

# THE CORPORATION OF THE CITY OF NELSON

## REQUEST FOR COUNCIL DECISION

**DATE:** December 3, 2024 Regular  
**TOPIC:** 2025 Utility Rates (Water, Wastewater & Resource Recovery)  
**PROPOSAL:** Review of 2025 Resource Recovery Budget and direction to proceed with preparing fee bylaws for the utilities  
**PROPOSED BY:** Staff

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### ANALYSIS SUMMARY:

During the November 8, 2024 budget meeting, staff provided an update on the Pre-Treated Organics Pilot Program, including the evaluation results gathered so far. Staff recommended extending the pilot program until September 30, 2025, focusing on further data collection and education. Council requested that the 2025 Resource Recovery budget be presented at the next available meeting.

### BACKGROUND:

The 2025 Resource Recovery Budget addresses the following objectives:

#### 1. Further data collection and analysis

The 2025 budget reflects the recommendation from staff to continue collecting and analyzing data related to the pre-treated organics pilot program, to better assess the effectiveness of the program on overall organics diversion. The team will also focus efforts on education, to ensure participants maximize diversion. Additional findings from the data collected will be used for further education efforts around other aspects of waste management, such as recycling. A report will be provided in the Fall of 2025, prior to any decisions on the 2026 budget.

*Impact to budget: slight decrease in expenses in Zero Waste, for organics and recycling education and study.*

#### 2. Establish a sustainable resource recovery program

Initially, the organics pilot program was funded through grants received from FCM, CBT and other sources, along with internally funded through the Legacy Reserve. To facilitate a sustainable program for waste collection, recycling, and organics diversion (whether through the current program or a green cart solution), fees will need to be increased to fund operations and allow for capital replacement over time. The 2025 rates are required in order to fund operations of the service and generate a positive surplus to fund capital replacement.

*Impact to budget: generate net revenue from operations to fund capital reserves.*

#### 3. Modernization of waste collection fleet

The cost of replacing vehicles and equipment has risen substantially over the past three years, as reflected in Statistics Canada Machinery and Equipment price index for medium and heavy-duty trucks, which has increased 25% in three years. At existing charge-out rates, we are falling behind in our ability to fund the replacement of our waste collection equipment. Additionally, the current process of manually lifting residential garbage and recycling into vehicles during collection is outdated and presents a potential safety risk to workers. Staff will assess the operational and financial requirements of a two-stream modernization program in 2025. However, the cost of these more modern pieces of equipment is generally higher than replacing our current fleet with like-for-like.

*Impact to budget: increase of equipment charges from \$80,000 in 2024 to \$125,000;*

collection modernization study in 2025.

#### **4. Address other inflationary factors**

The 2025 budget considers other inflationary cost increases, including negotiated wage increases for collection and administration (5%), increased tipping fees per RDCK guidance (10%), and other projected increases in materials and supplies.

*Impact to budget: inflationary increase to Collection and Other expenses*

#### **Conclusion**

To meet these objectives, staff recommend increasing the annual resource recovery fee by \$25 (from \$125 to \$150 per year). At this time, staff are not recommending an increase to the tag fee, however, staff will research and report back on the potential to adjust or eliminate the tag fee for next year, as requested by Council.

#### **Additional considerations**

Along with the modernization of equipment, staff will explore options in 2025 to present to Council regarding green cart or other neighborhood drop-off solutions for organics. Considerations are the cost of acquiring green bins for each home, which, depending on size and whether they are bear-proof, can range from \$300 to \$400 each (approximately \$1.4M city-wide). Furthermore, a move to weekly collection, which at approximately \$12,000 per week for labour and equipment, would equate to an additional \$312,000 per year. Further analysis on equipment modernization may lead to efficiencies in the number of staff required for collections but could result in a higher capital cost for equipment. This will be provided as part of the analysis.

#### **BENEFITS OR DISADVANTAGES AND NEGATIVE IMPACTS:**

The increase in resource recovery fees will cover projected cost increases in the service and build the necessary reserves to fund a sustainable organics diversion program, whether through a pre-treatment model or a green cart program.

#### **LEGISLATIVE IMPACTS, PRECEDENTS, POLICIES:**

It is within Council's authority to set the rates for the resource recovery, and water and wastewater utilities.

#### **COSTS AND BUDGET IMPACT - REVENUE GENERATION:**

##### **Resource Recovery**

The increase in resource recovery fees will cover projected cost increases in the service, as well as start building the necessary reserves to fund an organics diversion program, whether that be through a pre-treatment model or a green cart program.

