general, the City’s economic development efforts are represented in a section of the City of Whitehorse’s website, which features a community profile and brief descriptions of the mining, tourism, retail and government sectors of the economy as priorities. There is also a section of the website dedicated to supporting relocation. The city has a limited social media presence, and Yellowknife certainly has stronger communications and online presence. The Whitehorse twitter account, @city_whitehorse, has close to 600 followers and is used to broadcast City press releases and information, but not to reply or discuss postings.

The following examples of non-profit sector leadership illustrate the leadership of the non-profit and Territory government in economic development initiatives.



- The Yukon Convention Bureau markets conference opportunities and acts as an ambassador, hosting conference groups when they are in the Territory. The Bureau is a membership driven organization; the City of Whitehorse, Yukon Territory, and several villages are members.
- CanNor announced a package of four economic development projects aimed at small business development in April 2013, all led by non-profit organizations that serve the city and the Territory, based in Whitehorse. Some of the projects appear to be a continuation of funding for projects initiated in 2012. The following partner organizations were supported with a total of more than \$900,000 in funding over two years:
 - **The Whitehorse Chamber of Commerce**
 - **The Yukon Chamber of Commerce**
 - **L'Association Franco-Yukonnaise**
- The Yukon Government takes a very active role in economic development; initiatives such as the Mining Yukon: Mining and Exploration portal are often developed by regional or local governments in other areas.

CanNor's substantial investments in economic development activities undertaken by non-profit organizations has benefits, in that they support the sustainability of the non-profit sector, as well as potential drawbacks, such as a lack of central coordination of economic development activities. It also speaks to the City's chosen role in economic development in the community and the Territory, a minimal one.

Tourism

The role of the Tourism & Economic Development Department is currently changing with respect to its tourism mandate. In mid-July 2013, Yukon Territory and the City of Whitehorse signed a memorandum of understanding to better align their responsibilities with respect to tourism marketing. The agreement was the result of an operational review of the city of Whitehorse. The following key areas formed the majority of the agreement⁶:

- Tourists reported being confused by the proximity of the City's visitor information centre and the Yukon Territory tourism information centre. In the future, the Territory tourism information centre will market Whitehorse tourism.
- Tourism tradeshows and conferences will be attended by the Yukon Territory, which will represent the city of Whitehorse instead of supporting two booths at promotional events.
- The City will re-direct the funds saved through the sharing of responsibilities to:
 - **better market local events such as Yukon Quest and Sourdough Rendezvous,**
 - **work with First Nations to promote their culture and successes such as the Kwanlin Dun Cultural Centre on the waterfront, and,**
 - **increase business and tourism partnerships with Kelowna, B.C., due to Air North's new flight schedule.**

The realignment of the city's tourism mandate is not affecting staffing levels or the budget for tourism. The realignment of efforts towards marketing the city's tourism product instead of duplicating activities

⁶ Territory to Promote Whitehorse Tourism, Yukon News, July 15, 2013 [Online 2013-07-29] <http://yukon-news.com/news/territory-to-promote-whitehorse-tourism/>



already being undertaken by Yukon Territory is intended to increase efficiency and yet increase investments in marketing Whitehorse.

Development Incentives

The City of Whitehorse has, however, taken strong actions with respect to development policy to encourage housing development. The Whitehorse Growth Strategy acknowledges that housing prices are a barrier to economic development and has adopted an evolving strategy that aims to generate new housing opportunities. It addresses the creation of housing developments from the ground up, including securing granular resources, new neighbourhood development, development within existing neighbourhoods, and zoning adjustments to encourage development on built lots.

The actions associated with the strategy are as follows⁷:

- Current planning projects that work towards land development, including Downtown South Master Plan Implementation, Infill and Whistle Bend.
- Incentives for private developers to create new housing forms, notably those that are missing from the market. The Development Incentives Policy was created in 2011 and updated in 2013.
- Ongoing land development and Lot Sales, including sales projected for 2013.
- Initiatives to promote the creation of Secondary Suites.
- Completed Projects including the 2012 Zoning Bylaw rewrite.

The strategy has no set beginning or end date, and groups together a set of initiatives to continue to support the development of sufficient, affordable, sustainable housing for the community.

Lessons for Yellowknife from Whitehorse

- The cost of living in Yellowknife is higher than in Whitehorse, with housing and energy costs presenting specific competitive disadvantages. Whitehorse is implementing a housing strategy to improve in this area.
- Partnering with non-profit organizations and territory governments provides potential advantages for achieving efficiency in the delivery of economic development.

4.1.2 Iqaluit, Nunavut

The Territory of Nunavut was formed April 1, 1999, carved out of the Northwest Territories, based on the desire for self-government by the Inuit of the region. The change is reported to have resulted in a shift of some public sector employment from Yellowknife to Iqaluit. Iqaluit is the capital city with a population of 6,699 people, and although it is very different than Yellowknife and Whitehorse, there is something to be learned from how the community has managed its challenges and successes.

Comparative Analysis

The City of Iqaluit has a social media presence on twitter, @cityofIqaluit, but it is not consistently used and has fewer than 300 followers. The City's Facebook presence is more active with more than 3000 likes. Yellowknife has a much more active online communications presence. The following factors emerged as Yellowknife's strengths as compared to Iqaluit:

- Yellowknife is connected to the south by and an all season road, while Iqaluit is not, which has a significant impact on accessibility and trade. Both cities serve a number of fly-in communities.

⁷ Whitehorse Growth Strategy. city of Whitehorse, Ongoing [Online 2013-07-29] <http://www.city.whitehorse.yk.ca/index.aspx?page=271>



- Yellowknife's airport has considerably more aircraft movements than Iqaluit.
- Yellowknife has a significantly larger population than Iqaluit.
- Iqaluit's population has a lower percentage of people between the ages of 25-64 with a post-secondary qualification at 60%; compared to Yellowknife with 69%.
- Yellowknife has considerably higher weekly wages than Iqaluit.
- Crime rates in Iqaluit are startlingly high, at 7,588 violations per 10,000 people.
- The average cost of a re-sale home is higher in Iqaluit, at \$410,073

The following factors emerged as Iqaluit's strengths:

- Iqaluit has the youngest average age of the Canadian comparator communities
- The cost of living in Iqaluit is lowest among the comparator communities
- Real GDP is growing faster in Nunavut than in the Northwest Territories, at 26.5% from 2007-2011.
- The crime rate in Yellowknife is increasing faster than the crime rate in Iqaluit.

Economic Development

The great success of Iqaluit and of Nunavut is the celebration and export of Inuit culture, which is explored along with the discussion on tourism. The city is growing quickly, and it is a hub of activity led by growth in government services. However, the city and the territory face social challenges such as low rates of high school completion and high crime rates which have an impact on economic development efforts. As an example, Nunavut has set a goal of having 85% of public service positions filled by Inuit by 2020. Low educational outcomes have led to only 50% of positions being filled by Inuit and a further 23% of positions remaining unfilled.⁸

A recent report by the Globe and Mail suggests a lack of mental health and suicide prevention services, as well as poor educational outcomes, as the most significant barrier to progress in Nunavut and therefore Iqaluit.⁹ The territory is meeting these challenges through programs led by elders and Community Health Committees that focus on supporting children, youth and families.¹⁰ Post-secondary educational institutions such as Nunavut Arctic College and Red River College are also working to address the need for trained workers (for example, specialized health studies to fill specific needs within that sector).¹¹

The City of Iqaluit has a single Economic Development Officer, whose mandate is to work together with other departments to improve the city and to administer Territory funding for economic development. The Nunavut Economic Development Association is a Nunavut wide association of economic development professionals located in Iqaluit that advocates for economic development practitioners.

The lack of road access to and within the Territory makes transportation a significant issue for economic development in Nunavut. This challenge is being addressed by the Iqaluit International Airport Expansion Project, a public-private partnership.¹² The airport is the recipient of a federal public-private partnership (P3 Canada Fund) grant for this project. The Iqaluit project is the only P3 investment among the comparator communities. The advantage of public-private partnerships is essentially that the risks of

⁸ The trials of Nunavut: Lament for an Arctic nation, Patrick White, April 01, 2011 [Online July 30: <http://www.theglobeandmail.com/news/national/nunavut/part-1-nunavut/article651260/>]

⁹ Ibid.

¹⁰ Developing Healthy Communities: A Public Health Strategy for Nunavut 2008-2013, Government of Nunavut Department of Health and Social Services, 2008

¹¹ Jurisdictional profiles on health care renewal: An appendix to Progress Report 2013 – Nunavut, Health Council of Canada, March 2013 [Online July 30: http://healthcouncilcanada.ca/n3w11n3/progress2013/Nunavut2013_EN.pdf]

¹² [Online July 30: http://www.edt.gov.nu.ca/apps/Authoring/dspPage.aspx?page=airport_improvement_project]



an infrastructure investment are assumed by the private sector, in exchange for the assurance of a long term public contract that requires proper maintenance and operations of the infrastructure to be profitable. In addition, the Iqaluit Airport has a very long runway, long enough to land the space shuttle and the Airbus A380, and for this reason, it has become a popular location for cold weather testing of aircraft.

In 2011 Nunavut Tunngavik Inc., a corporation appointed to represent all Inuit people in Nunavut through the Nunavut constitution, created a Resource Revenue Trust. The trust will collect 12% of all Net Profit Interest Royalty from mines operating on Inuit Owned Lands (IOL). The trust is an endowment fund for economic, social, environmental and cultural projects. Although the debate regarding resource revenues is not directly relevant to the city of Iqaluit, it can have an indirect impact in the city and is a theme repeated throughout the case studies.

Tourism

The main tourism attraction for visitors is Inuit culture, with great attention to the arts and crafts tradition. Inuit artisans have embraced the global demand for their artistic works and are prolific creators of valued carvings, fur and unique clothing. It is reported that, "Visitors to Nunavut spend \$3.8 million a year on arts and crafts. The industry generates a Gross Domestic Product of \$33.4 million every year and creates the equivalent of over 1,000 fulltime jobs for Nunavummiut."¹³ The Nunavut Arts Festival has become a significant tourism attraction based on the power of the artistic spirit of the Territory's residents. Other popular festivals include Toonik Tyme Festival and the Alianait Arts Festival, which both boast international appeal and attract visitors and participants from around the world for their workshops and performances.

The Unikkaarvik Visitor Centre in Iqaluit is more than just an information centre. It hosts events and speakers, offers rotating displays, shows Inuit movies, sells local arts and crafts, and is a tourism attraction in and of itself. The popular Nunatta Sunakkutaangit Museum is also a tourism attraction in Iqaluit. Archeological sites in the region around the city have become another activity that tourists can enjoy.

Iqaluit is the home base of a number of outfitting companies that arrange tours for visitors in all seasons, including dogsledding, camping and other outdoor activities. The accessibility of the Arctic Ocean and the water based tourism opportunity is well supported by the private sector; sea kayaking is a popular activity, and cruise ships are common. There are a number of Territorial Park Reserves in Nunavut, which are a draw for outdoor adventurers.

Tourism marketing also emphasizes the experience of the midnight sun, the northern lights, iceberg and wildlife watching, as well as other features of the unique arctic landscape.

Lessons for Yellowknife from Iqaluit

- Iqaluit is working to improve critical infrastructure through private public partnership, which is an innovative approach supported by the federal government through the P3 Canada Fund
- Iqaluit's social challenges are profoundly impacting the economic success and liveability of the city. Although social programs themselves are outside of the domain of economic development, the strength of the health and social services sector of the economy and strategies related to youth and education are important to support positive outcomes.

¹³ Iqaluit Visitors Guide 2012, city of Iqaluit, 2012 [Online July 30] <http://www.city.iqaluit.nu.ca/i18n/english/pdf/IqaluitVG2012.pdf>



- The arts and culture sector is an amazing success story in Nunavut; Inuit art is exported around the world, it supports employment, it is the basis of festivals and events that bring tourists into Iqaluit, and is a significant competitive advantage among the Canadian comparator communities.

4.2 International Case Studies

4.2.1 Juneau, Alaska

The City and Borough of Juneau, commonly referred to as Juneau, is a unified municipality in Alaska's southeast. As the capital of Alaska, the public sector dominates Juneau's economy. Nearly half (47%) of the community's workforce is employed by the public sector.¹⁴ While the city is much larger than Yellowknife with a population of 32,832 in 2012¹⁵, population growth is slow. The population has increased by only two per cent over the last 10 years¹⁶ The average cost of a home in Juneau is \$342,738 USD.¹⁷ While this is the highest average cost in Alaska, this is much lower than the average cost of a home in Yellowknife. Similarly, the per capita income of Juneau, at \$37,294 USD¹⁸ is much lower than Yellowknife. Similar to Yellowknife, residents of Juneau face relatively high utility costs. On average it costs \$300USD/month to heat a 1,000ft² home in Juneau. The city is only accessible by sea and by air. The municipally owned airport has a paved 8,457' long by 150' wide runway. Aside from the public sector, the municipality is supported by tourism. Additional target sectors for economic development in Juneau include mining, fishing, seafood processing, forest products and small manufacturing¹⁹. While Yellowknife does not have a university, Juneau is served by the University of Alaska Southeast. The unemployment rate was 4.6% as of August 2011.

