



City of
NELSON
2016 Annual Report

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City of Nelson 2016



Message from the Mayor



I am pleased to present the City of Nelson's Annual Report for 2016. Council has reached the half-way mark of our four-year strategic mandate and this report outlines the achievements and challenges that Nelson has faced over the past year. Our 2015-2018 Strategic Plan was developed based on solid planning, providing our staff with guidance and direction to ensure your tax dollars are spent in a coordinated and efficient way. Council's goal is to achieve balance between the wishes of the community and the reality of the day-to-day operations of the municipality.

The City of Nelson saw a number of achievements in 2016, perhaps most notably, the growth of the local tech sector. One of Council's strategic priorities has been to expand local jobs and to build local prosperity. The investment in our own broadband fibre infrastructure has encouraged economic development in the tech sector. A growing number of customers are taking advantage of Nelson Fibre to achieve their full potential. These include School District 8, both Selkirk College campuses, the provincial government offices, the Regional District of Central Kootenay, local economic development and training organizations, the Civic and Capitol theatres, remote workers, and various businesses and service providers. Interest continues to grow in the tech and knowledge worker community group and community organizations are working collaboratively towards the completion of an 'innovation hub'. All of this activity has resulted in Nelson being selected as one of the world's *Smart21 Communities* – becoming the smallest community ever to receive this recognition. <http://www.intelligentcommunity.org/smart21>

Significant progress has been made in strengthening our neighbourhoods through extensive planning. The City has designed a robust framework and set of policies to promote smart and sustainable development. This framework is intended to develop well connected neighbourhoods while encouraging a suitable mix of new and affordable housing. In 2016, Nelson saw the completion of the Nelson Commons strata and Kootenay Co-op grocery store in the downtown core. We are now looking to future developments scheduled for construction including the 3rd and final phase of The Crossing at Granite Point and the redevelopment of Nelson CARES' Lakeside Place.

As we look ahead, staff and Council understand that we have a number of challenges facing our community. This council has continued the work of previous councils to address our aging water, sanitary sewer and electrical infrastructure. We have made excellent progress. After receiving a recent report from our Director of Public Works & Utilities, Council has directed staff to develop plans to renew other major infrastructure, in particular, roads and buildings as historical expenditures in these areas were inadequate. Starting with the 2017-2021 Financial Plan, Council has more than doubled the amount that the City will invest in roads (from \$500,000 to \$1,100,000) and has committed to an ongoing contribution of a \$1,000,000 per year to the Facilities Reserve Fund. This has been achieved through re-allocating Regional District taxation to City facilities, using gas tax funds, profits on rentals from 310 Ward Street, expanding paid parking and a modest increase in parking rates.

Continued....

Message from the Mayor

Mayor's Message Cont.

The City has also completed much of the planning work that is critical in being eligible for provincial and federal infrastructure grants. We can't do this all on our own and rely on grants to assist in renewal projects.

Our Council is committed to fostering a culture of community and public engagement to ensure that residents and businesses have ample opportunity to be part of Council's decision-making process. We are working to broaden our communication platforms and will be introducing a set of new tools for engagement and information sharing in the fall of 2017 on our refreshed City of Nelson website. Residents will have the ability to sign-up for a text/email notification service which will automatically update them on topics related to City Services, Emergency Notification and Public Notices. In addition, there will be online polls and surveys to gather increased public feedback and interest on community issues. I can also assure residents, that the City will continue to use print media, posters, radio and mail-outs to ensure that residents have a variety of options to become informed and engaged.

I extend my sincere gratitude to residents, businesses, community groups, and volunteers for your ongoing commitment to our community. Our collective desire to work together to creatively problem solve and to maintain what makes us special, is truly remarkable. Thanks to City Councillors and City staff for your dedication and passion. We are a small, but mighty group of individuals, who bring an unprecedented degree of dedication to our work each and every day.



Mayor Deb Kozak

Nelson City Council 2014-2018

Mayor Deb Kozak



Bob Adams



Michael Dailly



Anna Purcell



Robin Cherbo



Valerie Warmington



Janice Morrison

An elected Council comprised of a Mayor and six Councillors governs the City of Nelson. Councillors are elected for four year terms (*Local Government Act* amended May 29, 2014 to increase three year terms to four.) and each member of Council represents the City at large. The *Local Government Act* and the *Community Charter* give Council the authority to set budgets, levy taxes and establish policies to guide the growth, development and operation of the City for the benefit and protection of its citizens.

The powers of the Mayor and Council are exercised through the adoption of resolutions or the enacting of bylaws at Council meetings. Members of the public are welcome to attend open council meetings. See the City website at www.nelson.ca for information regarding dates and times of meetings.

2014-2018 Council Appointments

External Committees and Commissions - Council Voting Membership

	<i>Appointee/Alternate</i>
Cultural Development Committee	Councillors Warmington/Purcell
Emergency Program Executive (Provincial)	Mayor Kozak, Councillors Cherbo/Dailly
Library Board (<i>Library Act</i>)	Councillors Adams/Purcell
Nelson & Area Economic Development Partnership	Councillors Morrison/Purcell
Nelson Housing Committee	Councillors Dailly/Cherbo
Police Board (<i>Police Act</i>)	Mayor Kozak
RDCK Board (<i>Local Government Act</i>)	Mayor Kozak, Councillor Dailly
Recreation & Aquatic Commission	Mayor Kozak, Councillors Morrison/Warmington
Youth Centre Advisory Committee	Councillors Warmington/Morrison

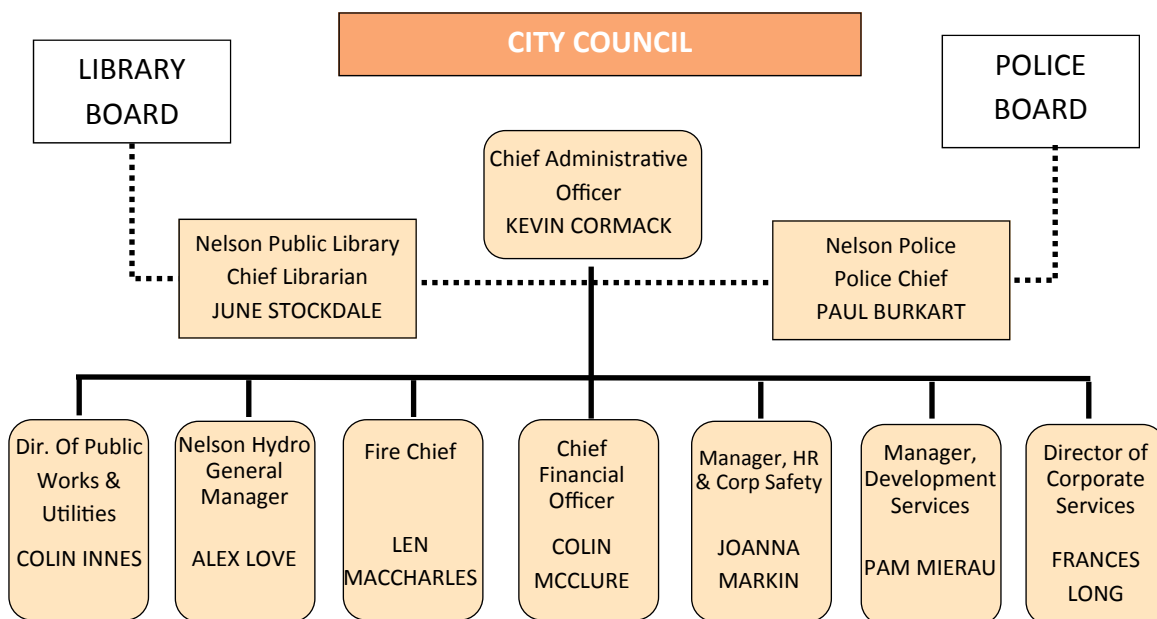
Standing Committees (established by Mayor)

Grievance Committee	Councillors Cherbo/Adams
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Council Liaisons/Portfolios

Advisory Planning Commission	Councillors Dailly/Cherbo
Arts & Culture	Councillors Warmington/Purcell
Capitol Theatre	Councillors Purcell/Warmington
Chamber of Commerce	Councillors Adams/Morrison
Economic Development/Business/Tourism/Events	Councillors Morrison/Adams
EcoSociety	Councillors Purcell/Dailly
Environmental	Councillors Purcell/Dailly
Healthy Communities	Councillors Dailly/Cherbo
Kootenay Lake Partnership Plan	Councillors Purcell/Dailly
Nelson Business Association	Councillors Morrison/Adams
Nelson Electric Tramway	Councillor Cherbo
Nelson Committee on Homelessness	Councillors Cherbo/Dailly
Nelson Pilot's Association	Councillor Cherbo
Nelson Seniors Branch #51	Councillor Adams/Cherbo
Parks	Councillor Purcell/Mayor Kozak
Recreation and Youth	Councillors Morrison/Warmington
Sandpoint, ID (Municipal Partnership)	Mayor Kozak/Councillor Cherbo
SEEDS	Councillors Dailly/Purcell
Seniors Coordinating Society	Councillor Cherbo /Dailly
Social Planning (SPAN)	Councillors Dailly/Cherbo
Sports Council	Councillors Morrison/Cherbo
Touchstones	Councillors Warmington/Purcell
Treaty Advisory	Councillor Adams
Tri-Cities	Mayor Kozak

Organizational Chart



MUNICIPAL OFFICERS 2016

Chief Administrative Officer.....Kevin Cormack
 Corporate Officer.....Frances Long
 Chief Financial Officer.....Colin McClure
 Approving Officer.....Pam Mierau
 Municipal Auditors.....Berg Lehmann
 Municipal Bankers.....Bank of Montreal

Report from the City Manager



In last year's Annual Report I had a chance to share with the reader, Council's strategic priorities and a specific update on the first priority "Enhance Sustainability of City Services and Infrastructure". As noted in 2015, Mayor and Council had established four overarching priorities each containing a number of specific goals and actions to achieve the priority:

- **Enhance Sustainability of City Services and Infrastructure**
- **Strengthen Neighbourhoods**
- **Expand Local Jobs, Local Prosperity**
- **Achieve Excellence in City Governance**

Council's full Strategic Plan can be found at www.nelson.ca.

I also mentioned that we were in the midst of an audit by the provincial Auditor General for Local Government (AGLG). The office was created to assist local governments in improving their operations and to give advice and recommendations to local governments to help them deliver their services more efficiently, effectively and economically.

We were all pleased with the outcome of the audit which stated, in part, the following from their [news release](#) dated December 14, 2016.

A performance audit of the City of Nelson's human resources practices found that the City is effectively managing the human resources risks it faces as a small local government, Auditor General for Local Government (AGLG) Gordon Ruth said today.

The audit found that Nelson has dealt effectively with modest growth and development pressures it has faced and has used shared services and collaborative arrangements with other local governments to deliver value for its residents.

Mr. Ruth said, "It's my hope that our audit report will bring attention to what the City of Nelson is doing and encourage other local governments to consider similar practices."

As City Manager, it is my responsibility to work closely with Council, the community and our staff to not only deliver the day to day services, but also to ensure we are planning for the future. Community planning, which is led by our Development Services team, is about identifying how the community wants to see Nelson develop now and into the future; then putting into place the policies and bylaws to guide that growth and renewal. We all go to communities where we see this done well or poorly. The magic is to translate those community aspirations into practical policies and work with Council, staff, developers, businesses and the community in supporting the delivery of real on the ground projects.

Continued....

Report from the City Manager

Strategic Priority: *Strengthen Neighbourhoods*

Goal: Develop complete, well connected neighbourhoods:

Action: Completion of the Sustainable Neighbourhood Plan for Railtown. *Progress:* This plan has now been completed and received by Council. Early initiatives include upgrades to Cottonwood park which are underway; two City owned sites have been cleared that will allow for development; a remediation plan is being developed for the 610 Railway site and the 610 building structure is being renewed. The City has received early interest from private developers.

Action: Completion of the Downtown Urban Design Strategy. *Progress:* The final draft has been received and will be presented to Council in June. The next step will be to work with the community on setting priorities and then getting into the specifics through detail design and policy work.

Action: Development on the Central and East Waterfront Neighbourhoods. *Progress:* The two larger proposed projects Kootenai Landing and Nelson Landing have stalled and are in the hands of the developers to bring to actualization; smaller developments are proceeding.

Action: Completion of the Hall Street Corridor. *Progress:* Phase 1 is being finalized including an on-street washroom, parking kiosks (PayStation) and enhancements at IODE Park. Phase 2: an infrastructure grant of \$4.5m was received; the design has been completed, work will start this summer with a completion date of the late fall 2018.

Goal: Encourage a suitable mix of housing in our neighbourhoods:

Action: Implement short-term recommendations in the Housing Strategy. *Progress:* A number of initiatives are underway. A full report will be presented to Council and the community in July.

Action: Complete a Housing Project at the Youth Centre: *Progress:* City staff have met with a number of micro-condo developers to determine the feasibility of a micro-condo project.

Action: Leverage opportunities to encourage investment in affordable housing in neighbourhoods.

Progress: Nelson CARES—subsidized housing project at Lakeside Place was approved and funded; Council agreed to sell the City's property at 205 Hall Street for a mixed use commercial/residential development that includes rental; and, a number of multi-family housing projects have been approved or completed over the last year. Columbia Basin Trust is also looking to invest in rental housing projects in Nelson.

We have a lot on our plate across the organization. We work hard to ensure that we take a realistic approach to delivering on the day to day as well as meeting longer term goals. In attending provincial conferences, I am always proud to see that we are continuing to hit well above our weight class. Nelson is showcased again and again for being a leader in the Province.

Council and staff with the support of the community has made solid progress in advancing Council's strategic priorities. Pages 14-17 of this Annual Report provide an overview of Council's strategic priorities and progress.



Kevin Cormack, City Manager

City of Nelson Strategic Objectives 2015-2018

Enhance Sustainability of City Services and Infrastructure



Strategy: Develop a safe and adequate water supply.