For reference, staff have prepared a comparison of resource recovery fees across similar sized municipalities in BC:

<b>Municipality</b>	<b>Annual Fee</b>	<b>Notes</b>
Nelson	\$195.50	Annual fee + 1 tag per pickup
Castlegar	\$322.20	Bi-weekly garbage & recycling, weekly organics, yard waste drop off
Cranbrook	\$222.00	Curbside garbage & recycling
Creston	\$140.00	Weekly 3 stream collection
Revelstoke	\$142.00	Curbside garbage & recycling

## **Water and Wastewater**

To recap the direction Council provided during the October 8th Water and Wastewater budget workshop, staff recommend a 4% general increase to the annual Water utility rates plus an additional capital levy of 3% for a total increase of 7% for water rates. A 3.5% general increase to the Wastewater rates to fund operations plus an additional capital levy of 3% for a total increase of 6.5%. The additional capital levy is necessary in these utilities in 2025 to fund capital replacement, given the significant generational asset renewals scheduled for the next 10 years: which includes the Five Mile Pipeline Replacement and the Wastewater Forcemain and Treatment Plant Upgrades.

## **IMPACT ON SUSTAINABILITY OBJECTIVES AND STAFF RESOURCES:**

There are significant capital projects that are required in both water and wastewater utilities. Adding an organics program and creating behavioral change requires an investment of staff resources.

## **COMMUNICATION:**

Once direction is received by Council regarding utility fees for 2025, staff will prepare a presentation summarizing the updated utility fees and budgets for Water, Wastewater, and Resource Recovery, along with an amending bylaw for first three readings. Accompanying communication will be prepared for the public as well. Final adoption of the bylaws will then be brought to Council before invoices with the new utility rates are sent out to residents in early February 2025.

## **OPTIONS AND ALTERNATIVES:**

1. Direct staff to prepare amendments to the Fees and Charges Bylaw to reflect the 2025 rates for Water, Wastewater, and Resource Recovery.
2. Refer the matter back to staff for further review.

## **ATTACHMENTS:**

- 2025 budget for Resource Recovery
- November 8 Resource Recovery presentation to Council
- October 8 Water and Wastewater budget presentation to Council

## **RECOMMENDATION:**

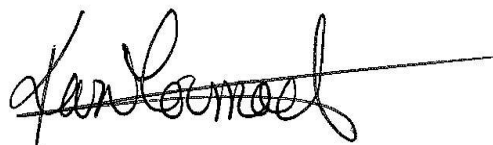
That Council direct staff to prepare the Fees and Charges Amendment Bylaw to reflect the 2025 rates for Water, Wastewater, and Resource Recovery, as per the budget discussions of October 8 and November 8, 2024.

**AUTHOR:**

**REVIEWED BY:**



CHIEF FINANCIAL OFFICER



CITY MANAGER

# Resource Recovery Budget (2025)



1		2024 Budget	2024 Projected	2025 Budget
2	RATES	Tag fee \$ 1.75	\$ 1.75	\$ 1.75
3		Annual fee \$ 125.00	\$ 125.00	\$ 150.00
4				
5	REVENUE	Tag Revenues	(145,000)	(145,000)
6		Resource Recovery Fees	(514,606)	(624,600)
7		Operating Grants	(25,000)	(15,000)
8		Recycle BC	(175,000)	(180,000)
9		<b>Total Revenue</b>	<b>(859,606)</b>	<b>(964,600)</b>
10				
11	EXPENSES	<b>Expenses - Collection</b>		
12		Labour	215,000	235,750
13		Equipment	80,000	125,000
14		Materials	16,000	10,000
15		Tipping Fees	98,010	104,500
16		Yard waste pick-up		
17		<b>Total Collection</b>	<b>409,010</b>	<b>475,250</b>
18				
19		<b>Expenses - Zero Waste</b>		
20		Labour	160,826	157,274
21		Evaluation	32,000	21,900
22		Education	10,000	15,000
23		<b>Total Zero Waste</b>	<b>202,826</b>	<b>194,174</b>
24				
25		<b>Expenses - Other</b>		
26		Billing, Collection, and Admin	124,399	126,938
27		Other fixed costs	50,160	51,184
28		<b>Total Other</b>	<b>174,559</b>	<b>178,121</b>
29				
30		<b>Total Expenses</b>	<b>786,395</b>	<b>847,545</b>
31				
32	NET	<b>Net Revenue</b>	<b>(73,211)</b>	<b>(117,055)</b>
33				
34	CAPITAL PLAN	Pre-treatment devices	918,770	-
35		Collection modernization study		75,000
36		Bins	28,000	-
37		<b>Total Capital</b>	<b>946,770</b>	<b>75,000</b>
38				
39	RESERVE	<b>Opening balance</b>	-	(49,917)
40		Operating surplus	(73,211)	(117,055)
41		Capital purchases	946,770	75,000
42		Transfer to (from) Other Reserves	(873,559)	-
43		<b>Closing balance</b>	<b>-</b>	<b>(91,972)</b>

