

# MACA Update

Fall 2005



# MACA UPDATE • FALL 2005

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## INTRODUCTION



Every fall, the Department of Municipal and Community Affairs (MACA) publishes and distributes the MACA Update to community governments. The purpose of the MACA Update is to provide community governments with an indication of the level of funding they can anticipate for the coming year.

Community government representatives have expressed to MACA the importance of this type of information to their budget planning exercises, especially in those cases where the fiscal calendars of the Government of the Northwest Territories and the community government are not consistent. Therefore, MACA strives to

include as much information as possible to assist community governments in their planning.

The information provided in the MACA Update includes Formula-Based Funding amounts for each community, Other Community Funding amounts, and information on the proposed Infrastructure Acquisition Plan. It is important to note that these funding amounts are subject to approval by the Legislative Assembly.

Over the years, the MACA Update has expanded from a strictly financial report to one that also includes information about MACA's new and existing programs and initiatives that may be useful to community governments. Also included in this publication is information on specific MACA policies and legislation that are of particular interest to community governments.

If you have any comments or suggestions on how the MACA Update can be improved to better suit the needs of community governments, please submit your suggestions to:

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## FINANCIAL PROJECTIONS/INFORMATION

### HOW MACA DETERMINES FORCED GROWTH

Every year MACA provides all eligible community governments with annual funding to assist with the provision of municipal programs and services, as well as minor community infrastructure. The Department uses the Community Government Funding Policy and the Formula-Based Funding Policy to determine the amount of funding received by each community government. (Please refer to Appendix A for detailed information on how community government formula-based funding is calculated.)

The term 'Forced Growth' refers to the adjustments made to the formula-based funding received by community governments. These adjustments are intended to help cover the hard-to-control increases in community government costs.

The Forced Growth calculation includes two components:

- Adjustments for identified uncontrollable increased costs; and
- Adjustments for new infrastructure.

The following factors are used to determine adjustments for identified uncontrollable increased costs:

- Northwest Territories

Population – changes in population will affect community government costs;

- Consumer Price Index for Fuel – changes in fuel prices will affect community government costs; and
- Salaries/Wages Indicator – increases in salaries and wages will affect community government costs.

With the exception of the new infrastructure and salaries/wages data, all of the information used to calculate Forced Growth is taken from the Northwest Territories Bureau of Statistics. For information on new community infrastructure, the Department uses the MACA capital plan. For the salaries/wages data, the Department uses historical information outlining percent increases in Government of the Northwest Territories wages as calculated by the Financial Management Board Secretariat.

The Department prepares forced growth recommendations for funding related to the Policy for GNWT consideration every two years, most recently to funding provided to community governments in 2005-2006. Forced growth funding is provided to all community governments on a proportionate basis.

## COMMUNITY GOVERNMENT FORMULA FUNDING PROJECTIONS

| Community         | 2005-06<br>Approved | 2006-07<br>Projection <sup>(1) (2)</sup> | 2007-08<br>Projection <sup>(1) (2)</sup> | 2008-09<br>Projection <sup>(1) (2)</sup> |
|-------------------|---------------------|--|--|--|
| Aklavik           | \$1,057,000         | \$1,057,000                              | \$1,034,000                              | \$1,034,000                              |
| Behchoko          | \$1,313,000         | \$1,313,000                              | \$1,307,000                              | \$1,307,000                              |
| Colville Lake     | \$671,000           | \$671,000                                | \$671,000                                | \$671,000                                |
| Deline            | \$1,010,000         | \$1,010,000                              | \$1,010,000                              | \$1,010,000                              |
| Deninoo           | \$492,000           | \$492,000                                | \$479,000                                | \$479,000                                |
| Detah             | \$349,000           | \$349,000                                | \$348,000                                | \$348,000                                |
| Enterprise        | \$278,000           | \$278,000                                | \$278,000                                | \$278,000                                |
| Fort Liard        | \$1,039,000         | \$1,039,000                              | \$1,031,000                              | \$1,031,000                              |
| Fort McPherson    | \$1,119,000         | \$1,119,000                              | \$1,115,000                              | \$1,115,000                              |
| Fort Providence   | \$1,054,000         | \$1,054,000                              | \$1,040,000                              | \$1,040,000                              |
| Fort Simpson      | \$937,000           | \$937,000                                | \$941,000                                | \$941,000                                |
| Fort Smith        | \$1,132,000         | \$1,132,000                              | \$1,134,000                              | \$1,134,000                              |
| Gameti            | \$893,000           | \$893,000                                | \$884,000                                | \$884,000                                |
| Hay River         | \$1,395,000         | \$1,395,000                              | \$1,471,000                              | \$1,471,000                              |
| Hay River Reserve | \$364,000           | \$364,000                                | \$362,000                                | \$362,000                                |
| Holman            | \$1,088,000         | \$1,088,000                              | \$1,075,000                              | \$1,075,000                              |
| Inuvik            | \$1,643,000         | \$1,643,000                              | \$1,679,000                              | \$1,679,000                              |
| Jean Marie River  | \$435,000           | \$435,000                                | \$431,000                                | \$431,000                                |
| Kakisa            | \$344,000           | \$344,000                                | \$340,000                                | \$340,000                                |
| K'asho Got'ine    | \$1,017,000         | \$1,017,000                              | \$1,008,000                              | \$1,008,000                              |
| Lutselk'e         | \$557,000           | \$557,000                                | \$552,000                                | \$552,000                                |
| Nahanni Butte     | \$455,000           | \$455,000                                | \$453,000                                | \$453,000                                |
| Norman Wells      | \$538,000           | \$538,000                                | \$544,000                                | \$544,000                                |
| Paulatuk          | \$1,091,000         | \$1,091,000                              | \$1,076,000                              | \$1,076,000                              |
| Sachs Harbour     | \$901,000           | \$901,000                                | \$895,000                                | \$895,000                                |
| Trout Lake        | \$384,000           | \$384,000                                | \$381,000                                | \$381,000                                |
| Tsiigehtchic      | \$986,000           | \$986,000                                | \$963,000                                | \$963,000                                |
| Tuktoyaktuk       | \$1,193,000         | \$1,193,000                              | \$1,192,000                              | \$1,192,000                              |
| Tulita            | \$992,000           | \$992,000                                | \$981,000                                | \$981,000                                |
| Wekweeti          | \$944,000           | \$944,000                                | \$927,000                                | \$927,000                                |
| Whati             | \$1,129,000         | \$1,129,000                              | \$1,112,000                              | \$1,112,000                              |
| Wrigley           | \$447,000           | \$447,000                                | \$447,000                                | \$447,000                                |
| Yellowknife       | \$5,686,000         | \$5,686,000                              | \$5,775,000                              | \$5,775,000                              |
| <b>TOTAL</b>      | <b>\$32,935,000</b> | <b>\$32,935,000</b>                      | <b>\$32,936,000</b>                      | <b>\$32,936,000</b>                      |

### Notes for Community Formula Funding Projections

1. All funding is subject to the approval of the Legislative Assembly.
2. The 2005-06 and 2006-07 figures use 2003 population, 2003 infrastructure and 2000 Northern Cost Index (NCI) data. The 2007-08 and 2008-09 figures use 2004 population, 2005 infrastructure and 2000 NCI data. The NCI is currently under review and, depending on the results of that review, figures for 2007-2008 and 2008-09 may be adjusted to reflect a revised NCI.