Conservation is a key element of this strategy. Council has set a goal of reducing usage by 20% from 2009 levels. A class from the Wildflower program (Left) won a national award for their work in promoting the City's Water Conservation program and educating the public on the benefit of the Toilet Tank bags in reducing water consumption in Nelson.



Strategy: Create an energy efficient community.

The Community Solar Garden has been a big success in moving Council towards creating an energy-efficient community. Primarily funded by subscribers and grants, Nelson is being recognized as a leader right across Canada. The City continues to explore the feasibility of a District Energy System. This includes identifying potential customers and applying for a grant. The City has been successful in securing grants and loan financing under the FCM Green Municipal Fund program.



Strategy: Improve the City's emergency management capabilities.

The City's Fire Chief is reviewing the City Emergency Management Program which is delivered in partnership with the Regional District of Central Kootenay. A number of training events, mitigation programs and public awareness campaigns have been implemented.

Left - Last May 2016, Disaster Day brought together local agencies to show how they effectively work together during a disaster.



Strategy: Improve our aging infrastructure.

Council continues to invest in water, sanitary sewer and electrical utility infrastructure. The water master plan is being updated.

The assessment of roads and facilities were completed in 2016. This identified that Council needed to invest significantly more in this city infrastructure. Council approved funding in the 2017-2021 Financial Plan which more than doubled the budget for roads (\$50,000 - \$1,100,000) and created an annual contribution of \$1,000,000 to the facilities reserve.

City of Nelson Strategic Objectives 2015-2018

Expand Local Jobs, Local Prosperity



Strategy: Leverage community assets.

Nelson is a Gigabyte Community. The investment in our own broadband fibre infrastructure has encouraged economic development in the tech sector. A number of customers have taken advantage of Nelson Fibre to achieve their full potential including SD8, RDCK, provincial government agencies, local theatres, remote workers, and many other businesses and service providers. Interest continues to grow in the tech and knowledge worker community group and community organizations are working collaboratively towards the completion of an 'innovation hub'. All of this activity has resulted in Nelson being selected as one of the world's *Smart21 Communities*.



Strategy: Enhance community vibrancy through sport, culture and recreation.

The Sustainable Waterfront Downtown Masterplan and subsequent plans that were developed based on this overarching vision: Hall Street Corridor; Railtown Sustainable Neighbourhood Plan and the Downtown Urban Design Strategy all focus on building on and enhancing the vibrancy of the City's downtown and waterfront. Hall Street will be completed by 2018 and a number of projects are in progress or completed that were identified in these planning documents.

(Left) The Hall Street Plaza is full of Christmas revelers from the Santa on Baker Street parade.



Strategy: Support retention and attraction of new businesses.

The Nelson & Area Economic Development Partnership (NAEDP) is the City's main vehicle to achieve this strategic priority. The NAEDP has four main priorities which together support this strategic priority: 1) Completing a Business Retention and Expansion – implementing recommendations 2) Broadband – Technology adoption 3) Becoming an Intelligent Community; and, 4) Supporting the Downtown Urban Design initiative.

(Left) Cartolina - A local business on Baker Street was the winner of the 2015 Heritage Award and 2016 Chamber of Commerce Business Award.



Strategy: Encourage development in downtown and waterfront.

The City has designed a robust framework and set of policies to promote smart and sustainable development. This framework is intended to develop well connected neighbourhoods while encouraging a suitable mix of new and affordable housing, especially in the downtown and waterfront. The City welcomed to the downtown Nelson Commons. It includes 54 condo units and is home to the new Kootenay Co-op grocery store. This is the first new development in the downtown core in over 30 years.

City of Nelson Strategic Objectives 2015-2018

Strengthen Neighbourhoods



Strategy: Develop complete, well connected neighbourhoods.

The **Railtown Sustainable Neighbourhood Action Plan** has been finalized and is the blueprint for an exciting new sustainable downtown neighbourhood. The CP Stationhouse restoration and planned investments in Cottonwood Park are first steps in this renewal.



Creating a connection between the waterfront and the downtown along Hall Street is a key strategy in the Councils' goal of strengthening neighbourhoods. Final touches are being added to Phase I of the **Hall Street Project**, including a public washroom and water fountain. Planning for Phase II has been completed. Grant funding of \$4.5m has been received to complete the project. Phase II will be completed by the end of 2018.



The **Downtown Urban Design Strategy** brought together community to identify ideas to further enhance our downtown. The plan includes an initial rendering of a revitalized amenity area on the 400 block of Baker Street. The next steps will be to prioritize the initiatives identified in the plan and to start the detailed design and policy work.



Strategy: Encourage a Suitable Mix of New Housing

Council has developed policy, lobbied senior levels of government and worked with the development and non-profit sectors to encourage new housing projects in the city. BC Housing was awarded \$6.3m in funding to Nelson CARES Lakeside Place redevelopment project. Nelson CARES will rebuild on the existing site and the 48 units are intended for seniors, adults with disabilities, and those at risk of being homeless.

(Left) The Crossing at Granite Point is a multi-unit development that will add 30 new modestly priced homes on the former golf course lands.

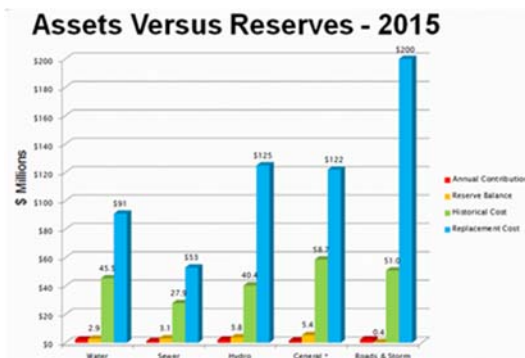
City of Nelson Strategic Objectives 2015-2018

Achieve Excellence in City Governance



Strategy: Encourage citizen and neighbourhood engagement

Council is committed to fostering a culture of community and public engagement to ensure that residents and businesses have ample opportunity to be part of Council's decision-making process. New communication tools for engagement and information sharing in the fall of 2017 on the City's refreshed website. Residents will have the ability to sign-up for a text/email notification service which will automatically update them on topics related to City Services, Emergency Notification and Public Notices.



Strategy: Develop and implement prudent financial management policies.

Council continues to focus on asset renewal and building reserves while minimizing taxation increases. Excellent progress has been made addressing aging water, sanitary sewer and electrical infrastructure. After assessments for roads & buildings were completed identifying that additional investment was required in these assets, Council more than doubled the amount that the City will invest in roads (from \$500,000 to \$1,100,000) and has committed to an ongoing contribution of a \$1,000,000 per year to the facilities reserve fund. This has been achieved through reallocating regional district taxation savings to city facilities, using gas tax funds, profits on rentals from 310 Ward Street, expanding paid parking and a modest increasing in parking rates. The City has also completed the planning work that is critical in being eligible for infrastructure grants.



Strategy: Improve customer service through innovation, high standards and continuous improvement.

In early 2017, the City launched a new on-line pet licensing program which allows residents to order and receive their pet licenses from home. This program has other benefits for pet owners, including a rewards system and lost pet protection. Council continues to expand the options to the public to do business with the City.



Strategy: Support, encourage and empower City employees.

The City has had a leadership program in place since 2009, which includes coaching, leadership skills training and promotion of accountability for all staff. The City looks for opportunities for cross-training and sharing staff within and between departments. Cross-training is done on a regular basis in Finance, Development Services, Fire Dispatch, Public Works and Parks. Training programs are focused on achieving the strategic goals of Council.

Left - City employees take part in Emergency Operations Planning.

Community Profile

NELSON, BC - The City of Nelson is located on the west arm of Kootenay Lake. Incorporated as a City on March 18, 1897 under the *"Speedy" Incorporation of Towns Act*, Nelson continues to be the government, financial, trading and educational centre of the Central Kootenay Region. Nelson, the Heritage Capital of the Kootenays, boasts in excess of over 150 registered heritage buildings. Self-guided, heritage walking tours and driving tours are available on a year-round basis. Nelson's historical buildings have attracted a number of movies to be produced in the City, and Nelson is still often scouted by Hollywood for other movies.

Nelson is located in the Selkirk Mountains and is ideally located for recreation. An 18-hole golf course is located within the municipal boundaries. A first-class ski hill is 30 minutes from the downtown core. The world-renowned Kokanee Glacier is within sight of Nelson and a 30-minute drive away. Many other recreational opportunities exist nearby. Kootenay Lake offers fishing, sailing and hundreds of beautiful beaches.

Although the population of the City of Nelson is only 10,800, it is central to a trading area in excess of 25,000. The residents of Nelson have come to expect amenities that are normally only found in a community much larger than Nelson.

Clean drinking water, fresh air and the pristine Kootenay Lake contribute to the City's high quality of life. Nelson has no polluting industries, nor does it have a large industrial tax base. In an effort to continue economic diversification, small businesses are establishing a new economic base in the Nelson area. There were approximately 1,207 business licences issued in 2016.

Nelson has, for years, been an educational centre for the Kootenay Region. Presently, Selkirk College offers post-secondary education, there is also a Waldorf School, as well as a Chinese Medicine School.

Nelson is rich in cultural life and provides high-quality theatre drama, music and dance programs. Many local artists produce their products in Nelson, some selling locally and others selling across Canada and internationally. Nelson hosts several cultural and musical festivals annually. Due to its scenery, moderate climate, amenities and unpolluted environment has developed a quality of life that is attractive to new residents and businesses.

A convention centre/hotel on the Nelson waterfront provides the finest convention facility in the West Kootenays and is able to host conventions of up to 400 people. Nelson has attracted several high tech industries and growth in this sector is projected to be one of the major economic engines for the community.

City Manager's Office

Kevin Cormack, BComm, CA., City Manager

The City Manager's office supports Council's strategic planning efforts and oversees the administration of the City, its officers and employees. This department provides recommendations to Council that reflect facts, options and professional opinion pertaining to issues considered by Council and developing in the community.

The City Manager's office takes the lead role in managing the implementation of policy direction established by Council. It provides leadership and direction to all City departments and operations.

The Finance, Development Services, Operations, Fire and Nelson Hydro department heads report directly to the City Manager. Management of Human Resources is also a component of the City Manager's office.



2016 Highlights

- The Auditor General for Local Government completed a Human Resources audit on The City of Nelson. The report identified areas where we could do more and improve some practices; however, overall it was a very positive report.
- Assessments were completed for our roads and buildings. This review identified that Council needed to invest substantially more in these assets. The 2017-21 Financial Plan addresses these shortfalls by more than doubling spending on roads and creating an annual contribution to facilities of \$1,000,000. This was done with minimal impact on taxation and fees.
- The City received a Gas Tax grant of \$4.5m to complete Phase II of the Hall Street Corridor project. Planning has been completed and the work will begin in the summer of 2017.

Corporate Services

Frances Long - Director of Corporate Services and Corporate Officer

Allison Sutherland - Manager of Information Technology & Fibre

The Corporate Services function includes the functions of Legislative Services, Administration, and Information Technology. Corporate Services also includes the functions of the Corporate Officer, who facilitates the business of Council by preparing minutes and agendas, preparing, reviewing and providing advice on municipal bylaws, and initiating the follow up action to Council Meetings.

Legislative Services ensures Council is provided with relevant information from City staff, committees and the general public. It provides the public with information related to activities of Council, ensures meeting and agenda material is complete and provides the necessary information for decision making. It is responsible for the preparation of bylaws, policies, and agreements. This section of the department executes legal documents, legal matters, and responds to correspondence and inquiries.

In addition, Legislative Services is responsible for carrying out procedures for local government elections as required under the provisions of the *Community Charter*, and is the Freedom of Information administrator for City operations.

The IT department is responsible for the City's information technology , infrastructure, software (enterprise and desktop) and hardware (including personal computers, servers telephones and cell phones). In addition, the department oversees the City's new fibre optic service - Nelson Fibre.



Finance

Colin McClure, CA- Chief Financial Officer

Chris Jury, CA - Deputy Chief Financial Officer

Suzanne Rorick - Manager of Finance and Purchasing

The Finance Department is responsible for the financial management of the City's assets. The Finance department's primary responsibility is the planning, implementation and monitoring of the City's five year financial plan for operating expenditures and capital expenditure plan. Staff must work closely with all other departments as well as the Nelson Police, the Nelson Public Library and the Nelson and District Youth Centre.

Functions of the department include levying and collection of taxes, administration of the annual tax sale, collection of water, sewer, garbage and hydro rates, processing of accounts payable, parking control and payroll. This section is also responsible for purchasing, procurement and inventory control.

Development Services

Pam Mierau—Manager of Development Services

The Development Services department includes two planners, a full time and half-time building inspector, a development technician and a planning and building analyst. Development Services is responsible for land use planning in Nelson, which includes development of long range policy that aligns with the vision of Council and the community, and crafting land use regulations to implement that vision. Development Services also supports applications through the planning and building approval process by working with applicants to ensure that their proposals are consistent with the city vision.

2016 saw a significant decrease in development construction values in Nelson, going from \$33.5M in 2015 to \$15.1M in 2016. The higher construction values in 2015 were due to the Nelson Commons project and the NDCC renovations. Despite the lower construction values in 2016, development was still steady with 166 building permits in 2016 (180 in 2015). Interestingly, the number of Development permits received was significantly higher than last year, going from 30 in 2015 to 52 in 2016. The number of subdivisions also increased, going from three in 2015 to five in 2016. Selkirk College's multi-year building program, the 2nd ten-plex at the Crossing, and completion of the Nelson Commons development were some of the key development projects underway this year.

In terms of community planning projects, Development Services had three significant projects underway: the Railtown Sustainable Neighbourhood Plan (SNAP), the Downtown Urban Design Strategy and the Short-Term Vacation Rentals project.

