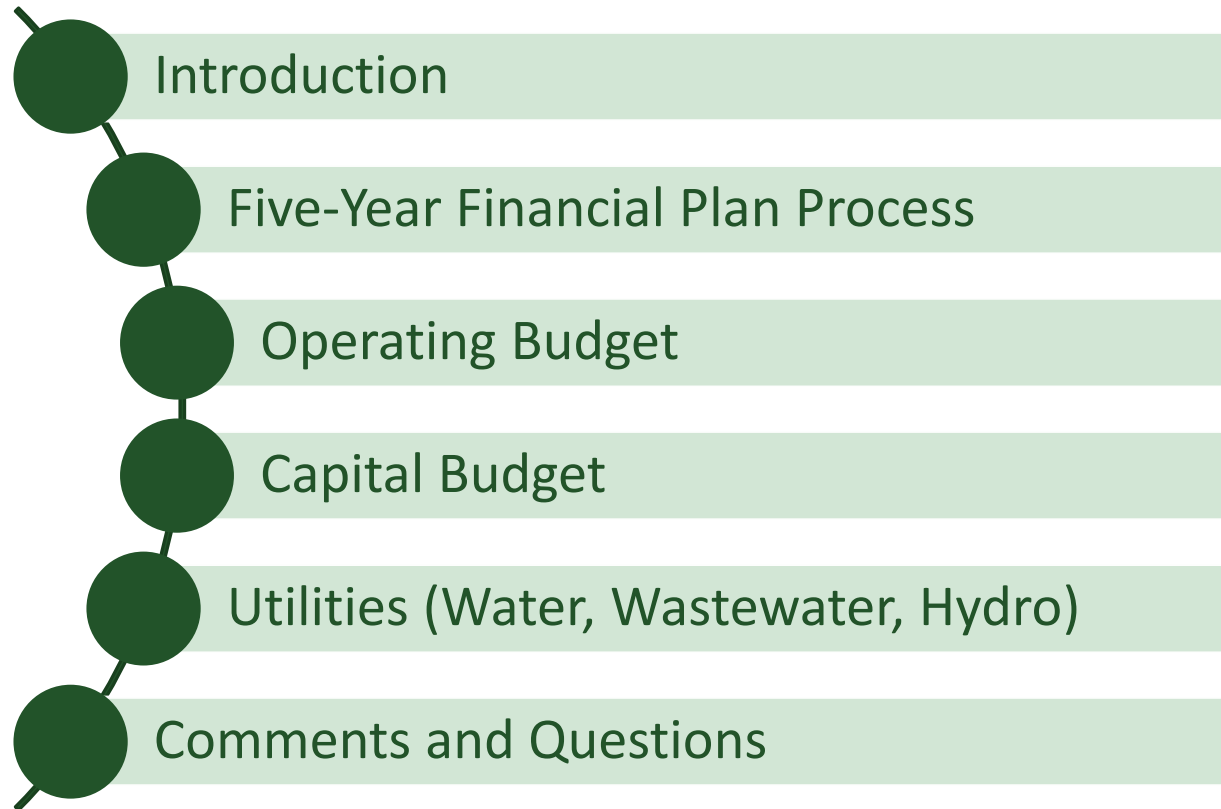


2023-2027 Draft Financial Plan

March 30, 2023

Agenda



Joining us from online?



Submit your comments and
questions via email to:

Budget@nelson.ca

Introduction

Our Vision is Supported by four Strategic Goals:

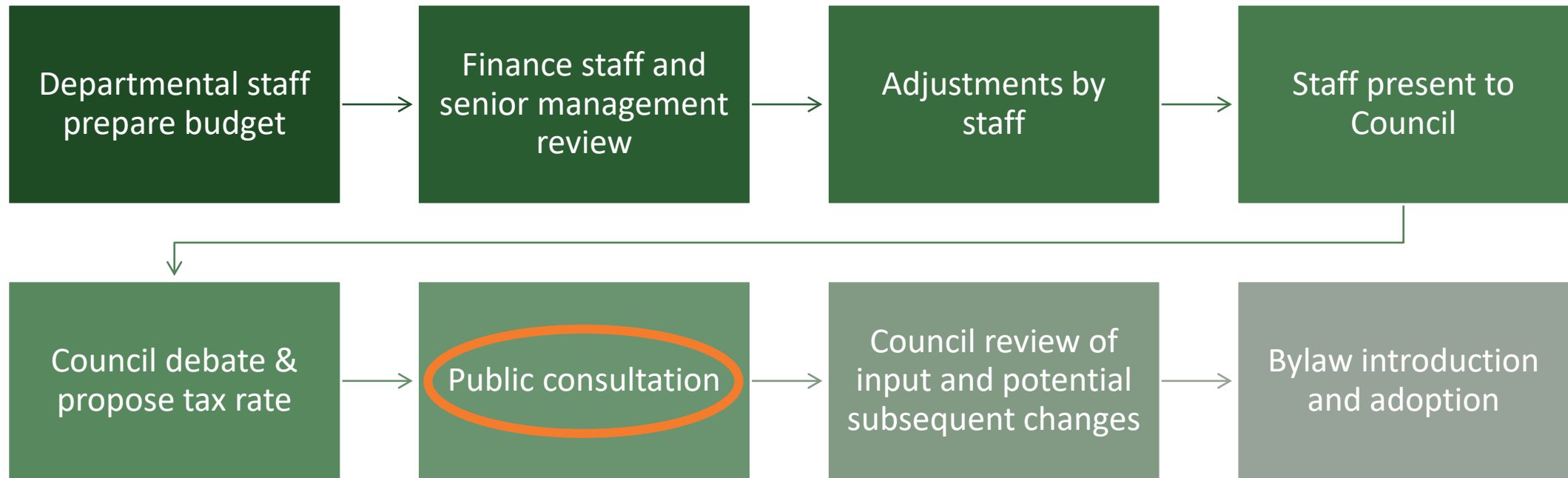
Enhance
Sustainability of
City Services and
Infrastructure