## OTHER COMMUNITY GOVERNMENT FUNDING PROJECTIONS 2006-07

| Community         | Water and Sewer Contributions <sup>(1)</sup> | Mobile Equipment <sup>(1)</sup> | Insurance <sup>(1) (2)</sup> | Senior Citizens/ Disabled Persons Property Tax Rebate <sup>(1)</sup> | Grant-in-Lieu <sup>(1)</sup> |
|-------------------|--|---------------------------------|------------------------------|--|------------------------------|
| Aklavik           | \$215,668                                    | -                               | \$23,935                     | -  | -                            |
| Colville Lake     | -  | \$5,875                         | -                            | -  | -                            |
| Deline            | \$195,055                                    | -                               | \$20,149                     | -  | -                            |
| Deninoo           | \$124,032                                    | \$26,650                        | -                            | -  | -                            |
| Detah             | \$92,553                                     | \$8,281                         | -                            | -  | -                            |
| Enterprise        | \$113,896                                    | \$14,717                        | \$4,159                      | -  | -                            |
| Fort Liard        | \$395,342                                    | -                               | \$19,826                     | -  | -                            |
| Fort McPherson    | \$565,866                                    | -                               | \$21,206                     | -  | -                            |
| Fort Providence   | \$237,112                                    | -                               | \$24,105                     | -  | -                            |
| Fort Simpson      | \$166,504                                    | -                               | \$49,861                     | \$2,976  | \$220,000                    |
| Fort Smith        | \$211,000                                    | -                               | \$75,995                     | \$34,282   | \$583,000                    |
| Gameti            | \$130,000                                    | \$45,531                        | -                            | -  | -                            |
| Hay River         | \$566,212                                    | -                               | \$91,633                     | \$67,611   | \$390,000                    |
| Hay River Reserve | \$211,217                                    | \$46,748                        | -                            | -  | -                            |
| Holman            | \$148,046                                    | -                               | \$29,743                     | -  | -                            |
| Inuvik            | \$432,420                                    | -                               | \$62,577                     | \$24,045   | \$1,072,000                  |
| Jean Marie River  | \$27,000                                     | \$33,590                        | -                            | -  | -                            |
| Kakisa            | \$53,000                                     | \$27,434                        | -                            | -  | -                            |
| K'asho Got'ine    | \$375,778                                    | -                               | \$23,935                     | -  | -                            |
| Lutselk'e         | \$53,392                                     | \$41,804                        | -                            | -  | -                            |
| Nahanni Butte     | \$27,000                                     | \$36,169                        | -                            | -  | -                            |
| Norman Wells      | \$274,612                                    | -                               | \$49,253                     | \$1,309  | \$68,000                     |
| Paulatuk          | \$88,296                                     | -                               | \$17,906                     | -  | -                            |
| Rae Edzo          | \$608,068                                    | -                               | \$36,824                     | -  | -                            |
| Sachs Harbour     | \$82,360                                     | -                               | \$17,310                     | -  | -                            |
| Trout Lake        | \$27,000                                     | \$45,409                        | -                            | -  | -                            |
| Tsiigehtchic      | \$159,223                                    | -                               | \$16,061                     | -  | -                            |
| Tuktoyaktuk       | \$408,871                                    | -                               | \$31,968                     | -  | -                            |
| Tulita            | \$220,461                                    | -                               | \$14,628                     | -  | -                            |
| Wekweti           | \$81,367                                     | \$53,122                        | -                            | -  | -                            |
| Wha Ti            | \$205,889                                    | -                               | \$19,827                     | -  | -                            |
| Wrigley           | \$146,044                                    | \$29,375                        | -                            | -  | -                            |
| Yellowknife       | \$209,594                                    | -                               | \$359,145                    | \$113,677  | \$2,210,000                  |
| <b>TOTAL</b>      | <b>\$6,852,878</b>                           | <b>\$414,703</b>                | <b>\$1,010,046</b>           | <b>\$243,900</b>   | <b>\$4,543,000</b>           |

### Notes for Other Community Funding Projections

1. All funding is subject to Legislative Assembly approval.
2. Figures reflect the ongoing insurance costs of community governments, but do not include additional insurance for community governments who are members of NORCIX. MACA will seek to secure on-going NORCIX funding for communities as part of the 2006-07 Main Estimates development and approval process.

## PROPOSED 2006-09 INFRASTRUCTURE ACQUISITION PLAN

The Department of Municipal and Community Affairs' Infrastructure Acquisition Plan for the fiscal year period of 2006-2007 to 2008-2009 is presented on the following pages. It is important to note that: (a) the projects included in the plan are subject to approval by the Legislative Assembly during the review of the 2006-2007 Main Estimates, and (b) this plan does not include projects that will be funded through the Federal Gas Tax Transfer Payment Program.

| Community       | Project                             | 2006-07 | 2007-08 | 2008-09 |
|-----------------|-------------------------------------|---------|---------|---------|
| Aklavik         | Dozer                               | 220     | -       | -       |
| Aklavik         | Road Erosion Protection             | 100     | 50      | -       |
| Aklavik         | Water Treatment Plant Upgrade       | 200     | 1,200   | 800     |
| Behchoko        | Water Treatment Plant               | 240     | 10      | -       |
| Behchoko        | Intake/Pumphouse                    | 1,075   | 5       | -       |
| Behchoko        | Water Treatment Plant Upgrade       | 800     | 200     | 5       |
| Behchoko        | Lagoon Upgrade                      | 60      | 500     | 5       |
| Behchoko        | Solid Waste Disposal Site           | 3       | -       | -       |
| Behchoko        | Arena/Gym/Swimming Pool             | 5       | -       | -       |
| Behchoko        | Water/Sewer Main Replacement        | 320     | 295     | 200     |
| Behchoko        | Vault Replacement                   | 300     | 5       | -       |
| Behchoko        | Reservoir/Pumphouse Replacement     | 700     | 5       | -       |
| Behchoko        | Reservoir Upgrade                   | 225     | 5       | -       |
| Colville Lake   | Community Office (Assembly)         | 150     | 900     | 850     |
| Colville Lake   | Water Supply                        | 400     | 15      | -       |
| Colville Lake   | Sewage Disposal Site                | 400     | 10      | -       |
| Deline          | Truckfill Station Upgrade           | 225     | 875     | 20      |
| Deline          | Solid Waste Site Relocation         | 350     | 350     | 10      |
| Detah           | Community Hall/Gym                  | 200     | 1,000   | 10      |
| Detah           | Water Treatment Plant Upgrade       | -       | 500     | -       |
| Detah           | Solid Waste Disposal Site           | 100     | 3       | -       |
| Enterprise      | Solid Waste Disposal Site           | 20      | 225     | 5       |
| Fort Good Hope  | Community Office/Hall Retrofit      | 225     | 2,750   | 20      |
| Fort Good Hope  | Sewage Lagoon                       | 70      | 600     | 10      |
| Fort Good Hope  | Remediation of Old Solid Waste Site | 120     | -       | -       |
| Fort Good Hope  | Water Treatment Plant Upgrade       | 10      | -       | -       |
| Fort Liard      | Firehall                            | 600     | 5       | -       |
| Fort Liard      | Maintenance Garage                  | 500     | 25      | -       |
| Fort McPherson  | Hamlet Office - Major Repairs       | 1,100   | 10      | -       |
| Fort McPherson  | Firehall                            | 10      | -       | -       |
| Fort McPherson  | Water Treatment Plant               | 50      | 200     | 10      |
| Fort Providence | Water Treatment Plant Upgrade       | 50      | 200     | 10      |
| Fort Providence | Fire Truck                          | 240     | -       | -       |
| Fort Simpson    | MRIF Project                        | 864     | -       | -       |
| Fort Smith      | MRIF Project                        | -       | -       | 1,398   |
| Gameti          | Gym Replacement                     | 1,000   | 1,200   | 10      |