The Railtown SNAP received strong public interest throughout the planning process and the Council approved Plan provides a long range vision for the community that will lead to increased jobs and housing, better connections with the downtown and waterfront, brownfield and ecological restoration, and mixed use compact and innovative development.



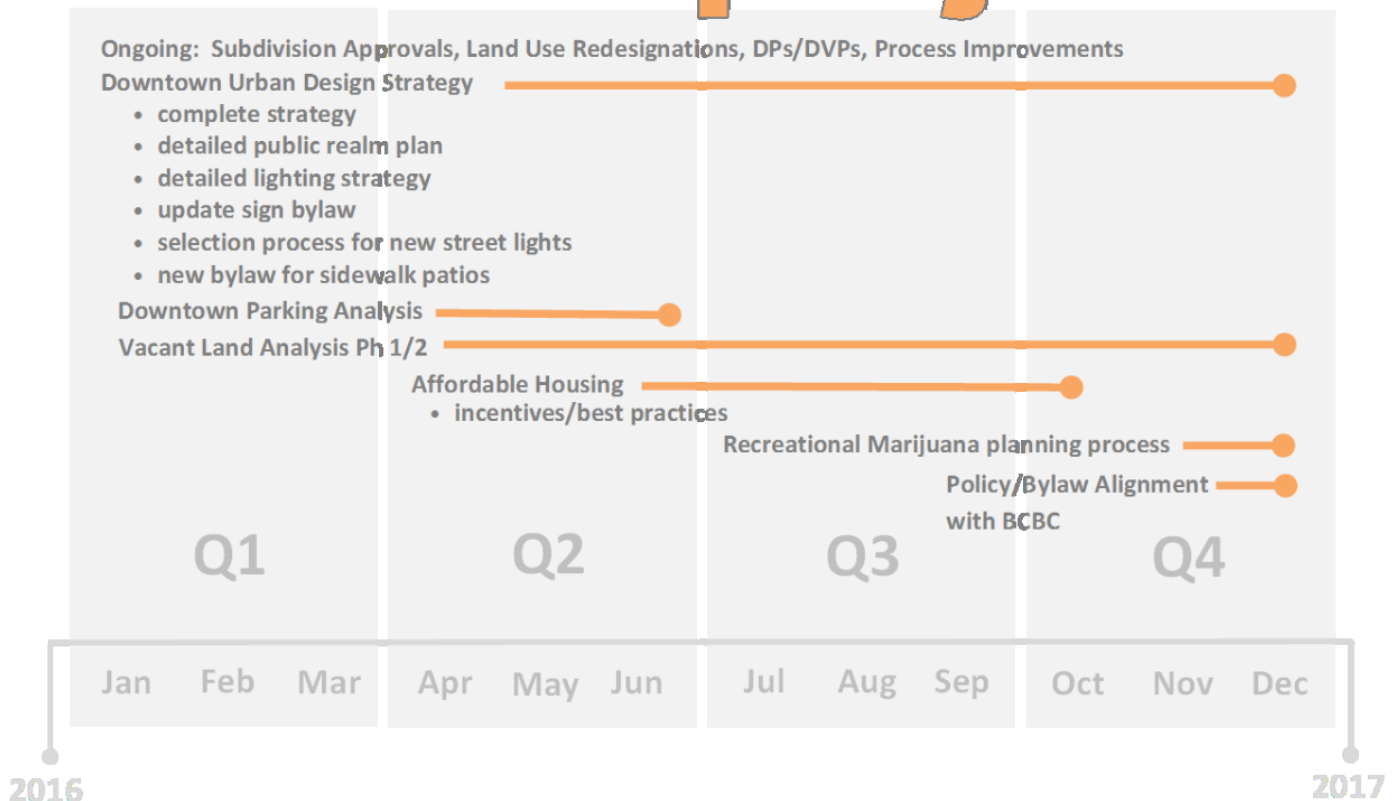
Development Services

With increasing complaints early in 2016 regarding vacation rentals, City Council chose to initiate planning in an effort to provide a framework for regulating short-term vacation rentals in the city. With numerous opportunities for stakeholder and public input, the resulting regulations approved by Council provide a good balance between allowing these vacation rentals to occur and mitigating some of the negative impacts that they have on residents and businesses.

After 35 years, the refresh of Nelson's downtown began in April 2016. Meetings, evening workshops, a design fest, and pop up booths at markets were just some of the opportunities provided for public input. The Urban Design Strategy is the City of Nelson's master plan for the public realm. It will ensure that Council has the direction that it needs to make the necessary investments in enhancements and maintenance over time, including coordination of public-realm improvements with infrastructure upgrades. It includes a comprehensive vision for the future, as well as focused strategies for key elements in the public realm such as signage, sidewalk patios, lighting, street furniture, bike parking, public art, landscaping, electric vehicle charging stations and public amenities like public washrooms. The Downtown Urban Design Strategy is in the final stages of the planning process.

Department staff assist the public in understanding the relevant provincial and municipal legislation governing construction, and they are also responsible for enforcement of the Business Licence and Property Maintenance Bylaw.

2017 projects



Nelson and District Youth Centre

Sarah Winton - Manager



The Nelson and District Youth Centre has been serving young people in this city with energy and pride for two decades. The centre was thoughtfully envisioned by City council in 1997 to 'Create a safe, accepting and empowering community where all youth can interact and access a variety of activities they need and enjoy'.

Most people know the Youth Centre features a fabulous indoor skate park but that is just a fraction of what we offer. There's a band room, art room, dance studio, indoor basketball court, pool table, Foosball and ping pong tables - in short a whole host of healthy activities

and special programs for youth to explore and learn. The centre has grown into a place for young people and parents to gather, get exercise, learn new skills or hang out with friends.

We've also become the experts in finding jobs for young people starting out in the working world. NDYC runs the Youth Employment Centre in Nelson providing 16-22 year olds with one-on-one employment counselling, resume, cover letter and skill building workshops, computer, phone and copying services, and internet access for job searches. In short everything they need to find a job.

The Youth Centre also runs the Nelson City Campground. One of the most successful urban campgrounds in British Columbia. Revenue from the campground supports the youth centre which also gets generous funding from the Ministry of Housing and Social Development and Employment Labour Market Services, along with the City. The Youth Centre, Youth Employment Centre and Nelson Campground are all part of the fabric of what makes this city so liveable and desirable.

NDYC Achievement 2016

- | | |
|---|--|
| <ul style="list-style-type: none">• 11,000 visits to Centre.• 179 youth received client based employment services, and many more accessed centre resources.• Ran one of two 12-week Skills Link programs.• Offered recreational, educational, supportive and creative youth programing.• Hosted 3 Special Events; Schools Out Party, Culture Days and Go Skate Day. | <ul style="list-style-type: none">• Renovated Employment Centre offices in order to increase confidential spaces for clients.• Began training and implementation of Customized Employment Program for youth with special needs and those facing multiple barriers to employment.• Completed upgrades to campground.• Adopted new reservation booking software.• Increased campsite quality and capacity. |
|---|--|

Nelson and District Youth Centre

Goals for 2017

Youth Center

- Continue providing safe and accessible space for youth by ensuring a welcoming, comfortable, and inclusive atmosphere, programming, and events.
- Develop an after school program.
- Grow spring, summer and Pro-D day camps.
- Investigate green initiatives to increase awareness, provide educational opportunities and resource reduction at the centre.
- Develop programming with input from youth to ensure it meets their needs, fills gaps and appeals to a diverse group.
- Facility improvements: upgrade public washrooms and replace skate park lighting.
- Prioritize facility improvements for coming years.
- Explore new revenue sources through fundraising and development of a social enterprise.
- Strengthen community partnerships and awareness of Youth Centre services.
- Implement Marketing Strategy and stream line use of social media.
- Re-establish Youth Centre Advisory Committee.
- Establish a Nelson and Area Youth Network with the financial support of Columbia Basin Trust.



Employment Center

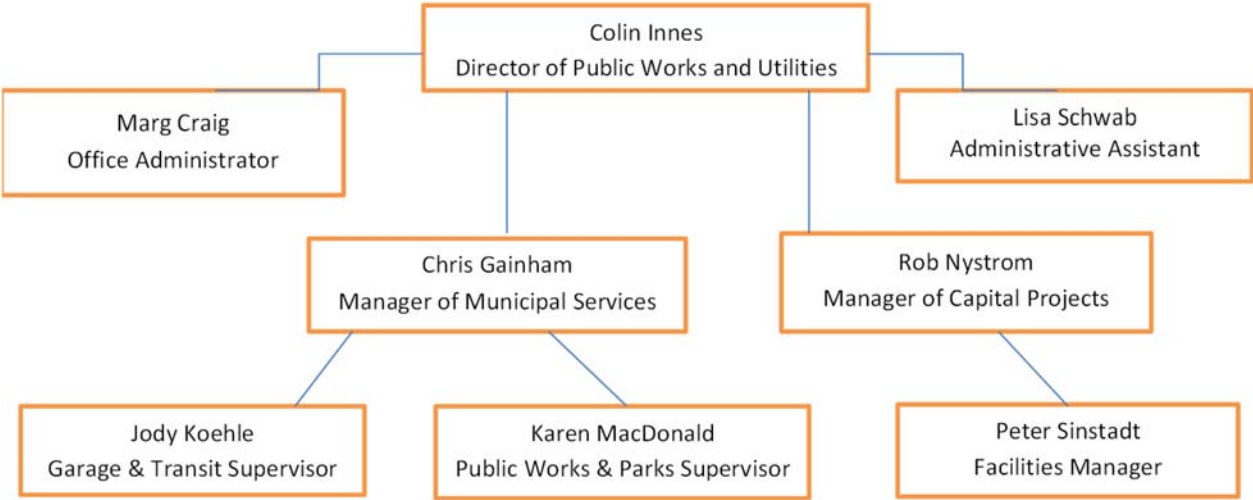
- Market and grow the Customized Employment Program for youth with special needs and those facing multiple barriers to employment.
- Improve outreach and increase partnerships: develop relationship with high schools, social sector and businesses. Improve presence at public events i.e. markets.
- Leverage partnerships and improve our eligibility for grants.
- Increase the number of group-based employability workshops that we facilitate.
- Improve brand awareness for Employment Services.
- Explore innovative employment related programming for youth.

Campground

- Explore potential for revenue generation in concession.
- Consider a more user friendly and efficient booking program.
- Institute a reservation program that operates from April – September.
- Build railings around tent platforms.

Public Works & Utilities

The City of Nelson Public Works & Utilities Department, located at the City Works and Utilities Complex on Lakeside Drive, oversees all outside Municipal services within the City. These services include Transportation, Water Utility, Sewer Utility, Public Works, Garage & Transit, Parks, Airport and City Buildings.



Water and Sewer Utility

The Water Utility provides quality water through a gravity system supplied by three creeks: Five Mile, Anderson and Selous. The City has been aggressively upgrading the system and has implemented a number of conservation measures.

The Sanitary Sewer Utility collects the raw sewage, and through a system of mains and five pump stations, transfers it to the Sewage Treatment Plant. The City has an on-going capital program to renew the sanitary sewer infrastructure .



Public Works & Utilities

Garage and Transit



The City's Garage maintains approximately 116 pieces of equipment for all departments. The City has established an Equipment Replacement Reserve to fund the replacement, upgrade and purchase of additional equipment.

Currently, the City is the operator of the local transit system, Nelson Transit, which is part of the West Kootenay Transit System. The City operates a fleet of 6 buses and offers service 6 days per week.

Parks & Recreation Facilities



The Parks and Recreational Facilities section is responsible for the maintenance of eleven municipal parks and playing fields covering 23.7 hectares.

As well as the municipal parks, this department maintains all boulevard trees, the flowers and trees in the downtown core area, and operates the 45-acre Nelson cemetery, known as the Nelson Memorial Park.

Public Works & Utilities

Highlights & Accomplishments 2016

- 21,200 metres of water main replaced.
- 2,900 metres of sewer mains re-lined or replaced.
- Renewal of Tennis Courts in Lakeside Park
- Replacement of sidewalks along 600 block of Vernon and 400 block of Hendryx Streets.
- Repair of stairs and pavers at the Fire Hall.
- Re-decking of the Bailey Bridge along the waterfront pathway.
- Replacement of damaged playground equipment in Lakeside Park.
- Replacement of damaged greenhouse in Lakeside Park.
- Creation of a new transit stop at Chahko Mika Mall.
- Addition of #4 Airport Route to Transit schedule to provide service to the Airport and the Wholesale Club.
- Establishment of additional parking for the public at 610 Railway Street.
- Repaving of:
 - 600 and 700 block of Silica Street
 - 200 block of Victoria Street
 - 1400 and 1500 block of Stanley Street
 - 200 block Hart Street
 - 2.5 Km of the City owned portion of Granite Road



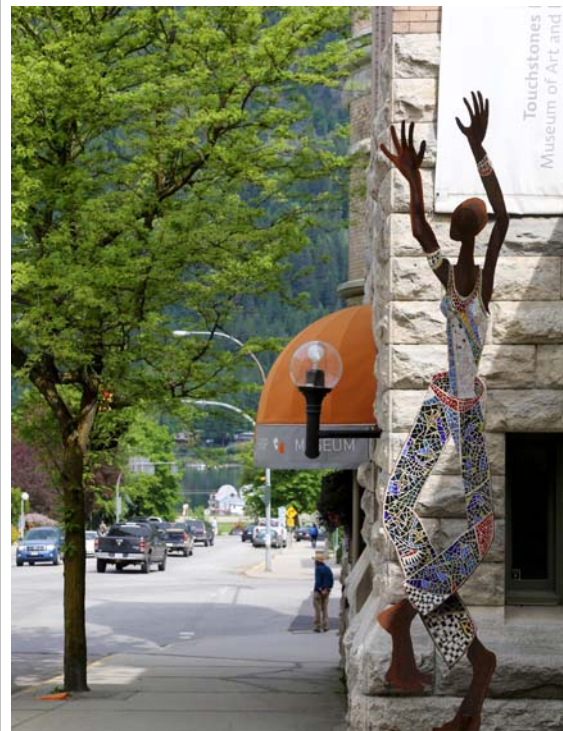
Public Works & Utilities

Operations 2016 / 2017 Departmental Goals

- Phase 2 of Hall Street upgrades - Final design & begin construction of multiphase project
- Installation of Portland Loo washroom facility at Baker & Hall Streets.
- Water Master Plan update and study of Emergency Source.
- Silica Street Bridge replacement and waterline
- IODE Park refurbishment and water main upgrade
- Cottonwood Park amenity area project
- Stanley Street PRV Station replacement
- Emergency access to Five Mile transmission line
- 3km of sanitary sewer relining
- 600 and 700 block of Silica Street water main replacement project.