Economic Development

The Juneau Economic Development Council, an independent non-profit agency funded by the City and Borough of Juneau, works closely with the City and Borough of Juneau, integrating economic development directly into the City's Official Plan. The JEDC is an incorporated non-profit organization, whose mandate is to foster a healthy and sustainable economic climate in Juneau and throughout Southeast Alaska.

The JEDC Economic Development Strategic Plan has four goals with associated objectives. The scope of concern of the JEDC encompasses many aspects of community economic development, including regional development. Although city focused initiatives, such as advocating to retain Juneau's capital status, are clearly important, lobbying for regional concerns that support the success of businesses represents 25% of JEDC's strategic goals. The objectives for regional development include: find areas where [Southeast Alaska] can compete on the world market and develop a common strategy to develop those industries, and enhance the energy and transportation network within Southeast Alaska.

¹⁴ 2008 CBJ Comprehensive Plan- DRAFT 2013 Update, city of Juneau, 2013 [Online July 30, 2013: http://www.juneau.org/cddftp/documents/CompPlan2013_FINALDRAFT_InDesign.pdf]

¹⁵ Juneau Community Profile, Department of Commerce, Community and Economic Development, 2013 [Online July 30, 2013: <http://commerce.alaska.gov/cra/DCRAExternal/community/Details/1a737990-4076-4de6-b8ef-4ca63da201dd>]

¹⁶ 2010 Alaska Economic Performance Report, 2010 [Online July 30] http://commerce.alaska.gov/dnn/Portals/6/pub/2010_Alaska_Economic_Performance_Report.pdf

¹⁷ Alaska Economic Trends 2013: The Cost of Living in Alaska, Alaska Department of Labour and Workforce Development, July 2013 [Online July 30, 2013: <http://labor.state.ak.us/trends/iul13.pdf>]

¹⁸ Juneau Community Profile, Department of Commerce, Community and Economic Development, 2013 [Online July 30, 2013: <http://commerce.alaska.gov/cra/DCRAExternal/community/Details/1a737990-4076-4de6-b8ef-4ca63da201dd>]

¹⁹ Ibid.



The detail of the goals and actions are as follows²⁰:

- Goal #1: Strengthen Juneau's Economy
- Goal #2: Strengthen the Regional Economy of Southeast Alaska
- Goal #3: Bring innovative economic development approaches to our Region and State
- Goal #4: Increase Juneau's desirability as a place to live and work

The Sealaska Corporation holds the Alaska Native Claims Settlement in the region near Juneau and runs a number of First Nation owned businesses which create revenue for community economic development and employment for First Nation people in the region. A firm arrangement struck between First Nations and the Government of Alaska with respect to land claims offers some stability for the First Nation communities and the business community. These agreements support economic development.

Lessons for Yellowknife from Juneau

- Juneau also struggles with a high cost of living for residents. Reducing energy costs is an important priority, and studies are being pursued on renewable energy and other alternatives to reduce costs.
- The scope of Juneau's economic development activities is regional as well as local, in areas where regional efforts will support local economic development.

4.2.2 Skellefteå, Sweden

The population of the city of Skellefteå is 32,775. It is a relatively remote mining community located in Vasterbotten County in northern Sweden. The surrounding Municipality of Skellefteå, which includes a number of smaller communities, more than doubles the population to 72,000.

The Municipality works hard to maintain the lowest crime rate in Sweden, and won the Tryggare Stadsmiljö award in 2006, which recognises work to improve safety in town and city centres. In general, current city safety initiatives in Sweden focus on planning solutions such as concentrating populations in the city centre instead of allowing sprawl into suburbs, improving lighting and park design to prevent dark places.

Many organizations and initiatives have a social media presence, in particular the hockey team, and the Municipality of Skellefteå has a strong online profile. The municipal facebook presence is significant with 4,394 "likes" and continuous updates on municipal projects and photos. The municipal twitter account is @Skeakommun, and it has 1,358 followers.

Competitive Analysis

Quality of life is a focus of economic development in Sweden. Sweden produces a number of national rankings that evaluate each community in the country. In their 2013 evaluation of the best places to live in Sweden, Fokus magazine ranked Skellefteå in 34th place out of 290 communities. This was a significant rise from the 81st place ranking achieved in 2012.²¹ In a national Customer Satisfaction Index (CSI), where residents rate the quality of the municipal services; Skellefteå ranked 97th of 166 municipalities a score of 65. The median score of all communities was 66. Nationally, the rankings show openness to the liveability of rural communities and the quality of municipal services, even in the most remote areas of the country. Skellefteå also markets itself to people interested in relocating to make the transition

²⁰ JEDC Economic Development Strategic Plan: 2008-2013, Juneau Economic Development Council, 2009 [Online July 30, 2013: <http://www.jedc.org/forms/StrategicPlanUpdatedSeptember909.pdf>]

²¹ <http://www.fokus.se/2013/05/har-ar-det-bast-att-bo-2013/>



easier. The resident attraction website is available in a number of languages and located within the municipal website²².

Economic Development

Skellefteå is not just competitive in terms of quality of life; it is a leader in entrepreneurship. Skellefteå's motto is "Make Room for Ideas"²³ and the community works closely with its universities and the non-profit sector to offer information to visitors, residents and students through a web portal, <http://portal.skelleftea.se>. A browser with a translation feature is required to automatically translate the website to English. Skellefteå was declared the region's most entrepreneurial community in 2012 and prides itself on excellent internet access and a concentration of information communication technology programs in its post-secondary educational institutions²⁴. The economy is based on the private sector and has moved from a resource and energy based economy to a new focus on.

The focus areas for community sustainability are:

- Development of enterprises and entrepreneurship (competence for the future and new industries)
- Energy and environment
- Young people in work, entrepreneurship and education
- The center of Skellefteå [downtown development]
- Infrastructure availability

A few examples of entrepreneurship programs available in the community include:

- Growth Skelleftea, providing entrepreneurs with advice on business development
- The rural leader program²⁵, providing experiences for community members to take on community leadership roles
- The Erasmus entrepreneur program, arranging exchanges for young people interested in entrepreneurship. The exchange allows the young entrepreneur to work in an area of interest in different parts of EU and in return others are hosted in Skellefteå.

Economic development is funded directly by the municipality.

Tourism

However, there are also other organizations in the community active in economic development. In terms of tourism, Destination Skellefteå manages promotions and has an excellent website promoting things to see and do in the community. Boat tours and camping are popular, and tourism is on the rise, particularly in guests from Norway²⁶. The annual city festival attracts more than 18,000 people annually and is being managed and actively developed by Destination Skellefteå²⁷. The event has a daytime fair and evening entertainment with leading performers and an outdoor "disco" or dance party by the

22 <http://www.skelleftea.se/default.aspx?id=123042>

23 <http://portal.skelleftea.se/pages/eng/data-center.aspx>

24 <http://www.skelleftea.se/default.aspx?id=119638>

25 <http://www.skelleftea.se/default.aspx?id=22208&refid=121944>

26 <http://www.destinationskelleftea.se/content/press.aspx?articleid=207>

27 <http://www.destinationskelleftea.se/content/press.aspx?articleid=203>



water. While, attendance at festivals in other areas of Sweden is on the decline, Skellefteå is experiencing increasing attendance. The CEO of Destination Skellefteå describes its mandate as to two-fold: to increase tourism and to increase community pride.

The Skellefteå Convention Bureau is responsible for marketing Skellefteå tourism facilities to conventions and business meetings, as well as supporting event planning and hosting groups when they visit the city. However, the SCB also manages technical visits, which are a popular form of business tourism in Sweden. Skellefteå was a leader in establishing a local program, Technical visits Skellefteå, and reaching out to the larger national organization Envirosweden. The program has taken advantage of Sweden's strong reputation in environmental technology to promote and manage visits from professionals interested in learning about clean technology, as well as other areas including municipal governance.

Lessons for Yellowknife from Skellefteå

- Skellefteå is branded as a youthful community where new ideas are welcome and private sector entrepreneurship is the focus of economic development. Educational opportunities and the number of students in the community is a strong contributor to success.
- Skellefteå is a leader that takes action to capture economic opportunity through regional and international exchange programs, stimulating innovation in local firms, evolving the resource economy and learning together with partner communities.

4.2.3 Kalgoorlie, Western Australia

Kalgoorlie is a remote mining community in Western Australia. The city is branded as Australia's largest Outback city. The city is a dynamic regional centre that relies on its position as a regional population centre and the mineral sector, in particular gold, for its economic fortune.

Comparative Analysis

Reaching a population of 30,842 in 2011, Kalgoorlie has grown 8.8% over the past ten years, from 28,352 people in 2006, due to positive trends in the mining sector. The median age of residents is 31 years, which indicates a relatively young population²⁸.

The relocation of families to mining communities is a highly debated issue in Australia, with both the public and the private sectors investing in policies and programs to encourage relocation. The Super Pit, a major gold mine near Kalgoorlie, has a no fly-in fly-out policy, and employees are expected to live in the community, which certainly has contributed to the growth in population²⁹. The Super Pit is not the only mine in the area with this type of policy, but the practice is not widespread, and many mines in the region reported to operate with a fly-in fly-out workforce³⁰. The Mining Family Matters initiative is also supporting families to relocate to mining communities. The website is www.miningfm.com.au, and it is a wealth of resources, news and programs to support relocation and retention. The program has a number of supporters, including government departments and private sector companies.

28 http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/5007

29 <http://www.superpit.com.au/Portals/0/docs/Employment/Frequently%20Asked%20Questions/Information%20for%20non-local%20applicants.pdf>

30 <http://www.gedc.wa.gov.au/getattachment/About-us/Strategic-Planning/Goldfields-Esperance-Strategic-Development-Plan-2011-2021.pdf.aspx>



The drop in gold prices over the past three years has impacted the prospects of many Australian mining projects, due to lowered access to capital, and led to losses of employment³¹. Longer term prospects are still expected to be positive; however, the impact of the drop of prices may not be reflected in these figures.

Economic Development

Relying on the local mining sector for growth and development, Kalgoorlie has no economic development staff or programs outside of business permitting and licencing information on its website. Kalgoorlie's local planning strategy has two areas of focus:

- Ensuring enough land is available for future residential, commercial and industrial development.
- Planning for the appropriate redevelopment of existing urban areas.

The parts of its strategy that relate to industrial development focus on acquiring crown land, including the Aboriginal title process, and making it available for industry, as well as the potential development of intermodal transportation facilities.

Curtin University's Western Australian School of Mines is located in Kalgoorlie. The school of mines is founded on strong industry partnerships, continual investment in high-tech facilities and a commitment to attracting international students.³² The school offers programs in science and engineering, mineral economics, applied geology, exploration geophysics, metallurgy and minerals engineering, mining engineering and spatial sciences.

The Kalgoorlie-Boulder Chamber of Commerce & Industry Inc. is a business association that provides networking opportunities for local businesses, runs several local festivals and a annual awards program, and generally acts as a voice for the business community. There is also a Chamber of Minerals and Energy in the region.

The strategic planning for Kalgoorlie that relates to economic development happens at the regional level. The Goldfields-Esperance Strategic Development Plan 2011-2021 outlines the following critical aspirations for the future of the region:

- Effective and efficient infrastructure to meet regional demand;
- A quality of life that attracts and retains people in the region;
- Development of renewable energy sources for the future; and
- Regional decisions to address regional challenges.

Energy is a key concern for economic development in the region because mine sites are often isolated and have insufficient access to energy which is a barrier for the strength of the industry. Due to the cost of operating on diesel, renewables can be cost effective, and are being adopted in remote mine sites such as the real time solar tracking panels at the Mt Cattlin mine site. Although the recent white paper on energy in the region that discusses this issue identifies significant challenges, renewable energy sources are still put forward as high potential areas for the future³³.

31 <http://www.miningaustralia.com.au/news/gold-price-hits-a-three-year-low>

32 <http://wasm.curtin.edu.au/index.cfm>

33 <http://www.ret.gov.au/energy/Documents/ewp/draft-ewp-2011/submissions/266.RegionalDevelopmentGoldfieldsEsperance.pdf>



On an even larger scale, Royalties for Regions is a Western Australian Government initiative which will re-invest the equivalent of 25% of the State's annual mining and resources royalties revenue into regional communities every year³⁴. Energy and infrastructure are included in an extensive list of priorities for these funds.

Lessons for Yellowknife from Kalgoorlie

- Campaigns and policies that encourage families to re-locate to communities are in place in Australia to discourage fly-in fly-out workers, and support relocation and retention. These are regional and local initiatives and are supported by both the public and the private sector.
- The Western Australia School of Mines is a critical link between education and the mining industry, supporting local employment, residency and training.
- Energy and energy costs are again a concern in Australia, prompting investigations into a clean energy solution.