## PROPOSED 2006-09 INFRASTRUCTURE ACQUISITION PLAN CONT.

| Community         | Project  | 2006-07       | 2007-08       | 2008-09       |
|-------------------|--|---------------|---------------|---------------|
| Gameti            | Filtration Upgrade                                       | 30            | 100           | 400           |
| Gameti            | Sewage/Solid Waste Disposal Site                         | 5             | -             | -             |
| Gameti            | Water Truck  | 130           | -             | -             |
| Hay River         | MRIF Project   | 1,196         | 463           | -             |
| Hay River Reserve | Community Hall Foundation Repairs                        | 25            | -             | -             |
| Holman            | Filtration Upgrade                                       | 225           | 1,100         | 20            |
| Holman            | Community Office   | 200           | -             | -             |
| Holman            | Maintenance Garage                                       | 150           | -             | -             |
| Holman            | Bridge   | 375           | -             | -             |
| Inuvik            | Woodbox Utlidor Replacement                              | 427           | 732           | -             |
| Jean Marie River  | Treatment Plant Upgrade                                  | 175           | 700           | 20            |
| Lutselk'e         | Arena  | 10            | -             | -             |
| Lutselk'e         | Filtration Upgrade                                       | 45            | 750           | 600           |
| Nahanni Butte     | Gym  | 200           | 1,000         | 900           |
| Nahanni Butte     | Water Treatment Plant/Truckfill Station Upgrade          | 10            | -             | -             |
| Paulatuk          | Filtration Upgrade                                       | 40            | 150           | 900           |
| Paulatuk          | Road Erosion   | 200           | 20            | -             |
| Tax-Based         | New Deal - Community Public Infrastructure (unallocated) | 3,000         | 3,000         | 3,000         |
| Tax-Based         | MRIF Innovation Fund                                     | 690           | 726           | 889           |
| Territorial       | Main Street Chip Seal Program *                          | 1,000         | 425           | -             |
| Territorial       | Land Development *                                       | 300           | -             | -             |
| Territorial       | Granular Material *                                      | 250           | -             | -             |
| Territorial       | Trails Development                                       | 250           | -             | -             |
| Territorial       | New Deal - Community Public Infrastructure (unallocated) | 7,652         | 2,922         | 21,599        |
| Trout Lake        | Dozer  | 220           | -             | -             |
| Trout Lake        | Water Treatment Plant Upgrade                            | 450           | 325           | 15            |
| Trout Lake        | Firehall   | 5             | -             | -             |
| Tsiigehtchic      | Maintenance Garage/Parking Garage                        | 70            | 550           | 5             |
| Tsiigehtchic      | Solid Waste Site Extension                               | 244           | -             | -             |
| Tsiigehtchic      | Grader   | 240           | -             | -             |
| Tuktoyaktuk       | Filtration Upgrade                                       | 225           | 1,525         | 850           |
| Tuktoyaktuk       | Grader   | 240           | -             | -             |
| Tulita            | Maintenance/Parking Garage Retrofit                      | 100           | 1,450         | 15            |
| Tulita            | Above Ground Pool  | 400           | 15            | -             |
| Wekweeti          | Filtration Upgrade                                       | 30            | 100           | 400           |
| Wekweeti          | Solid Waste Disposal Site                                | 250           | 250           | 5             |
| Wrigley           | Water Treatment Plant/Truckfill Station Retrofit         | 200           | 2,400         | 20            |
| Yellowknife       | Corrugated Metal Pipe Replacement                        | 1,288         | 2,297         | 1,995         |
|                   | <b>TOTAL</b>   | <b>31,479</b> | <b>32,143</b> | <b>34,996</b> |

\* For non-tax-based communities only.



## MACA'S REVIEW OF THE NORTHERN COST INDEX

The Northern Cost Index (NCI) is the value that MACA uses to adjust the funding amounts provided to communities. It assists MACA with recognizing the different costs that each community faces to provide similar municipal services.

The index works by comparing the unit cost of an item in each community to the unit cost in Yellowknife. For example, if gasoline were \$1.00 per litre in Yellowknife and \$1.30 per litre in Inuvik, Inuvik's NCI factor would be 1.30.

The NCI compares a number of items for each community, called the basket of goods. This basket was chosen to reflect typical costs that a community government would incur such as employee salaries, contract expenses, electricity, heating fuel, vehicle fuel, communications, travel, shipping or

freight, rent, materials and supplies.

The basket of goods was chosen by examining the financial statements of communities and allocating the expenses into typical categories. The current basket of goods is comprised of:

- wages and salaries 70%
- other 10%
- materials and transportation 7%
- electricity 4%
- spatially insensitive 3%
- heating fuel 2%
- other utilities 2%
- gasoline 2%

The 'other' category encompasses all expenditures that were not easily classified or not large enough to warrant a separate category.

The 'spatially insensitive' category refers to expenditures that do not vary

due to the location of the community. Examples of spatially insensitive costs are bank fees, loan or overdraft interest, and membership dues.

The percentages reflect amounts that a community government spends on that particular category out of their total expenditures.

### **Why is MACA Reviewing the NCI?**

The current NCI was developed based on financial statements from more than 10 years ago and may no longer reflect an accurate picture of community government spending.

There have also been a number of price changes in recent years and it is important that the different costs that communities face are reflected in MACA's community government funding.

## NORTHERN COMMUNITIES INSURANCE EXCHANGE (NORCIX)

In June 2003, MACA was pleased to support the establishment of the Northern Communities Insurance Exchange, or NORCIX as it is known. At the time, the Northwest Territories Association of Communities (NWTAC) insurance committee had proposed the development of NORCIX in order to limit the ever increasing insurance premiums that faced community governments in the aftermath of "September the 11th" and tainted water issues in Walkerton and North Battleford.

MACA agreed to provide the 22 members, or subscribers, of NORCIX with a total of \$1.8 million annually for three years (2003-04, 2004-05,

2005-06) to assist with the establishment and stabilization of NORCIX. MACA advised that future funding support after the three year commitment would be considered based on the performance of NORCIX and the financial stability of the fund. This investment was seen as a short term financial commitment that would result in long term stability for communities. A key incentive for self insurance is the sunseting of additional government support once NORCIX stabilizes its reserve fund.

In late September 2005, MACA was provided with a comprehensive update on the activities of NORCIX over the past two and a half years, includ-

ing financial information, actuarial reports, risk control actions and the investment strategy. The NWTAC has requested reduced funding for the next three fiscal years. This reduction reflects the decreased dependence on government funding for municipal insurance, given the relative stability of NORCIX, as it strives to stabilize its reserve fund at \$5 million. MACA will request that NORCIX funding for communities be approved as part of the 2006-07 Main Estimates development and approval process.

# MACA UPDATE • FALL 2005

## WHAT'S NEW IN 2005?

### OVERVIEW OF UPCOMING MACA PRIORITIES

#### **New Deal for NWT Community Governments**

Establishing a New Deal for NWT Community Governments continues to be a key priority of the 15th Legislative Assembly. Implementation of the New Deal as it relates to taxation authority is scheduled for January 1, 2008, at which time Tlicho communities, Hamlets and Charter Communities will be designated as Municipal Taxation Authorities as provided for in the Property Assessment and Taxation Act. In the interim, MACA has introduced the Property Taxation Revenue Grant Program to provide taxation revenue generated in the communities, in the form of a grant, to the respective municipal governments.

#### **Preparing for the Pipeline – Community Government Capacity**

Community governments in the Mackenzie Valley continue to face many challenges in preparing for the proposed Mackenzie Gas Project and associated exploration and development. Communities will experience a wide range of impacts on infrastructure, on social well-being, and on services. Communities have significant capacity shortfalls to address potential socio-economic pressures. MACA has established a program to assist community governments to assess the impacts of the Mackenzie Gas Project, and to prepare strategies to maximize benefits and minimize

any potential negative impacts. The need for assistance of this type was discussed at the Preparing for The Pipeline Conference in Inuvik, December 2004, where a resolution was passed calling on the GNWT to provide direct assistance to communities.

#### **NWT Games Program**

MACA has established the NWT Games Program to promote physical activity and increase participation in sport and recreation among NWT youth. The Games are targeted at youth, including those from small and/or Aboriginal communities, who might not otherwise have the opportunity to participate in a major multi-sport event. The goal of the NWT Games Program is the inclusion of youth from all communities in a multi-sport games festival designed to increase physical activity rates and self-esteem in NWT youth. The inaugural NWT Winter Games were held in Fort Smith, March 18-20, 2005, and the 2005 NWT Summer Games were held from July 8 to 10, 2005 in Inuvik. The next NWT Winter Games are scheduled for January 2007.

#### **Youth Programs**

MACA is working in partnership to develop and enhance youth programs in the Northwest Territories, in an effort to provide youth with opportunities to develop successful life skills, make healthy personal choices, and build an interest in contributing to Northern and community development.

MACA plans to develop a GNWT Youth Website and expand opportunities for youth to participate in community-based and territorial programs with an emphasis on educational success and employment skills.

#### **GNWT Healthy Choices Strategy**

MACA continues to support the GNWT's strategic priority of 'helping people help themselves' through the Healthy Choices Initiative in partnership with the departments of Education, Culture and Employment and Health and Social Services. A draft Healthy Choices Framework and the Action Plan has been developed, which includes six key health and wellness areas of emphasis: physical activity, healthy eating, mental health and addictions, tobacco harm reduction and cessation, injury prevention and high-risk sexual behaviours. In 2006-2007, the development and launch of a coordinated healthy eating and physical activity public communications initiative and its incorporation into schools in the Northwest Territories are priority actions.

