

COUNCIL HIGHLIGHTS

Highlights from the City of
Nelson Council Meeting

January 7, 2019



City Approves Civic Theatre Request for up to \$1 Million Line of Credit

The Nelson Civic Theatre Society (NCTS) has developed a concept plan to turn the current one (1) screen space into three (3) presentation/screen spaces. Their business plan shows that with successful receipt of grants, this can significantly increase the profitability of the society and allow them to offer a wide range of programming which they have been developing over the past five years, with particular support to the local film industry.

The NCTS is applying for a \$3 million infrastructure grant through the Government of Canada and needed to demonstrate that they had the balance of the funds to complete the project. The 'up to' \$1 million line of credit from the City of Nelson will act as the guaranteed matching funding while the Society continues to fund raise. **The City approved the request** contingent on the NCTS receiving approximately \$3.3 million in grant funding. If NCTS is successful in obtaining these grants, it is anticipated that the renovations would be completed by the end of 2021 and loan would be repaid by December 31, 2031. The parties have agreed that once the loan has been repaid in full, rent will be payable as per City policy or a profit sharing arrangement will be negotiated.

Electrical Utility Rates – First Three Readings

The *Utility Rate Amendment Bylaw* was brought forward to Council for consideration prior to the completion of the 2019-2023 Financial Plan. **Council passed the first three readings of the bylaw** for a 1.5% general rate increase in Nelson Hydro electrical rates for all Urban classes and a 2.94% general rate increase for all Rural classes effective April 1, 2019.

Council chose to smooth rates for the urban customers in 2019 and 2020. This means that the rate for 2019 was increased from -0.4% to 1.5% and the 2020 forecasted rate changes has been reduced from 3.0% down to 2.5%. This financial plan also includes an ongoing increase of \$50,000 in vegetation management to address outages resulting from downed trees or branches.

Increasing the Rural 2019 rate change to 2.94% will assist in recovering increased operating expenses which includes an increase of \$100,000 in vegetation management. Any changes to rural rates must be approved by the BC Utilities Commission.

After the 2019 rate increases, Nelson Hydro will continue to have one of the lowest residential rates in Canada.

Nelson Hydro has also recently filed its Cost of Service Study (COS) with the BCUC and an open house has been tentatively scheduled for January 31, 2019.

2019 Utility Rates – First Three Readings

The City of Nelson *Fees and Charges Amendment (2019 Water and Sewer Rates) Bylaw No. 3439, 2019* was introduced and passed the first three readings. Council continues to focus on the renewal of core infrastructure and has now replaced 27% of the water mains and has renewed or relined 33% of sanitary sewer mains. These projects are being delivered very cost effectively with water main replacement coming in at 30%-50% less than estimated in the Water Master Plan and the sanitary sewer re-lining cost up 60% less than estimated. Through replacement of the leaking water mains, conservation, water restrictions and other initiatives the City continues to see a drop in per capita water usage.

The following changes to 2019 rates, discounts and potential future capital expenditures are included:

- **A 2% increase in Water rates and a 1.5% increase in Sewer rates.**
- Over \$15 million has been budgeted over the years 2021 – 2024 to complete a major upgrade of the City's almost 50 year old sewage treatment plant.
- The City received a \$6 million grant to bring the City's secondary sources to the Mountain Station Treatment facility.
- The above two items resulted in a reallocation of a portion of the current Water User Fees to the Sewer User Fees for a 7 year period from 2019 - 2026.
- Continue with the 75% rate discount for conforming suites that are rented long term.
- Continuation of the strategic ICI/residential water metering installation and data collection project and analyze the data collected.
- Put the implementation of Phase 2 of the meter rate increase on hold until further meter data information has been collected. The meter rate is to be increased by the normal increases to the other water and sewer rates.

With these increases, rates for a Single Family Dwelling (SFD) will be:

Single Family Dwelling	2018 Rate (after discount)	2019 Rate (after discount)	Net Change
WATER	\$549.00	\$357.30	\$-191.70
SEWER	\$468.90	\$679.50	\$210.60
ANNUAL TOTAL	\$1,017.90	\$1,036.80	\$18.90
PER MONTH	\$84.82	\$86.40	\$1.58

2019 Review of Residential Garbage Collection and Disposal Fees

Each year Council review the rates it charges to collect and dispose of waste and recyclable material as part of the annual budget process. The purpose of this review is to ensure that rates are set at a level that ensures adequate funds are available to cover the annual operating expenses, which include an equipment usage charge to provide the service and fund the equipment reserve to allow for the future purchases of equipment. **For 2019, Council has determined that once again that there will be no change to rates.** The annual charge has not been increased in 12 years and the garbage tag hasn't been increased in 8 years.

The rates for a Single Family Dwelling (SFD) will remain:

- \$40.00 annual charge per household for collection of recycling & garbage
- \$ 1.50 charge per garbage bag (tag) for disposal.
- This generates budgeted revenues of \$267,000 or \$68 per household.
- The RDCK is responsible for disposal of waste and the City of Nelson's share of this service was \$865,000 in 2018 and with the borrowing approved for closure of the Central Landfill and other projected increases, this will rise above \$1 million in 2019.

Highlights from Waste and Recycling for 2018 and 2019 are as follows:

- The City renewed their contract for 5 more years with Recycle BC, starting January 1, 2019.
- The new contract commits the City to eliminate the use of blue bags for recycling collection effective July, 2020.
- The City will continue with the education of residents as to what is permitted in the current blue bag recycling under the Recycle BC program.
- Council allocated \$20,000 from the recycling reserve to provide education and potentially launch pilot programs for "Made in Nelson" composting solutions.
- The RDCK continues to explore a regional composting facility.