Investment in City Facilities in 2016

- Electrical Distribution upgrade to the Civic Centre.
- Rehabilitation of heritage assets, including 610 Railway & Touchstones Museum.
- Implementing a long-term capital planning strategy via detailed condition inspections of all City-owned buildings.
- Energy conservation projects such as LED lighting upgrades.
- Installation of a new rooftop unit for the Curling Club.
- Replace roofing material at the Civic Arena.
- Removal of the Railtown properties.
- Emergency repair and structural strengthening of the Parkade on Vernon Street.
- Refurbishment of the Civic Arena to address the lead paint and mould issues.



Nelson Police

Chief Constable Paul Burkart

The Nelson Police Department is the fifth oldest police service in British Columbia, with the first police officer, R. A. Winerals having been appointed at the Nelson City Council meeting of April 22, 1897. Our police department is the only independent municipal force in British Columbia's interior. The sworn and civilian men and women of the Nelson Police Department strive to provide a safe, crime-free community for its citizens.



The City of Nelson provides funding for the Nelson Police Department, which is administered by a Police Board under the provisions of the BC Police Act. The Board consists of six members, one of whom is appointed by Council and four by the Province, with the Mayor serving as Chair. The Department is under the command of a Chief Constable and has a compliment of eighteen sworn officers.

The force is structured with two patrol teams, each under the leadership of a beat/community policing sergeant and a platoon sergeant with five constables and a plainclothes detective. A dedicated beat constable works a regular weekly schedule outside the platoon teams.

Our Mission: To preserve the quality of life in our community, the Nelson Police Department commits to preventing crime, preserving the peace and protecting lives and property by enforcing the laws of our country in a just, impartial and equitable manner.

Also under the command of the Chief Constable is the Bylaw Department, consisting of three full-time bylaw enforcement officers, a two-person Integrated Victim Services Unit, a part-time restorative justice coordinator, four full-time police dispatchers and three administrative positions. The Department also has a sergeant and two police constables in seconded positions within the Integrated Road Safety Unit (IRSU). Part-time relief dispatchers, restorative justice volunteers and a volunteer reserve force are also utilized.

Our officers are actively engaged at the patrol level, with one of the highest case burdens per member among the British Columbia municipal police forces. In the spirit of community policing within this thriving and diverse “core city”, the Department deploys officers to proactively conduct downtown foot-patrols, and is engaged in a host of community focused crime prevention and youth programs.

Nelson Police

Department Achievements 2016

- The Nelson Police Board at their Commendations Ceremony recognized the personal achievements of some of our officers and volunteers, both serving and retired, as well as many civilians who through a single event or an on-going program have made a significant contribution to our community.
- Through the Chief's Diversity Advisory Committee, we brought together representatives from many of our community partners to address the opioid crisis.
- The facilitation of the 2016 Emergency Services Camp which exposed young adults who are interested in pursuing careers in the emergency services profession to the various branches of emergency services including police, fire, ambulance, and search and rescue
- The expansion of the ministry approved Restorative Justice Program through the engagement of our second class of volunteers and advanced training for our coordinator and some of the twenty-six RJ volunteers.
- Our work through the Street Culture Collaborative that saw the introduction of Street Outreach workers to our community.

Departmental Goals— 2017

- The development, production and rollout of the 2016 – 2020 Nelson Police Department Strategic Plan.
- The identification and development of future managers from within the department. This will include sergeants and executive officers, up to and including Chief Constable's position.
- The implementation of the strategies identified in a Departmental Review which are intended to improve internal communication, expand community and proactive policing, increase staffing capabilities and improve safety for our officers and the community. These strategies include: a new deployment model, a return of community policing positions, augmenting beat patrols with a full-time beat officer and two sergeants with beat duties, the addition of a dispatch support position, an increase in the number of reserve officers and the targeting of chronic offenders.
- Continued work with the Street Collaborative Committee and the Street Outreach Team to tackle the larger issues of homelessness, substance abuse, poverty and mental health, and to address citizen and business concerns in our downtown core.
- Continued work with the Chief's Diversity Advisory Committee in the development of a strategy to combat the ongoing opioid crisis
- Provide more training opportunities for our members by teaming up with local policing and community partners. This will include further mental health and resiliency training for our staff.

Nelson Fire & Rescue

Len MacCharles - Fire Chief

Mike Daloise - Assistant Fire Chief/ Training Officer

Rick Maida - Captain/Fire Prevention Officer

Nelson Fire & Rescue Services is responsible for public safety in our community as it relates to fire, first responder emergency pre-hospital care, technical rescues (hazardous material releases, high and low angle, confined space, motor vehicle collisions/extractions, water surface rescue, vehicle extrication, other rescues).

The department is proactive in protecting of life and property through a number of programs for fire prevention/inspection/investigation, public safety awareness and emergency medical first aid training. In addition, Nelson Fire & Rescue Services educates the public on wildland-urban interface fire safety issues by promoting the principles for a FireSmart Community.



Nelson Fire & Rescue Services upholds the regulatory provisions of the *Fire Services Act* and City Fire Bylaw no. 3268. The department consists of a Fire Chief, an on-shift Assistant Chief/Training Officer, an on-shift Captain Fire Prevention Officer, two Shift Captains, six full-time Firefighters, a Secretary/Dispatcher, and 20 Auxiliary Firefighters. Nelson Fire & Rescue Services also provides service to a portion of RDCK Area 'E' for approximately 2000 residents through a contract with the Regional District.

Operations Goal

- To develop a comprehensive operations program in fire, technical rescues, medical and emergency management services designed to ensure a high level of readiness through staffing levels, apparatus, facilities, personnel preparation and operational guidelines.

Fire Prevention Goal

- To protect lives and property of the public and emergency personnel through inspections and application of the *BC Fire Services Act* and *Fire Code*, Nelson Fire By-law and the *National Fire Protection Association Code* and related documents. In addition to inspections we will educate the public through a well balanced public education program aimed at all levels of our community. We investigate all fires for cause and determination to take a proactive approach in prevention.

Training Goal

- To continue to develop and implement a Fire and Rescue Training Program to ensure highly trained, efficient and technical expertise for Nelson Fire & Rescue Services personnel, with an emphasis on safety. Training will meet the standards and certifications recognized by British Columbia Fire Services.

Safety Goal

- To continue to promote a safety attitude and create a safe work environment in accordance with NFPA 1500 (Fire Department Occupational Safety and Health Program). In addition, the department provides assistance and participates in the cooperate safety committee with all City departments.

Facilities Goal

- Maintain and upgrade the existing fire station to meet fire and life safety standards and to create a comfortable and functional work environment for the members of the department.

Legislation & Recommended Practices

- To continue to meet regulatory requirements, stay informed on industry practices, review current contracts and complete outstanding operational guidelines, as well as continue with pre-fire planning as required.

Nelson Fire & Rescue

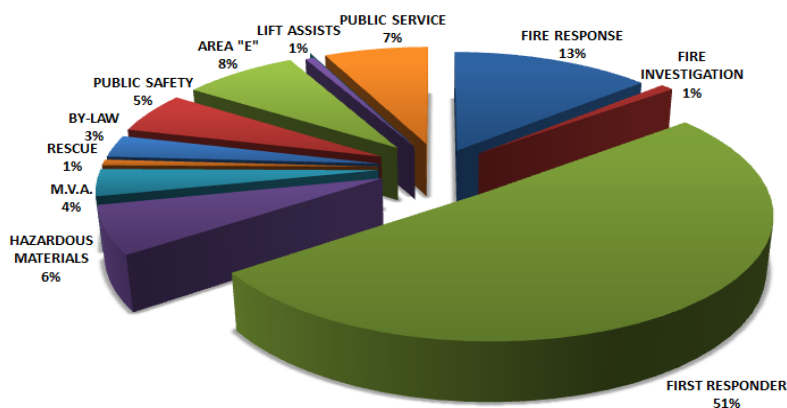
Training Report

- Hosted a Hazardous Material Technician course, certifying 2 members.
- Use of simulation program and “tiny town” for in-house training.
- Conducted Emergency First Aid training for multiple City departments.
- 3 Auxiliary Members completed components of their firefighter level 2.
- In addition to regular training for Career members, 2016 training included Hazardous Material, Tanker Shuttle, Low to High Angle Technical Rope Rescue, and subsequent training of career and auxiliary staff.
- All members participated in the annual tanker shuttle training. This training is a yearly requirement to maintain certification.

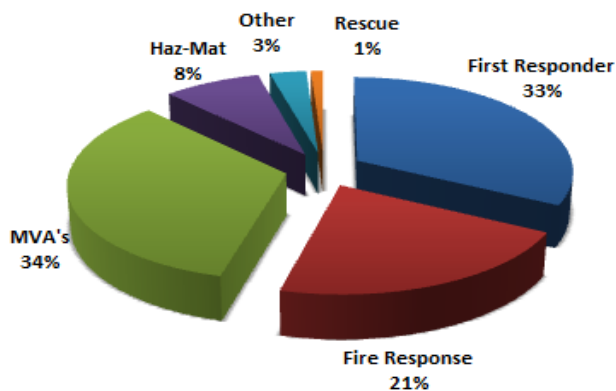
Fire Prevention Report

- The focus for 2016 has been on commercial property inspections. There were frequent follow ups required to gain BC Fire Code compliance. Conducted annual inspections and undertook an adjustment to inspection frequency to ensure a greater ability to complete our annual quota.
- Organized inaugural FireSmart/Disaster Day in collaboration with other emergency agencies, and hosted an Open House on Wildfire Preparedness,
- Awarded grant related to updating our Community Wildfire Protection Plan. Joined in a collaborative approach with RDCK and provincial partners.
- Fire Prevention continued to be an important program in 2016 providing education to the public on emergency preparedness, smoke alarm awareness, wildfire mitigation and the annual Fire Prevention Public Education Program.

2016 Calls to Date by Type



2016 Area E Calls Total Calls



Nelson Hydro

Alex Love - General Manager

Dan Geissler - Operations Manager

Darrel Manchur - Transmission & Distribution Manager

Marg Craig - Office Administrator

The City of Nelson was the first municipality with hydro power in British Columbia, commencing service February 1, 1896. Nelson is the only municipality in western Canada with hydro-electric generation that services an area both within and outside its municipal boundaries. Consequently, the rural area hydro service and rates are subject to regulation by the BC Utilities Commission.

Nelson Hydro is responsible for efficient generation, distribution, and sale of electrical energy. Nelson Hydro runs the EcoSave program and partners with FortisBC on Power Sense programs to promote the conservation of electrical energy.

Nelson Hydro presently has over 10,271 customers. Total system load is now over 160,000 MWh per year.

In 2016, Nelson Hydro transferred \$3,358,867 in dividends to the City General Revenue Fund.

Nelson Hydro operates the Bonnington falls generating facility which is a 16 MW hydro plant on the Kootenay River 15 KM west of Nelson. The hydro plant has 4 operating generators producing about 55% of the utility energy needs.

Achievements in 2016

- Bonnington Substation Protection and Control Upgrade started.
- G5 (Generating Unit#5) protection and control upgrade.
- Community Solar Garden project construction almost completed.
- Vegetation Management completed on South Shore and City main feed lines.
- The new Live Line Bucket Truck was delivered in June.
- Completed Mountain Station upgrade from single to 3-phase to service the City's Water Reservoir at the top of Mountain Station.

Nelson Hydro

2017 - 2018 Department Goals

- Final completion of the Uphill voltage conversion
- Decommission the City substation & 12 kV portion of Mill Street substation.
- Completion of Community Solar Garden.
- Power Plant G5 Auxiliary Systems Upgrade:
(Vibration Monitoring, Speed Sensing, Wicket Gate and Turbine Blade Angle Control systems)
- Bonnington substation protection upgrade.
- Volt-Var Optimization Phase I: Added metering along North Shore Feeder.
- Power Plant upgrades including Penstock inspections, water passage repairs and Forebay Gate refurbishment.



Nelson Public Library

June Stockdale - Chief Librarian

Report from the Board Chair:

For Nelson Public Library, 2016 was another year of exciting change and growth. With the help of our community members, we developed a new strategic plan – one that will help us to remain dynamic and relevant.

Our programs continued to sparkle. We offered author visits, school programs, outreach to seniors and to the Slocan Valley, and traditional as well as innovative programming for children and teens. Print



circulation held steady, with circulation of digital resources growing by 16%.

Thank you to the City of Nelson, the RDCK and the province of BC for annual grant funding. In addition, thank you to RDCK Director, Ramona Faust, for funding the membership subsidy and the Library card for every student program in Area E .

A big “shout out,” as always, to our hardworking Friends of the Library group who raised \$5,500 through book sales and facilitated grants and donations totaling another \$9,100. Wow!

With another year came a number of Staff and Board changes. Nancy Radonich, Children’s Services Coordinator retired after many years of excellent service, making way for Avi Silberstein. Trish Boleen, Administrative/Technical Services Coordinator moved to Yellowknife and Heather Joy Dahlgren is now in that position. During the year we also bid a fond adieu to departing Board members Jeff Yasinchuk, Donna Macdonald, Sharon Block, and Greg Maslak. Our thanks to these dedicated community volunteers.