#### **Drinking Water Quality Framework and Action Plan**

MACA is working with Health and Social Services, Public Works and Services, and Environment and Natural Resources to ensure the effective management and administration of drinking water issues in the Northwest Territories. Consultation

on the GNWT's Safe Drinking Water Initiative was undertaken in 2003. Stakeholder input was incorporated, and work has been refocused on the development of an Action Plan for implementation of additional improvements to the overall drinking water system. The framework and strategy

document provide an overview of the water supply system and the various checks and balances that ensure the provision of safe drinking water. The Action Plan identifies additional work to be done to further enhance the system of protection. While the Northwest Territories benefits from high

quality water sources, experience in other jurisdictions demonstrates that the security of water systems cannot be taken for granted. Implementation of the recommended actions will reduce the likelihood of a failure in the system and enhance the level of protection for community residents.

## DUST CONTROL IN NON-TAX-BASED COMMUNITIES

The Department of Municipal and Community Affairs is continuing its efforts to support communities to address the issue of dust control. The concern regarding unpaved roads and the dust they create has been a growing concern as community road systems are expanded and traffic volumes increase.

In August of 2004, MACA in conjunction with the Department of Transportation, began work on the development of a tool for the identification of applicable dust control technologies for communities. EBA Engineering Ltd. was awarded the contract. As identified in the consultant's report, two key elements are required for the successful selec-

tion of dust suppressants. They are:

- Ensuring roads are well designed and constructed is critical to dust control. When used on poorly constructed roads, dust suppressants will have only limited, short-term effects.
- Selecting the most effective dust control approach is an involved process. Variables that will influence the decision include characteristics of road surface material, climatic conditions, amount and type of traffic, and associated transportation costs.

The study shows that calcium chloride is not an appropriate dust suppressant

for all communities because some road surface conditions are of a type that does not bind with calcium chloride. Therefore, communities need to use an alternate approach.

In order to determine the most appropriate form of dust control for each community, MACA recommends using the tool developed by EBA in conjunction with a soil analysis of the road surface material. MACA is currently assisting four pilot communities (Fort Good Hope, Tulita, Lutselk'e and Fort McPherson) to conduct the required analysis.

# NEW DEAL FOR NWT COMMUNITY GOVERNMENTS

## **Separate Budget for Community Public Infrastructure**

Currently, the Government of the Northwest Territories provides financial assistance for, or directly builds, most of the community infrastructure in the Northwest Territories. Decisions regarding which projects actually get constructed are made on a corporate basis, with projects from all departments competing for scarce funding through a priority ranking system. The projects with the highest ranking receive funding approval and are included in the Infrastructure Acquisition Plan.

This current process will change under the New Deal for NWT Community Governments with the establishment of a separate budget specifically for community public infrastructure in place effective April 1, 2006. As a result, community infrastructure projects will no longer compete against territorial infrastructure projects for funding.

## **Increased Funding for Community Public Infrastructure**

In addition to the establishment of a separate budget, the Government of the Northwest Territories has approved significant funding increases in support of community public infrastructure by establishing the funding level at \$28 million annually effective April 1, 2006. The \$28 million total includes funding previously allocated for tax-based water and sewer projects.

For the 2005-06 and 2006-07 fiscal years, capital projects will still be funded on a per project basis. However, effective April 1, 2007, funding for community public infrastructure will

be provided to all communities in the Northwest Territories using a formula funding methodology.

There will not be a total of \$28 million allocated using the capital formula in the first year, since there will be a transition period as the Government of the Northwest Territories finalizes its funding commitment for multi-year capital projects. Multi-year capital projects will be funded out of the \$28 million funding allocation, with the remainder provided to community governments using the formula funding methodology.

## **Status of Capital Formula Development**

In April 2005, Municipal and Community Affairs entered into a contract with Terriplan Consultants to assist in developing options for the formula to provide capital funding to community governments. Work in this area is progressing and it is anticipated that it will take up to one year to complete. MACA anticipates having final options to discuss with community governments in Summer 2006.

## **Community Government Funding Policy Review**

As per the provisions of the Community Government Funding Policy, the formula used to allocate O&M funding to community governments is reviewed every three years.

An initial review was conducted in late 2004 and preliminary feedback has been obtained from stakeholders. Subsequent review of the O&M formula is being undertaken by Terriplan Consultants, in conjunction with the development of the capital

formula, in order to ensure that both are compatible.

## **Property Taxation Revenue Grant Program**

Effective April 1, 2005, through the Property Taxation Revenue Grant Program, most communities who are not Municipal Taxation Authorities will be provided with a grant equal to the amount of property taxation paid, on a community by community basis, in the prior calendar year. There are nine small communities where no property taxes are collected (Colville Lake, Hay River Reserve, Jean Marie River, Nahanni Butte, Gameti, Trout Lake, Wekweeti, Wrigley and Kakisa) due to their small population and corresponding limited assessment base. These communities will not receive grant funding from this Program.

This is not a new tax, nor is it an increase to an existing tax; the grant is simply the mechanism used to provide communities with the actual amount of property taxation revenue collected from local ratepayers.

MACA will be issuing grant payment cheques prior to December 2005. A small percentage will be withheld for the grant payment, as a fee for administration services. Although the amount of the grant is not large on a community by community basis, it is a significant interim step towards designating Hamlets and Charter Communities as Municipal Taxation Authorities, effective January 1, 2008. Communities are encouraged to explore options to increase this revenue source; please contact the MACA Regional Superintendent in your area for additional information.

## COMMUNITY CAPACITY BUILDING FUND

In December 2004, the federal government announced a one-time investment of \$120 million, to be divided equally among the three territories, to help achieve some of the objectives of the Northern Strategy in the short term. On August 8, 2005, the Premier announced that the \$40 million allocated to the NWT would be divided as follows:

- \$35 million to establish a Community Capacity Building Fund;
- \$4 million to address housing needs in the NWT; and
- \$500,000 each for youth programs and Healthy Choices Initiatives.

All 33 communities are eligible to access the \$35 million in funding available through the Community Capacity Building Fund, and will each receive a base amount of \$606,000 (for a total of \$20 million) as well as a per capita allocation (for a total of \$15 million).

In those communities where there is more than one community governing body, all resident community governing bodies must reach consensus on the proposed plan for allocating the community's funding in a way that benefits the community at large.

MACA will maintain ongoing contact with all communities about the criteria and the allocation of the Fund.

Applications for the Community Capacity Building Fund must be received by MACA by November 1, 2006. Please contact the MACA Regional Office for more information and/or an application form or visit the MACA website at [www.maca.gov.nt.ca](http://www.maca.gov.nt.ca).