# Water & Wastewater Utilities

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# Agenda



Photo: Staff working on the Baker St main replacement

# Financial Planning Process

## Nelson Hydro

Urban  
Rural

Hydro Rates                      \$22,950,000

Bylaw adoption	<b>Oct 31<sup>st</sup> prior year</b>
Rates in effect	Jan 1st

## Water

## Wastewater

## Resource Recovery

Waste/Recycling  
Organics

Water/Wastewater/  
Resource Recovery Fees                      \$9,925,000

Bylaw adoption	<b>Jan 31st</b>
Fees due	Mar 15 <sup>th</sup> for 10% discount

## General

General Government  
Police  
Fire  
Public Works  
Development Services  
Climate Action  
Youth Centre  
Transit  
Library

Property Taxes                      \$13,080,000  
Sales of Service/Other                      8,890,000  
Unconditional Grants                      635,000

Bylaw adoption	<b>May 15<sup>th</sup></b>
Tax due date	1 <sup>st</sup> business date in July

# Guiding Documents

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## Water Master Plan

- Last Completed: 2017
- Key Findings
  - Projection of Future Water Needs
  - Treatment Approach
  - Analysis of Supplementary Water Sources
  - Assessment of Storage
  - Discussions of Network Improvements
  - Consideration of Power Generation
- Next Update: 2027

## Wastewater Master Plan

- Last Completed: 2022
- Key Findings
  - Liquid Waste Management Plan
  - STP Major Upgrades
  - Replace Marine Force Main
  - Airport Lift Station Upgrades



# Water Strategic Objectives

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## Future Ready / Fire protection