Strengthen
Neighbourhoods

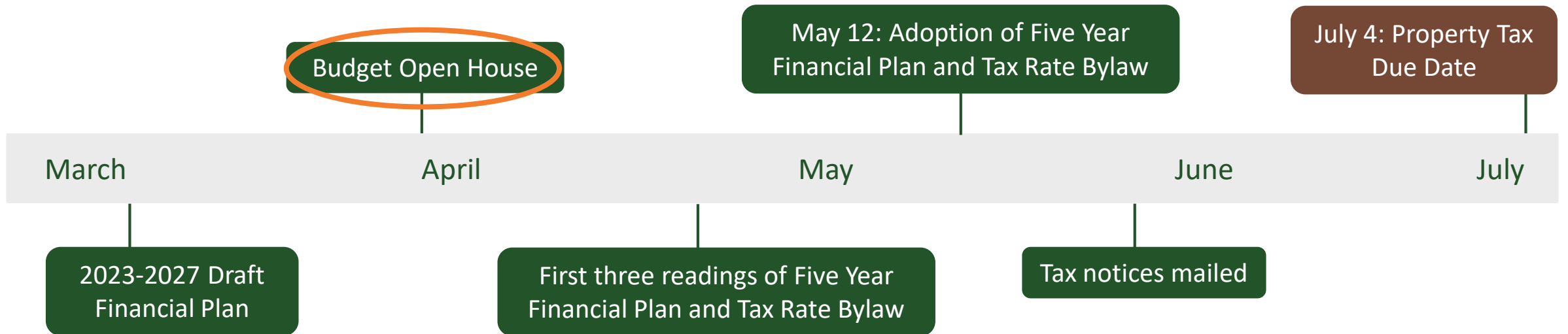
Expand Local
Jobs and Local
Prosperity

Achieve
Excellence in City
Governance

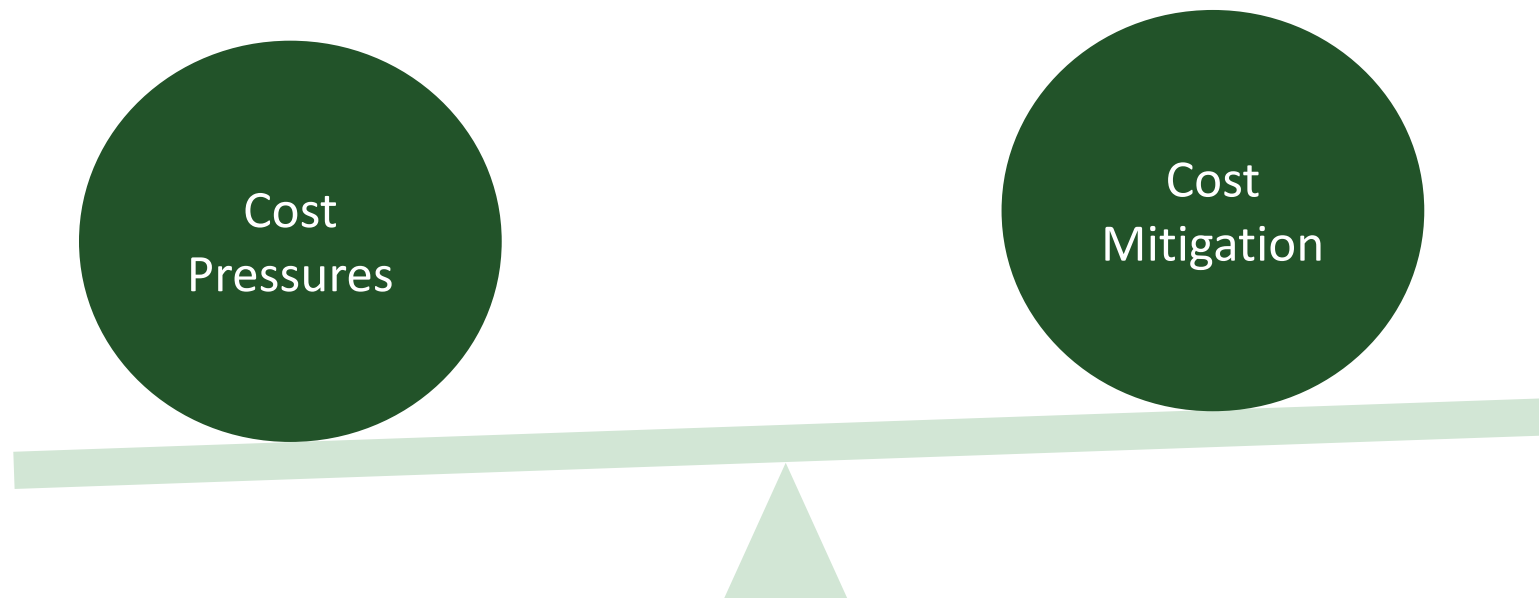
Financial Planning Process



Financial Planning Process

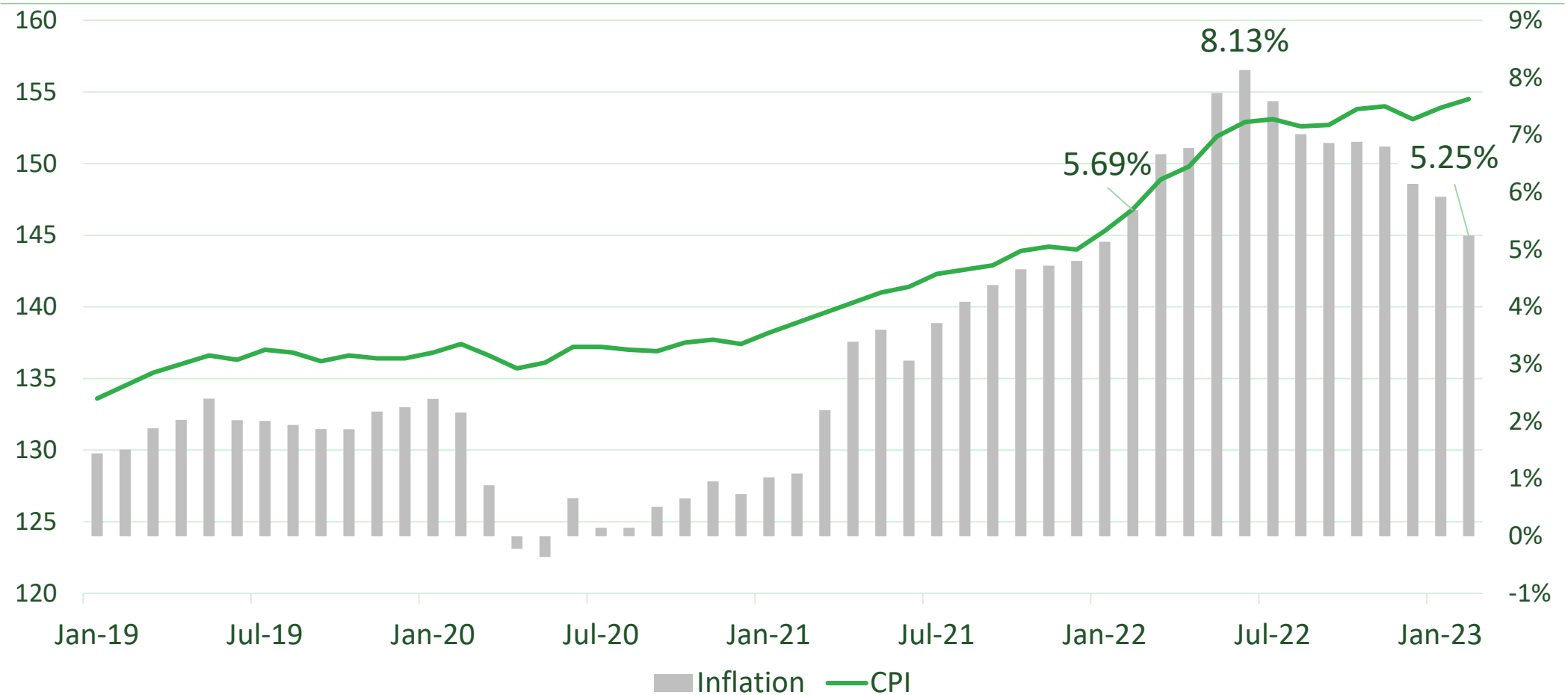


What are we facing?



BC Inflation

Source: Stats Canada





Operating Budget

General Government

	2022	2023	2024	2025	2026	2027	2023 Increase from 2022
General Government	4,884,412	4,989,011	4,864,368	4,761,486	4,845,673	4,914,799	2%

Significant Impacts:

General Admin, Human Resources

- ↑ General inflationary increases
- ↑ Strategic Planning
- ↓ Decrease in one-time projects (ie. Election)

Finance, Planning, Nelson Next

- ↑ Official Community Plan
- ↓ Use of reserves for one-time expenses

Protective Services

	2022	2023	2024	2025	2026	2027	2023 Increase from 2022
Protective Services	8,115,265	8,628,165	9,175,554	9,482,239	9,770,482	10,046,684	6%

Significant Impacts:

Police

- ↑ WCB rates up 30%
- ↑ Department back to full strength
- ↑ General inflationary increases

Fire/Emergency Management

- ↑ New Executive Assistant *
- ↑ Training costs

Includes over \$200k of
grant funded projects

* Partially grant funded

Engineering and Public Works

	2022	2023	2024	2025	2026	2027	2023 Increase from 2022
Engineering and Public Works	4,370,206	4,198,950	4,132,305	4,245,774	4,362,385	4,482,226	-4%

Significant Impacts:

Public Works

- ↑ General inflationary increases
- ↓ Snow removal *
- ↓ Focus on capital projects

Parking, Airport

- ↑ General inflationary increases

* 2022 included \$190K one-time increase to snow removal budget

Waste and Organics

	2022	2023	2024	2025	2026	2027	2023 Increase from 2022
Waste and Organics	497,143	583,974	608,585	602,485	616,787	631,503	17%

Significant Impacts:

Waste

- ↑ General inflationary increases
- ↑ Tipping Fees 10%

Organics

- ↑ Organic program costs (FoodCyclers) **

Includes over \$60k of
grant funded expenses

** Grant funded

Parks, Recreation, and Cultural Services

	2022	2023	2024	2025	2026	2027	2023 Increase from 2022
Parks, Recreation, and Cultural Services	2,391,685	2,494,159	2,304,700	2,357,369	2,411,527	2,467,216	4%

Significant Impacts:

Youth Centre, Campground

- ↑ Additional programs *
- ↑ COVID Recovery Grant
- ↑ General inflationary increases

Parks, Farmers Markets

- ↑ General inflationary increases
- ↓ One-time projects

* Correlates with increase in revenue

Nelson Library

	2022	2023	2024	2025	2026	2027	2023 Increase from 2022
Library	618,618	644,787	655,031	665,480	676,138	687,009	4%