34 http://www.gedc.wa.gov.au/Grants/Royalties-for-Regions/PDF-files/RforR_RGSFlyer.aspx



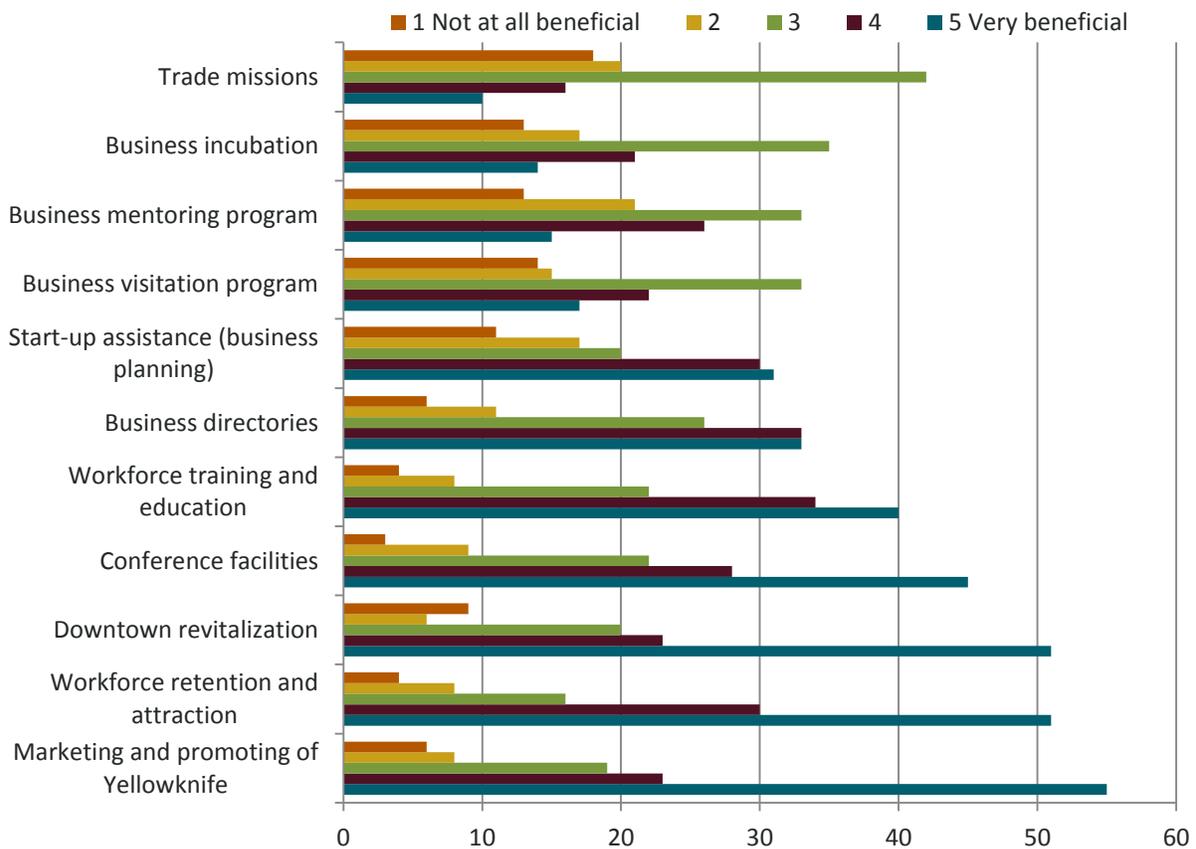
5 Community Engagement Summary

Supplementing the one-on-one interview process was a business and community survey designed to solicit input from a broad sector of the community. This survey, open through June and July, supports the findings from the interview process and background review and provides suggestions for the strengths, weaknesses, opportunities and threats, overall themes for economic development and individual actions for the City.

5.1 Business and Community Survey

In addition to the interviews conducted with targeted stakeholders, a business and community survey was conducted through June and July of 2013. The survey drew 350 responses, 110 of which were business operators or owners. The survey was designed to solicit feedback on the business programs and supports required by businesses in Yellowknife as well as thoughts and opinions on how to development the ‘quality of place’ in Yellowknife. The responses provided here are organized by the questions posed in the survey and reflect only the responses to the survey.

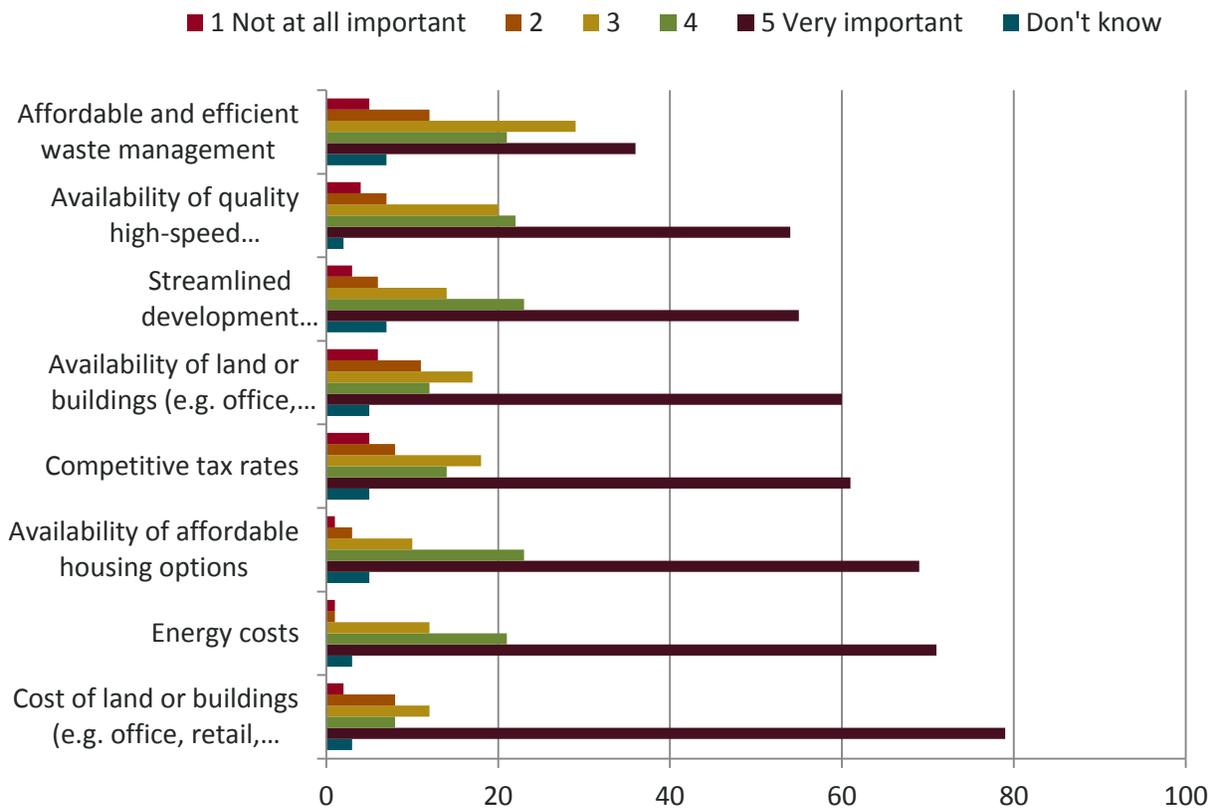
Please indicate if the following programs or services could assist businesses in Yellowknife.



Overall, the greatest number of business operators responding to the survey felt that workforce retention and attraction programs would be very beneficial to businesses in Yellowknife. Marketing and promoting of Yellowknife was also seen as assisting businesses. Trade missions, business incubation, business mentoring and business visitation programs were viewed as being the least beneficial. However, there was also indication that start-up assistance such as business planning could be beneficial to businesses in Yellowknife.

Please indicate to what degree you believe the following factors are barriers for business growth and attracting new business and investment to Yellowknife.

Availability of affordable housing options drew more agreement from business operators than any other factor acting as a barrier to business growth. Energy costs and the cost and availability of land were also seen as barriers to business growth. Affordable and efficient waste management services were seen as having the least influence preventing business growth and development.

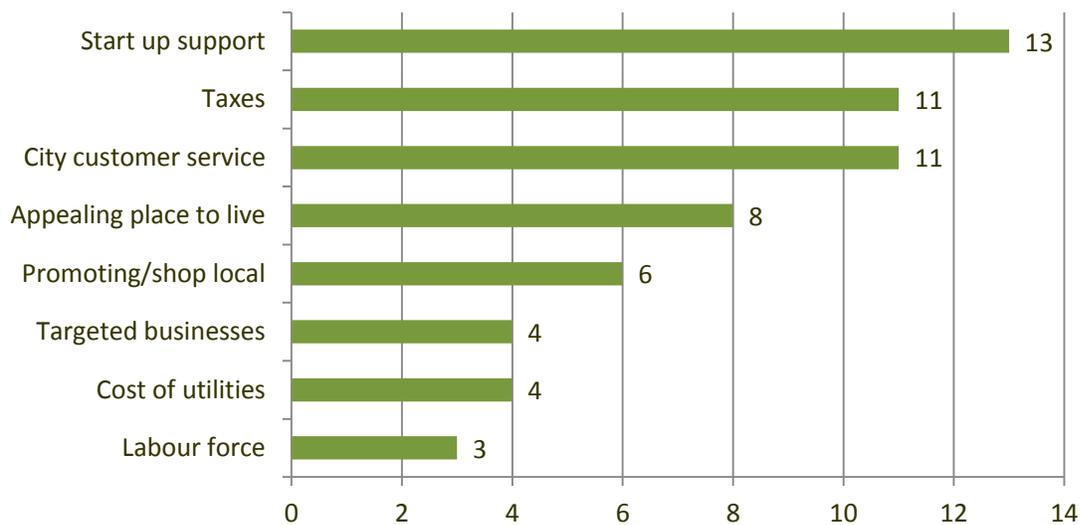


What needs to happen in the next three years to positively influence the business climate in Yellowknife?

This open-ended question drew comments that focused on downtown revitalization, dealing with homelessness and improving the safety of the downtown area. The second largest group of comments considered the need to address the cost of living, (e.g., the cost and availability of housing, and high cost of utilities). The cost of heat and power were also the focus of comments regarding the need to address the cost of doing business in Yellowknife.



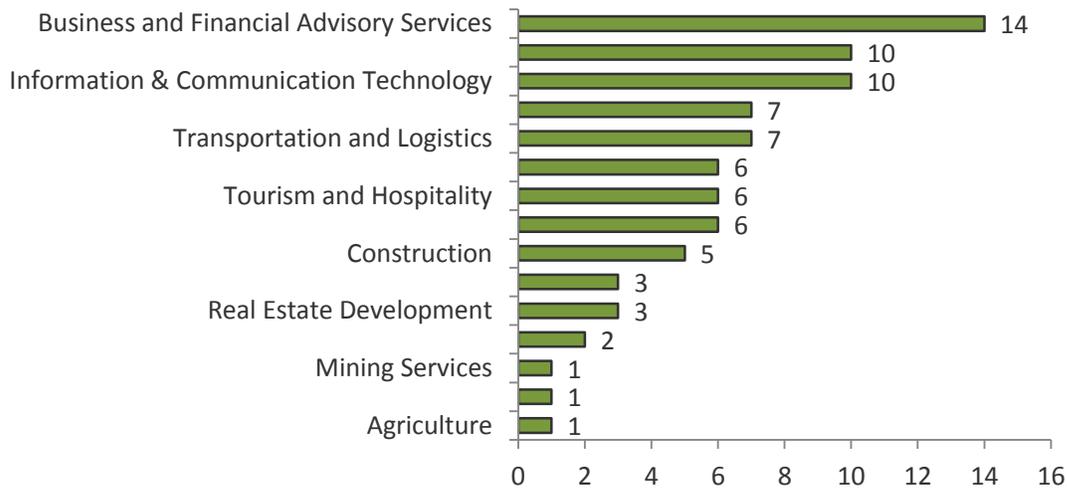
What incentives are needed to foster business growth and investment in Yellowknife?



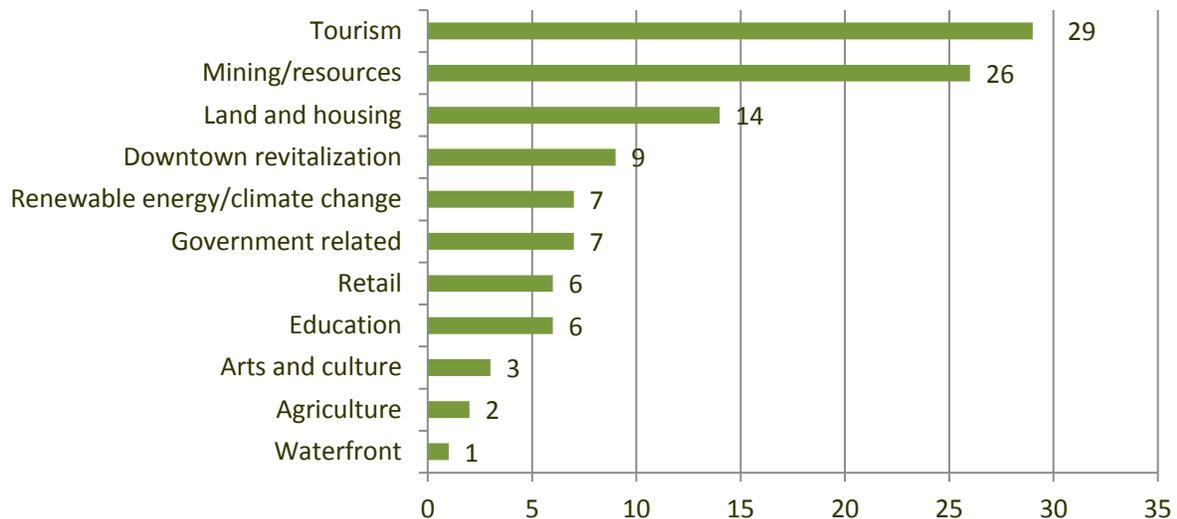
Responses to this open-ended question focused on the need for start-up support to new businesses, including the need for business planning and market research support. There were also a number of responses that suggested the tax burden on small businesses needs to be reduced, and the city needs to become more customer service oriented in dealing with businesses and supporting businesses to establish and expand in Yellowknife.