- Finished Water Storage
- Five Mile Pipeline

## Aging Infrastructure

- Baker Street Watermain Replacement

## Conservation

- Rate Design

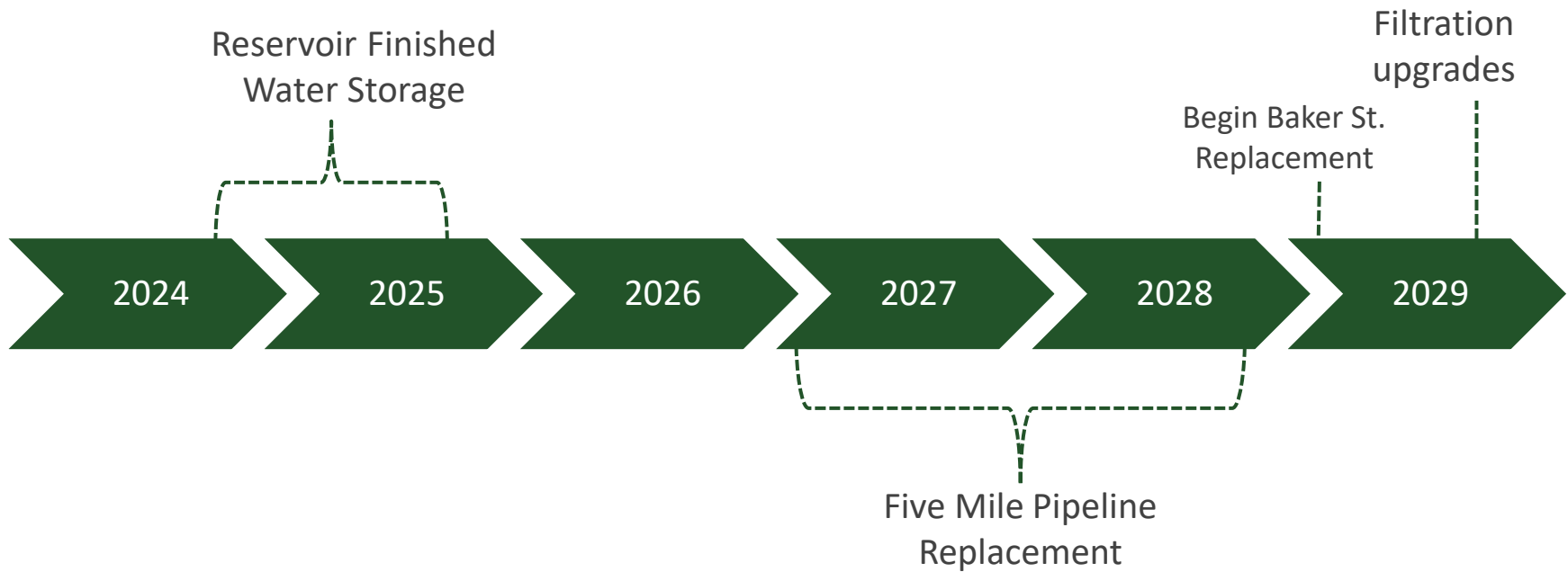
# Water Utility Major Projects

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	2024 Budget	2024 Projected	2025 Budget
Phase III – Finished Water Storage	\$3,500,000	\$200,000	\$4,700,000