| Community         | Population | Core/Base Funding   | Per Capita Funding  | Total               |
|-------------------|------------|---------------------|---------------------|---------------------|
| Aklavik           | 631        | \$606,000           | \$221,100           | \$827,100           |
| Colville Lake     | 135        | \$606,000           | \$47,300            | \$653,300           |
| Deline            | 570        | \$606,000           | \$199,700           | \$805,700           |
| Detah/N'Dilo*     | 475        | \$606,000           | \$166,400           | \$722,400           |
| Enterprise        | 80         | \$606,000           | \$28,000            | \$634,000           |
| Fort Good Hope    | 551        | \$606,000           | \$193,100           | \$799,100           |
| Fort Liard        | 596        | \$606,000           | \$208,800           | \$814,800           |
| Fort McPherson    | 823        | \$606,000           | \$288,400           | \$894,400           |
| Fort Providence   | 835        | \$606,000           | \$292,600           | \$898,600           |
| Fort Resolution   | 528        | \$606,000           | \$185,000           | \$791,000           |
| Fort Simpson      | 1,269      | \$606,000           | \$444,600           | \$1,050,600         |
| Fort Smith        | 2,514      | \$606,000           | \$880,900           | \$1,486,900         |
| Gameti            | 297        | \$606,000           | \$104,100           | \$710,100           |
| Hay River         | 3,876      | \$606,000           | \$1,358,100         | \$1,964,100         |
| Hay River Reserve | 298        | \$606,000           | \$104,400           | \$710,400           |
| Holman            | 421        | \$606,000           | \$147,500           | \$753,500           |
| Inuvik            | 3,586      | \$606,000           | \$1,256,500         | \$1,862,500         |
| Jean Marie River  | 70         | \$606,000           | \$24,500            | \$630,500           |
| Kakisa            | 40         | \$606,000           | \$14,000            | \$620,000           |
| Lutsel'k'e        | 407        | \$606,000           | \$142,600           | \$748,600           |
| Nahanni Butte     | 114        | \$606,000           | \$39,900            | \$645,900           |
| Norman Wells      | 848        | \$606,000           | \$297,100           | \$903,100           |
| Paulatuk          | 312        | \$606,000           | \$109,300           | \$715,300           |
| Behchoko          | 1,895      | \$606,000           | \$664,000           | \$1,270,000         |
| Sachs Harbour     | 120        | \$606,000           | \$42,000            | \$648,000           |
| Trout Lake        | 80         | \$606,000           | \$28,000            | \$634,000           |
| Tsiigehtchic      | 185        | \$606,000           | \$64,800            | \$670,800           |
| Tuktoyaktuk       | 1,010      | \$606,000           | \$353,900           | \$959,900           |
| Tulita            | 487        | \$606,000           | \$170,600           | \$776,600           |
| Wekweeti          | 136        | \$606,000           | \$47,700            | \$653,700           |
| Whati             | 483        | \$606,000           | \$169,200           | \$775,200           |
| Wrigley           | 176        | \$606,000           | \$61,700            | \$667,700           |
| Yellowknife **    | 18,962     | \$606,000           | \$6,644,200         | \$7,250,200         |
| <b>TOTAL</b>      |            | <b>\$20,000,000</b> | <b>\$15,000,000</b> | <b>\$35,000,000</b> |

NOTES: \* Populations are the 2004 community population estimates. N'dilo population was estimated based on 2001 census. \*\* Yellowknife population figures include persons living on the Ingraham Trail \*\*\* the \$20,000,000 core funding amount has been rounded to the nearest 100

## PREPARING FOR IMPACTS OF RESOURCE DEVELOPMENT

The Mackenzie Gas Project and other resource development will have a significant impact on a number of Northwest Territories communities. Municipal and Community Affairs is working in partnership with community governments to identify these impacts and opportunities, and assist communities to prepare for them.

The Resource Development Task Team, established by MACA in 2003, is an interdepartmental coordinating working group, which includes representatives from LGANT. Since its inception, it has:

- Reviewed resource development projects to assess potential impacts on municipal infrastructure and interests;
- Provided communities with practical tools, such as a community planning guide, to plan for/manage the potential impacts to municipal infrastructure and to the programs and services they deliver to their residents;
- Established a process for information sharing related to resource development projects to all affected parties;
- Developed a coordinated internal process for administering land use permits, quarry permits, leases and other types of land dispositions, related to resource development projects;
- Coordinated the administration of Commissioner's Land with other regulatory agencies, such as the land and water boards established under the Mackenzie Valley Resource Management Act; and

- Reviewed the Mackenzie Gas Project Information Package and the Environmental Impact Statement.

Issues that need to be addressed to promote and protect the interests of the communities or those of the Department include:

- The use and management of community infrastructure;
- The development of a consultation plan for communities and other Government of the Northwest Territories departments;
- Permitting and land tenure within community boundaries;
- Impacts on the Department of Municipal and Community Affairs' internal financial and human resources;
- Identifying the role and priorities of the School of Community Government;
- Emergency planning measures; and
- Community impact benefit agreements.

The "Preparing for the Pipeline" conference, held December 6-8, 2004 provided an opportunity for community leaders to discuss the anticipated impacts of resource development, prepare for environmental assessment and regulatory hearings associated with the Mackenzie Gas Project (MGP) and share best practices so that where appropriate, common approaches can be taken. The conference report was widely circulated and is available at on the MACA website at [www.maca.gov.nt.ca](http://www.maca.gov.nt.ca). This conference made several key recommendations.

As a result, MACA has secured new funding to support communities as they face the Joint Review Panel and the planning necessary to respond to and benefit from resource development impacts.

### Pipeline Readiness Funding

In April 2005, MACA received approval for funding to provide to community governments in 2005-06 to assess impacts of the proposed Mackenzie Gas Project and to prepare strategies to maximize benefits and minimize or mitigate negative impacts.

The funding will be provided to community governments in four separate forms:

1. A one-time grant of \$20,000 for all directly affected communities. Directly affected communities are those communities that have been identified in the Mackenzie Gas Project Environmental Impact Statement Study Area as communities with potential direct or indirect impacts. The purpose of this funding is to support the community's preparations for participation in the Joint Review Panel / National Energy Board review process. All eligible communities have received this funding.
2. An application-based program for contributions of up to \$30,000 for the directly affected communities and the communities with intervener status in the Joint Review Panel and National Energy Board review processes. The purpose of this one-time funding is to support the community's effort to review the project proposal

and identify issues, anticipated impacts, and strategies.

3. An application-based program for contributions of up to \$15,000 for those communities that are located outside the Mackenzie Gas Project Environmental Impact Statement Study Area but may experience indirect impacts from the Project. The purpose of this one-time funding is to support the community's efforts to review the project proposal and identify issues.
4. A centrally managed fund of \$165,000 has been established to provide community governments with access to no-cost research and analysis of common issues across all communities. Contractors have been pre-qualified to do engineering, infrastructure assessment, and legal research and advice. They are available

on an as-and-when required basis by contacting your regional MACA pipeline readiness staff.

MACA has been working with LGANT to ensure that all communities have access to the reports being undertaken with pipeline readiness funding. As part of this work, an extensive variety of pipeline related material is being posted on the LGANT website.

MACA is sending each community information on how to access this password protected website.

#### **MACA's Pipeline Readiness Team**

Municipal and Community Affairs has established a Pipeline Readiness Team with staff throughout the Mackenzie Valley. MACA will continue its efforts with other GNWT departments, the Local Government Administrators of the Northwest Territories, the Northwest Territories Association of Communities and community governments. Providing advice and support

to communities will be an on-going and long-term endeavor through the pre-construction, construction and operation phases of the Mackenzie Gas Project.

MACA's Pipeline Readiness Team will be pleased to attend council meetings, face-to-face meetings with councilors, mayors, chiefs and staff at your convenience. You can find their names by contacting your regional office or by visiting the website at [www.maca.gov.nt.ca](http://www.maca.gov.nt.ca).

#### **Joint Review Panel Hearings**

Pipeline Readiness staff are available to work with community governments to get ready for the proposed hearings. When and how the Joint Review Panel Hearings will be held depends on many factors. For details about the hearings, please contact the Northern Gas Project Secretariat at [www.ngps.nt.ca](http://www.ngps.nt.ca).

### **Pipeline Readiness Funding - Community Eligibility List**

| <b>1. \$20,000 grants to participate in Joint Review Panel/National Energy Board review processes</b> |                  | <b>2. Up to \$30,000 to review the project proposal and identify issues, impacts and strategies</b> |                  | <b>3. Up to \$15,000 to review project proposal and identify issues</b> |               |
|---|------------------|---|------------------|---|---------------|
| Aklavik   | Inuvik           | Aklavik   | Inuvik           | Detah   | Paulatuk      |
| Colville Lake   | Jean Marie River | Colville Lake   | Jean Marie River | Fort Resolution   | Behchoko      |
| Deline  | Kakisa           | Deline  | Kakisa           | Fort Smith  | Sachs Harbour |
| Enterprise  | Nahanni Butte    | Enterprise  | Nahanni Butte    | Gameti  | Wekweeti      |
| Fort Providence   | Norman Wells     | Fort Providence   | Norman Wells     | Holman  | Whati         |
| Fort Good Hope  | Trout Lake       | Fort Good Hope  | Trout Lake       | Lutselk'e   |               |
| Fort Liard  | Tulita           | Fort Liard  | Tulita           |   |               |
| Fort McPherson  | Tsiigehtchic     | Fort McPherson  | Tsiigehtchic     |   |               |
| Fort Simpson  | Tuktoyaktuk      | Fort Simpson  | Tuktoyaktuk      |   |               |
| Hay River   | Wrigley          | Hay River   | Wrigley          |   |               |
| Hay River Reserve   |                  | Hay River Reserve   | Yellowknife      |   |               |

**4. Pipeline Readiness Services to Community Governments:** All communities are eligible to apply for the as-and-when services of this centrally managed fund.