What sector does your company/organization fall under?

Most businesses responding fell into the categories of business and financial advisory service, retail and information and communications technology. It may be that many of these business are located in the downtown areas, leading to a bias in the number of responses received suggesting downtown revitalization be the priority for the city in order to achieve business growth.



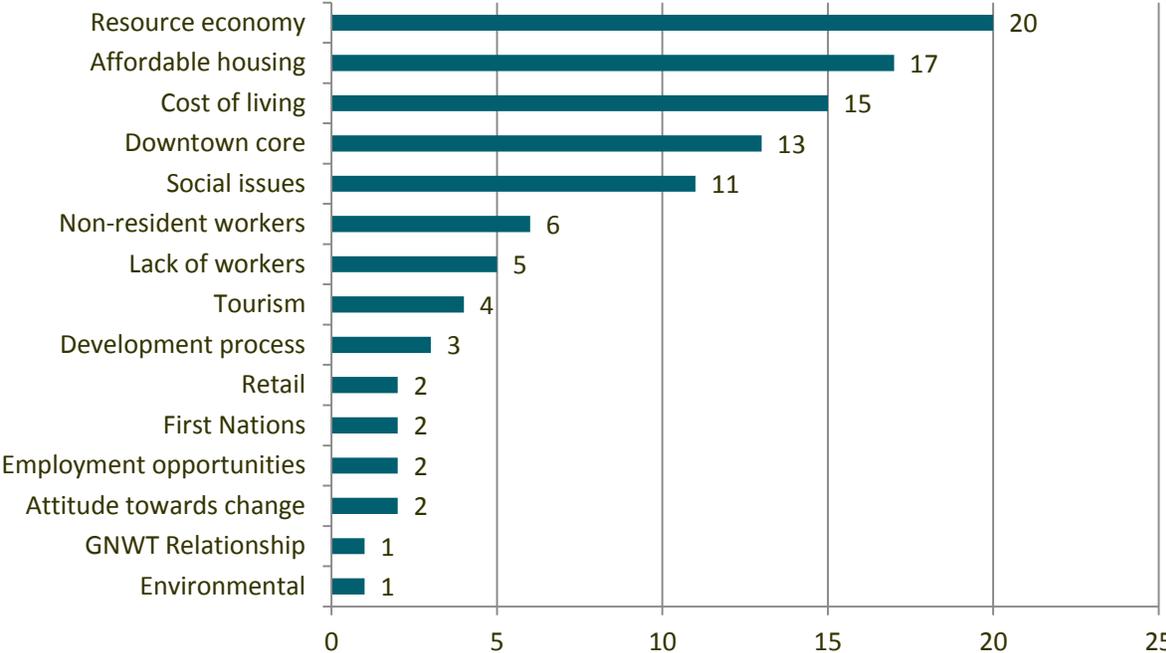
Looking towards the future, what do you think are some of Yellowknife’s major opportunities for growth, change and/or business development over the next five years?



By far, most survey respondents felt that tourism offered opportunities for growth. Responses included everything from enhanced camping facilities to direct international flights to view the aurora. Business and convention tourism were also noted by many respondents. Along with tourism, accessing opportunities in serving and supplying the mining industry, as well as attracting more mining employees, were seen as opportunities for the city of Yellowknife.

What do you think are the top three most important issues currently facing Yellowknife's economy?

The most important issue facing Yellowknife’s economy, according to survey respondents, is the reliance on the mining and resource extraction sector. Many respondents commented on the risk of losing Ekati with no other source to replace these jobs. Economic diversification to buffer the community from the risks of losing a large mining operator is seen as crucial to Yellowknife’s long term success. In addition to the reliance on the mining sector, respondents are concerned with access to affordable housing and the cost of living. Residents feel these factors prevent mining workers and others from permanently residing in Yellowknife and contribute to the growing trend of fly-in/fly-out workers. Finally, the downtown core and social issues of homelessness and substance abuse are seen as important issues that need to be dealt with for Yellowknife to grow and prosper.



What are the most important things the city of Yellowknife needs to do to revitalize the commercial areas of Old Town, Downtown, Old Airport Road and Kam Lake?

This question received a total of 150 responses. Interestingly, the most number of responses received, whether from businesses or non-businesses, were for the Downtown. Old Airport Road received the fewest number of responses.



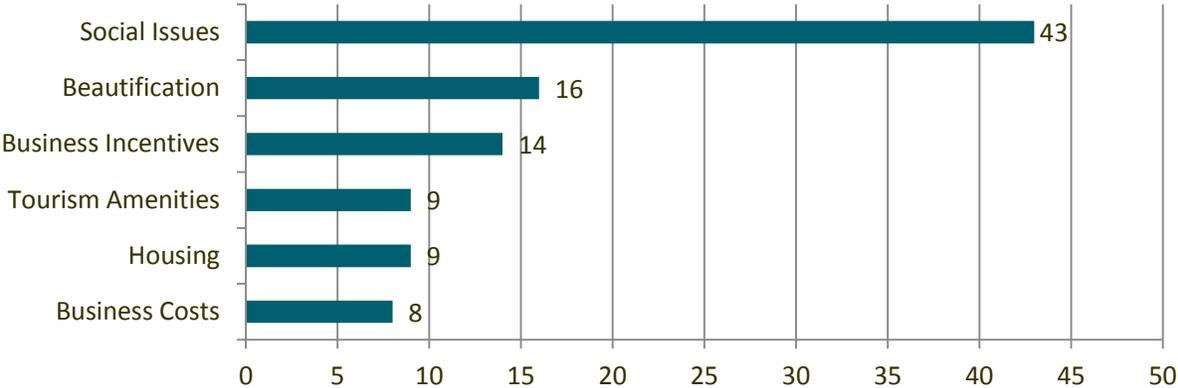
- Downtown 142 responses - 71 businesses
- Old Town 136 responses - 68 business
- Kam Lake 118 responses - 58 businesses
- Old Airport Road 114 responses - 54 businesses

All areas received comments with respect to beautification and cleanliness and business incentives. However, each area had a different set of responses and a different area of focus for the comments.

Downtown

Most people commented on the need to address social issues in the downtown core. Concerns over homelessness and safety dominated the comments received. Beautification and cleanliness were also important to respondents.

- Social issues – 43 responses
- Beautification – 16 responses
- Business incentives – 14 responses

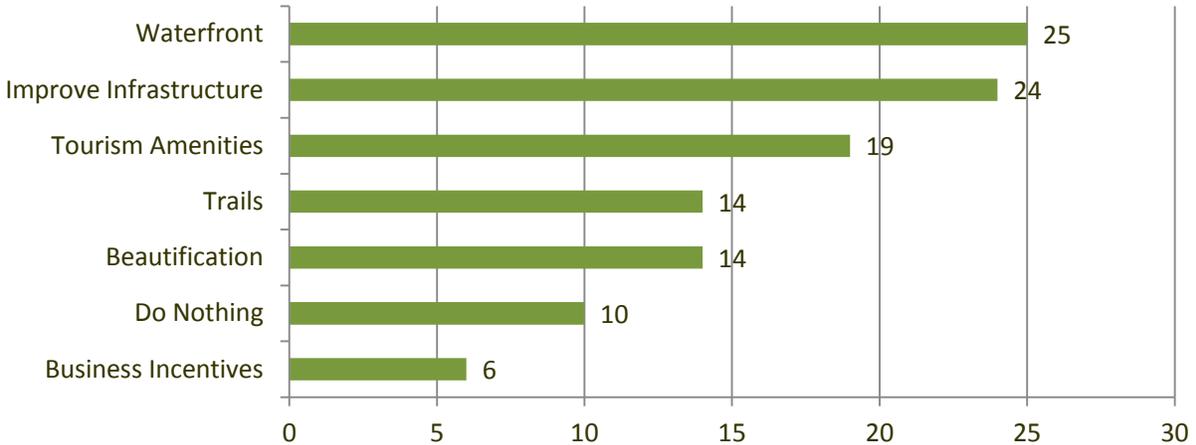


Old Town

With respect to the Old Town, respondents feel the waterfront needs to be a priority. This supports the City’s Harbour Plan. Closely related to the Harbour Plan is the prioritization of infrastructure, tourism amenities and beautification. People view the Old Town as the natural focal point for tourism development in Yellowknife but feel there is work to be done to improve traffic flow, parking, and walkability. It is also felt there need to be more things to do in the Old Town. Finally, as with other areas of Yellowknife, the Old Town needs a beautification program.

- Waterfront – 25 responses
- Improving infrastructure – 24 responses
- Tourism amenities – 19 responses
- Beautification – 14 responses

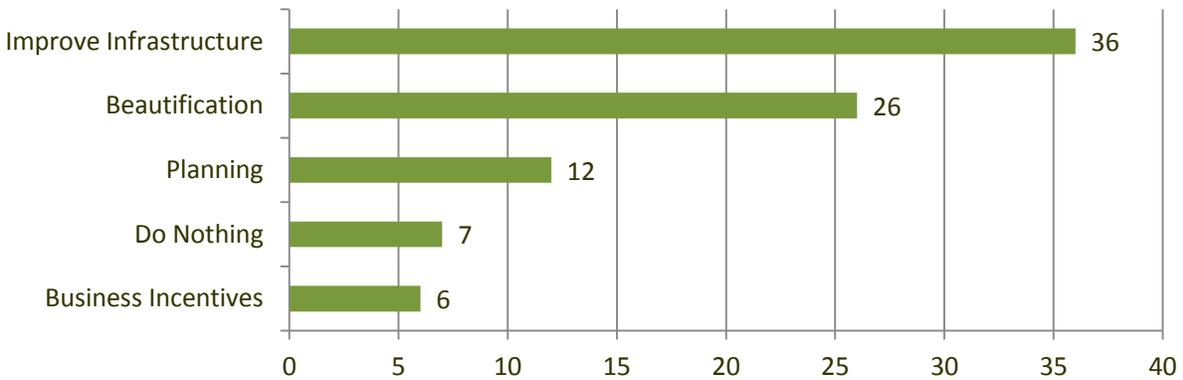




Kam Lake

Improving infrastructure and beautification are the priorities for Kam Lake. The condition of the roads and traffic flow were common themes among the responses. In general, people feel that Kam Lake could be cleaner and businesses could do a better job in presenting an appealing view from the road.

- Improve infrastructure – 36 responses
- Beautification – 26 responses

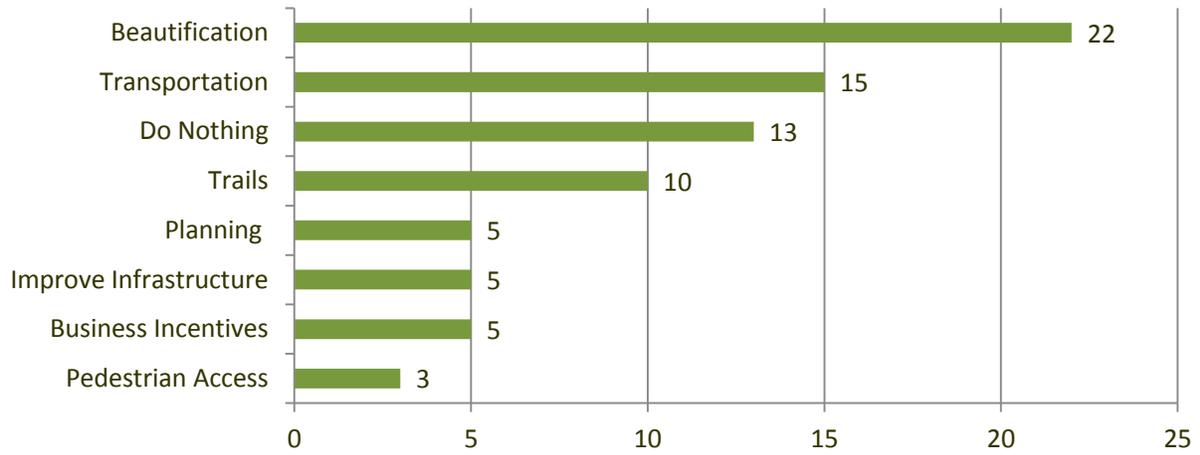


Old Airport Road

Old Airport road received the fewest responses, and ‘do nothing’ was the third most popular response. However, respondents did feel the beautification process of Old Airport Road should continue and that traffic flow and public transportation are concerns for the area.