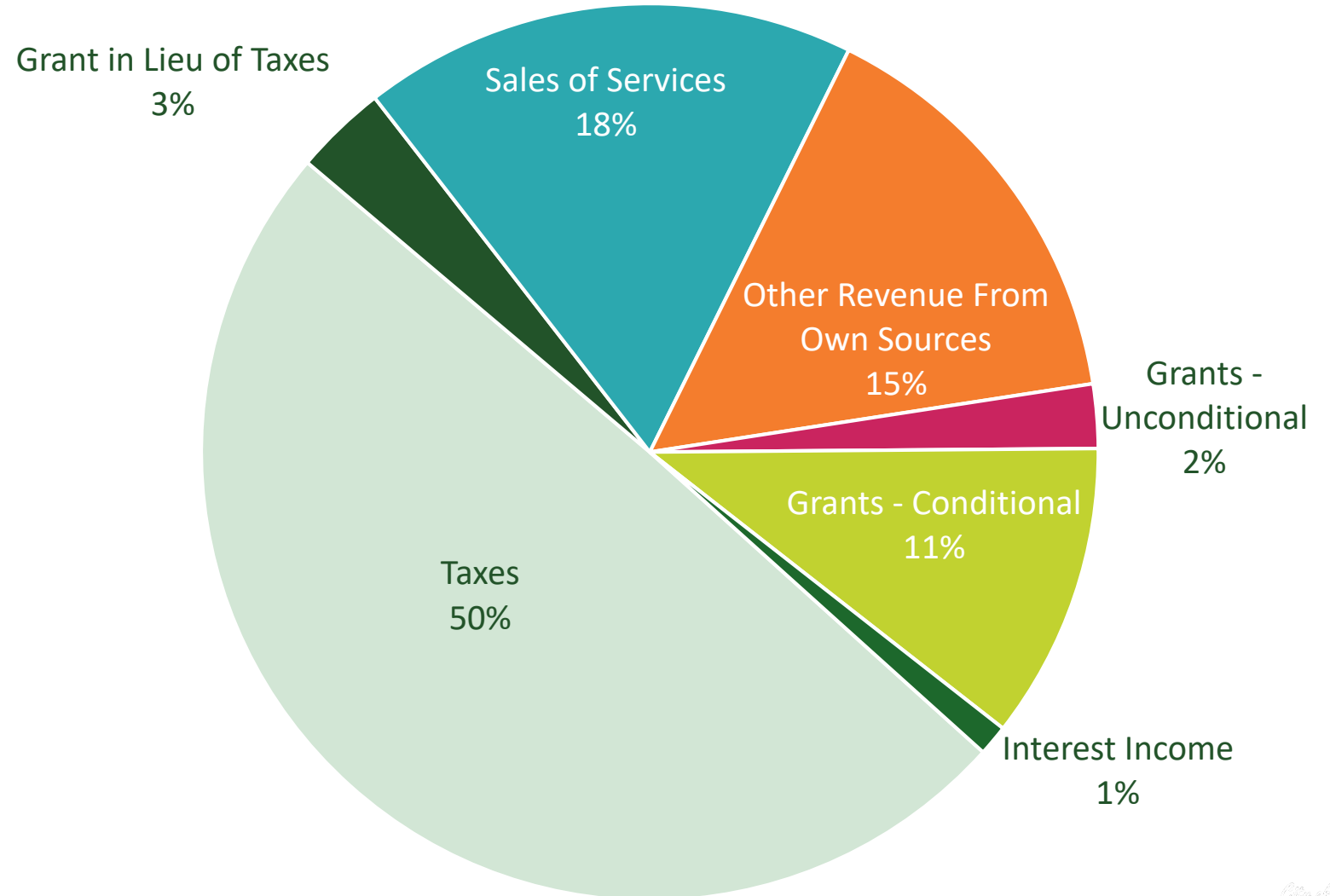
Significant Impacts:

- ↑ General inflationary increase
- ↓ Removed Fines



Revenue Sources

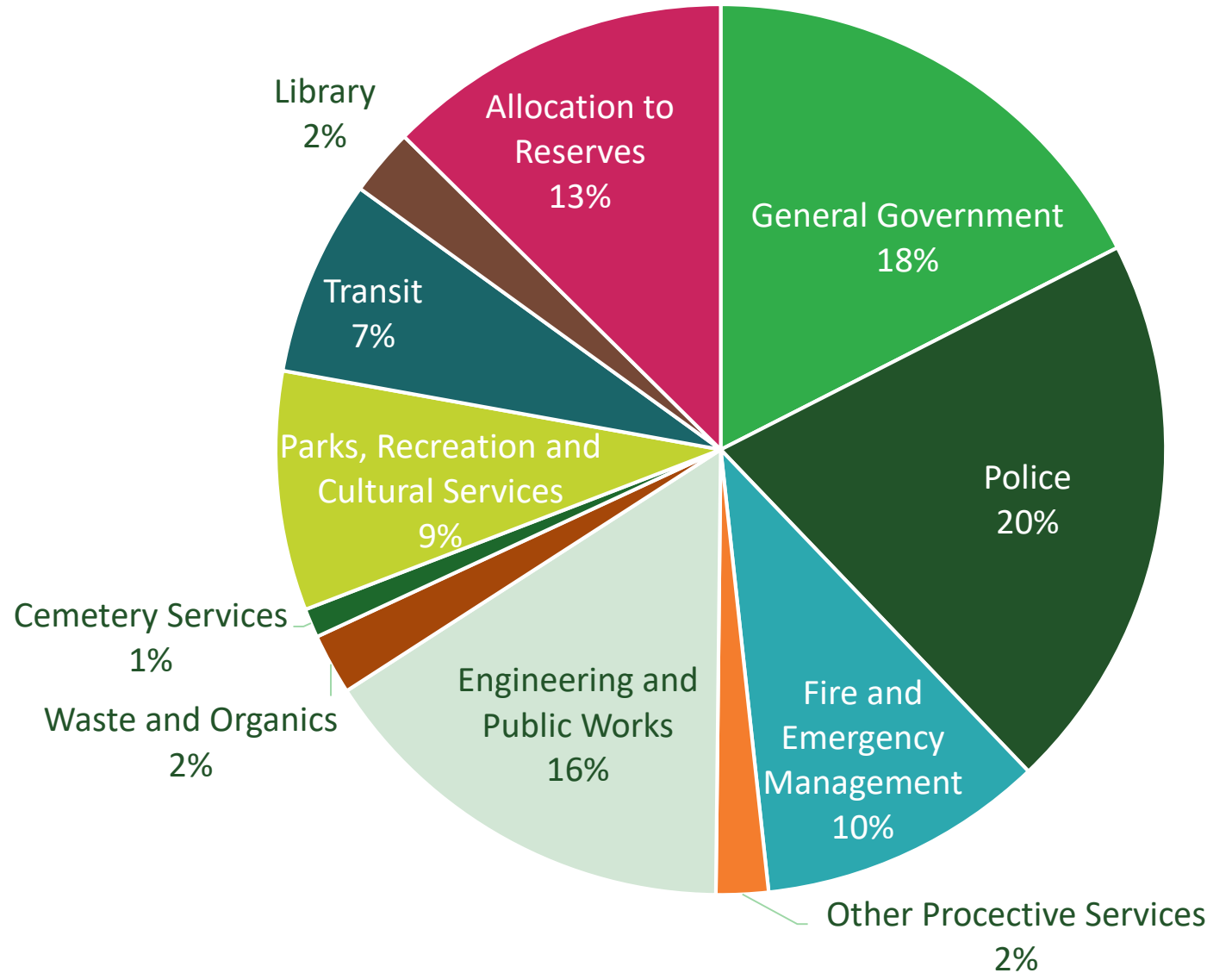
2023 Draft Budget



Expenses




Total General Operating
Expenses: \$23M

2023 Draft Budget



Taxation - Assessment

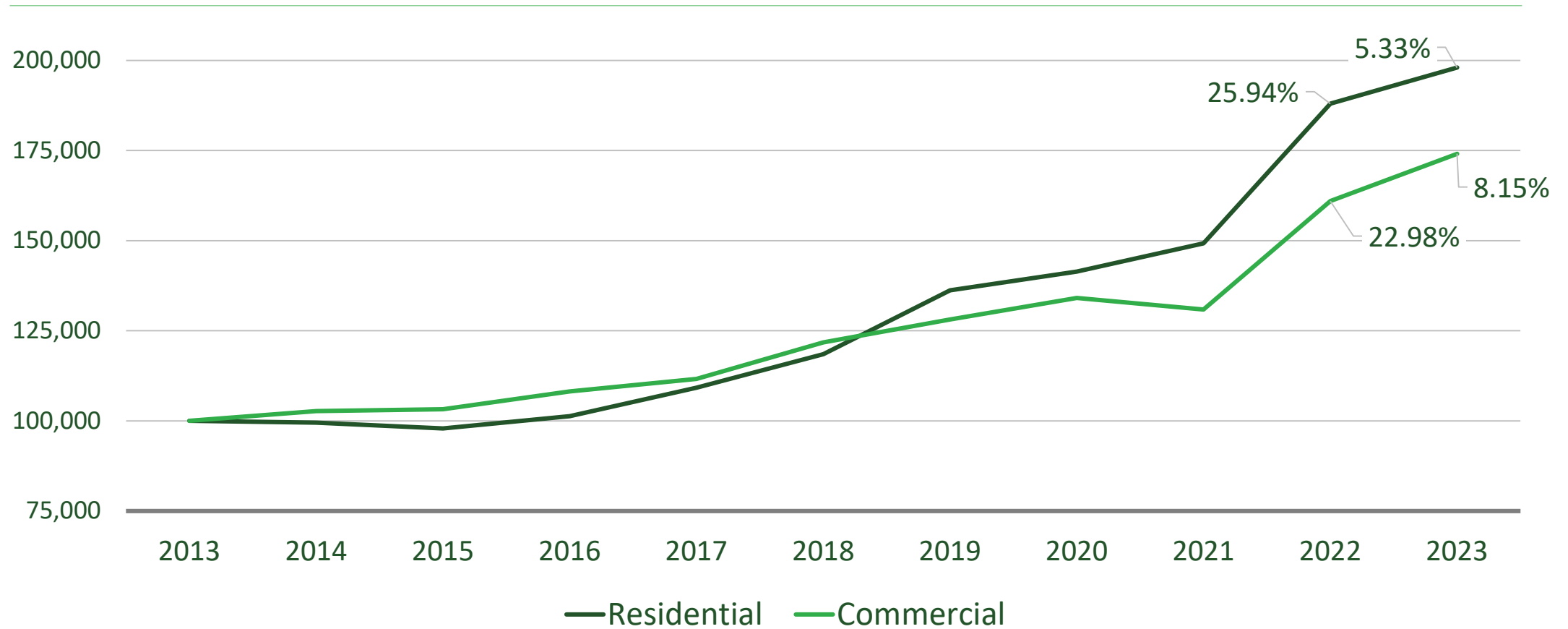
January 2023 Assessment Notices - Value as of July 1 2022

	Property Value Change	Property Tax Impact
	Lower than average change	Lower than average tax increase
	Average change	Average tax increase
	Higher than average change	Higher than average tax increase

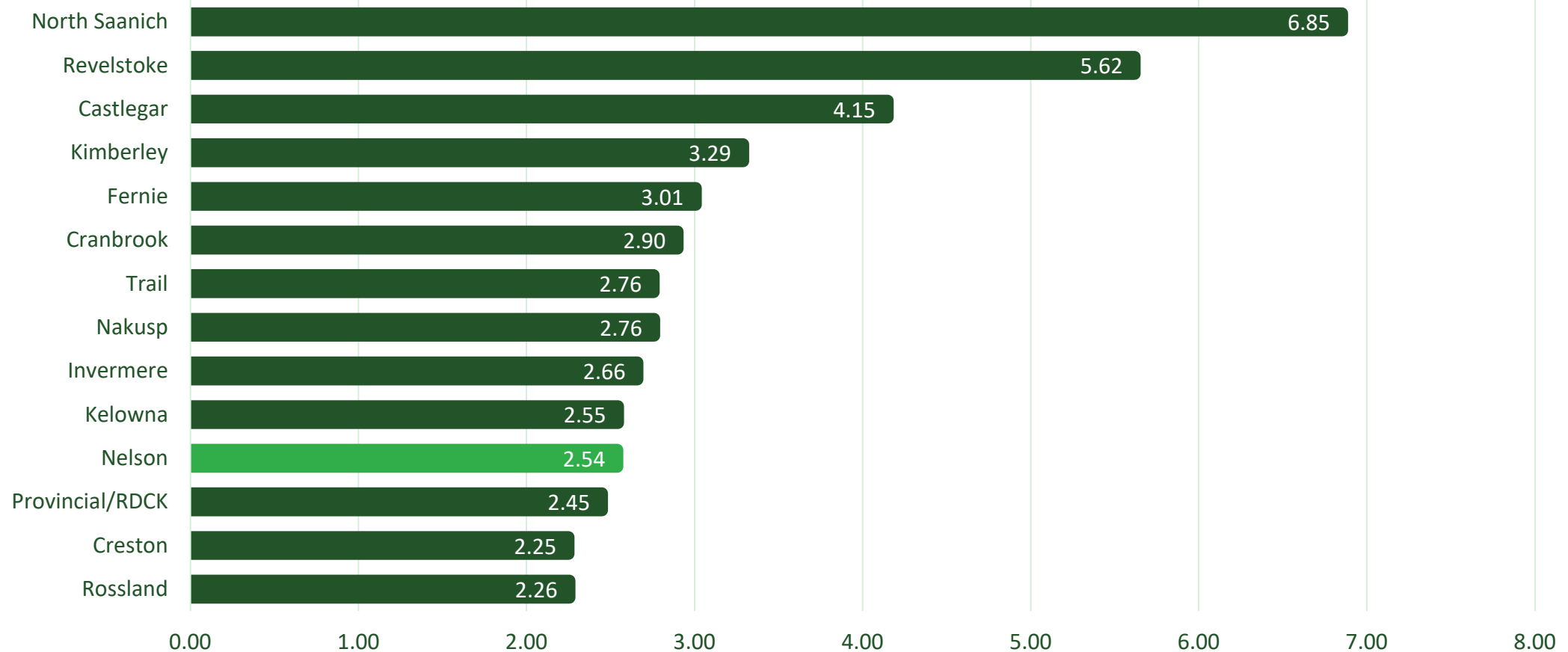
BC's average increase
for 2023: 12%

BC Assessment – Nelson

Historical year over year market change



2022 Business Tax Class Multiples



Average Increase per Home



2022 Average Municipal Tax = \$1,830

*Assuming the average home
assessment value of \$674,000*

2023

	Annual	Increase per year	Increase per month
5.8%	\$1,936	\$106	\$8.85

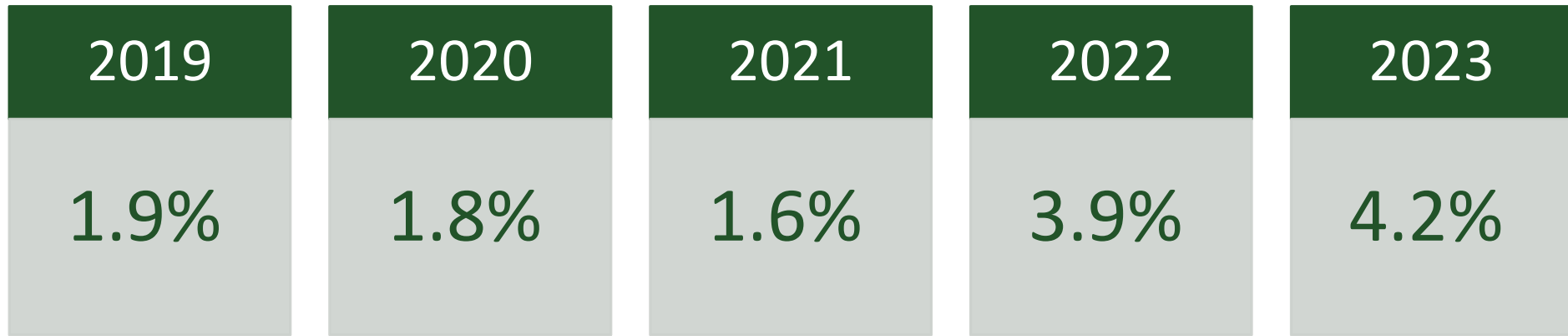
2023 Proposed Budget – City Only

Average Single Family Dwelling
\$674,000 (2022: \$640K) (5.3% increase)

	2022	2023	Net Change	Net Monthly Change
Property Tax (municipal only)	\$1,830	\$1,936	\$106	\$8.85
Water Rates (after discount)	379	386	7	0.58
Sewer Rates (after discount)	710	725	15	1.25
Resource Recovery Rates	100	100	0	0.00
Overall	\$3,019	\$3,147	\$128	\$10.68