Five Mile Pipeline Replacement	\$150,000	\$150,000	\$300,000
Dam Safety	\$100,000	\$100,000	-
Watermain replacements	\$600,000	\$600,000	\$300,000
Commercial Rate Design	-	-	\$50,000
		<b>Total</b>	<b>\$5,350,000</b>

# Long term planning

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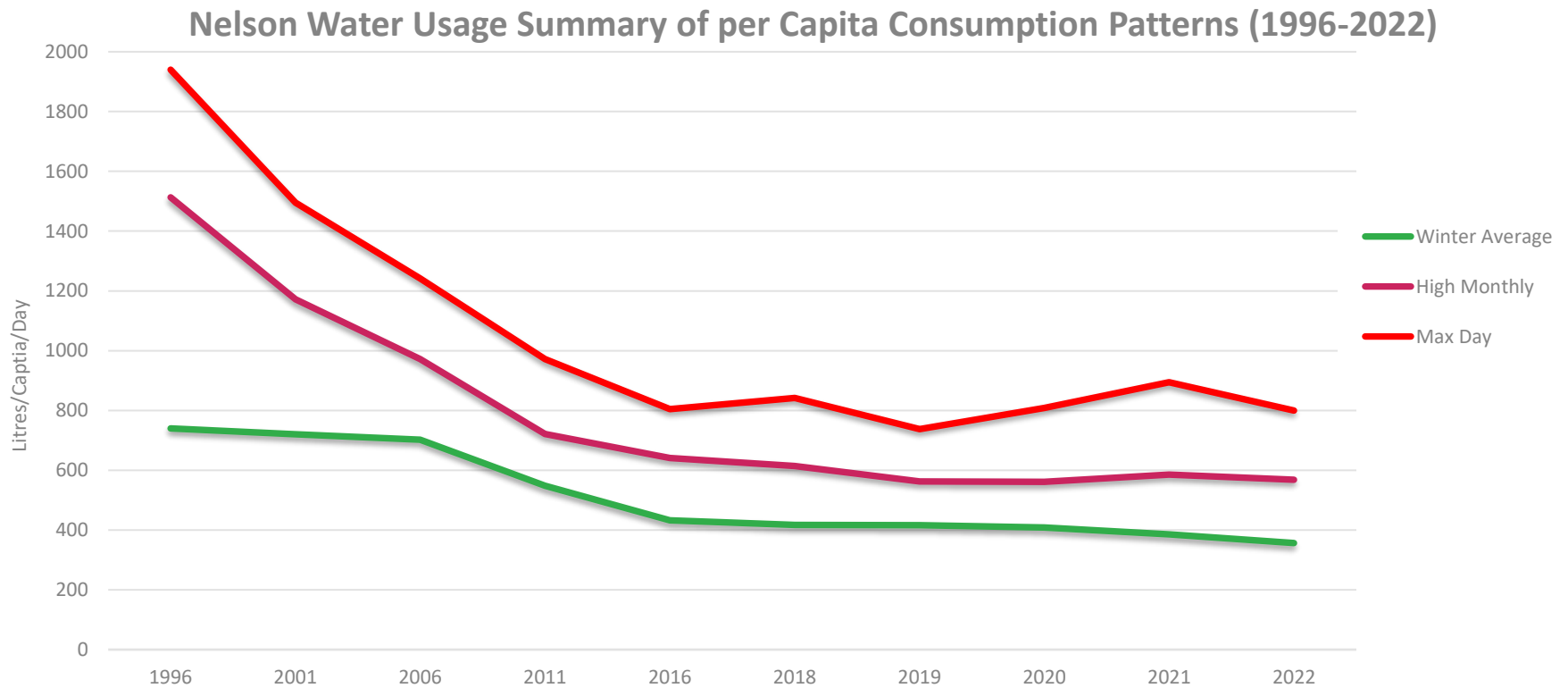
# Strategic Replacements