- Beautification – 22 responses
- Transportation – 15 responses
- Do nothing – 13 responses





6 Council and Administration Planning Session

On Aug. 19, 2013, Members of Council and Administration were brought together for a strategic planning session to determine overall themes for the economic development strategy. Session participants were presented with a summary of findings from the interviews, background review and online business and community survey. Participants were first asked to affirm the key findings and aspects of the strengths, weaknesses, opportunities and threats before considering themes for economic development.

6.1 Emerging Themes

The following section summarizes the themes that emerged from the strategic planning session.

1. Integrating economic development into other City policy

- Opportunity to review policies
- Policy documents are approved by motion in council

2. Business retention

- Looking at supply chain opportunities
- Ensure standards of living including schools, hospitals and doctors to retain people – seen as necessary to retain business. This will include investment in critical infrastructure such as health and safety, water and sewer, power, municipal enforcement, library and recreation facilities.
- Need to investigate issues of competitiveness: cost of doing business and cost of living (food trucks and housing)
- Balanced land use, promotions, incentives for land development, land swaps and land banks
- Incentives to support home based business
- Streamline permitting (identify redundancies)
- Investigate local procurement as a way to support local business

3. Business Attraction – Investment Attraction and Business Development

- Need an inventory of existing businesses and assets of the community
- Work with existing business to develop business recruitment plan
- Change public perception: lower requirements, understand business needs, deal with land affordability
- Communicate with incoming mine investments (top priority) and determine necessary support businesses
- Population growth as economic driver – need to retain employees, seniors and measure retail impact
- Options for business attraction include
 - **Truck stop and winter road resupply**
 - **Retail: land for bigger stores, accommodate modern forms of shopping (Power Centres), Old Airport Rd retail gaps, turn the mall inside out. Ensure retail spaces along main arteries**



- **Alternative Energy: goal is to lower energy costs, investigate district energy (franchise agreement), look at non-commodity resources such as waste diversion, submit biomass funding request to Can-Nor, mini-nuclear**
 - **Yellowknife should support the expansion of Snare Hydro facility**
- **Tourism:**
 - **Summer camps can be used to leverage tourism**
 - **Need a conference strategy**
 - **Summer camping is at capacity but land is available at Fred Henne Territorial Park**
 - **Camping is on the increase and RV tourism is growing as segment**
 - **Getting here is difficult, but this is NWT jurisdiction**
 - **Opportunity for City and private industry to collaborate**

4. Open for business

- Current image is not open for business
- What options are there to change this image? Do we consider free land? Tax breaks?
- Need to know what the 26% working for the government want

5. People attraction

- There is a need to understand what is missing in Yellowknife and find out if it can be provided
- Should focus on attracting children who grew up in Yellowknife to return
- Improve external marketing of Yellowknife to the outside world. Include the message that Yellowknife is good place to do business and to raise a family
- Research new jobs opening through devolution, and work with public sector unions to attract people to those jobs
- Work with mining companies to increase the number of workers landing in Yellowknife
- Meet growing labour demand through immigration – small and focused efforts to improve profile and image of Yellowknife

6. Post-secondary education

- Yellowknife has areas of strength to serve as an area of focus for post-secondary development, including mining (Kalgoorlie), public administration, aboriginal business development and environmental sciences
- Explore options for expanded or new post-secondary facility, including external satellite campus (NAIT), new research institute (Centre of Excellence for Aboriginal Economic Development), university or expanded Aurora College (most popular)
- Stakeholders to include in the discussion are GNWT, other city departments, Federal Government (\$), Mine Training Society, Aurora College (lobby efforts)
- City Administration role is seen as being the focus of energy and putting forward a step by step strategy. The City can also lobby others, and identify land, housing and student services.
- An expanded campus could serve as an anchor tenant to downtown revitalization

7. Downtown revitalization

- Metrics of success: # businesses moving in and out and celebrating new storefronts



- Put in place business improvement district – helps to market the area – get office towers to contribute
- Put in an anchor tenant to draw people to downtown, e.g., College, conference centre, library
- Make use of underutilized space – there was a plan for office and retail in the mall
 - **Determine what is needed to fill vacant space (knowledge of merchant needs for downtown retailers)**
 - **Build an awards program**
- Need to address the social issues evident in the downtown
 - **Community enforcement – need to be on their feet and out of the car**
 - **Pilot project – engage street people, e.g., Employment program, get them doing something, focus on a roof over their heads**
 - **Day shelter: provide programming, expand facilities and relocate further from Franklin Avenue**
- Cleanliness: still have blind spots and needs a separate policy

6.2 Economic Development Mandate

Participants were also asked to contribute key words to formulate an understanding of the mandate for economic development within the City of Yellowknife.

- Support the City Vision
- Support business incubation
- Need KPIs to measure success
- Business attraction and retention
- Sustainability (economic)
- Leaders, innovative, bold capital city
- Marketing



7 Community Open House

In September an Open House was held to receive feedback on the identified opportunities and challenges as well as the emerging themes and strategic priorities. The Open House attracted 42 people and 24 written responses to the concepts presented. The following is a summary of the feedback received from the Open House. The responses resulted in a realignment of goals and priorities as well as defining some of the actions to be implemented by the city to achieve these goals.

7.1 Responses to challenges and opportunities

Challenges

Participants were asked to comment on the following identified challenges facing Yellowknife

- Cost of electricity and fuel
- Land availability for business development (referring to cost and difficulty of servicing)
- Cost of development
- Land use bylaws
- Housing availability and options
- Retail leakage (Yellowknifers shopping online or outside Yellowknife)
- Lack of coordination of agencies engaged in economic development activities
- Unclear investment lead handling process
- GNWT focus on other communities
- Migration from other communities
- Ability to attract resident workforce
- Tourism attraction
 - **Quality of the road – RV tourism**
 - **Lack of camping facilities**
 - **Lack of conference strategy**
 - **No focus on tourism centre**
 - **Inability to levy hotel tax**
- Downtown
 - **Loss of retail**
 - **Social issues**
 - **Parking**

Comments received were:

- Potential risk that retirees will not stay in Yellowknife due to cost of living
- CDETNO has programs in place to assist the city in meeting these challenges, including Faites le saut, attending job fairs and developing and translating tourism marketing material



- There are poorly managed businesses and managers who are not willing to innovate
- The City cannot stop the patterns of change - old town... then downtown... and now it's Old Airport Road
- High cost of utilities compared to southern communities
- High cost of municipal government with poor service delivery for northern businesses
- The cost of rent is unregulated and high in Yellowknife
- Considering creating an arts center in the downtown core on Range Street where the city has purchased property
- Establish a rehabilitation center downtown. Rather than push people out, offer them some options such as housing and, more importantly, support services for recovering alcoholics, drug addictions counselling and just counselling in general.
- Human capital shortage, lack of workplace professionalism from local workforce, gaps in education (for skill upgrades, basic workplace skills, etc...)
- Lack of a Cultural Plan for the City
- lack of downtown activities, e.g., art spaces, music venues, small theatre
- Limited ability to have a little getaway spot on one of the many lakes
- Challenges of dealing with local First Nation communities and no recognition that most of the street people are First Nation
- Parking: Why not change some of the main streets to one way and have angle parking instead of diagonal parking? More parking places, more people, more business.
- Lack of backcountry camping opportunities (Kejimikujik in NS)
- City planning that prioritises accommodating vehicular traffic at the expense of more compact, walkable, vibrant communities

Opportunities

Participants were asked to comment on the following opportunities for Yellowknife.

- Mining and Oil and Gas
 - **Recognize opportunities (beyond NWT's borders)**
 - **Business and service support**
 - **Support for residency**
 - **Remediation projects**
- Tourism
 - **Increasing tourism product (hunting, fishing, aurora viewing, water based activities and festivals)**
 - **Promoting international direct flights**
 - **Improved marketing of Yellowknife**
 - **Host more conferences**
 - **Positioning Old Town as focal point of activity**
- Arts and culture (including the film industry)
 - **Film industry**



- Collaboration in public/private partnerships, gathering business intelligence and lobbying in support of mining development
- Population Growth (through migration and job creation)
- Retail/import substitution
- Revitalized downtown
- Entrepreneurial support and attraction
- Supports to small business and home based businesses
- Small business incubator
- Renewable/alternative energy
 - **Re-establish circumpolar relationships and northern research**
- Education (expanded campus downtown)

Comments received included:

- Need to include expanding seniors' services
- Tourists come to see the Aurora at night but need more to do during the day such as art, music, food, craft shops
- Offer incentives to smaller business, including lower cost business license
- Downtown is not a welcoming place for residents or tourists
- Should focus on repatriating businesses and services that have moved to the south.
- I agree with supporting the residents of old town to build on the arts community that has already grown organically. Consider ways to support the residents and businesses in this unique part of Yellowknife through easing restrictions and costs to own and build houseboats, park your canoe, get honey bags to the dump, etc.
- Establish a contemporary art gallery and artist space and allocate a percentage of development charges for public art
- Establish some form of business incubation/mentoring services to promote internal business creation
- Need cultural planning
- Yellowknife has a young population with lots of energy, creativity and motivation for change
- Yellowknife is too crowded and needs more space for residential expansion
- I would like to see backcountry camping opportunities (please see Kejimikujik in NS) or a tent only campground
- More boutiques!
- City funded blogs and other social media for people to get information on living in Yellowknife
- flight subsidies for every year lived in NWT
- The con mine geothermal project was a missed opportunity



7.2 Responses to goals and strategic objectives

Participants were presented with five goals and associated priorities for the Economic Development Strategy. The five goals, priorities and comments are summarized in the following discussion.

Goal One: Yellowknife is open for business

- Priority One: Review policies and procedures through an economic development 'lens'
- Priority Two: Promote balanced land use and incentives for development
- Priority three: Conduct a comprehensive business survey to identify and address business needs
- Priority Four: Continuously strive to reduce the cost of doing business

Comments received were:

- there are lots of road blocks to doing business here, including unfriendly staff at City Hall
- Yellowknife is the hardest and most expensive place I have seen to do business, and we have no policy to promote and select local business over southern
- CDETNO would like to, in collaboration with other agencies, conduct a survey to specifically address the labour shortage issue. This could be an expansion of the annual business survey they do with their members.
- Yellowknife is only "open" to the big traditional old types of businesses...
- Is Yellowknife really open for business?
- I think providing home owners / builders with the flexibility to have more residents per lot would help the housing situation, reduce power and heat use and reduce overall costs. I would encourage the city to review some of its bylaws to allow more people to live on a lot, i.e., more suites per unit. Also I would encourage the city to allow for smaller units so more people could live on one lot, given our current land shortage situation.
- You need to look at why people do business here and who they are catering to. So much focus is on industry, but most people in the city work for government. Many come from other cities and expect a more urban environment.
- We tend to silo our approaches instead of finding ways to link all our sectors together. We need a holistic approach - there are so many factors that support local business and they're not all just economics.
- I believe #3 and #4 will help a lot
- Add a new priority - priority five: become an incubator for northern arts. This would generate a host of associated business opportunities

Goal Two: Yellowknife has a diverse business community

- Priority One: Work with existing businesses to develop a business recruitment plan
- Priority Two: Identify and address gaps in the local mining sector supply chain
- Priority Three: Develop tourism attractions and infrastructure
- Priority Four: Explore alternative energy options to reduce energy costs
- Priority Five: Address retail and commercial 'gaps' and accommodate modern forms of shopping



Comments received were:

- Business owners in the service industry need to enforce customer service. Poor customer service isn't good for locals or visitors
- Yellowknife lacks 'uniqueness' and there is no environment here to attract something different. Most businesses here seem to work just to survive.
- CDETNO can offer assistance in developing a list of agencies in economic development, their services and activities; recruitment and retention; economic immigration.
- To ensure retention, we need a person in place to support employers with techniques, ideas, and link with financial support. Before thinking about attracting investors and/or workers, we need to have a comprehensive understanding of the needs of employers and a very good relationship with them.
- CDETNO built a list of all companies in the mining industry in the NWT, by subsector, identifying gaps. They are currently working on a list of the renewable energy sector.
- CDETNO has an ongoing business tourism action plan. We plan on attracting conferences and business tourism by attending fairs, developing a web application and a marketing campaign. There is a need for a coherent approach in this sector, aligned with NWTT.
- CDETNO is organizing a trade mission to go to France in November 2013 in the renewable energy sector (a target for them). We go to Lyon, a cluster for alternative energies in Europe.
- A classification of services may help to better serve downtown residents and workers and improve downtown quality of life.
- Attract more chain stores to increase selection and reduce online shopping.
- Identify gaps in human capital - poor education system (particularly in the communities, but also lack of options in the Yellowknife), talent attraction
- Take a good look at that tourism category. Tourism is about a lot more than just fishing, camping, and recreation. We need to look at what's available in the downtown to provide additional things to do, e.g., galleries, public art, museums, these are all important.
- I think the city should spend more time with the Heritage committee repairing heritage buildings. As a city, there is opportunity to show off what made us what we are. I think we are missing the opportunity to capitalize on our historical past.
- The concentration of derelict, unused, and abandoned buildings in the downtown core/old town are a serious impediment to stimulating a vibrant, diverse and economically productive community. Find a way to make these buildings available to a wider pool of businesses.