Finally, it has been my very great honor to serve as Chairperson of the Nelson Public Library Board for the last eight years but the time has come for me to pass the reins along. The very capable Chris Ingles, who has served as Vice-Chairperson for a number of years, will be leading the team onward into 2017.

See you at the Library.

Dianne Harke

Nelson Public Library

Mission:

The Nelson Public library inspires a culture of discovery, creativity and connection.

Goals:

The Library integrates strategic and responsive approaches to support discovery, creativity and connections at both the individual and community level.

The Library provides engaging, welcoming spaces to support discovery, creativity and connections.

The Library is responsive and accountable to community, ensuring sustainability of facilities and services.



Key Stats—Online Library

Online Visits	42,005
E-book and E-audiobook Downloads	20,149
E-magazine downloads	2,738
Online database usage	7,027

Key Stats—On-site Traffic

Total Cardholders	11,783
New cardholders	1,145
Average daily visits	494
Average items checked out daily	734
Average daily reference questions	22
Average daily computer uses	76
Number of programs	271
Total program attendees	7,816

Strategic Plan

In June of 2016, the Library began the process of preparing a strategic plan to build on the previous plan. We undertook a literature review of recent provincial, national and international reports regarding the future of libraries. We conducted community surveys which were completed by 590 adults, and teen surveys were conducted through a leadership team at the school returned 300 surveys. Consultation also included telephone interviews with community partner organizations to gather perspectives on current and emerging needs. Our new strategic plan identified a number of focus areas, including community needs, spaces to connect, and sustainability.

Our draft Strategic Plan can be found at nelsonlibrary.ca/about-us

Municipal Buildings



Nelson Civic Centre

Built in the depression, the Nelson Civic Centre was the first of its kind in Western Canada. The complex included 2 ice rinks, a curling rink, 2 gymnasiums and a 700-seat theatre. The large rink in the Civic Centre is still utilized for hockey & figure skating, while the small rink was converted to an indoor soccer facility in 2007. The curling rink is leased to the Nelson Curling Club.



Capitol Theatre

This 420-seat performing arts centre is a restored theatre originally built in the 1920's. A dedicated volunteer group raised funds and renovated the theatre which opened in 1988.

The City leases the theatre to the Capitol Theatre Restoration Society and also partially funds its operations.



Nelson & District Youth Centre

The current Nelson & District Youth Centre was opened in 1997 and underwent major renovations in 2000-2001.

Prior to being used as the Youth Centre this building was the inventory warehouse for Nelson Hydro.



Museum, Archives & Art Gallery (Touchstones Nelson)

The distinctive heritage building at 502 Vernon Street, constructed of Spokane pink brick, Kaslo marble and local common brick, has served many functions since it was first built in 1902. It was originally a post office and customs house, spent a short time as a museum, was purchased by the City in 1961 and opened as the Nelson City Hall on January 8, 1962. It served as City Hall until April of 2005 when the City offices moved to 310 Ward Street. 502 Vernon then received extensive renovations and opened as Touchstones Nelson: Museum of Art and History in October 2006.

Municipal Buildings



City Hall (310 Ward Street)

The City finalized the purchase of 310 Ward Street from the Province in December of 2004 and moved the City offices in April 2005. The City occupies 20% of the building and the Provincial Government ministries lease the balance of the building from the City. The first floor of the building has the City's Finance Department co-locating with the Service BC's office. This co-location is proving to be very successful and convenient for our joint customers.



Works / Utilities Complex

The Works/Utilities complex was completed in 1988 utilising pre-cast concrete wall method of construction. The complex is 25,760 square feet and houses the Public Works, Water and Sewer Utilities, Nelson Hydro, Stores and Garage/Transit departments. This building provided a much-needed facility for centralising the public works and utilities functions.



Fire Hall

The present Fire Hall is on the heritage registry. It was constructed in 1912 and has served the City since then. This building was the centre for much of the filming of the movie "Roxanne."



Police Station/Library

In 1992, the City Police moved into a facility shared with the Nelson Municipal Library. The four-storey building was built in the late 1950's as the regional RCMP headquarters. Purchased by the City in 1990, the building was completely renovated with the top two floors being the police station and the first two floors occupied by the library. The lower floor was renovated in 2010 to house the children's collection.

Municipal Infrastructure

Roads, Bridges and Sidewalks

Nelson was a thriving community in the early 20th century; subsequently, some of its infrastructure dates back to that time.

The City has adopted a comprehensive development plan to ensure our roads are maintained at a good standard. The road and highway network, presently, is of sufficient capacity to handle existing traffic and upgrades have been completed or planned to accommodate new growth. Residential roads are first paved through the local improvement program. There are a total of seven bridges within the municipal road system. Most of the bridges are short-span timber structures with an asphalt cover.

Many of the municipal sidewalks in the residential area date back to early in the 20th century. The cement sidewalks within the commercial core are in reasonably good shape; however, the older sidewalks in the residential area will require substantial maintenance and/or replacement. The Active Transportation Plan, which was adopted by Council, identifies priority walking corridors and is used to establish the City's replacement and snow removal plans..

Waterworks

The City of Nelson collects potable water from three surface creeks: Five Mile, Anderson and Selous. The City of Nelson water supply is of premier quality.



The City has an on-going program of replacing older mains with those of a sufficient size for fire flow purposes. The City presently has three intake reservoirs and three storage reservoirs for the system. Due to the topography of the City, Nelson has 10 pressure reducing stations, to maintain proper flows and water pressure within the City.

Sanitary Sewer

The City installed a separate sanitary and storm sewer system in the early seventies. The City has a program to separate sanitary sewer from storm as the system is upgraded or as a result of new developments or upgrades of buildings. Much of the collection system is old vitrified clay pipe installed during the early part of the century. A result of the old bituminous pipe and the recent separation of the storm drainage from the sanitary sewer is a high degree of infiltration.

The City regularly inspects the collection system with video cameras. The City has a program of either relining or replacing lines which the video inspections indicate require such work.

The City sewage is treated at a plant 3 km west of Nelson. Funding was secured to upgrade the plant to perform secondary treatment. This upgrade was completed in 2005.

The City has received numerous requests from properties adjoining the City boundary to connect to the sewage system. These requests have resulted in several small boundary extensions in past years.

Nelson Hydro

Nelson was the first municipal hydro electric utility in the Province of British Columbia. Presently, the City of Nelson distributes electrical energy within an approximate 30 km radius of the City of Nelson. The City owns and operates a hydro plant 14 km west of Nelson at Upper Bonnington Falls.

The plant has four operating turbines with a 15 MW capacity producing 86,000 MWH or approximately 55% of the system's electrical energy.

Municipal Infrastructure

Solid Waste

The Regional District of Central Kootenay operates a refuse transfer station where the City collection crews dispose of the collected garbage and where residents from the City or the rural area, if they choose, may dump their garbage. The garbage is then transferred to a landfill site at Salmo.

The Regional District of Central Kootenay also operates a recycling program. It is estimated that 12-14 % of the solid waste is being removed from the waste stream.

Drainage

The City has a number of streams running through the community which are monitored closely, particularly during spring runoff. All runoff from the drainage systems eventually end up in the West Arm of Kootenay Lake. The City is planning to conduct a comprehensive drainage study to identify all problem areas and formulate a drainage plan to help guide future development.

The City's storm water was separated from the sanitary sewer in the early 1970's. The system is in fairly good condition.

Parks

The City of Nelson is known for its beautiful parks. The City has 11 parks with a total area of 23.7 hectares. In addition, the parks department maintains the cemetery, which is 18.19 hectares.

The City is fortunate to have been developed on Kootenay Lake. The City is constructing a high quality pathway along the waterfront. The City's centennial project was to complete 1.8 km of the waterfront pathway from the Hall Street Gateway Gazebo to Lakeside Park. This pathway

now extends from Cottonwood Creek to Lakeside Park, a distance of 3.0 km. The City is currently developing Davies Street Park., which is a 4.8ha passive park. The recently adopted Sustainable and Downtown Waterfront Plan identifies new parks at Red Sands beach and the mouth of Cottonwood Creek.



Municipal Airport

The City of Nelson operates a 940-metre paved airport on the waterfront which is City-owned. The airport is the base for private helicopter companies, a charter aircraft company and numerous private aircraft. There is also a float plane dock facility at the west end of the airport. The



Chief Financial Officer's Report

It is my pleasure to present, on behalf of the Finance Department, the 2015 Annual Report for the City of Nelson. The Finance section of the report includes the Audit Report from Berg, Lehmann Chartered Professional Accountants and the Consolidated Financial Statements for the year ended December 31, 2016.

The purpose of the annual report is to provide the readers with a clear understanding of the financial position and activities of the City. The report is divided into three sections:

- **Introductory Section:** Provides an overview of the City, including the organizational structure, and the nature and scope of the services provided.
- **Financial Section:** Presents the 2016 audited consolidated financial statements, notes, supplementary schedules, and the independent auditors' report.
- **Statistical Section:** Presents a variety of statistical and financial information, mostly on a five-year comparative basis.

The City maintains a system of internal controls for the purpose of financial statement reliability and protection of City assets. The system includes budget preparation, safekeeping of City funds, receiving monies paid to the municipality, investing in authorized investments, expending funds as authorized by Council, and ensuring accurate and full accounting of all financial transactions.

The preparation and presentation of the financial statements and related information in the annual report is the responsibility of the finance department. Staff provide support to the external auditors during the year-end audit by preparing the working papers and ensuring unrestricted access to all related financial information.

The consolidated financial statements for the year ended December 31, 2016 included in this report were prepared by City staff in accordance with Canadian public sector accounting standards. The consolidated financial statements have been audited by Berg, Lehmann Chartered Professional Accountants.

2016 OPERATING RESULTS

For the most part the 2016 financial results were in line with what had been budgeted for the year.

The City has a variety of revenue sources including taxation and grants-in-lieu of \$9.4 million, \$3 million in sales of other services. In addition the City receives significant revenue from user fees (including the electrical utility), in 2016 these fees amounted to \$23 million.

It is important to report that in 2016 the City received \$546,533 in Provincial unconditional grants (revenue sharing and traffic fine sharing). The Traffic Fine portion of the Funds were used towards the administrative and operational costs of the City of Nelson Police department; the remaining funding was used to reduce the City's business and residential tax burden. Without the small community grant, the City would have needed to increase taxes by approximately 6.5%.

Operating expenditures include \$5.7 million in protective services, \$3.2 million in transportation services, \$3.6 million in general government/corporate services and \$3.4 million in recreation, the Library and cultural services. Utility operations expenditures (including Nelson Hydro) total \$13.5 million. In addition, the City contributed \$243,000 towards the \$1.54 million gross 2016 operational expenses of Transit.



Chief Financial Officer's Report

For 2016, the overall annual surplus ended up at \$5.3 million, which was slightly higher than the \$5 million budgeted surplus. It must be noted that a surplus is budgeted for in order to assist in the funding of future capital expenditures through the surplus being transferred into reserves.

CAPITAL SPENDING AND RESERVES

The City continues its aggressive capital program by replacing, updating and maintaining the City's infrastructure and other capital assets. In 2016, \$7.8 million of capital asset additions were recorded. One major addition for the City was the completion and commissioning of the new Mountain station UV disinfection system that had been under construction for the past few years. Part of these additions also relate to the replacing of over 1.1km of water lines and the renewing of the sewer transportation system through the relining or replacement of 2.9km of sewer pipes. Nelson Hydro was successful in completing a significant portion of the Solar Garden, funded largely by Nelson and Area residents purchasing the solar panels as an investment. In addition, Nelson Hydro continues its ongoing upgrades to the transmission and distribution poles and power lines. The City was also able to do a significant upgrade to service sites and landscaping at the City Campground, which was made possible from a significant grant from the provincial Job Creation Program.

The City's reserve funds are the major support of the City's capital program. Overall the capital reserves increased in 2016 with the main factor being Hydro Capital work that had been budgeted for being deferred to 2017. Annually, Council and staff face the ongoing challenge to continue to address the City's infrastructure needs by balancing new debt with drawing down the reserves as required and continuing to rebuild them for future capital projects.

LONG-TERM DEBT

The long term debt issued and outstanding as of December 31, 2016 (including temporary borrowing and capital lease obligations) was \$16,892,097. In 2015, this balance was 18,068,100

The City's long term debt falls under two classifications—General debt and Utility debt. General debt is funded through taxation while Utility debt is funded and repaid through the related water, sewer and hydro rates.

The outstanding debenture debt at the end of 2016 for each of the City's funds is:

General \$9,210,058	Water \$847,917	Sewer \$587,602	Nelson Hydro \$6,246,520
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As presented in the notes to the financial statements, \$8.35 million of the general debt is being repaid by FortisBC and Selkirk College through long term contractual agreements leaving only \$1.196 million in general purpose debt funded by the taxpayer.

The City is in a solid financial position and strives to be innovative and creative in terms of service delivery that reflects Council priorities and community expectations. The City continues to be accountable in resource allocation, sensitive to public needs, and aims to preserve the current level of service and community infrastructure while balancing the economic conditions of the community.



Colin McClure, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON MANAGEMENT REPORT

For the Year Ended December 31, 2016

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the consolidated financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present The Corporation of the City of Nelson's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that The Corporation of the City of Nelson's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Berg Lehmann, Chartered Professional Accountants, have been appointed by Council to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, The Corporation of the City of Nelson's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the consolidated financial statements. The report of Berg Lehmann, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



Colin McClure, CPA, CA
Chief Financial Officer

Berg
Lehmann

Chartered
Professional Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

phone 250.352.3165
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advice@BergLehmann.ca
www.BergLehmann.ca

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
The Corporation of the City of Nelson

We have audited the accompanying consolidated financial statements of the Corporation of the City of Nelson, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of operations, consolidated statement of changes in financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Nelson as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

May 1, 2017

Nelson, B.C.