## Baker Street

Timeline for replacements



# 2022 Consumption Summary



# Wastewater Strategic Objectives

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## Future Ready

- Liquid Waste Management Plan
- Addressing at-capacity lines

## Aging Infrastructure

- Forcemain
- Wastewater Treatment Plant
- Airport Lift Station

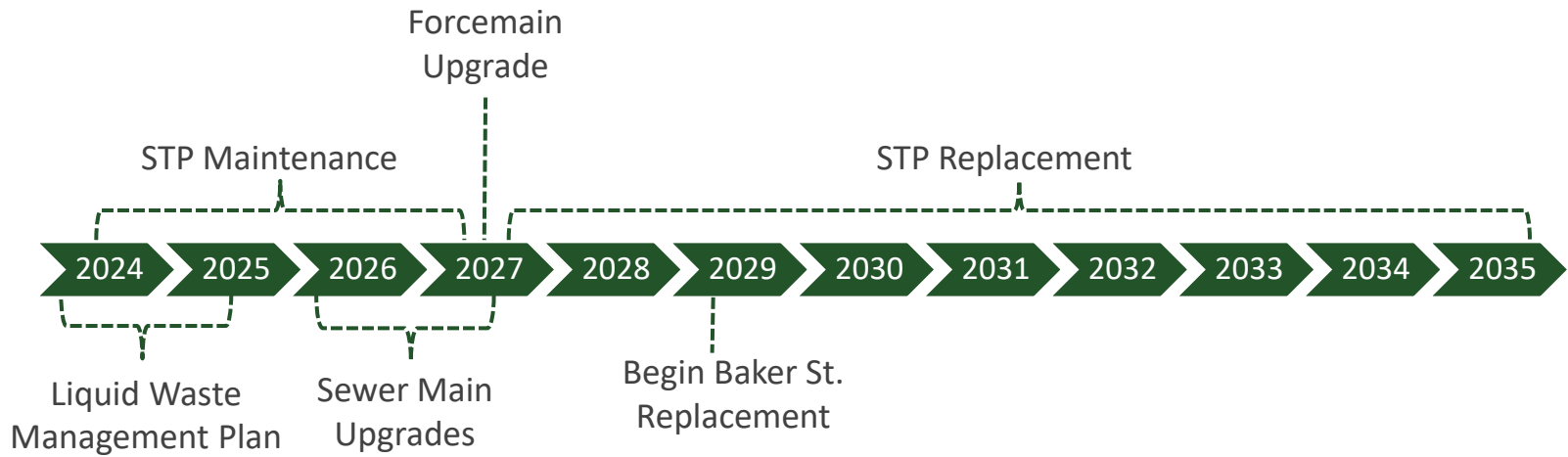
# Wastewater Utility Major Projects

	2024 Budget	2024 Projected	2025 Budget
Liquid Waste Management Plan *	\$165,000	\$125,000	\$242,000
CIPP Relining	\$600,000	\$475,000	-
Sewer Main Upgrades	-	-	200,000
Lift Stations	\$250,000	\$290,000	\$50,000
Forcemain Upgrade	-	-	\$210,000
Treatment Plant Upgrade	\$325,000	\$20,000	\$475,000
		<b>Total</b>	<b>\$1,177,000</b>

\* grant funded

# Long term planning

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# Rates

## Single Family Dwelling:

Fees	2024	per month	2025	per month	Annual change	Monthly change
Water	\$ 440	\$ 37	\$ 471	\$ 39	\$ 31	\$ 3
Wastewater	821	68	874	73	53	4
<b>Total</b>	<b>\$ 1,261</b>	<b>\$ 105</b>	<b>\$ 1,345</b>	<b>\$ 112</b>	<b>\$ 84</b>	<b>\$ 7</b>
<b>After discount</b>	<b>\$ 1,135</b>	<b>\$ 95</b>	<b>\$ 1,211</b>	<b>\$ 101</b>	<b>\$ 76</b>	<b>\$ 6</b>