Goal Three: Yellowknife is an attractive Place to Live

- Priority One: Address the needs of existing residents and businesses
- Priority Two: Encourage Yellowknifers to move home
- Priority Three: Encourage devolution jobs to land in Yellowknife
- Priority Four: Increase the number of mining workers living in Yellowknife
- Priority Five: Strengthen Yellowknife promotions to the outside world

Comments received were:

- I love what I see on old airport road- beautification program but most people say it won't last (up-keep) please prove them wrong!!!



- Kids won't move back home because they can't afford their own place
- Yellowknife needs more attention to keeping public and green spaces clean. Green spaces that aren't maintained and kept clean are very unattractive. Other cities do a much better job at this.
- I am confused as to the meaning and scope of priority 1
- Organizations working with *Come Make your Mark* are successfully attracting people to Yellowknife
- There is opportunity to connect with youth organizations to attract younger workers to Yellowknife
- CDETNO together with the national network RDÉE Canada is constantly promoting the NWT and Yellowknife to the outside world through job fairs, visitor fairs, trade missions, etc.
- Need to make Yellowknife livable for folks on a retirement income.
- Yellowknife missed the boat on miners living here.
- Address the needs of existing residents. For the low income rent subsidy make it more accessible by only considering the individuals income, not everyone in the household. There is no rent cap in Yellowknife and those who need the subsidy are unable to access it.
- ARTS AND CULTURE. Why is this missing from your strategy? A thriving arts and culture sector is what makes people want to live and work and stay in Yellowknife. The arts community is well funded in Yellowknife, but badly directed. The funding doesn't allow for art space, so activities don't take place as often as they should. A VISIBLE and healthy arts sector improves general quality of life and instills a sense of pride in a downtown core. It celebrates diversity and breaks down that "us and them" attitude that a lot of Yellowknifers seem to have about the rich and the poor. Creating spaces that people can share is crucial to solving a lot of the problems downtown. It provides support networks that not only address social problems, but bolster economic activity.
- Need to address the danger in the streets before thinking about attractiveness.
- I think all of the above are great ideas, one is missing. Promote tourism training for citizen's and business of Yellowknife. We all need to be more tourist oriented. City should promote cottage craft industries. Promote the production of local, affordable crafts and gifts.
- What does "encourage yellowknifers to move home" supposed to mean. You could be saying, folks who were raised in Yellowknife should return, but it can certainly come across as defamatory. Eg, I was not born in Yellowknife, therefore should I leave because I'm not "from here"?

Goal Four: Yellowknife is a Centre for post-secondary education

- Priority One: Develop a downtown campus including residence and retail
- Priority Two: Expand program options available in Yellowknife
- Priority Three: Develop a national centre for aboriginal economic development

Comments received were:

- We require an actual stand-alone campus with residence. We need our young to be able to stay in the NWT... Once they leave it's hard to get them back!
- We need this. The post-secondary system is why our youth are going to school elsewhere.
- There are opportunities to connect with other universities with northern research centres to establish a research centre in Yellowknife and develop research internships
- Develop a real arts and cultural centre and school like the Banff Centre.



- Student loans and grants are only available to students who attended grade school in the NWT. I would recommend some grants, even if substantially less for those who have been living in the north for a certain period of time.
- Develop a fine arts and crafts institution, there are many artists/artisans in this city, creating a school will allow Yellowknife to become a hub for arts in the north.
- Education should also focus on workplace skills that are 'beneath' college level. Learning workplace culture/behaviour, basic computer skills, customer service skills and professional communications are important aspects of successful businesses. These skills are lacking in the local labour force, a northern problem, and there should be options to learn and improve this. This would diminish human resources costs for business by reducing turnover, reducing the amount of on-job training (for things like basic customer service skills).
- YES YES YES.
- If you want a college build one and make it beautiful and respectable for presentation at every level. Build it in a place where you can also have a campus. We do not need more people living down town we need down town shops and industry.
- Develop and promote exchange programs in to let youth discover the north and make ties here.
- Yellowknife could be the center for circumpolar, climate change studies... Great opportunity that is sorely being neglected.

Goal Five: Yellowknife has a dynamic downtown core

- Priority One: Establish a downtown business improvement district and best practice downtown business program
- Priority Two: Work with partners to address homelessness
- Priority Three: Focus on filling vacant downtown retail space

Comments received were:

- There is no parking down town - I only go there if I have no other choice!
- We need to work with people living and assisting those in the downtown and get out from behind our desks. Get out on the streets and see and ask questions the answer is out there.
- Filling vacant spaces? with what? Who will do this? the same people that are making their exit plans?
- We have lost our Caribou Carnival - we don't do midnight madness....our city does little or nothing to encourage downtown development
- What would be the focus of a business improvement district?
- There is opportunity to collaborate with others and deliver workshops to improve business capacities (employing youth, customer service 101).
- Need a retail study to address resident needs.
- Renewing facade improvement program is also an idea. But façade improvements need to be aligned with the urban fabric such as parking and street lighting to create a lively and safe environment.
- The evolution of a city cannot be controlled.
- Homeless people and crime downtown is the number one issue.
- Alcoholism and loitering, in addition to homelessness, needs to be addressed.



- I think the first priority should be helping the people downtown as much as possible. A treatment center, subsidized housing and available counselling services are needed.
- We need more financial incentives for business.
- We need more public spaces for people to gather.
- Again, arts and culture. Think about what the YK ARCC was able to accomplish in the short year it operated on 49th street. Homeless people looking for a cup of coffee mingled with the local gentry who came in to hear music and see art. With activity happening every weekend, it created a real sense of community and pride.
- The economic spin-offs of having art spaces including support to local catering, restaurants and printing services. Events encourage people to stay downtown after work. The more art shows you have, the more money you're pumping into businesses downtown.
- Storefronts sit empty due to high rent. These spaces can be filled with art and crafts and art events. People think of economics in terms of stores and jobs and shopping, but it's about so much more. You need the environment to be one where people feel safe, have a sense of pride, enjoy being in, and want to hang out in.
- I think # 3 should be # 1 once that happens the rest will be doable. # 1 should be # 2 and # 3 should be part of 1 and 2 efforts
- Attract boutiques to the downtown core through websites, events, sales, etc.
- The sense of danger, real or perceived is a very powerful disincentive to frequent the downtown core. Addressing issues around homelessness, drug and alcohol abuse is critical.



Appendix A: Terms of Reference





CITY OF YELLOWKNIFE

Request for Proposals

Economic Development Strategy

RFP # : 13-020

Due Date – April 3, 2013



CITY OF YELLOWKNIFE

March 14, 2013

File: 13-020

To whom it may concern:

RE: Request for Proposals for Economic Development Strategy

You are hereby invited to submit a proposal in respect of developing an Economic Development Strategy for the City of Yellowknife, as detailed in the following documents attached and forming part of this request:

1. General information and instructions
2. Proposal Execution
3. Terms of reference
4. City of Yellowknife Service Contract Terms and Conditions

Your valued consideration and submission of this request for proposals prior to the closing date would be appreciated.

Yours truly,

Clem Hand
Manager, Procurement Services

GENERAL INFORMATION AND INSTRUCTIONS

- G1. **Submissions MUST be received at City Hall, 4807-52nd Street, Yellowknife, NT, before 3:00:00 p.m. local time on Wednesday the 3rd of April, 2013.**

It is the intent of the City to evaluate all proposals and select a successful bidder by April 10th (or earlier) at 5:00 pm local time.

All bidders will be contacted via e-mail regarding the decision of the evaluation committee. This decision will be communicated to all bidders by April 17th (or earlier) at 5:00 pm local time.

If this timeframe changes for any reason, all bidders will be informed as promptly as possible.

The information communicated to all bidders/document holders/members of the public will be the total proposal scores and the contract price of the winning bid – no other information will be provided.

- G2. Subject to article G5, submissions must arrive in a sealed envelope, addressed to the attention Manager of Procurement Services and marked clearly in the bottom left hand corner:

"Do not open - RFP 13-020 – Economic Development Strategy"

The City will not be held responsible for any proposal which is not properly identified on the outside of the envelope as herein indicated.

- G3. Submissions received after the exact closing time and date will be rejected and returned to the proponent unopened.
- G4. To be considered, one original and three (3) copies of the proposal should be submitted.
- G5. Proposals transmitted by e-mail will be accepted under the following conditions:
- a. the proposal must be received before the submission deadline at e-mail address chand@yellowknife.ca ;
 - b. the City will not accept liability for any claim, demand or other actions for any reason should an e-mail transmission be interrupted, not received in its entirety, received after stated closing time and date, received by any other e-mail address other than that stated herein, or for any other reason;

GENERAL INFORMATION AND INSTRUCTIONS

- c. the City cannot guarantee the confidentiality of information contained in the proposal; and
 - d. the proponent must submit an original proposal and three (3) copies to the address stated herein immediately following transmission of the e-mail.
- G6. Amendments to a proposal will be accepted by e-mail subject to the following:
- a. the amendment is received before the submission deadline at e-mail address chand@yellowknife.ca ;
 - b. the City will not accept liability for any claim, demand or other actions for any reason should an e-mail transmission be interrupted, not received in its entirety, received after stated closing time and date, received by any other e-mail address other than that stated herein, or for any other reasons; and
 - c. the City cannot guarantee the confidentiality of information contained in the amendment.
- G7. All technical questions and enquiries regarding this request for proposals should be directed to:
- Nalini Naidoo
Director, Communications and Economic Development
nnaidoo@yellowknife.ca
- G8. All general questions and enquiries regarding this request for proposals should be directed to:
- Clem Hand
Manager – Procurement Services
chand@yellowknife.ca
- G9. It is a condition of the proposal documents received that each proposal is irrevocable and continues open to acceptance for a period of up to 60 days after the closing date and time and may be accepted at any time within that period of time whether or not a proposal has been previously accepted.
- G10. All submissions shall contain a Letter of Transmittal signed by a principal of the proponent, and/or a copy of the Proposal Execution form.

GENERAL INFORMATION AND INSTRUCTIONS

- G11. The proponent, by submitting a proposal, agrees that it will not claim damages in excess of an amount equivalent to the reasonable costs incurred by the proponent in preparing its proposal for matters relating to the agreement or in respect of the competitive process, and the proponent, by submitting a proposal, waives any claim for loss of profits if no agreement is made with the proponent.
- G12. The City will enter into an Agreement with the successful proponent – the City’s Service Contract General Conditions are attached.
- G13. Any and all addenda (revisions/clarifications, etc. to this request for proposals) will be issued in writing and sent to all proponents that have received the documents prior to the closing date and time.
- G14. The City has the right to cancel this Request for Proposals at any time and to reissue it for any reason whatsoever without incurring any liability, and no proponent will have any claim against the City as a consequence.
- G15. The City shall not be liable for any costs of preparation or presentation of proposals.
- G16. The City will not accept any conditions or reservations, customary or otherwise, subject to which the proponent may purport to sell, or to deliver services other than those stated in this request for proposals.
- G17. As this is a Request for Proposals, there will not be a public opening, however proposals shall be opened as soon as practicable after the closing time.
- G18. Proposals and accompanying documentation submitted by the proponent are the property of the City and will not be returned.
- G19. Submissions will be evaluated according to the City's purchasing practices and individual line prices will be treated in strict confidence.
- G20. An evaluation committee shall review each submission. The committee shall rate each submission based on the following criteria:

Criteria	Evaluation
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GENERAL INFORMATION AND INSTRUCTIONS

	Weight
Proposed Methodology	25%
Experience & Qualifications	25%
Fees and expenses	30%
Proposed schedule	10%
Benefit to Local Economy	5%
Quality of proposal	5%

The City reserves the exclusive right to determine the qualitative aspects of all proposals relative to the evaluation criteria.

- G21. Each rating is confidential, pursuant to provisions found in the Access to Information Act, and only the total rating for each proposal and the contract value of the successful proposal shall be released. However, if there are significant differences, the City may discuss a proponent's ranking, referencing the average of the category in question.
- G22. The City reserves the right to short-list proponents. Proponents who are short-listed may be requested to make a formal presentation. Such presentations shall be made at the sole cost of the proponent.
- G23. The City reserves the right to reject proposals on the basis of a proponent's past performance, financial capabilities and completion or delivery schedule.
- G24. As this is a Request for Proposals, the City is not bound to accept the proposal that provides for the lowest cost or price to the City, nor any proposal of those submitted.
- G25. If a contract is to be awarded as a result of this Request for Proposals, it shall be made to a proponent that is responsive and responsible and whose proposal will give the greatest value based on quality, service, and costs.
- G26. The City may accept any proposal or alternative proposal, in whole or in part, which is deemed to be most favourable in the interests of the City.
- G27. The City may, at its sole discretion, elect not to accept any proposal submitted and may proceed to acquire the requirements in such other manner as it so chooses.
- G28. The City may, but shall not be obligated to, waive any defect, irregularity, mistake, insufficiency or non-compliance in any proposal, if, in the opinion of the City acting reasonably, such defect, irregularity, mistake, insufficiency or non-compliance is minor or

GENERAL INFORMATION AND INSTRUCTIONS

otherwise not material to the proposal.