THE CORPORATION OF THE CITY OF NELSON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	2016	2015
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 23,676,857	\$ 20,754,467
Investments (Note 3)	2,924,253	2,825,133
Accounts receivable (Note 4)	5,784,084	5,414,993
Long-term accounts receivable (Note 5)	3,763,215	4,079,305
MFA deposits (Note 6)	<u>307,912</u>	<u>299,541</u>
	<u>36,456,321</u>	<u>33,373,439</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 7)	4,950,068	5,018,245
Deferred revenue (Note 8)	3,604,420	3,784,249
Accrued future payroll benefits (Note 9)	1,999,193	2,024,540
Capital lease obligation (Note 10)	356,043	361,382
Debt (Note 11)	<u>16,536,054</u>	<u>17,706,718</u>
	<u>27,445,778</u>	<u>28,895,134</u>
Net Financial Assets	9,010,543	4,478,305
Non -Financial Assets		
Tangible capital assets (Note 12)	152,819,425	152,013,916
Inventory (Note 13)	1,299,909	1,299,278
Prepaid expenses	<u>264,569</u>	<u>275,854</u>
	<u>154,383,903</u>	<u>153,589,048</u>
Accumulated Surplus (Note 14)	<u>\$163,394,446</u>	<u>\$158,067,353</u>

Commitments and Contingencies (Note 18)



Colin McClure, CPA, CA
Chief Financial Officer

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE CITY OF NELSON

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2016

	2016 Budget (Note 20)	2016	2015
Revenue			
Taxes	\$ 9,389,838	\$ 9,444,570	\$ 9,137,584
Sale of services	3,282,942	3,036,613	3,076,330
Other revenue from own sources	3,837,061	3,307,550	3,653,093
Investment income	401,600	577,629	749,260
Grants - unconditional	782,865	796,884	806,527
Grants - conditional	1,936,348	2,416,094	2,056,221
Water user fees	3,392,955	3,390,784	3,293,748
Sewer user fees	2,932,656	2,922,830	2,868,551
Transit user fees	234,275	257,259	236,954
Nelson Hydro sales	<u>17,085,000</u>	<u>16,778,032</u>	<u>15,965,059</u>
	<u>43,275,540</u>	<u>42,928,245</u>	<u>41,843,327</u>
Expenses			
General government	3,621,095	3,610,280	3,471,650
Protective services	5,704,411	5,699,743	5,368,200
Transportation services	3,476,201	3,181,310	3,441,517
Environmental health services	270,169	222,947	226,585
Public health and welfare services	187,231	183,961	182,217
Parks, recreation and cultural services	2,031,241	2,518,889	2,508,718
Interest and other debt charges	915,400	799,250	805,035
Water utility operations	1,245,535	1,441,853	1,395,561
Sewer utility operations	1,683,931	1,599,065	1,624,645
Nelson Hydro operations	11,501,462	10,418,197	11,988,700
Transit operations	1,537,863	1,495,013	1,485,463
Library	880,975	908,059	875,111
Amortization	5,125,725	5,225,475	5,082,904
Loss on disposal of tangible capital assets	<u>-</u>	<u>297,110</u>	<u>369,666</u>
	<u>38,181,239</u>	<u>37,601,152</u>	<u>38,825,972</u>
Annual surplus	5,094,301	5,327,093	3,017,355
Accumulated surplus, beginning of the year	<u>158,067,353</u>	<u>158,067,353</u>	<u>155,049,998</u>
Accumulated surplus, end of the year	<u>\$163,161,654</u>	<u>\$163,394,446</u>	<u>\$158,067,353</u>

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2016

	<u>2016 Budget</u>	<u>2016</u>	<u>2015</u>
Annual surplus	\$ 5,094,301	\$ 5,327,093	\$ 3,017,355
Acquisition of tangible capital assets	(12,779,633)	(6,385,874)	(10,757,223)
Amortization of capital assets	5,125,725	5,225,475	5,082,904
Proceeds on sale of tangible capital assets	-	57,780	39,130
Loss on disposal of tangible capital assets	-	297,110	369,666
	<u>(2,559,607)</u>	<u>4,521,584</u>	<u>(2,248,168)</u>
Consumption (acquisition) of prepaid expenses	-	11,285	23,137
Consumption (acquisition) of supply inventory	-	(631)	(11,323)
	<u>-</u>	<u>10,654</u>	<u>11,814</u>
Increase (decrease) in net financial assets	(2,559,607)	4,532,238	(2,236,354)
Net financial assets, beginning of year	<u>4,478,305</u>	<u>4,478,305</u>	<u>6,714,659</u>
Net financial assets, end of the year	\$ <u>1,918,698</u>	\$ <u>9,010,543</u>	\$ <u>4,478,305</u>

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE CITY OF NELSON

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 5,327,093	\$ 3,017,355
Items not involving cash:		
Amortization of tangible capital assets	5,225,475	5,082,904
Actuarial adjustments	(279,623)	(233,364)
Loss on disposal of tangible capital assets	<u>297,110</u>	<u>369,666</u>
	10,570,055	8,236,561
Increase (decrease) in non-cash operating items:		
Accounts receivable	(369,091)	66,280
Long-term accounts receivable	316,090	312,873
MFA deposits	(8,371)	(7,478)
Accounts payable and accrued liabilities	(68,177)	(413,045)
Deferred revenue	(179,829)	457,224
Accrued future payroll benefits	(25,347)	(92,610)
Inventory	(631)	(11,323)
Prepaid expenses	<u>11,285</u>	<u>23,137</u>
	<u>10,245,984</u>	<u>8,571,619</u>
Financing Activities		
Debt repayment	(891,041)	(891,041)
Repayment of capital lease obligations	<u>(5,339)</u>	<u>(4,907)</u>
	<u>(896,380)</u>	<u>(895,948)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	57,780	39,130
Acquisition of tangible capital assets	<u>(6,385,874)</u>	<u>(10,757,223)</u>
	<u>(6,328,094)</u>	<u>(10,718,093)</u>
Investing Activities		
Net purchase of investments	<u>(99,120)</u>	<u>(70,794)</u>
Net decrease in Cash	2,922,390	(3,113,216)
Cash and cash equivalents, beginning of year	<u>20,754,467</u>	<u>23,867,683</u>
Cash and cash equivalents, end of year	<u>\$ 23,676,857</u>	<u>\$ 20,754,467</u>

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

1. Significant Accounting Policies

The Corporation of the City of Nelson (the City) is a local government in the Province of British Columbia. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The following is a summary of the City's significant accounting policies:

- (a) **Principles of Consolidation**
These consolidated financial statements include the accounts of all the funds of the City. Inter-fund transactions and balances have been eliminated in the consolidated statements.
- (b) **Revenue Recognition**
Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the City.
Grant revenues are recognized when the funding becomes receivable. Revenue unearned in the current period is recorded as deferred revenue.
- (c) **Deferred Revenue**
Deferred revenue represents funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes as well as licenses, permits, other fees and grants which have been collected, but for which the related services have not been performed and or projects have not been constructed. These amount will be recognized as revenues in the fiscal year in which it is used for the specified purpose, the services are performed and or the projects are constructed.
- (d) **Government Transfers**
Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates can be made.
- (e) **Financial Instruments**
The City's financial instruments consist of cash and short term investments, accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans and long term debt. It is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.
- (f) **Accrued Future Payroll Benefits**
The City records the cost of future payroll benefits over the employee's term of employment. Upon retirement a portion of accumulated sick leave credits are paid to the employee based on years of service.
- (g) **Interest and Actuarial Gains on Long Term Debt**
The City records interest expense on long-term debt on an accrual basis and actuarial gains when realized as a reduction of the principal balance.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

1. Significant Accounting Policies (continued)

(h) Tangible Capital Assets

Tangible capital assets, comprised of capital assets and capital assets under construction, are recorded at cost and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Land Improvements	15 to 20 years
Buildings	10 to 75 years
Fixtures, Furniture, Equipment & Vehicles	4 to 20 years
Technology	4 to 10 years
Roads and Paving	10 to 100 years
Bridges and other Transportation Structures	10 to 100 years
Water Infrastructure	10 to 100 years
Sewer Infrastructure	10 to 100 years
Nelson Hydro Infrastructure	10 to 100 years
Storm Drain Infrastructure	10 to 100 years

(i) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(j) Inventory of supplies

Inventory of supplies held for consumption are recorded at the lower of weighted average cost and replacement cost.

(k) Statutory Reserves

Statutory reserves are funds that have been restricted by council. Formal establishing bylaws have been adopted pursuant to the Community Charter, which define how these reserves are to be used.

(l) Reserves Set Aside by Council

Reserves set aside by Council are non-statutory reserves which represent an appropriation of surplus for specific purposes. These internally restricted funds are not available for unrestricted purposes without the approval of Council.

(m) Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, future employee benefits, allowance for doubtful accounts and provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

(n) Budget

Budget data presented in these consolidated financial statements is based on the City's Five Year Financial Plan for the years 2016-2020, adopted by Council on April 4, 2016.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

2. Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position are comprised of:

	2016	2015
Cash	\$ 5,509,022	\$ 2,826,749
MFA bond and money market funds	<u>18,167,835</u>	<u>17,927,718</u>
	<u>\$ 23,676,857</u>	<u>\$ 20,754,467</u>

Municipal Finance Authority (MFA) pooled investment funds are considered equivalent to cash because of their liquidity.

3. Investments

Investments are carried according to the cost method, where cost is adjusted to reflect accrued interest less any permanent decline in market value below cost. Investments are composed of Government and Bank issued accrual notes and debentures as follows:

<u>Maturity</u>	2016 Carrying Value	2016 Market Value	2015 Carrying Value	2015 Market Value
2015	\$ -	\$ -	\$ 774,790	\$ 807,999
2016	1,379,061	1,379,374	1,067,690	1,082,243
2017	395,527	406,170	424,204	449,574
2018	35,693	34,429	260,449	264,478
2019	298,299	300,787	148,000	147,556
2020	184,722	196,403	150,000	150,000
2021	196,171	206,834	-	-
Thereafter	<u>434,780</u>	<u>423,731</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,924,253</u>	<u>\$ 2,947,728</u>	<u>\$ 2,825,133</u>	<u>\$ 2,901,850</u>

4. Accounts Receivable

	2016	2015
Property taxes	\$ 595,056	\$ 558,813
Utility billings	3,876,270	3,460,173
Other governments	260,097	317,729
Trade & other receivables	<u>1,052,661</u>	<u>1,078,278</u>
	<u>\$ 5,784,084</u>	<u>\$ 5,414,993</u>

5. Long Term Accounts Receivable

The City entered into an agreement with Selkirk College in April 2000, to undertake certain improvements to the Tenth Street Campus. Selkirk College is paying for the improvements over a 25 year term in equal monthly installments at the Municipal Finance Authority lending rate plus 1%.

On-bill financing refers to the financial loan service that the City of Nelson has made available for energy retrofits. The customer repays the on-bill financing loan on their regular Nelson Hydro utility bill through automatic withdrawal. The loan is available to those who reside within the City of Nelson and approval is based on payment history and property ownership verification. The maximum allowable loan is \$16,000 with the choice of a 5 or 10 year repayment term, the current fixed interest rate is 3.5% The interest rate is subject to change for any new loans on January first of each year.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

5. Long Term Accounts Receivable (continued)

The City has also entered into agreements with various organizations for goods and services or to repay long term financing agreements over an extended period of time.

	2016	2015
Selkirk College	\$ 2,996,093	\$ 3,264,080
Ecosave energy retrofits on-bill financing loans	314,158	272,540
Various other agreements	<u>452,964</u>	<u>542,685</u>
	<u>\$ 3,763,215</u>	<u>\$ 4,079,305</u>

6. Municipal Finance Authority Debt Reserve Fund

The Municipal Finance Authority of British Columbia (MFA) provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenses, becomes an obligation of the MFA to the regional districts.

Upon maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2016, the total of the Debt Reserve Fund was comprised of:

	2016 Cash Deposit	2016 Demand Note	2016 Total	2015 Total
General fund	\$ 189,756	\$ 470,990	\$ 660,746	\$ 655,586
Sewer utility	16,014	40,843	56,857	56,422
Water utility	14,149	36,091	50,240	49,856
Nelson Hydro	<u>87,993</u>	<u>174,898</u>	<u>262,891</u>	<u>260,499</u>
	<u>\$ 307,912</u>	<u>\$ 722,822</u>	<u>\$ 1,030,734</u>	<u>\$ 1,022,363</u>

7. Accounts Payable and Accrued Liabilities

	2016	2015
Trades payable	\$ 3,170,640	\$ 3,709,138
Accrued wages and benefits	1,237,394	751,834
Accrued interest	123,241	127,797
Funds held on deposit	<u>418,793</u>	<u>429,476</u>
	<u>\$ 4,950,068</u>	<u>\$ 5,018,245</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016

8. Deferred Revenue

	2016	2015
Taxes and utility rates	\$ 2,765,355	\$ 2,744,148
Hydro	602,600	714,386
Other	<u>236,465</u>	<u>325,715</u>
	<u>\$ 3,604,420</u>	<u>\$ 3,784,249</u>

9. Accrued Future Payroll Benefits

	2016	2015
Holiday Pay	\$ 749,365	\$ 751,830
Sick Leave	1,090,758	1,098,664
Banked Overtime	<u>159,070</u>	<u>174,046</u>
	<u>\$ 1,999,193</u>	<u>\$ 2,024,540</u>

The City accrues holiday pay, sick leave, and banked overtime as they are earned by the employee, however, it is expected that these substantially funded liabilities will be met on a continuous basis over the long-term. Payment of these amounts will be funded from revenues of the period in which they are settled.