4.2%
Increase

Overall Tax & Fee Increases



Stats Canada
Yearly Inflation

1.9%

0.7%

3.4%

6.8%

5.2%
as of Feb 2023

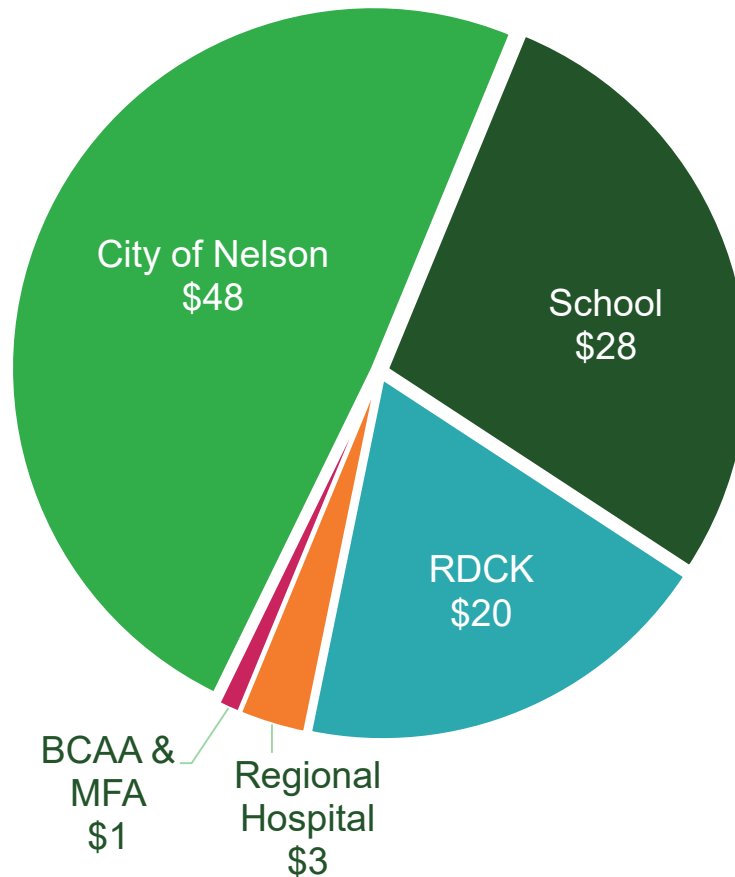
2023 Proposed Budget – City Only

Average Commercial Building
\$1,000,000 (2021: \$925K = 8.15% increase)

	2022	2023	Net Change	Net Monthly Change
Property Tax (municipal only)	\$6,678	\$7,065	\$387	\$32.25
Water Rates (after discount)	1,113	1,135	22	1.83
Sewer Rates (after discount)	2,089	2,131	42	3.50
Overall	\$9,880	\$10,331	\$451	\$37.58

4.6%
Increase

2022 Tax Notice Breakdown



For every \$100 in taxes:

City of Nelson	\$48
School District	28
RDCK	20
Regional Hospital	3
BCAA & MFA	1
Total	\$100



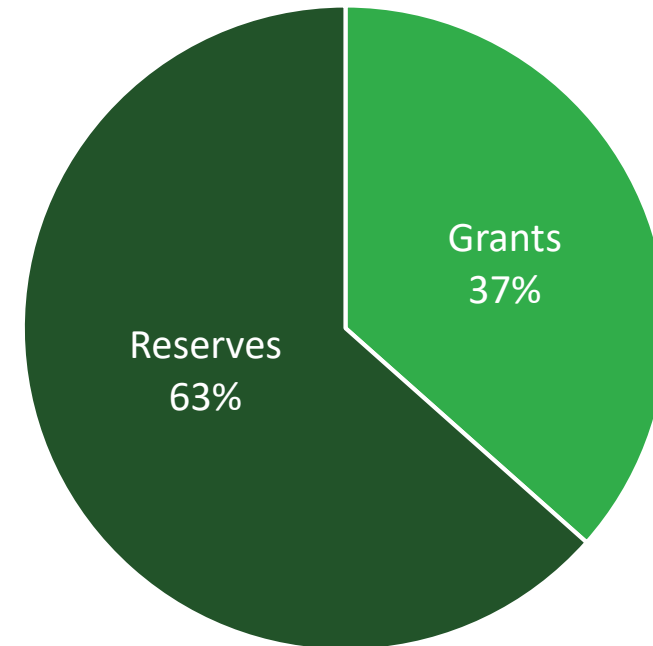
Capital Projects

Capital Summary

Total General Capital Projects planned for 2023

\$17,749,078

Funding Sources:



Pier Project



DESIGN INTENTIONS - LadyBird display, event under Canopy, and farmer's market.

Remaining Budget for 2023:
\$2,204,750

Total Project Grant Funding: \$1,500,000

Civic Centre

	2023/2024 Budget
Low Carbon Renewal	\$5,300,000
Accessibility	\$4,200,000
Total Project Costs	\$9,500,000