- G29. The City reserves the right to negotiate with one or more proponents and ultimately enter into a contract upon the same or different terms and conditions as contemplated by the request for proposals.
- G30. Proposals submitted shall be final and may not be altered by subsequent offering, discussions or commitments without the consent of the City. Further descriptions, clarifications, filling in the gaps or expanding upon a proposal may be requested by the City.
- G31. The final section of this RFP document details the City's contract terms and conditions. The City of Yellowknife does not negotiate these terms and conditions, but will offer clarification when necessary. Submission of your bid confirms your acceptance of the contract terms and conditions in the event that you are deemed to be the successful bidder.
- G32. Bids which are qualified or based upon conditions placed by the Proponent may be eliminated from the competition as part of the Administrative Review process. The City may, in its absolute discretion, deem a conditional or qualified bid to be non-responsive and refuse to consider it.

***** GREEN PROCUREMENT AND SERVICES *****

The Bidder is encouraged to provide all documents printed double-sided on Ecologo certified recycled paper or paper with equivalent post-consumer recycled content, to the full extent to which it is procurable. A certification to that effect should be provided with the bid documents. The successful proponent will indicate whether documents prepared under this contract will be printed double-sided and on certified recycled paper or equivalent.

PROPOSAL EXECUTION
(FILL IN AND RETURN AS PART OF YOUR SUBMISSION)

Proponent certifies that this tender was prepared without consultation with other bidding proponents or potential bidding proponents, unless a joint tender is being submitted, in which case all parties are to be identified in this execution.

Date:

Name of Proponent:

Proponent's Mailing Address:

Proponent's Business Address:

Proponents Phone Number:

Proponents E-mail:

(Proponent - Please Print Name)

(Signature of Proponent)

In the presence of:

(Witness - Please Print Name)

(Signature of Witness)



CITY OF YELLOWKNIFE

TERMS OF REFERENCE

1 OVERVIEW

PROJECT IDENTIFICATION

Title:	Economic Development Strategy (the “Strategy”)
Location:	Yellowknife, NWT
Program Department:	Department of Communications and Economic Development (the “Department”)

2 PROJECT PERSONNEL

This project will be led by the Department of Communications and Economic Development. The project team, who will review progress and project components, shall include:

- Nalini Naidoo, Director Communications & Economic Development – Project Lead;
- Jeffrey Humble, Director Planning & Development; and
- Clem Hand, Manager, Procurement Services.

3 INTRODUCTION & PURPOSE

The City of Yellowknife is seeking proposals from firms interested in providing a five year Strategy. During the 2013 budget deliberations the Strategy was identified as a Capital Project. For the 2013 fiscal year this capital project will fill the required need of developing a Strategy for the City of Yellowknife. The successful proponent must provide a multi-faceted 5 year Strategy that is reflective of the current operational budget of the City of Yellowknife. The 2013 Department budget is available at http://www.yellowknife.ca/City_Hall/Forms_and_Publications/Budget_Documents.html.

The estimated budget for this project is \$40,000.00.

Until 2012 the Department of Communications and Economic Development was solely the Department of Economic Development. With a redefined set of responsibilities and objectives it is an opportune time to review, evaluate and redefine priorities to ensure consistency with Council’s Goals and Objectives regarding economic development.

The recommendations delivered as a result of this study must identify implementation costs and timelines in order to ensure accurate budget information for 2014 and beyond. Any proposals that do not meet the purpose of the terms of reference will not be considered for award.

4 SCOPE OF WORK

The following components must be included in the proposal:

4.1 Review Component

- a. Review of Council’s Goals and Objectives as well as specific actions identified by Council in context of the Strategy. A copy of this document is available through the Project Lead, pending Council approval;
- b. Review of economic development strategies of at least five communities of similar size and characteristics. Provide a comparative analysis with these communities and Yellowknife;
- c. Identification of what the City of Yellowknife has done in the past with respect to economic development and how these opportunities may or may not be relevant in today’s economic context;
- d. Identify what the local and regional drivers of economic development are in the next 1-5 years;
- e. Review of all current local, national and international marketing initiatives that the City leads and participates in, for the purpose of economic development;
- f. Review of current economic development performance measures; and
- g. Identification of the key stakeholders involved in economic development in the city;
- h. Review of all economic development programs partnerships that the Department currently participates in, including but not limited to Celebration of the Deh Cho Travel Connection – Diamonds in the Rough Passport Program’s sixth anniversary, Canadian Capital Cities, Diamond Capital of North America, Northern Frontier Visitor’s Centre, NWT Tourism, NWT Film, Yellowknife Chamber of Commerce, etc.

4.2 Consultation Component

The successful proponent shall use the IAP2 Spectrum of Public Participation Model (iap2canada.ca) based on the following level of participation:

Group	Level of Participation
City of Yellowknife <ul style="list-style-type: none"> • Mayor & Council • SAO & City Directors 	Collaborate – partners in each aspect of decision-making. Provides advice and innovation in forming solutions. Advice is incorporated into decision to the maximum extent possible. Consensus building and participatory decision-making.
Industry Stakeholders	Consult – obtain feedback on analysis, alternatives and/or decisions. Commitment to keep stakeholders informed, listen to and acknowledge concerns and aspirations. Provide feedback on how input influenced decisions. Focus groups, surveys, meetings.
General Public & Community Stakeholders	Inform – provide information to understand issues, alternatives, opportunities and/or solutions. Keep the public informed through fact sheets, web sites, open houses, etc.

City of Yellowknife

Prior to collaboration with City of Yellowknife participants, the successful proponent must prepare a presentation on the concepts of economic development and the successful strategies in other communities. Collaboration shall take place once the presentation has been completed.

Industry Stakeholders

Industry Stakeholders include, but are not limited to:

- GNWT Department of Industry, Tourism and Investment (HQ and Regional);
- Northern Frontier Visitors Association;
- Past and Present Presidents and Executive Directors of the Yellowknife and NWT Chamber of Commerce;
- Conseil de développement économique des TNO (CDÉTNO);
- Hoteliers;
- NWT Tourism; and
- Others as identified by City of Yellowknife.

Community Stakeholders

Community Stakeholders are defined as the general public, as well as key groups in the community which will be identified by the City of Yellowknife through the review component and the initial collaboration stage.

For the purpose of City communication and review, the successful proponent shall present to a “test group” of City employees once the Strategy is drafted.

For proposal purposes, the successful proponent is responsible for all invitations, confirmations, set up, facilitation, supplies, booking, advertising, transcribing and clean-up of consultation sessions, unless otherwise agreed upon by the Project Lead. Where advertising is requested on the City of Yellowknife website and social media sites, this advertising will be provided by the Project Lead.

4.3 Addressing Questions Component

The following questions shall be address throughout the project.

- a. What does economic development mean to the City of Yellowknife?
- b. How do we create a business friendly environment?
- c. What incentives should the City consider when implementing this Strategy?
- d. What are the perceived constraints to economic development in our city? What myths can be dispelled?
- e. What barriers need to be removed in order to successfully implement the Strategy?

4.4 Integration Component

- a. Integration of City initiatives to ensure that the Strategy is integrated into other major City projects (i.e. Harbour Plan, downtown revitalization, land administration, customer service, community services and programming);
- b. Integration of recommendations with Council Goals and Objectives;
- c. Integration of economic development in the larger NWT context of devolution, resource development and exploration, as well as demographic shifts, and other factors as identified in the Review Component, above; and
- d. Integration of the Strategy with through web and social media.

4.5 Creation Component

- a. Mission Statement for the Strategy;
- b. Identification of projects and strategic for implementation, policies, campaigns, incentives and other partnerships;
- c. Review the relevance of performance measures within the context of the Department.
- d. Identify performance measures and targets in year 1 to 5 of the Strategy implementation to measure short term and long term success. Performance measures must be key indicators to monitor success of the Strategy implementation;
- e. Recommendations regarding communication strategies for Strategy implementation;
- f. Identification of marketing materials and promotional materials for implementing the Strategy; and
- g. Recommendation of types of materials and publications that are required to fulfill the Strategy.

5 DELIVERABLES

The successful proponent shall provide the following deliverables:

1. Draft

- a. Background Report on consultation and detailed component results;
- b. Draft Strategy for review by Administration (pdf bookmarked, 1 bound hard copy, 1 unbound hard copy);
- c. Draft Strategy presentation to Directors ;
- d. Draft Strategy Presentation to Council; and
- e. Final Strategy presentation to Municipal Services Committee (if required).

2. Final

- a. Background Report on Consultation Results (pdf bookmarked, 1 bound hard copy, 1 unbound hard copy);

- b. Final Strategy (pdf bookmarked, 1 bound hard copy, 1 unbound hard copy);
- c. The Final Strategy shall be presented in a manner that City Administration and Council can use the Strategy as a marketing tool;
- d. A final Power Point Presentation, for local, national and international use by City Administration and Council;
- e. Summary page of recommendations and implementation schedule for reference; and
- f. Availability to present final Strategy to Council.

6 QUALITY OF DELIVERABLES

All deliverables for this project shall use the City of Yellowknife approved crest, font, colors and format. The deliverables must be created in a style and format that allows the City to use for promotion, dissemination and reproduction of all or parts of the Strategy.

TIMEFRAME

The City of Yellowknife requires final completion by November 1, 2013. The proposed schedule must accommodate this final date.

These Standard Terms form part of a Contract between the Contractor and the City for the Service. This schedule is subject to any modifications or additions that are referred to in the Contract Terms sheet. All terms not defined herein shall have the meaning given to them in the Contract Terms sheet.

STANDARD CONTRACT TERMS

In consideration of covenants and agreements hereinafter reserved and contained, the parties agree as follows:

ARTICLE 1 - TECHNICAL

1.1 SCOPE OF SERVICE

Except as expressly stated herein, the Contractor shall perform the Service including the supply of labor and materials as necessary in accordance with specifications in the Contract Terms Sheet or set out in Appendices attached to and forming part of this Contract. Without limiting the generality of the foregoing, the Contractor shall, at its own risk and expense:

- (a) organize and perform the Service in accordance with this Contract, including the appendices attached hereto;
- (b) complete all reports required by the City;
- (c) obtain all licenses and permits required for the provision of the Service;
- (d) deliver the Service in accordance with this Contract, including the appendices attached hereto; and
- (e) convey to the City ownership to all materials, products, or other personal property produced for the City as part of the Service, free and clear of all liens and charges.

1.2 PERIOD OF CONTRACT

- (a) The term of this Contract shall begin on the Commencement Date identified in the Contract Terms Sheet and shall expire on the Termination Date identified in the Contract Terms Sheet.
- (b) If a Commencement Date is not specified in the Contract Terms Sheet, the term of the Contract shall begin immediately upon signing.
- (c) If a Termination Date is not specified in the Contract Terms Sheet, this contract will terminate upon completion of the Service or upon written notice by either party to the other.

- (d) If the Contractor determines they will not be able to complete the Service within the time schedule, they will promptly notify the City's Representative in writing.

1.3 THE CITY'S REPRESENTATIVE

The City's representative will be the person identified in the Contract Terms Sheet. If no person is identified, the City's Representative shall be the Senior Administrative Officer.

1.4 CONTRACTOR'S REPRESENTATIVE

The Contractor's Representative shall be the person identified in the Contract Terms Sheet. If no person is identified, the Contractor's Representative shall be the person who signed the Contract Terms Sheet on behalf of the Contractor.

ARTICLE 2 - TERMS OF PAYMENT

2.1 SPECIFIC PAYMENT TERMS

- (a) The City shall pay the Contractor for the Service according to the Payment Terms included in the Contract Terms Sheet.
- (b) If the Contract Terms Sheet does not include specific Payment Terms or if the Payment Terms do not address terms of payment for a particular cost, item, or service, the City shall pay the Contractor for such item, cost or service in accordance with the written proposal or quote of the Contractor accepted by the City.
- (c) If neither the Contract Terms Sheet nor the Contractor's proposal or quote deals with payment terms for any particular cost, item or service included in this agreement, the City shall pay fair market value for such cost, item or service.

2.2 GENERAL PAYMENT TERMS

- (a) Unless otherwise indicated in the Payment Terms on the Contract Term Sheet:
 - (i) Prices are in Canadian currency;
 - (ii) Prices shall be inclusive of all applicable excise taxes and duties;
 - (iii) Prices shall be exclusive of Goods and Services Tax, which shall be shown on a separate line at the time of invoicing; and
 - (iv) Prices for goods supplied by the Contractor shall be F.O.B Yellowknife, freight prepaid.

- (b) The Contractor must indicate the applicable release number on their invoice, or payment of said invoice may be delayed or refused.
- (c) If any portion of the fees payable to the Contractor are based on hours worked or other unit costs, the City shall have the right to request time sheets or such other records as may be necessary to confirm the number of hours worked, or other unit costs claimed by the Contractor.