## FEDERAL NEW DEAL FOR CITIES AND COMMUNITIES

The Government of Canada recognizes that cities and communities across Canada are faced with significant challenges from public transit to water and wastewater management to social change. Since both rural and urban communities are vital to the economic, social, environmental and cultural viability of the country, the New Deal for Cities and Communities was created to try and deal with the pressing needs of Canada's large cities as well as those of smaller communities.

With the implementation of the New Deal for Cities and Communities, the Government of Canada has taken constructive steps to engage and consult with stakeholders; to continue to promote new partnerships between federal, provincial, and municipal governments; and to start to deliver stable, predictable, long-term funding for cities and communities in urban and rural areas.

The New Deal for Cities and Communities represents a shift towards all orders of government working together collaboratively in four priority areas of sustainability: environmental; economic; social; and cultural. The federal

New Deal recognizes that cities and communities require stable, long-term and predictable funding. To that end, the Federal 2004 Budget provided all Canadian municipalities with a 100% GST rebate that will provide them with \$7 billion in funding over the next ten years. MACA estimates that this will result in expenditure savings of approximately \$1.8 million per year for NWT communities.

The budget also accelerated the flow of \$1 billion, to smaller communities and First Nations, under the Municipal Rural Infrastructure Fund cost share program, which results in over \$32 million over five years to NWT communities beginning in 2004-05. Currently, there have been nine projects approved in non-tax-based communities and three projects approved in the tax-based communities.

In February 2005, Canada began negotiations with each province and territory to allocate \$5 billion in gas tax funding over the next five years and it is expected that the NWT will be in a position to sign a final agreement by the end of 2005. This will result in \$37.5 million for NWT communities over five

years beginning in 2005-06. The 2005-06 and 2006-07 allocations will each be \$4.5 million.

This new funding will support Environmentally Sustainable Municipal Infrastructure including such areas as water and wastewater, solid waste, active transportation infrastructure, rehabilitation of local roads and bridges, dust control and capacity building at the local level.

There is no one-size-fits-all solution to the challenges facing Canada's cities and communities. The federal New Deal recognizes that each city and community has its own unique challenges and needs. As a result, much of the New Deal for Cities and Communities is about harnessing existing resources to make them work better on behalf of cities and communities both large and small. This new vision, built on new relationships, and supported by new investments, complements our own New Deal for NWT Communities with the expectation of continuing to work together to find creative solutions unique to NWT communities.

## TLICHO TRANSITION TEAM ACTIVITIES

In 2004, MACA established the Tlicho Transition Team to assist with the transition from the Dogrib Treaty 11 Council governance authority to the governance structures put in place under the *Tlicho Community Government Act*. The Tlicho Transition Team worked with staff from the Dogrib Treaty 11 Council, other GNWT departments and Senior Administrative Officers in Behchoko, Whati, Wekweeti and Gameti.

MACA and the Tlicho Transition Team (TTT) have provided various types of support and advice to the Tlicho communities throughout the transition process. In preparation for the effective date of August 4, 2005, MACA assisted in the duplication of electronic and hard copy land files and prepared the for transfer to the Tlicho governments. TTT also assisted the Hamlet of Rae Edzo to develop a job description for the Senior Administra-

tive Officer position that could be used as a template for other communities. Other preparatory activities included community visits, listing community assets, developing first bylaw packages and planning for the swearing-in ceremony.

The Chief Municipal Electoral Officer conducted the first community elections on June 13, 2005 in accordance with the *Local Authorities*



*Elections Act.* MACA staff prepared and hosted governance workshops designed to assist the newly elected Chiefs and Councilors to fully understand and prepare for their roles and responsibilities within the new community governments.

Prior to the effective date, Behchoko and Whati, had been governed by municipal bodies, incorporated under Government of the Northwest Territories legislation. For these two communities, the staff, bylaws, contracts, agreements, assets and liabilities of the previous government were automatically transferred to the new community governments. These two communities needed to pass a

Change of Name bylaw to reflect the new community names created by the Agreement.

First Nation Band Councils governed the communities of Gameti and Wekweeti. The First Nation Band Councils were not incorporated and therefore needed to pass Proceedings of Council, Council Indemnification and Appointment of the Senior Administrative Officer bylaws.

MACA is working with the new Councils and provide assistance so they can review their obligations in the areas of land administration, the establishment of new operating bylaws and other legal authorities that they have

assumed under the self-government agreement.

MACA will conduct safety inspections of all municipal service equipment that was transferred under the agreement in Gameti and Wekweeti. The Department will also provide resources to assist each community to develop General Plans and Zoning bylaws that are so critical in the community development process.

MACA will continue to work closely with the new Tlicho Community Governments to ensure all necessary tasks are completed and will provide support and training for community government staff as required.

## CLIENT SERVICE WORKSHOPS

In September 2005, MACA organized workshops on Customer Service. The workshops provided detailed information for staff within the Department so that they can provide better customer service to our clients. This is an important priority for the Department.

MACA also sought input from the NWT Association of Communities, the Local Government Administrators of the NWT, selected community governments and non-governmental organizations to determine their

expectations related to MACA's client service levels.

A final report detailing recommendations from these five workshops will be prepared by December 2005 and will give the Department further insight into how service can be improved. The report will include recommended customer service standards to be established by MACA. Examples of customer service standards include establishing time-frames for processing land applications and by-laws.

In conjunction with the workshops, a client satisfaction survey is being developed in partnership with the NWT Bureau of Statistics. All communities will be surveyed for input into MACA's customer service levels. It is anticipated that this survey will be carried out annually, both to track improvements in customer service, and to be sensitive to changing needs of our clients and suggestions for ongoing improvement.

## FUNDING SUPPORT FOR THE NWT ASSOCIATION OF COMMUNITIES AND THE LOCAL GOVERNMENT ADMINISTRATORS OF THE NWT

MACA continues to value the positive and collaborative working relationships that are in place with both the NWT Association of Communities (NWTAC) and the Local Government Administrators of the Northwest Territories (LGANT). Both organizations provide insight, advice and guidance on MACA initiatives and are key partners in developing and advancing priorities such as the New Deal for NWT

Community Governments, federal gas tax negotiations, infrastructure financing and capacity building and training at the local level.

MACA has been pleased to provide core funding annually to the NWTAC of \$130,000 plus an additional \$100,000 for communications and liaison work on both the federal and GNWT New Deals.

MACA provides LGANT with \$100,000 in annual funding to support the organization. In addition, in 2005, MACA provided additional support for the annual general meeting by paying travel costs for delegates who attended all three days of the meeting.

## GET ACTIVE NWT COMMUNITY CHALLENGE

The Get Active NWT Community Challenge is part of the ongoing work that the Departments of Municipal and Community Affairs, Education, Culture and Employment and Health and Social Services are doing to promote healthy choices and active living among residents of the Northwest Territories.

The first Get Active NWT Community Challenge, held from April to June 2005, encouraged community leaders, recreation coordinators, schools, health centres and other organizations to work cooperatively

to create community projects that support and promote physical activity and healthy lifestyle choices. During the challenge residents recorded the amount of time spent on physical activity and then submitted their totals online or by fax.

Communities were divided into four categories, depending on population. The winning community in each category received a \$5,000 grant to purchase community recreation equipment. Winning communities were determined by comparing per capita activity levels in participating communities.

The program experienced fantastic community participation! The winning communities for the 2005 Get Active NWT Community Challenge were:

- Population 0-250: Enterprise
- Population 250-500: Whati
- Population 500-1000: Fort Good Hope
- Population 1000+: Behchoko

The Get Active NWT Community Challenge will run again in 2006 and your community will have another opportunity to participate, get active and win!