## Additional Suite:

Fees	2024	per month	2025	per month	Annual change	Monthly change
Water	\$ 110	\$ 9	\$ 118	\$ 10	\$ 8	\$ 1
Wastewater	205	17	219	18	14	1
<b>Total</b>	<b>\$ 315</b>	<b>\$ 26</b>	<b>\$ 337</b>	<b>\$ 28</b>	<b>\$ 22</b>	<b>\$ 2</b>
<b>After discount</b>	<b>\$ 284</b>	<b>\$ 24</b>	<b>\$ 303</b>	<b>\$ 25</b>	<b>\$ 20</b>	<b>\$ 2</b>

# Rates

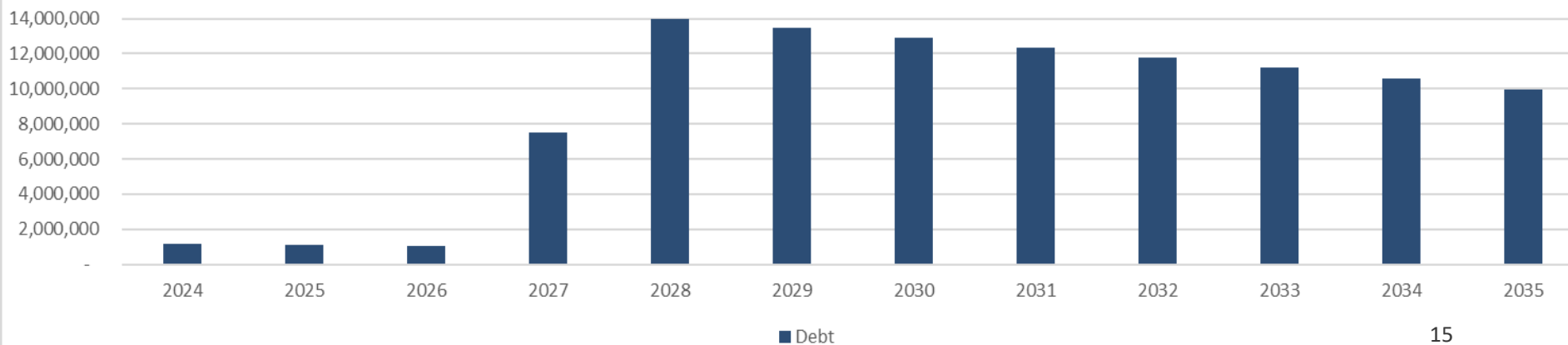
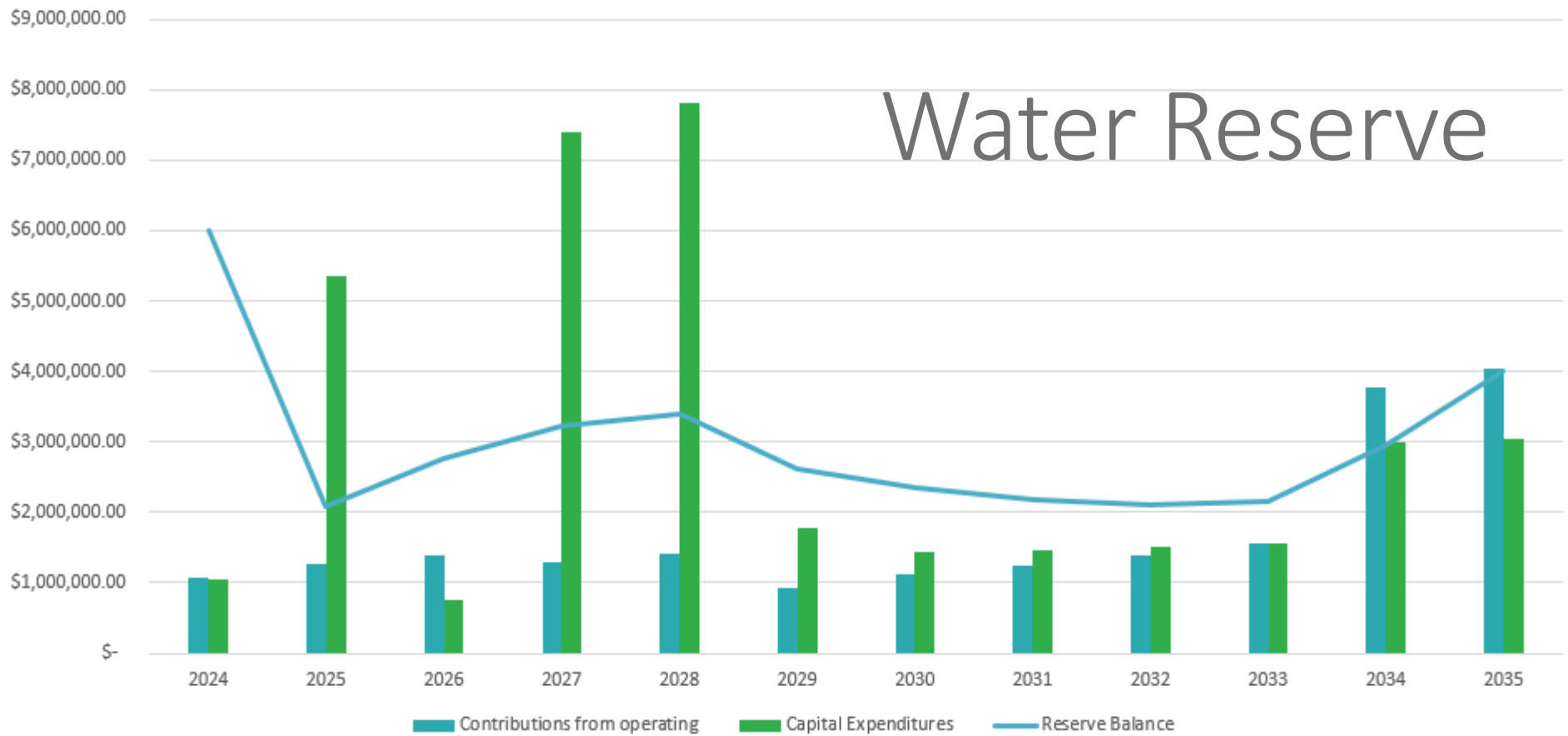
## Restaurant with 50 Seats