10. Capital Lease Obligations**FortisBC Energy Lease**

The City has entered into a 35 year capital lease with FortisBC Energy Inc (formerly Terasen Gas Inc.), commencing October 31, 2003 for the natural gas distribution system within the municipality's boundary for \$8,000,000. The City has prepaid \$7,600,000 of the capital lease obligation and has financed the prepayment through debenture debt. The remaining obligation of \$400,000 is being paid through annual lease payments of \$36,354 including interest at 8.614%.

The City has also entered into a seventeen year operating lease with FortisBC expiring October 31, 2020 whereby the City leases back to FortisBC the operations of the gas distribution system. Under the operating lease FortisBC is required to make annual lease payments to the City calculated by a formula specified in the agreement which is based on the total annual revenue generated by the transaction. At the end of the seventeen year term FortisBC has the option of making a termination payment to the City equal to the unamortized portion of the City's \$7,600,000 prepayment under the capital lease which is estimated to be \$3,900,000, or negotiate a new eighteen year operating lease with a continuation of the annual lease payments which existed under the previous seventeen year operating lease.

The minimum lease payments required under the terms of the FortisBC Energy leases for the next five years and thereafter are as follows:

2017	\$ 36,354
2018	36,354
2019	36,354
2020	36,354
2021	36,354
Thereafter	618,018
Less interest	<u>(443,745)</u>
	<u>\$ 356,043</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

11. Debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2016 Balance	2015 Balance
General Purposes:						
3107	Catacombs	3.85%	2033	\$ 275,000	\$ 246,172	\$ 256,161
3107	Baker Street bridge	3.85%	2033	900,000	805,654	838,344
3034	Street construction	4.82%	2022	50,341	23,735	27,176
2871	Tenth Street campus	3.15%	2025	6,080,000	3,025,090	3,293,075
3036	Highway 3A	4.00%	2021	300,000	120,121	141,445
2978	Fortis Gas	4.50%	2020	4,200,000	1,879,639	2,305,251
	Fortis Gas	CDOR+ .5%	2021	7,386,404	2,753,604	2,753,604
				<u>19,191,745</u>	<u>8,854,015</u>	<u>9,615,056</u>
Water Purposes:						
3038	Fairview reservoir	4.82%	2022	240,000	113,156	129,560
3106	Water improvements	4.90%	2029	1,000,000	734,761	777,253
				<u>1,240,000</u>	<u>847,917</u>	<u>906,813</u>
Sewer Purposes:						
3037	Sewage treatment plant	4.00%	2021	550,000	220,221	259,316
3109	Sewer improvements	4.90%	2029	500,000	367,381	388,626
				<u>1,050,000</u>	<u>587,602</u>	<u>647,942</u>
Hydro Purposes:						
3110	Hydro improvements	4.90%	2029	1,500,000	1,102,142	1,165,880
3223	Hydro improvements	3.05%	2032	6,000,000	5,144,378	5,371,027
				<u>7,900,000</u>	<u>6,246,520</u>	<u>6,536,907</u>
Total Debt					<u>\$ 16,536,054</u>	<u>\$ 17,706,718</u>

Principal payments and expected actuarial additions for the next 5 years and thereafter are as follows:

	General	Water	Sewer	Hydro	Total
2017	\$ 792,824	\$ 61,251	\$ 62,754	\$ 302,002	\$ 1,218,831
2018	825,937	63,701	65,265	314,082	1,268,985
2019	860,438	66,249	67,875	326,646	1,321,208
2020	896,384	68,899	70,590	339,712	1,375,585
2021	416,015	71,655	73,414	353,300	914,384
Thereafter	<u>5,062,417</u>	<u>516,162</u>	<u>247,704</u>	<u>4,610,778</u>	<u>10,437,061</u>
	<u>\$ 8,854,015</u>	<u>\$ 847,917</u>	<u>\$ 587,602</u>	<u>\$ 6,246,520</u>	<u>\$ 16,536,054</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016

12. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net Book Value</u>	<u>2015 Net Book Value</u>
Land	\$ 9,011,828	\$ -	\$ 9,011,828	\$ 9,011,828
Buildings	35,314,247	25,402,709	9,911,538	10,609,629
Vehicles	9,114,246	4,889,413	4,224,833	3,849,756
IT, equipment & furniture	2,893,068	1,498,379	1,394,689	1,514,926
Library	266,539	186,409	80,130	98,214
Natural gas system capital lease	8,186,404	3,274,560	4,911,844	5,145,741
Transportation infrastructure	25,757,558	9,614,926	16,142,632	15,592,654
Parks & cemetery	5,315,000	2,501,200	2,813,800	2,687,370
Water infrastructure	50,052,052	12,888,836	37,163,216	35,408,992
Sewer infrastructure	30,192,583	11,719,537	18,473,046	18,533,875
Storm sewer infrastructure	18,601,476	6,764,780	11,836,696	11,997,767
Hydro generators & substations	20,382,295	6,787,286	13,595,009	13,875,319
Hydro infrastructure	29,518,025	6,670,793	22,847,232	22,248,268
Assets under construction	<u>412,932</u>	<u>-</u>	<u>412,932</u>	<u>1,439,577</u>
	<u>\$245,018,253</u>	<u>\$ 92,198,828</u>	<u>\$152,819,425</u>	<u>\$152,013,916</u>

See schedule of consolidated tangible capital assets for more information.

13. INVENTORY

Inventories recognized in the statement of financial position are comprised of:

	<u>2016</u>	<u>2015</u>
General, Water, Sewer Transit and Garage supplies	\$ 356,572	\$ 346,409
Fuel	61,571	53,621
Hydro	<u>881,766</u>	<u>899,248</u>
	<u>\$ 1,299,909</u>	<u>\$ 1,299,278</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016

14. Accumulated Surplus

	2016	2015
Reserves set aside by Council		
Capital projects	\$ 671,066	\$ 431,818
Community works fund	949,059	585,439
Equipment replacement	3,243,715	3,328,772
Future power purchase	1,051,656	1,032,930
Nelson municipal library	19,182	18,935
Nelson Hydro capital	3,452,944	1,953,195
Sewer utility capital	4,155,130	3,409,735
Waterfront development	29,400	29,021
Water licence	2,095,185	2,149,289
Water utility capital	<u>4,058,947</u>	<u>3,098,722</u>
	19,726,284	16,037,856
Statutory reserves		
Land sales	137,756	123,689
Off street parking	9,747	9,587
Parks acquisition	110,791	109,365
Tax sale	<u>22,382</u>	<u>22,094</u>
Total reserves	<u>20,006,960</u>	<u>16,302,591</u>
Surplus set aside by Council		
Airport	210,470	200,470
Art in public places	13,315	14,747
Bridge	279,789	360,000
Building reserve	190,000	327,000
Economic development	19,231	12,754
Downtown & waterfront	120,264	55,866
Fortis	697,170	517,170
Insurance	377,925	380,699
Legal	20,000	20,000
Parking	7,578	17,578
Recycling reserve	113,340	115,840
911	49,089	64,089
10th street	<u>110,677</u>	<u>89,877</u>
	2,208,848	2,176,090
Unappropriated surplus	<u>2,255,219</u>	<u>2,378,778</u>
Total surplus	<u>4,464,067</u>	<u>4,554,868</u>
Invested in capital assets	<u>138,923,419</u>	<u>137,209,894</u>
Total Accumulated Surplus	<u>\$163,394,446</u>	<u>\$158,067,353</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016

15. Trust Funds

The Cemetery Care, Cemetery Replacement, Justice McDonald, Better Gardens and Spurway Estate Trust Funds are not reported in these financial statements. The following is a summary of Trust Fund transactions for the year:

	2016	2015
Balances, beginning of year	\$ 951,028	\$ 928,371
Contributions received	12,753	10,820
Interest earned	<u>16,803</u>	<u>25,737</u>
	980,584	964,928
Expenses and transfers	<u>(15,000)</u>	<u>(13,900)</u>
Balances, end of year	<u>\$ 965,584</u>	<u>\$ 951,028</u>

16. Taxes Levied For Other Paid Authorities

In addition to taxes levied for municipal purposes, the City is legally obligated to collect and remit taxes levied for the following authorities. These collections and remittances are not recorded as revenue and expenses.

	2016	2015
Provincial Government - School taxes	\$ 8,447,471	\$ 8,375,914
Regional District of Central Kootenay	4,263,334	4,152,348
Central Kootenay Hospital District	(2,316)	-
West Kootenay Boundary Hospital District	668,061	646,190
British Columbia Assessment Authority	161,096	163,413
Municipal Finance Authority	<u>450</u>	<u>429</u>
	<u>\$ 13,538,096</u>	<u>\$ 13,338,294</u>

17. Pension Plan

The City of Nelson and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation of the Municipal Pension Plans at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2016

17. Pension Plan (continued)

The City of Nelson paid \$1,379,173 (2015 - \$1,319,525) for employer contributions to the plan in fiscal 2016.

18. Commitments and Contingencies

Regional District Debt

Regional District debt is under the provisions of the Community Charter of BC a direct, joint and several liability of the District and each member municipality within the District including the City of Nelson.

Claims for Damages

In the normal course of a year the City is faced with lawsuits and claims for damages of a diverse nature. The outcome of these claims cannot be reasonably determined at this time.

Reciprocal Insurance Exchange Agreement

The City is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the Insurance Act of British Columbia. The main purpose of the exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange agreement, the Municipality is assessed a premium and specific deductible based on population and claims experience. The obligation of the Municipality with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several and not joint and several. The City irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other Subscriber may suffer.

19. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens. City Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

General Government Services

The Departments and Divisions within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying and collecting taxes and utilities; acquiring, disposing and managing City assets; developing and maintaining information technology systems and applications; ensuring effective financial management and communication; administering City grants; developing an effective labour force; administering collective agreements and payroll; emergency planning; economic development; monitoring and reporting performance; and ensuring that high quality City service standards are met.

Police & Bylaw Services

The mandate of Police Services is to keep our community safe by enforcing the law, and by preventing and reducing crime. Bylaw is responsible for parking and other bylaw enforcement, as well as domestic animal control.

Fire and Rescue Services

The mandate of the Fire and Rescue Services is to protect life, property and the environment through the provision of emergency response, inspections, code enforcement and public education, ensuring safety for the public.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. Segmented Information (continued)

Development Services

Development Services is responsible for preparing land use plans, bylaws and policies for sustainable development of the City, for reviewing and approving new development and building permits and inspections, management of City owned lands, heritage planning and development of the City's official community plan.

Engineering Services

Engineering Services is responsible for planning, building, operating and maintaining the City's physical infrastructure including roads and sidewalks, civic buildings and facilities. In addition, the divisions provide services for storm sewer services, solid waste and recycling, cemetery operations, and fleet services.

Parks, Culture and Recreation Services

Parks, Culture and Recreation is responsible for providing, facilitating the development of, and maintaining high quality parks, recreation facilities and programs, the youth centre and cultural services.

Transit

Transit is tasked with providing safe, timely and efficient public transit services within the City limits.

Library

As a controlled entity the City reports and is responsible for the successful operations of the Nelson Municipal Library.

Nelson Hydro

This segment includes all the operating activities related to the generation, distribution and supply of the City's electricity.

Utility Operations

The Water Utility operates and distributes over 8 million cubic meters of drinking water annually, and maintains water mains and pump stations. The Sewer and Drainage Utility is responsible for the collection, treatment and disposal of sanitary sewage and drainage, as well as the network of sewer mains and pump stations.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016

19. **Segmented Information** (continued)
Statement of Operations by Object and Function (excluding transfers between segments)

	General Government	Police & Bylaw	Fire Services	Development Services
Revenues				
Taxes	\$ 9,384,360	\$ -	\$ -	\$ -
Sales of Service	275,646	1,259,769	197,272	10,992
Other revenue from own services	1,506,980	232,348	-	256,445
Investment income	371,650	-	-	-
Grants - unconditional	418,652	127,881	-	-
Grants - conditional	520,299	78,219	12,032	259,084
Water user fees	-	-	-	-
Sewer user fees	-	-	-	-
Transit user fees	-	-	-	-
Nelson Hydro sales	-	-	-	-
	<u>12,477,587</u>	<u>1,698,217</u>	<u>209,304</u>	<u>526,521</u>
Expenditures				
Wages and benefits	1,761,446	3,469,682	1,576,113	547,514
Supplies and services	1,369,157	446,967	193,305	203,101
Interest and other debt charges	385,919	-	-	-
Amortization	1,336,432	52,161	98,342	-
Loss on disposal of assets	-	-	-	-
	<u>4,852,954</u>	<u>3,968,810</u>	<u>1,867,760</u>	<u>750,615</u>
Annual Surplus (Deficit)	<u>\$ 7,624,633</u>	<u>\$(2,270,593)</u>	<u>\$(1,658,456)</u>	<u>\$(224,094)</u>

Engineering Services	Parks Culture & Recreation	Transit	Library	Nelson Hydro	Utilities	2016 Total
\$ 60,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,444,570
715,016	537,723	-	40,195	-	-	3,036,613
74,229	39,496	3,034	36,351	921,122	237,545	3,307,550
-	-	-	2,645	88,004	115,330	577,629
-	-	-	250,351	-	-	796,884
4,586	432,416	991,094	35,100	58,320	24,944	2,416,094
-	-	-	-	-	3,390,784	3,390,784
-	-	-	-	-	2,922,830	2,922,830
-	-	257,259	-	-	-	257,259
-	-	-	-	16,778,032	-	16,778,032
<u>854,041</u>	<u>1,009,635</u>	<u>1,251,387</u>	<u>364,642</u>	<u>17,845,478</u>	<u>6,691,433</u>	<u>42,928,245</u>
1,710,588	1,069,033	760,053	694,298	2,129,885	1,587,624	15,306,236
1,620,368	1,449,856	734,960	213,761	8,288,312	1,453,294	15,973,081
59,346	-	-	-	247,500	106,485	799,250
1,364,890	178,589	-	-	968,532	1,226,529	5,225,475
48,040	-	-	-	143,700	105,370	297,110
<u>4,803,232</u>	<u>2,697,478</u>	<u>1,495,013</u>	<u>908,059</u>	<u>11,777,929</u>	<u>4,479,302</u>	<u>37,601,152</u>
<u>\$(3,949,191)</u>	<u>\$(1,687,843)</u>	<u>\$(243,626)</u>	<u>\$(543,417)</u>	<u>\$ 6,067,549</u>	<u>\$ 2,212,131</u>	<u>\$ 5,327,093</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2016