## NWT RECREATION AND PARKS ASSOCIATION TRAIL BUILDING FUND

The Honourable Michael McLeod, Minister of MACA, and Ruth Rolfe, President of the NWTRPA, jointly announced that \$500,000 in new funding will be provided by the Government of the Northwest Territories to support trail development in NWT communities. This investment, combined with Trans Canada Trail development funding and the NWTRPA trail building fund, creates a \$660,000 fund to support all NWT communities with the construction of new recreation trails.

The Trail Building Fund will be available

for projects over the next five years.

The joint program is designed to support communities with the development of new recreation trails to be used for a variety of physical fitness activities. Community recreational trails enhance the quality of life for residents and provide the much needed recreational infrastructure that communities have identified as a priority.

Communities are encouraged to apply for funding to develop community trails

including costs related to trail clearing and brushing, trail signage, and the construction of trail kiosks and picnic areas. This fund is specifically for the development of community-based recreation trails and is not intended for wilderness trails or Territorial/National Park trails.

Applications are due each year before May 31. For further information or to apply visit the NWTRPA website at [www.nwtrpa.org](http://www.nwtrpa.org) or the MACA website at [www.maca.gov.nt.ca](http://www.maca.gov.nt.ca).

## NWT COUNCIL OF SPORT AND RECREATION PARTNERS

The Department of Municipal and Community Affairs has worked with stakeholders to develop a collaborative inclusive approach to sport and recreation in the Northwest Territories through the creation of the NWT Council of Sport and Recreation Partners. The new Council will play an integral role in streamlining decision-making, improving program coordination and identifying new ways to access resources.

In February 2005, a public call for nominations went out, asking inter-

ested parties to submit their names for consideration. In total, twenty-seven nominations were received for the thirteen positions on the council. The Nomination Review Committee, made up of representatives from the five sport and recreation organizations, reviewed the nominations and recommended the appointment of thirteen individuals as well as alternates.

In June 2005, the Minister of Municipal and Community Affairs appointed the Members of the NWT Council of Sport

and Recreation Partners and the newly appointed members held their inaugural Annual General Meeting in Yellowknife on June 27 and 28, 2005.

The Council consists of 13 members, including seven regional representatives and six members at large from the sport and recreation fields. All representatives have experience in sport, recreation and/or active living. The Council members are:

| <b>Delegate</b>        | <b>Community</b> | <b>Representing</b> |
|------------------------|------------------|---------------------|
| Taig Connell           | Fort MacPherson  | Beaufort Delta      |
| Gloria Gaudet          | Deline           | Sahtu               |
| Michael Botermans      | Behchoko         | Tlicho              |
| Gary Hoffman           | Hay River        | Dehcho              |
| Janie Hobart           | Fort Smith       | Akaitcho            |
| Abe Thiel              | Yellowknife      | Yellowknife         |
| Elaine Keenan-Bengts   | Yellowknife      | Yellowknife         |
| Denise Ritias-Voudrach | Inuvik           | Sport               |
| Roger Vail             | Fort Smith       | Sport               |
| Denise Kurszewski      | Inuvik           | Sport               |
| Janna Bulmer           | Tuktoyaktuk      | Recreation          |
| Julian Tomlinson       | Inuvik           | Recreation          |
| Ron Cook               | Hay River        | Recreation          |
| <b>Alternate</b>       |                  |                     |
| Bobby Depres           | Inuvik           | Beaufort Delta      |
| Chris Stewart          | Norman Wells     | Sahtu               |
| Alfred Moses           | Yellowknife      | Yellowknife         |
| Jean Hinton            | Hay River        | Sport               |
| Brian Kelln            | Yellowknife      | Recreation          |
| <i>Vacant</i>          |                  | Dehcho              |
| <i>Vacant</i>          |                  | Tlicho              |
| <i>Vacant</i>          |                  | Akaitcho            |

# MACA UPDATE • FALL 2005

## POLICY AND LEGISLATION

### **Municipal Statutes Replacement Act Amendments**

The *Municipal Statutes Replacement Act* came into effect on April 1, 2004 resulting in the replacement of the *Charter Communities Act*, the *Cities, Towns and Villages Act*, and the *Hamlets Act*.

Community governments and MACA have now worked with the new legislation for just over a year, and that experience showed that some minor but important amendments to the legislation were needed. As a result, the Department proposed three minor amendments for consideration and approval by Members of the Legislative Assembly. These amendments were approved and became effective October 27, 2005.

The first amendment deals with Refinancing Long-Term Debt. Under the current legislation, if a community government wants to refinance long-term debt where the debt had originally received either the required approval of the voters, or the Minister, or both, the community government must seek further approval of the voters, or the Minister, or both. This procedure is both time-consuming and costly for community governments. The amendment proposed will enable community governments to create a bylaw authorizing a long-term debt that does not require the approval of either the voters or the Minister, so long as three conditions are met:

- The long-term debt must be used solely for the purposes of

refinancing an existing long-term debt;

- Approval of either the voters or the Minister or both was obtained for the original debt, or it was exempt from such approvals; and
- The principal amount to be borrowed does not exceed the principal amount borrowed under the long-term debt being refinanced.

The second amendment proposed is for “Written Notice.” This amendment will require a person to give written notice to the Senior Administrative Officer of the community government within 30 days after the occurrence of the event, or within such longer period of time as may be allowed by the community’s bylaws. This amendment will clarify that an intention to sue must be made in writing, to the Senior Administrative Officer of the community government.

The third amendment deals with transferring unpaid service charges to property taxes. Before the coming into force of the new municipal legislation, community governments could transfer unpaid water and sewer bills, to property taxes. During the development of the new municipal legislation, this function was inadvertently omitted. Once this amendment comes into force, community governments will again have the authority to transfer the unpaid water and sewer charges to property taxes, and effect collection through the property tax process.

### **New Borrowing and Investment Regulations**

July 2005, new regulations for investing and borrowing became effective for cities, towns, villages, hamlets and charter communities. These regulations accompany the *Cities, Towns and Villages Act*, the *Hamlets Act*, and the *Charter Communities Act* (“the Acts”).

#### **Borrowing Regulations**

According to the Acts, community governments may borrow money for a municipal purpose and they may also pass by-laws to enter into long-term debt. These by-laws must be approved by the voters and by the Minister of Municipal and Community Affairs and comply with any established regulations.

The new regulations clarify debt limits, debt management plans, and situations where the Minister may exempt the by-law from voter approval.

#### **Debt Limits**

There are three factors that affect debt limits: short-term borrowing, the total amount of outstanding debt of the community, and the total amount of payments that a community must make towards debt.

1. Short term borrowing cannot exceed 15% of the community’s prior year revenue.
2. Total debt, long-term and short-term, cannot exceed 10% of the community’s assessed value.

3. Debt service payments must not exceed 20% of the prior year's revenue.

### Exemption from Voter Approval

The Minister of MACA may order that a long-term debt by-law does not require the approval of voters if it is in accordance with the following criteria:

1. if the expenditure being financed by the debt is, in the opinion of the Minister, in the public interest,
2. if it is needed to improve or maintain public health, the environment or public safety or to meet any standards required by an enactment of the Northwest Territories or Canada,
3. if the amount is the lower of \$250,000 or 5% of the long-term debt limit, or
4. if the by-law was previously approved by the voters.

### Debt Management Plans

Debt Management Plans allow communities to include borrowing in their long range planning and budgeting. By completing a debt management plan, Councils can include borrowing plans for more than one project and have all borrowings approved through one approval process. The new regulations provide information about what is to be included in a community's debt management plan.

### Investment Regulations

The Investment Regulations provide more direction about how communities can invest their surplus cash. The regulations outline what a community must include in their investment plans, as well as information about additional authorized investments.

If you require further information on the new regulations, please contact the Director of Community Operations at (867) 873-7571.

### Water and Sewage Services Subsidy Policy

In the Fall of 2002, Municipal and Community Affairs established a working group to begin a comprehensive review of the Water and Sewage Services Subsidy Policy (WSSSP).

Initially, a two-year timeline for the review was established with implementation to occur April 1, 2006. The first phase of the community consultations was a questionnaire, which was mailed out to all community governments in May 2004; the questionnaire included a follow-up telephone interview. MACA encouraged community government administrators to take this questionnaire to their elected officials to encompass their feedback.

As part of the review process, MACA committed to explore an interim measure for implementation April 1, 2005. However, a decision was made to not make changes effective on that date, given that there was insufficient data available to properly recalculate the subsidy allocations.