Total Project Grant Funding: \$3,882,000

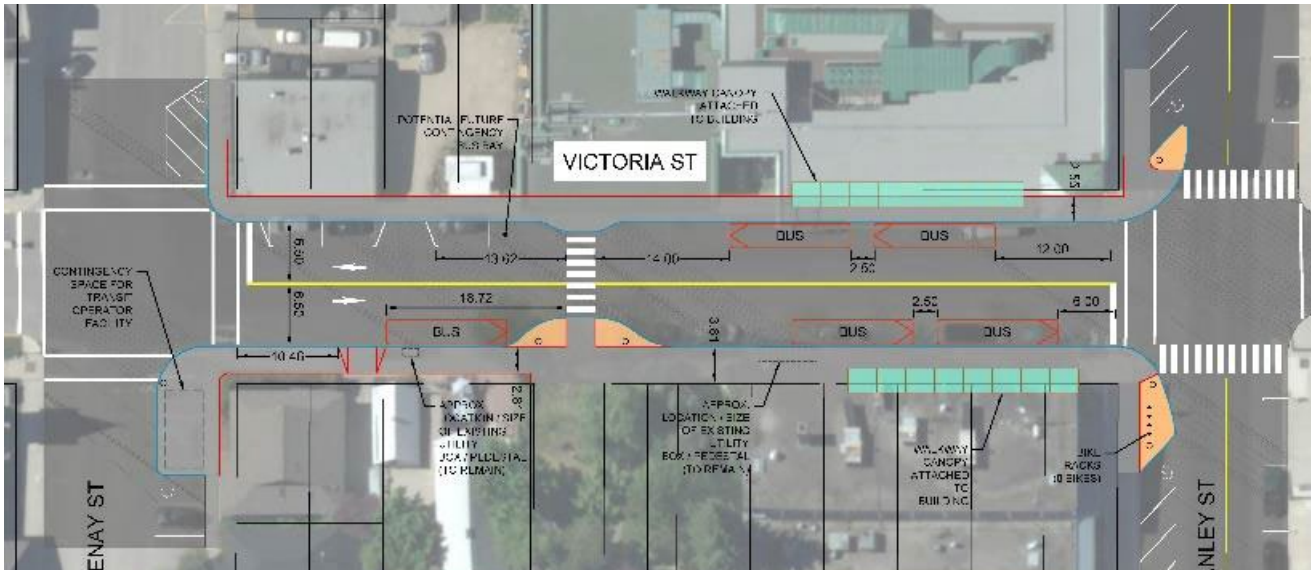




Transit Exchange

Budget for 2023/2024:
\$2,396,748

Total Project Grant Funding: \$1,917,398

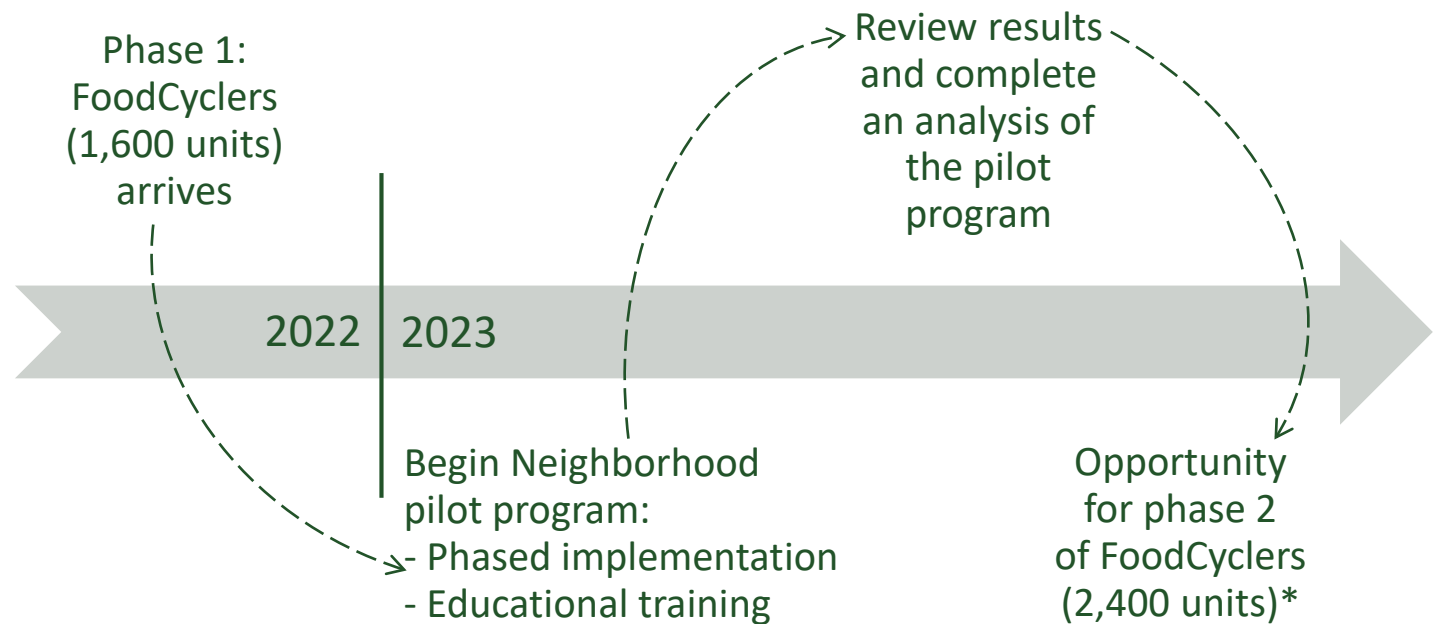


FoodCyclers



Total Project Grant Funding: \$682,720

**2023 Budget includes \$1.4M of potential phase 2 contingent on results of pilot program*



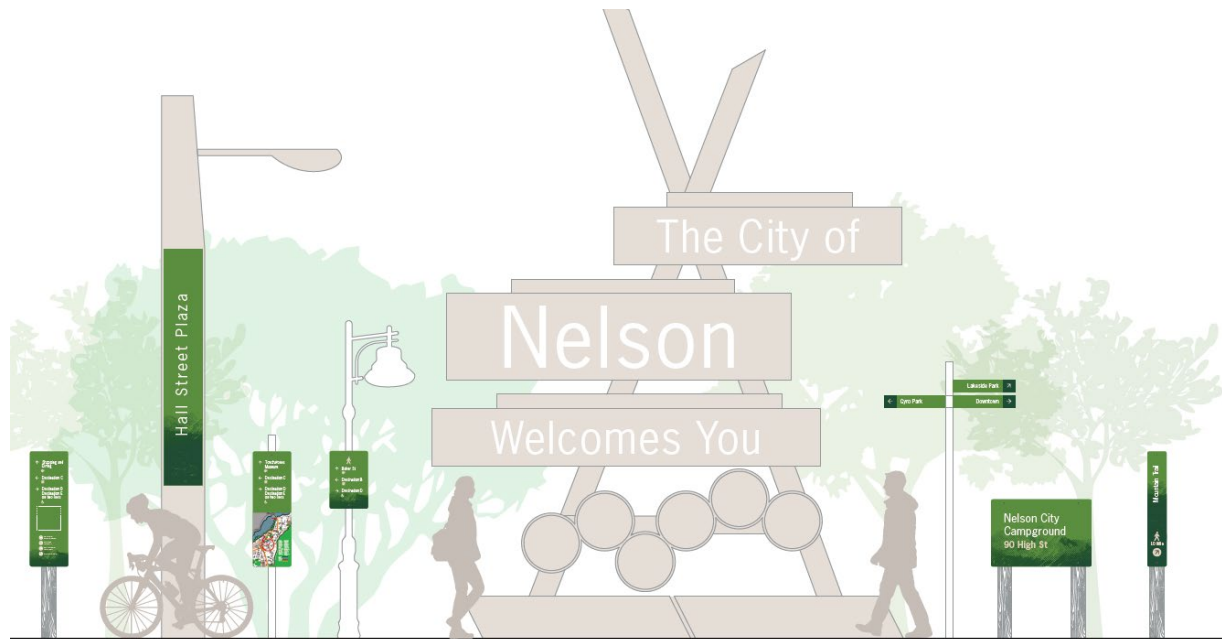
Cottonwood Park

Remaining Budget for 2023:
\$632,202

Total Project Grant Funding: \$569,152



Welcome to Nelson Signs



Remaining Budget for 2023:
\$309,554

Total Project Grant Funding: \$350,000

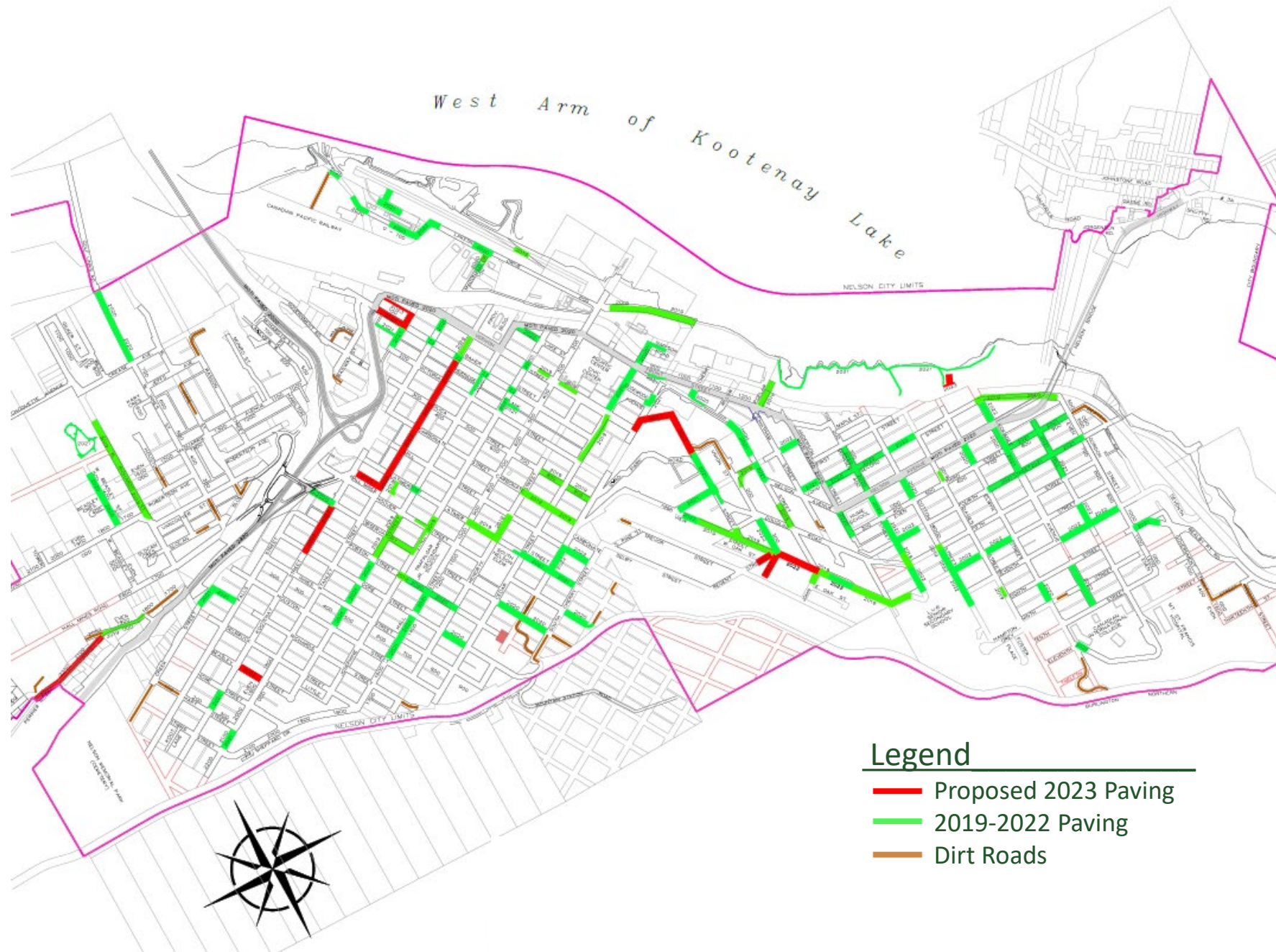
Active Transport Routes

	2023 Budget
Fairview Sidewalk Improvement	\$286,324
Bike Parking	\$77,000

Total Grant Funding: \$254,327



Paving for 2023



Utilities Overview

2023 Rate Increase:

2%

Water Strategic Direction:

- Masterplan - long term planning critical to maintain safe and accessible water and fire flow protection
- Water conservation, secondary water sources, continuation of watermain replacement and data gathering for water metering plan

2023 Rate Increase:

2%

Wastewater Strategic Direction:

- Masterplan – asset repair & maintenance
- Develop replacement program in conjunction with water utility and road network upgrades
- Improved technology “CIPP (cured-in place pipe)” has cut cost of relining sewer pipes