2.3 WITHHOLDING PAYMENTS

- (a) The City may:
 - (i) withhold from any payment due hereunder the reasonable value of any claim against it which the Contractor has failed to settle pursuant to its indemnity contained herein; or
 - (ii) withhold from any payment due hereunder sufficient funds to discharge any delinquent accounts of the Contractor for which liens on the City's property have been, or can be, filed and the City may at any time pay therefrom, for the Contractor's account, such amounts as are due thereon, including any sums due under any Federal, Provincial or Territorial law. Such payment shall reduce the City's liability to the Contractor by the amount paid to the third party.

2.4 ADJUSTMENTS FOR DEFICIENCIES

If the City deems it is not cost-effective to correct any improper or incomplete Service, the City may deduct an equitable amount from the amount the Contractor invoiced the City for such incomplete or improper work.

2.5 PRICE INCREASES

- (a) The prices in this Contract are firm for the Contract Term and shall be subject to adjustment only for changes, as authorized in writing in advance by the City or as expressly provided in the Payment Terms of the Contract Term Sheet or in any schedule containing price escalation or adjustment clauses.
- (b) The City shall not entertain or accept escalations or means which would increase the Contract price.

ARTICLE 3 - GENERAL TERMS AND CONDITIONS

3.1 SITE INVESTIGATION

- (a) The Contractor has observed the operations of the City and is aware of the general conditions.
- (b) The Contractor shall not unnecessarily encumber or interfere with City operations in performing the Service.
- (c) If all or part of the Service is to be performed on City property, the Contractor shall at all times keep the service area free from accumulations of waste material or rubbish caused by Contractor's employees or Services.

3.2 INDEPENDENT CONTRACTOR

- (a) The Contractor is an independent contractor, and all persons employed by the Contractor in connection herewith shall be employees of the Contractor, and not employees of the City in any respect.
- (b) The Contractor is not and shall not hold itself or be held out to be an agent of the City.

3.3 CONTROL OF THE SERVICE

- (a) The Contractor is responsible for all service means, methods, techniques, sequences and procedures and for coordinating all parts of the Service.
- (b) The Contractor shall effectively direct and supervise the Service to ensure compliance with this Contract.
- (c) The Contractor warrants that all means, methods, techniques, sequences and procedures shall be the best available in the industry, and shall be subject to review by the City's representative.
- (d) The Contractor further agrees that all Services shall be performed by fully trained and qualified personnel.
- (e) Any person employed by the Contractor who is deemed by the City's Representative to be incompetent or unsuitable for any other reason, acting reasonably, shall be removed from the job, at the request of the City.

3.4 INSPECTION

The City and/or its representatives shall at all times have access to the area at which the Contractor is performing its obligations under this Contract. Any inspections made by the City do not constitute a waiver of any obligation of the Contractor.

3.5 INDEMNIFICATION

The Contractor agrees to indemnify and hold harmless the City, its Council, officers, employees and agents, against and from any and all loss, claims, actions or suits, including costs and attorney's fees, for or on account of injury, bodily or otherwise, to or death of persons, damage to or destruction of property belonging to the City, or others, resulting from, arising out of, or in any way connected with the Contractor's operations hereunder, excepting only such injury or harm as may be caused solely by the fault of negligence of the City, its Council, officers, employees or agents.

3.6 CONTRACT PERFORMANCE

Payments to the Contractor shall not be a waiver of any breach of this Contract by the Contractor or relieve the Contractor from the performance of any obligations under this Contract.

3.7 CODES, STANDARDS, REGULATIONS AND LAWS

- (a) The Service shall comply with all applicable codes, standards and/or regulations of governing authorities. The Contractor shall acquire and keep in force all required permits and certificates of approvals.
- (b) The Contractor shall observe and comply with all applicable federal, territorial and municipal statutes and regulations.
- (c) The City will not be responsible for the Contractor's failure to comply with applicable codes, standards, regulations and/or laws in performing the Service.

3.8 CONFIDENTIALITY

- (a) The Contractor acknowledges that, in performing the Services, they may be exposed to certain confidential information. The Contractor agrees that, except as expressly permitted by the City, the Contractor will not at any time during or after the term of this Contract make use of any Confidential Information or disclose any Confidential Information to any person, or permit any person to examine and/or make copies of any reports or any documents prepared by them or that come into their possession or under their control by reason of work performed under this Contract.

- (b) Upon termination of this Contract, the Contractor will turn over to the City all documents, papers and other matters in their possession or under their control that relate to such Confidential Information.

3.9 PATENTS, TRADEMARKS AND OTHER PROPRIETARY RIGHTS

The Contractor, in accepting this Contract, agrees to defend at its own expense but in consultation with the City, any suit or proceeding arising from claims for infringement of patent or other proprietary rights, in connection with the City's use of the whole or any part of the Service covered by this Contract. The Contractor also agrees to pay all damages or awards assessed through such actions and, in case the City is not permitted to continue use of such Services, to refund full purchase price to the City. The City may at its option and at its expense modify the Services to eliminate the cause for the infringement claim. The Contractor will disclose to the City and will transfer to the City all rights, processes, techniques, and trade secrets which have been developed by the Contractor and the City jointly, and which relate to confidential information disclosed by the City or discovered as a result of performance of this Contract.

3.10 INSPECTION OF SERVICE

- (a) The Service may be subject to inspection or review by the City's Representative or designate at any time.
- (b) The City's Representative may exercise such control of the Service as is required to confirm compliance with this Contract and to safeguard the interests of the City.
- (c) The City's Representative will have authority to reject unsatisfactory Service or materials.
- (d) Any inspections made by the City do not constitute a waiver of any obligation of the Contractor.

3.11 APPLICABLE LAW

This Contract shall be governed by the laws of the Northwest Territories.

3.12 INSURANCE

- (a) The Contractor will, during the period of this service, carry in an insurance company or companies licensed to do business in the Northwest Territories, appropriate liability and other insurance protection as is necessary for the Service involved and which is customary for the trade. Such insurance shall be maintained to underwrite and assume any liability arising from Section 3.05 Indemnification. The limits of liability for each requirement shall not be less than \$2,000,000.00 single limit.

- (b) The Contractor shall provide a Certificate of Insurance within 2 business days of any request by the City's Representative.

3.13 WORKERS' COMPENSATION

Before commencing Services, the Contractor shall comply with all applicable Workers' Compensation and Employers' Liability Acts in the Northwest Territories and, upon request, shall furnish proof thereof satisfactory to the City.

3.14 TIME AND DELAYS

- (a) The Completion Date shall be the date specified in the Contract Terms Sheet. If no Completion Date is specified in the Contract Terms Sheet, the Completion Date shall be the date specified in the quote or proposal submitted to the City by the Contractor for the provision of the Service. If there is no date specified in the Contract Terms Sheet or the Contractor's proposal or quote, the Completion Date shall be any deadline for completion of the Service in any request for quotes or Request for Proposals for the Service made by the City. Finally, if none of the foregoing applies, then the Completion Date shall be a date in which the Service could be completed by a reasonably skilled person working diligently.
- (b) The Service must be completed by the Completion Date. If the Contractor fails to complete the Service by the Completion Date or to perform with due diligence, the City may, at its option :
 - (i) issue a written demand requiring the Contractor to comply with the terms of this agreement; or
 - (ii) cancel this Contract without liability to the Contractor.

Exercise of either option shall be without prejudice to the City's rights to claim from the Contractor any loss or damage suffered.

- (c) The Contractor will be liable to the City for all costs and expenses incurred by the City, which are a direct result of any delay in completion of the Service, as well as for any losses resulting from the City's inability to utilize the Service for its intended purpose during the period of delay, and the City may deduct such costs from payment owing to the Contractor under the Contract.

3.15 FORCE MAJEURE

- (a) If the Contractor or the City is prevented from or delayed in its performance under this Contract as an unavoidable result of fire, delays in transportation, an act of God or of the Queen's Enemies, an order of a governmental official body, a labor dispute, or other cause beyond its

reasonable control, the time for performance of that party shall be extended by the length of time it is so prevented or delayed.

- (b) If any event of *force majeure* involving the Contractor or its subcontractors disrupts, or threatens to disrupt, the City's operations, the City may serve written notice on the Contractor canceling this Contract without liability to the Contractor.
- (c) If a delay occurs in the completion of the Service and the delay is attributable to or within the control of the Contractor or was reasonably foreseeable by the Contractor at the time the Contract was entered into, the Completion Date shall not be adjusted.
- (d) Adverse weather shall not be considered to be a cause of delay beyond the Contractor's control or not reasonably foreseeable by the Contractor at the time the Contract was entered into.

3.16 NO ASSIGNMENT, DELEGATION OR SUB-CONTRACT

The Contractor shall not assign this Contract, nor delegate or sub-contract any of the Services to be performed by it hereunder without the express written consent of the City, and any such attempted assignment, delegation or sub-contract shall entitle the City to terminate. If assignment, delegation or sub-contract is done with such consent it shall not relieve the Contractor from its responsibility for the performance of any of its obligations hereunder. For greater certainty, nothing in this clause prohibits the Contractor from delegating the performance of any portion of the Service to the employees of the Contractor.

3.17 NON WAIVER

The City may at any time insist upon strict compliance with the terms and conditions of this Contract, notwithstanding any previous custom, practice or course of dealing to the contrary. Conversely, the failure of the City to insist upon or enforce strict compliance with any of the terms and conditions of this Contract or to exercise any rights herein shall not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon such terms or rights on any future occasion.

3.18 QUALITY

Any clause in this Contract prescribing the quality of the Service is to be a condition of this Contract so that a failure of quality shall entitle the City to reject the Service as delivered.

3.19 WARRANTY

The Contractor will warrant the Service for a period of one year from date of completion, and during this time will rectify any errors or omissions immediately upon receiving written notice from the City.

3.20 UNAUTHORIZED USE OF NAME

The Contractor shall not, without prior written approval of the City make any statement or publish or release to any other person any photograph, advertisement, testimonial, letter or commendation or approval, or any other document or written matter which might imply the City's approval of the products, actions, or performance of the Contractor.

3.21 SUSPENSION OF SERVICE

The City may, at any time, suspend any part of the Service, including all remaining Service, for any reason whatsoever by giving notice to the Contractor specifying the part of the Service to be suspended and the effective date of suspension. The Contractor shall continue to prosecute any unsuspended part of the Service. Suspension, as aforesaid, shall not limit or waive the Contractor's responsibility pursuant to Article 1. The City shall not be held liable for any damages or loss of anticipated profits on account of suspension of any part of the Services.

3.22 TERMINATION FOR CONVENIENCE

Either party may terminate this Contract at any time by giving 30 days notice to the other party. Such termination shall not affect the rights of the parties which have accrued prior to the date of termination and shall not relieve any party from obligations arising during the term thereof. In the event of termination, the Contractor and the City shall each be released and discharged from any claims by one against the other in connection with the termination of this Contract or the services herein described. The City shall not be held liable for damages or loss of anticipated profits on account of such termination.

3.23 TERMINATION FOR CAUSE

If:

- (a) the Contractor fails to comply with any of the terms or conditions of this Contract;
- (b) a proceeding in bankruptcy, receivership or insolvency is instituted by or against the Contractor or the Contractor's property; or
- (c) the Contractor makes an assignment for the benefit of creditors;

the City may terminate the Contract without notice or penalty.

3.24 BINDING EFFECT

The Contract shall operate for the benefit of and be binding upon the respective executors, administrators, successors and assigns of the City and the Contractor.

3.25 INTERPRETATION

- (a) Headings, titles and marginal notes which appear in the Contract Documents are inserted for convenience only and shall not be used to explain or clarify the clauses or paragraphs below or opposite which they appear.
- (b) Any changes to these Terms and Conditions must be in writing and acknowledged by both parties.
- (c) The words “Contractor” and “he” or derivative thereof shall include the plural, feminine, or neuter where the context so requires.
- (d) The word “Service” or derivative thereof shall include the singular and plural, where the context so requires.

3.26 COMPLETE AGREEMENT

- (a) This Contract and its attachments constitute the complete Contract between the parties. Except as provided herein, it supersedes and shall effect in substitution for all previous agreements. It is subject to change only by an instrument executed in writing by the City.
- (b) If this contract arises from a Request for Proposals or tender call, the provisions of the Request for Proposals or tender call and the Contractor’s bid or proposal submission may be used to clarify, explain or supplement this contract, but shall not be used to contradict any express terms of this contract.
- (c) In the event of a conflict between this Contract and the Contractor’s bid or proposal submission or the City’s original tender bid instructions or Request for Proposals, this Contract shall apply.

3.27 NOTICES

- (a) Where notice is required or permitted to be served by one party on the other, the notice shall given in writing and may be delivered personally, delivered or sent by mail or facsimile transmission at the addresses specified on the Contract Term Sheet.

- (b) Either party may change its address for service by sending a written notice to the other party.
- (c) A party shall use the most expeditious method of giving the written notice or communication.

A written notice or communication sent by mail shall be deemed to have been received ten days from the date of posting. Whenever a notice or communication is sent by facsimile transmission or electronic mail, acknowledgment from the receiving party must be given to the other party that the notice or communication has in fact been received, for it to be effective. If no such acknowledgment is given, it shall be deemed to have been received ten days from the date of posting of the original document.