MACA representatives made a presentation on the WSSSP review at the June 2004 LGANT meeting in Yellowknife. Many community government administrators were present and expressed support for the review, as well as a commitment to respond to the MACA questionnaire. They also confirmed their agreement that the interim measure recalculation was not a workable option.

The initial two-year timeline has now been extended by one year, with

implementation targeted for April 1, 2007, in order to ensure full policy coordination with the New Deal for NWT Community Governments.

### In the Works

MACA is working on a number of other legislative initiatives.

### The Planning Act

The *Planning Act* sets out the provisions under which community governments can organize and control the use and development of land within the community. It outlines the planning 'tools' available to community governments such as community plans, zoning by-laws and development schemes. It also includes provisions for the enforcement of development permits and the establishment of Development Appeal Boards.

Representatives of community governments and the Northwest Territory Association of Communities have requested that the *Planning Act* be amended to make it less prescriptive and more responsive to the needs, values and available resources within communities. Responding to these requests, MACA made a commitment in November 2004 to develop a discussion paper on possible revisions to the Act.

MACA staff are in the process of finalizing the discussion paper and expect the paper will be ready for release before the end of November 2005.

The discussion paper includes a comprehensive review of the issues regarding the *Planning Act* that have been raised previously by community governments, the NWTAC and interested parties, including: how the public is involved in the planning decisions of council; minimum fines for violations to planning bylaws; and the role played by the

territorial government in community planning. The discussion paper also includes a number of options for amendments to the Act that are based on the review of the planning legislation in other jurisdictions in Canada.

MACA will distribute the discussion paper to community governments and other stakeholders for review and comment. Once compiled and reviewed, MACA plans to use the comments provided by community governments and stakeholders to

develop a legislative proposal for amendments to the Act.

## EXTRAORDINARY FUNDING - POLICY PARAMETERS AND PROCESS

MACA has an Extraordinary Funding Policy in place, to assist community governments to respond to unforeseen and unanticipated situations that may arise that require funding in addition to normal on-going requirements.

The following criteria are used by MACA to determine if a funding request qualifies for extraordinary funding:

- (a) Extraordinary funding must be required to maintain an adequate level of municipal service functions, or to address an unanticipated infrastructure deficiency.
- (b) Extraordinary funding cannot be used for an enhancement to services over and above those normally provided by community governments.
- (c) Extraordinary funding cannot be used for an enhancement to Formula-Based Funding.

(d) Extraordinary funding is not intended to address on-going funding requirements or deficiencies. Communities will be required to demonstrate a sound strategy to ensure that there is a long-term resolution to any problem for which funding from the Extraordinary Funding Policy is provided.

(e) Extraordinary funding will not be used to establish new capital projects unless there is an urgent need that can be demonstrated, there is no incremental on-going funding requirement, and there is no flexibility to reallocate within the existing community's infrastructure plan.

In the event a community government requires Extraordinary Funding, a written request must be sent to the MACA Regional Superintendent. The written request should include infor-

mation detailing the need for funding, the cause of that need, the projected amount of funding required and the result of the funding. Where relevant, requests should also include mitigation measures to address the issue which prompted the funding request.

The Regional Superintendent then reviews the request to ensure that it meets the criteria as set out in the Policy, and forwards the written request to the Deputy Minister.

The Deputy Minister will provide a written response to the community government, indicating whether or not the request for Extraordinary Funding is approved. If approved, Extraordinary Funding is provided through a Contribution Agreement.

Because MACA's Extraordinary Funding budget is limited, in some instances communities will not receive funding until a Supplementary Appropriation is approved by the Legislative Assembly.

# COMMUNITY GOVERNMENT FUNDING POLICY STAKEHOLDER REVIEW

On April 1, 2001, MACA implemented its Formula-Based Funding Policy to replace the existing funding policies. Some of the goals of the new policy were to:

- maximize the authority and responsibility of community governments; and
- allocate funding fairly, equitably, and transparently to each community.

The 2004-05 fiscal year was the fourth year that community governments received their funding allocations using the formula, and MACA felt it was timely to conduct a review of the policy. The review includes two stages:

- stakeholder review; and
- analytical review.

## Stakeholder Review

The purpose of the Stakeholder Review was to allow each community government to provide MACA with feedback about their experiences with the new funding policy. The scope of the work included a survey of all communities that receive funding through the Formula-Based Funding Policy. The survey included questions that would provide information on:

- Satisfaction with the current policy;

- Ease of budgeting future cash flows;
- Ability of the funding policy to meet community needs;
- Financial reporting requirement; and
- Payment schedules.

In the fall of 2004, the Minister of MACA encouraged all community councils to discuss the funding policy with their Senior Administrative Officers to ensure that all opinions, concerns and issues were brought to the attention of the Department. In the fall and winter of 2004, Senior Administrators and Band Managers in all communities were contacted.

Some general findings were:

- the majority of communities feel that the formula funding is fair and the new policy is better than the previous policies;
- the nine month payment schedule had mixed reviews. Most community governments are generally satisfied, but a number of communities recommended a lump sum payment, while others are in favour of a 12 month schedule;
- forced growth is an important issue and needs more careful consideration; and

- almost all communities are satisfied with the financial reporting requirements.

MACA is currently reviewing all the comments and concerns received from communities through this consultation. These findings will also be used in the second stage of this review.

## Analytical Review

The second stage of the review will involve a study of the factors and components of the formula-based funding policy. MACA has contracted Terriplan Consultants to assist with this review. The study will be a more numbers driven process, to determine if the current factors (population, infrastructure, governance type and northern cost index) used for computing funding are appropriate and to ensure that the funding policy is consistent with the NWT New Deal for Community Governments initiative.

The Analytical Review is currently under way and we expect to share some findings by the Spring of 2006.

All community governments are encouraged to share their opinions or concerns with MACA's funding policies at any time. For more information, or if you have any questions, please contact your Regional Superintendent.

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## APPENDIX A

### CALCULATION OF COMMUNITY GOVERNMENT FORMULA-BASED FUNDING

On April 1, 2001 the new Community Government Funding Policy came into effect. This policy provides the framework to guide the allocation of funding to community governments, which is outlined in greater detail in three departmental policies (Formula-Based Funding Policy; Municipal Infrastructure Funding Policy; Extraordinary Funding Policy).

The Formula-Based Funding Policy uses three factors to determine the allocation of funding to a community government:

- Population – the community population, as determined by NWT Bureau of Statistics estimates, for the year prior to the first year of the three-year funding projection.
- Community Infrastructure Indicator – The assessed value of all properties within a community boundary from the Assessment Roll. Where assessment is not done, the Community Infrastructure Indicator will be determined using a statistically valid estimate.
- Northern Cost Index (NCI) – A factor that is specifically designed to determine community governments' relative costs. The NCI adjusts funding allocation to reflect the differing costs of community government goods and services in NWT communities.

The formula essentially determines a proportionate share of the total formula-based funding amount for each community government. The formulas used by MACA to determine the total formula-based funding amount for each community government are:

#### To determine the community points for each community and the sum of all communities' points:

*For Settlements and designated Bands*

$$\text{Community Points} = [354 \times \text{Population} - 0.00165 \times \text{Infrastructure Indicator} + 240805] \times \text{NCI}$$

*For Hamlets*

$$\text{Community Points} = [354 \times \text{Population} - 0.00165 \times \text{Infrastructure Indicator} + 511928] \times \text{NCI}$$

*For Cities, Towns and Villages*

$$\text{Community Points} = [354 \times \text{Population} - 0.00165 \times \text{Infrastructure Indicator} + 317989] \times \text{NCI}$$

#### To determine the community's appropriate share (expressed as a percentage):

$$\text{Community's Proportionate Share (\%)} = \text{Community Points} / \text{Sum of All Communities Points}$$

#### To determine the formula-based funding amount:

$$\text{Community's Formula-Based Amount} = \text{Proportionate Share} \times \text{MACA's Formula-based Funding Budget}$$

*Municipal and Community Affairs enters into a Memorandum of Understanding (MOU) with each community government to distribute formula based funding. The MOU outlines the funding projections, the responsibilities and the financial reporting requirements.*