Utilities

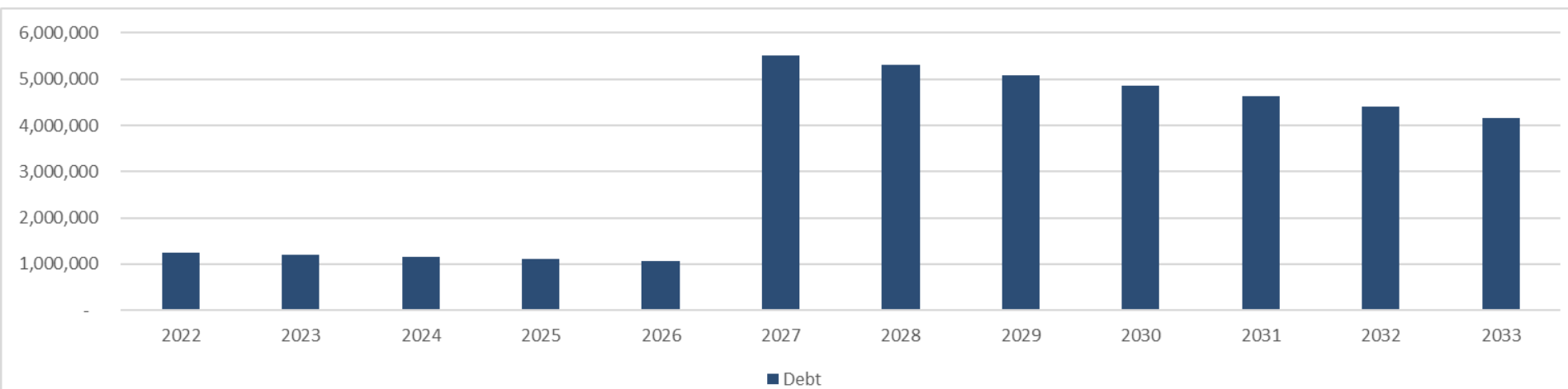
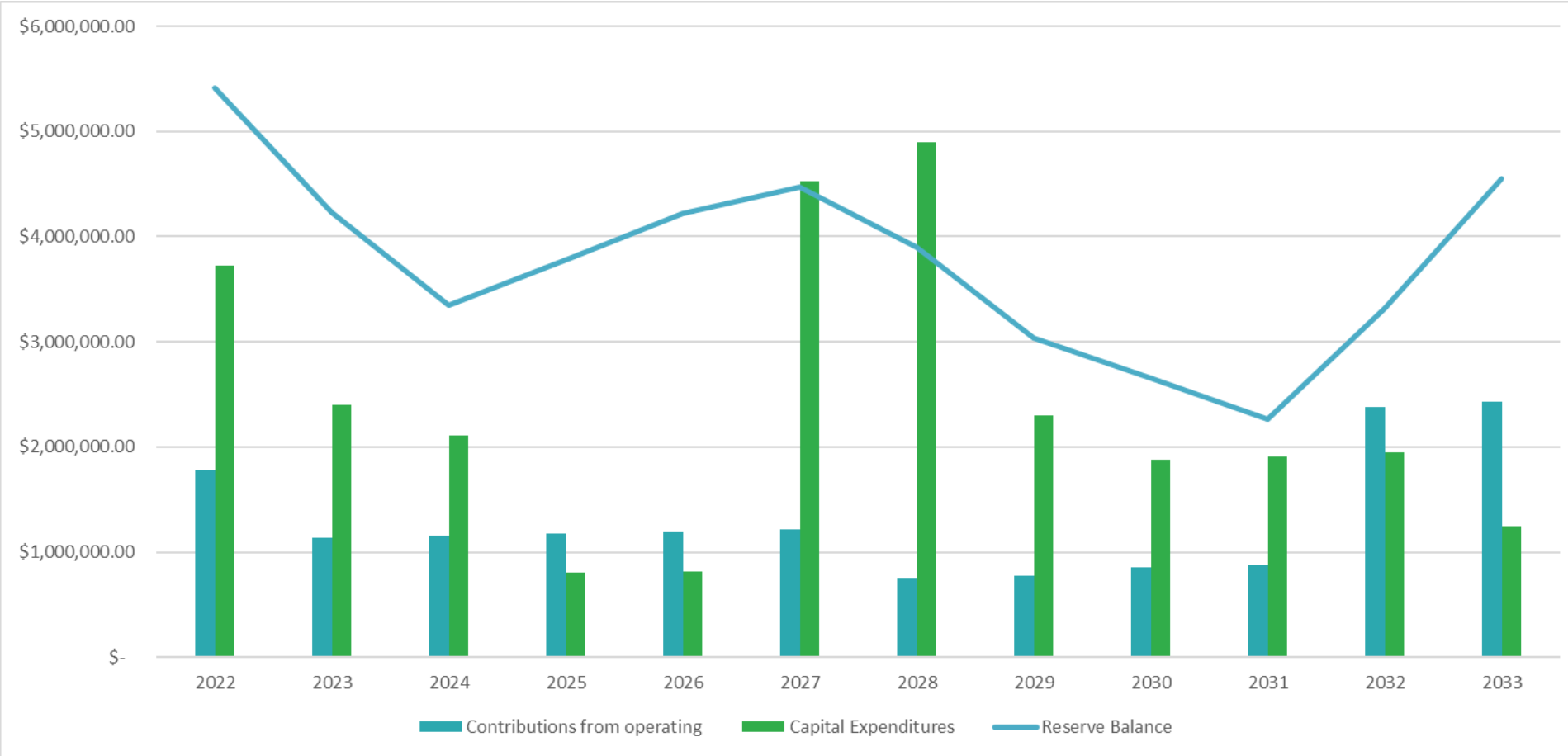


Significant Projects

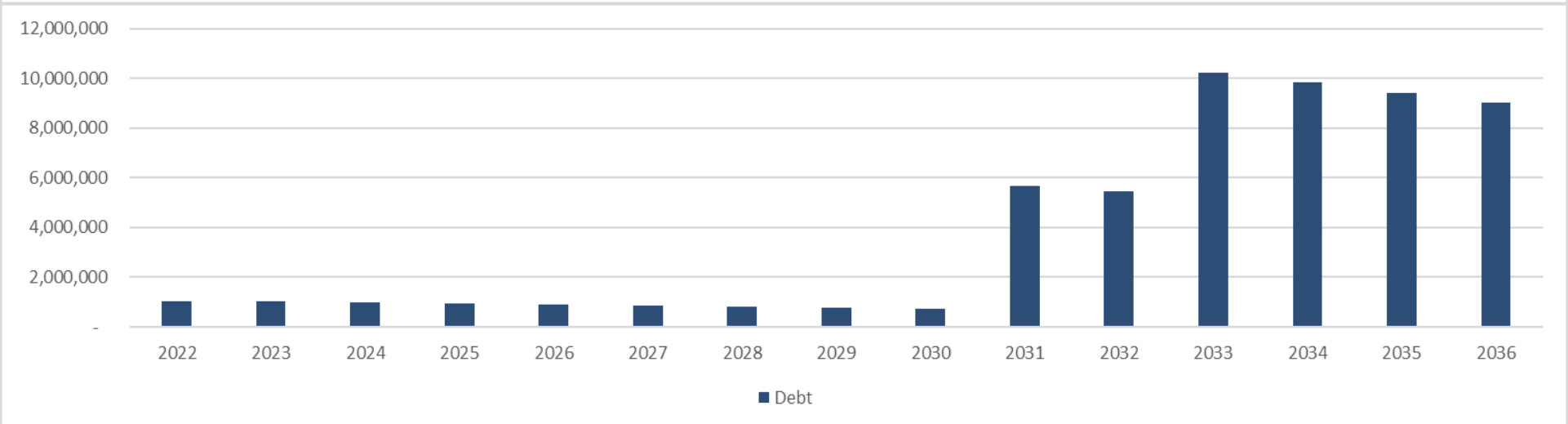
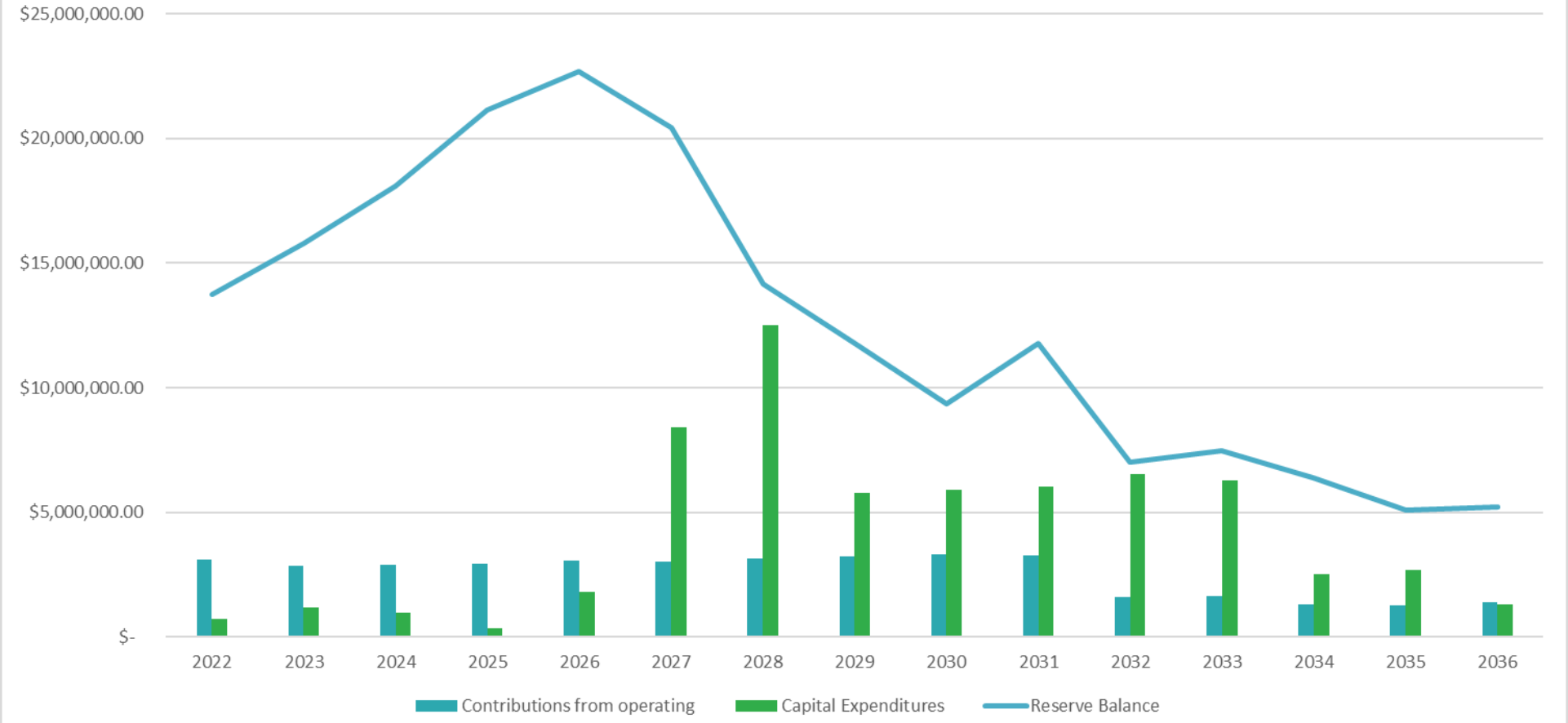
2023