20. Budget Data

The reconciliation of the approved budget for the current year to the budget figures reported in these consolidated financial statement is as follows:

	<u>2016</u>
Budget surplus per Consolidated Statement of Operations	\$ 5,094,301
Less: Capital expenditures	12,779,633
Debt principal repayments	1,076,382
Budgeted transfers to reserves	2,490,467
Add: Budgeted transfers from surplus and reserves	6,101,456
Amortization	5,125,725
Debt proceeds	<u>25,000</u>
Net annual budget	<u>\$ -</u>

2016 Property Tax Exemptions

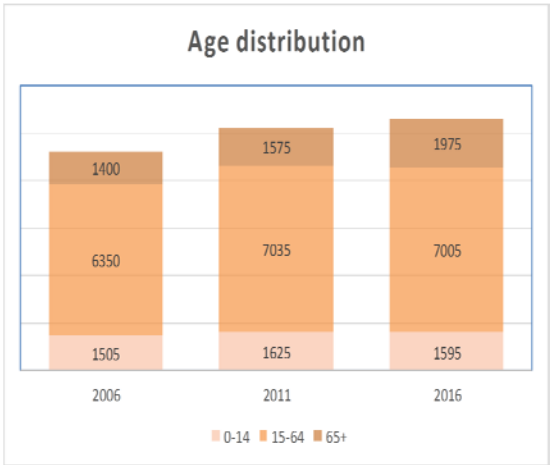
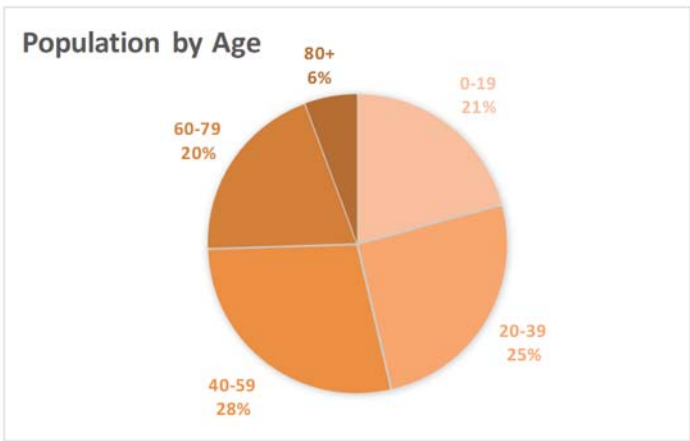
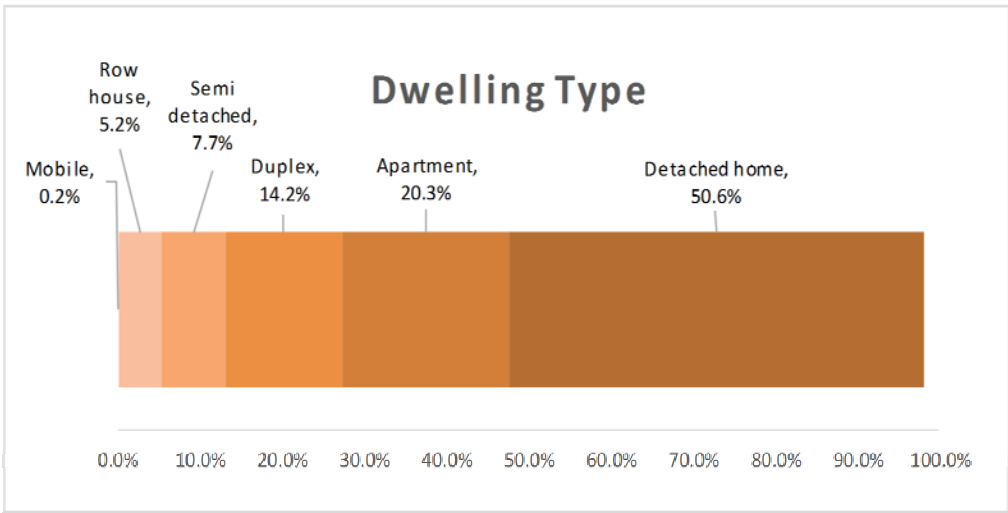
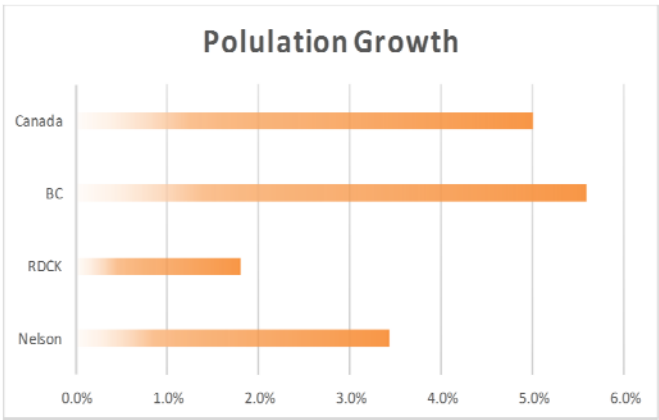
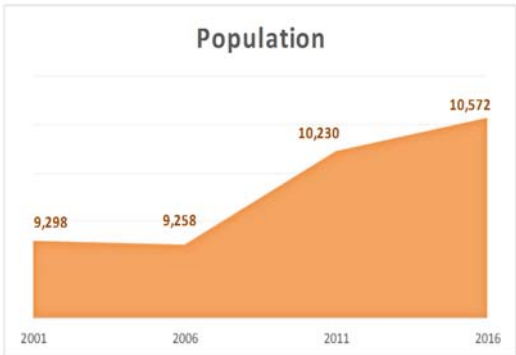
Through the adoption of a bylaw, the Municipal Council provides a permissive exemption from municipal taxation to certain groups and organizations, which are evaluated and chosen at the discretion of Council. The legal capacity to provide these permissive tax exemptions is through powers granted to the Council in the Community Charter.

To be considered for a permissive tax exemption, an organization must: submit an application; have goals, policies, and operating principles that reflect those of the municipality; provide services that are an extension of municipal services and programs that are deemed to contribute to the well being of the community. They must be primarily used by residents of the City of Nelson and allow all Nelson residents to participate and adhere to all City of Nelson bylaws and policies. When granting a PTE, Council ensures that the exemption will not provide an unfair competitive advantage and that the resulting tax burden is a justifiable expense.

Below is a listing of organizations granted a PTE in 2016 together with the estimated amount of municipal taxes that would have been imposed on the property if it were not considered exempt.

Ascension Lutheran Church	1805 Silver King Rd	456.84
Pentecostal Assemblies of Canada	623 Gordon Rd	243.18
Pentecostal Assemblies of Canada	1004 Third Street	257.67
Pentecostal Assemblies of Canada	1004 Third Street	257.67
The Salvation Army	601 Vernon St	3,314.20
Eleos Centre Ministries	711 Tenth St	110.31
LDS Latter Day Saints Church	222 W. Richards	257.39
St John's Evangelical Lutheran Church	300 Silica St	415.05
Nelson United Church	602 Silica St	128.97
Synod Diocese of Kootenay	723 Ward St	184.96
Evangelical Covenant Church	702 Stanley St	104.46
Roman Catholic Church	813 Ward St	216.44
First Baptist Church	611 Fifth St	265.19
Jehovah's Witness	2121 Falls St	437.34
Nelson & District Boy Scouts	310 Cedar St	461.57
Nelson Curling Club	302 Cedar St	15,345.42
Nelson Golf & Recreation Society	1123 W. Richards St	7,107.88
Nelson Rod & Gun Society	801 Railway St	6,428.61
Nelson CARES Society	567 Ward St	3,193.03
Nelson CARES Society	805 Nelson Ave	3,834.40
Nelson CARES Society	816 Vernon St	2,717.76
West Kootenay Women's Assoc.	420 Mill St	1,291.98
Nelson Kiwanis Society	824 Sixth Street	5,712.38
Nelson Kiwanis Society	509 Gordon Road	3,428.35
Kootenay Kids Society	312 Silica St	3,631.38
Kootenay Kids Society	804 Stanley St	1,088.95
Nelson & District Museum	502 Vernon St	2,017.38
Capitol Theatre Restoration Sociey	421 Victoria St	7,945.58
Kalein Hospice Centre Society (Pcl A)	402 West Richards St	752.11
Kalein Hospice Centre Society (Pac B)	402 West Richards St	1,430.40

Statistical Section



Source: Statistics Canada

Statistical Section

2016 Property Assessments and Tax Rates

Assessments and property tax by Class	Residential	Utilities	Light Industry	Business Other	Recreational Non-Profit
Assessment for General Purposes	\$1,286,940,900	\$ 3,224,475	\$ 1,284,800	\$ 223,309,700	\$ 1,777,600
Percentage of Taxable Values	84.86%	0.21%	0.08%	14.72%	0.12%
General Tax Levy by Class	5,782,612	100,788	10,529	2,011,417	4,822
Percentage of General Taxation	73.10%	1.27%	0.13%	25.43%	0.06%

2016 Rates (per \$1,000)

General	\$4.4933	\$31.2572	\$8.1953	\$9.0073	\$2.7126
Debt	0.1209	0.8412	0.2206	0.2425	0.0730
School	2.4756	13.5000	5.4000	5.4000	3.1000
Regional Hospital	0.2976	1.0416	1.0118	0.7289	0.2976
Regional District	1.7139	5.9987	5.8573	4.1991	1.7139
B.C. Assessment	0.0543	0.4995	0.1575	0.1575	0.0543
Municipal Finance Authority	0.0002	0.0007	0.0007	0.0005	0.0002
	\$9.1558	\$53.1389	\$20.8432	\$19.7358	\$7.9516

Historical property tax levies

	2016	2015	2014	2013	2012
Taxable Assessments (net of boundary expansion)	\$ 1,516,537,475	\$ 1,446,634,020	\$ 1,436,787,750	\$ 1,424,368,540	\$ 1,437,672,031
Tax Levies					
General	\$ 7,910,168	\$ 7,678,764	\$ 7,476,034	\$ 7,281,807	\$ 7,046,334
Debt	213,229	213,050	213,020	207,585	183,727
School	8,425,909	8,369,225	8,389,044	8,595,176	8,606,135
Regional Hospital	662,934	645,227	621,572	738,969	478,662
Regional District	3,818,306	3,733,201	3,739,612	3,722,950	3,084,540
B.C. Assessment	160,511	163,154	168,163	168,428	166,056
Municipal Finance Authority	448	428	429	425	425
	\$21,191,505	\$20,803,049	\$20,607,874	\$20,715,340	\$19,565,879

Statistical Section

Historical Revenues and Expenses

Revenues (in thousands)

	2016	2015	2014	2013	2012
Taxes	9,445	9,138	8,958	8,785	8,550
Sale of services	3,037	3,076	3,151	2,942	2,528
Other income	3,308	3,653	3,144	3,185	3,581
Investment income	578	749	909	650	534
Grants - unconditional	797	807	604	593	993
Grants - conditional	2,416	2,056	2,917	2,671	2,133
Water user fees	3,391	3,294	3,165	3,030	2,844
Sewer user fees	2,923	2,869	2,783	2,692	2,540
Transit user fees	257	237	247	236	230
Nelson Hydro sales	16,778	15,965	16,105	15,606	14,796
	42,928	41,843	41,982	40,391	38,729

Expenses (in thousands)

	2016	2015	2014	2013	2012
General government	3,610	3,472	3,175	2,836	2,792
Protective services	5,700	5,368	5,389	5,246	4,974
Transportation	3,181	3,442	3,128	3,582	3,026
Environmental health services	223	227	205	204	213
Public health and welfare	184	182	180	180	197
Parks, recreation and cultural	2,519	2,509	2,496	2,416	1,996
Interest and debt charges	799	805	841	857	785
Water utility operations	1,442	1,396	1,108	1,114	1,050
Sewer utility operations	1,599	1,625	1,751	1,472	1,211
Nelson Hydro operations	10,418	11,989	11,212	10,533	9,901
Transit operations	1,495	1,485	1,411	1,379	1,269
Library	908	875	850	846	864
Amortization	5,225	5,083	5,031	4,778	4,607
Loss on disposal of assets	297	370	367	875	246
	37,601	38,826	37,142	36,316	33,131

Statistical Section

Summary of Long-term Debts

	2016	2015	2014	2013	2012
Total Debt (in thousands)	\$16,536	\$17,707	\$18,831	\$19,911	\$19,684
Supported by:					
Selkirk College Lease	3,025	3,293	3,550	3,795	3,976
Property Tax	1,195	1,263	1,328	1,390	257
Water Utilities	848	907	963	1,018	1,068
Sewer Utilities	588	648	706	762	825
Nelson Hydro	6,247	6,537	6,816	7,085	7,339
Gas Franchise Lease Revenues	4,633	5,059	5,468	5,861	6,219

Debt Service Payments (in thousands)	\$1,661	\$1,665	\$1,700	\$1,746	\$1,923
Supported by:					
Long term lease	270	270	297	334	334
Property Tax	116	118	118	83	235
Water Rates	106	106	106	106	106
Sewer Rates	93	93	93	98	113
Nelson Hydro Rates	499	499	499	502	415
Gas Franchise Lease Revenue	577	578	587	623	720

Total Revenues (in thousands)	\$42,928	\$41,843	\$41,982	\$40,391	\$38,729
Debts service payments as a percentage of revenue	3.87%	3.98%	4.05%	4.32%	4.97%