Liquid Waste Management Plan	165,000
Life Stations	200,000
Phase III – Anderson Creek Pump Station	200,000
Phase IV – Treated Water Reservoir	1,375,000
Begin Five Mile Pipeline Replacement	150,000

Water Reserves at 2%



Wastewater Reserves at 2%



Nelson Hydro

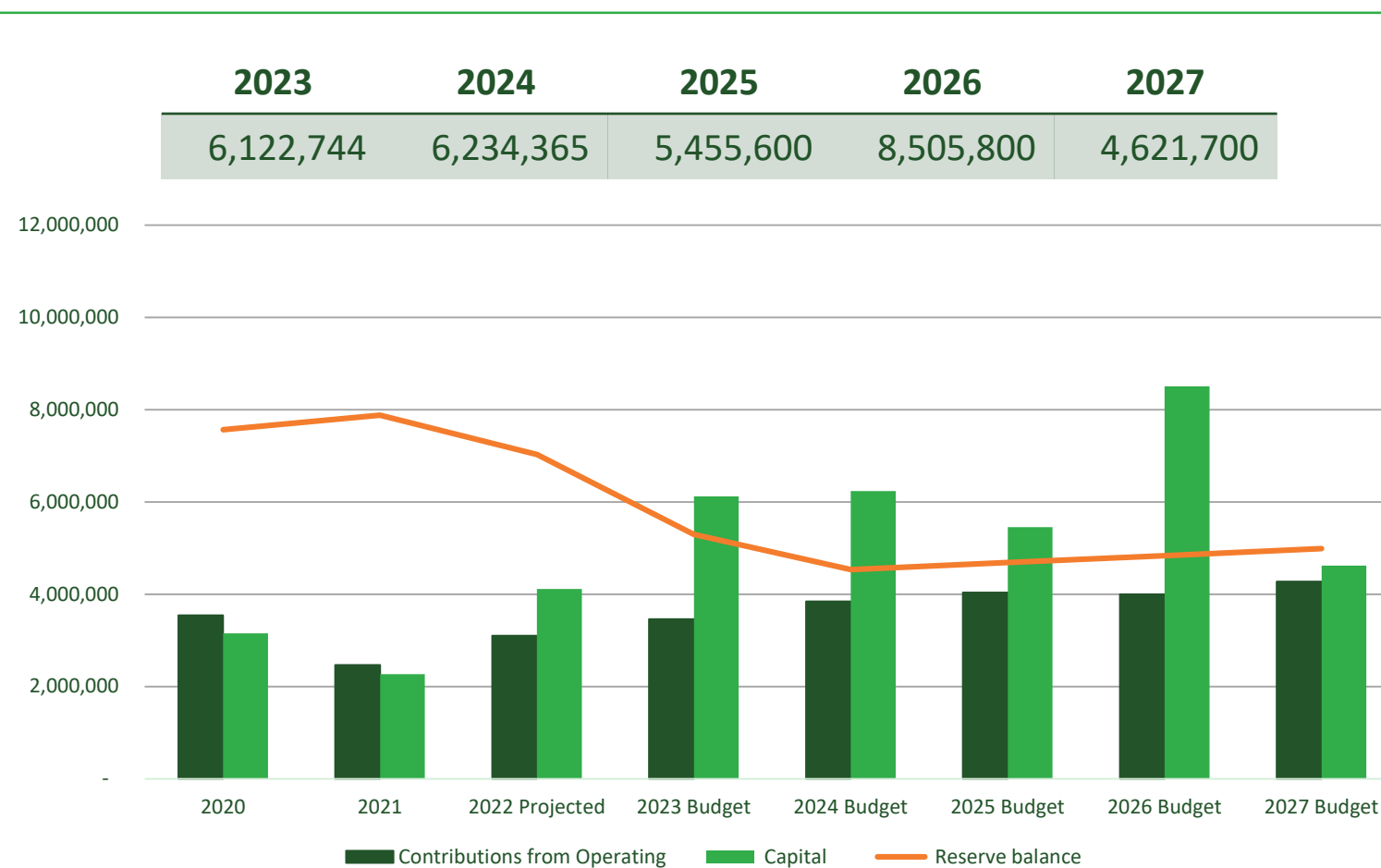
	2022	2023	2024	2025	2026	2027	2023 Increase from 2022
Operating Expenses	13,923,408	14,238,877	14,425,447	14,815,291	15,213,973	15,659,706	2%

Significant Impacts:

- ↑ General inflationary increases
- ↑ Fortis power purchase costs (3.99%)
- ↓ Major storm repair
- ↑ Insurance costs

Nelson Hydro

Capital Expenditures





Nelson Hydro

Significant Capital Projects

	2023 Budget
Mill Street Substation*	\$ 3,445,285
Geographic Information System	200,000
Advanced Metering Infrastructure	15,000
Enterprise Asset Management Software	5,000

* Costs partially offset by insurance recovery



Looking forward

Reduced inflationary pressure

Completion of several major capital projects

Entering 2023 in a strong financial position

Look forward to Council strategic priorities

Questions & Comments



Ask questions and
share your comments:
Budget@nelson.ca

Funding - What is a Surplus?

A surplus is the amount by which revenue exceeds expenditures in a year.

We do not budget for a surplus

Surplus may be caused by:

- Unexpected revenue
- Revenue exceeding budget (i.e. investments, fees)
- Budgeting may be conservative to protect the City, where possible, to not incur a deficit
- Vacant positions

How Should We Spend Reserves?

Emergency situations

- COVID-19 pandemic response and recovery

Non-recurring items

- Capital
- One-time projects

Recurring items should generally **not** be funded through reserves, as the benefits can be short lived

Statutory Reserves

Statutory reserves are set up by bylaw, which describes the purpose of the reserve, how it is funded and what expenditures the funds can be used for.

Examples:



2021 year end non-utility statutory reserves was \$12.5M

Debt and Debt Servicing

Major capital projects typically funded by using combination of existing reserves and borrowing funds.
Strategic decision when to borrow vs using reserves or taxation