Fees	2024	per month	2025	per month	Annual change	Monthly change
Water	\$ 1,296	\$ 108	\$ 1,388	\$ 116	\$ 92	\$ 8
Wastewater	2,416	201	2,574	215	158	13
<b>Total</b>	<b>\$ 3,712</b>	<b>\$ 309</b>	<b>\$ 3,962</b>	<b>\$ 330</b>	<b>\$ 250</b>	<b>\$ 21</b>
<b>After discount</b>	<b>\$ 3,341</b>	<b>\$ 278</b>	<b>\$ 3,566</b>	<b>\$ 297</b>	<b>\$ 225</b>	<b>\$ 19</b>

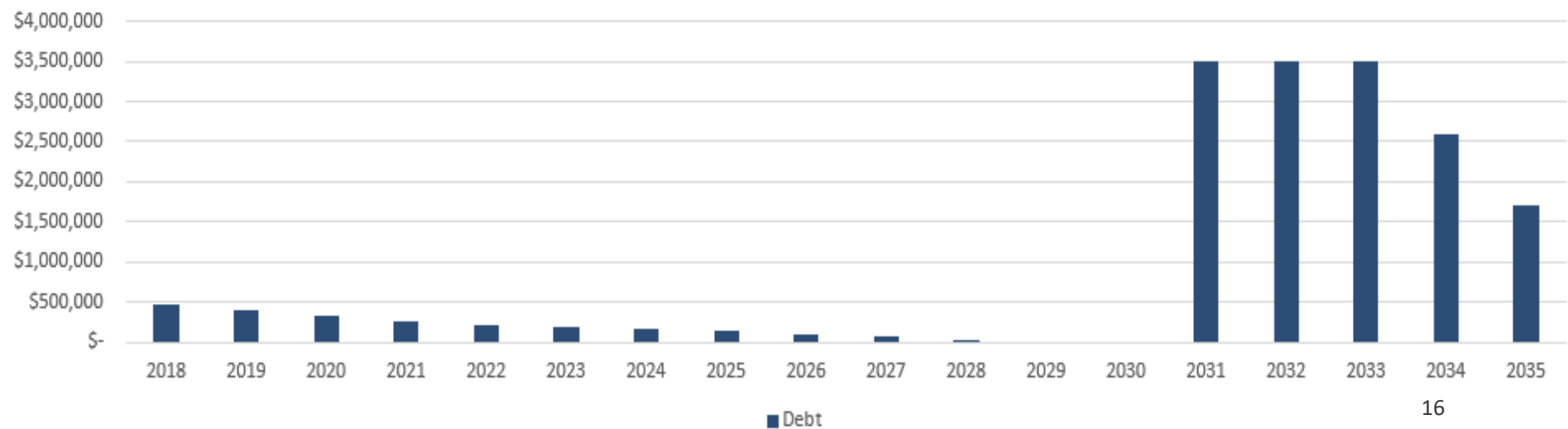
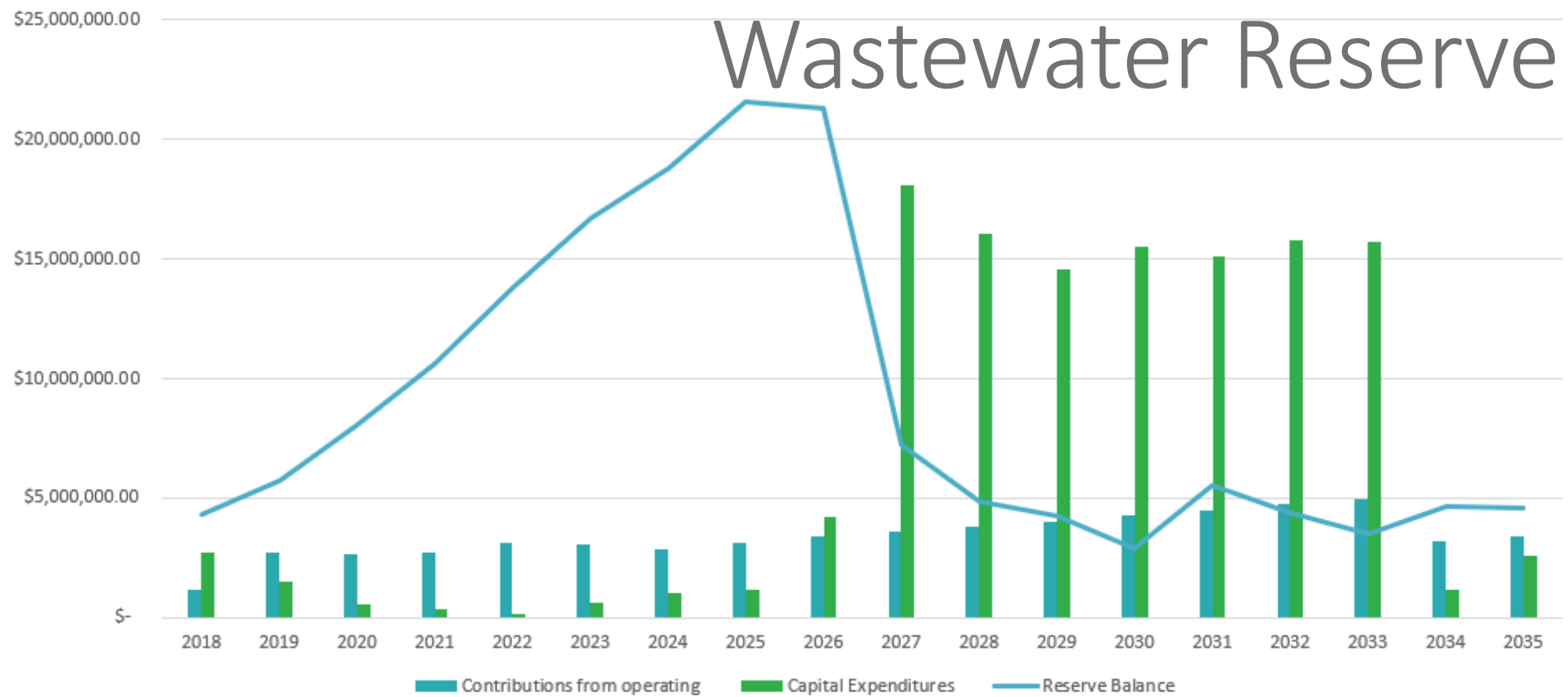
## Small business with 5 Fixtures

Fees	2024	per month	2025	per month	Annual change	Monthly change
Water	\$ 1,116	\$ 93	\$ 1,196	\$ 100	\$ 80	\$ 7
Wastewater	1,969	164	2,098	175	129	11
<b>Total</b>	<b>\$ 3,085</b>	<b>\$ 257</b>	<b>\$ 3,294</b>	<b>\$ 275</b>	<b>\$ 209</b>	<b>\$ 17</b>
<b>After discount</b>	<b>\$ 2,777</b>	<b>\$ 231</b>	<b>\$ 2,965</b>	<b>\$ 247</b>	<b>\$ 188</b>	<b>\$ 16</b>

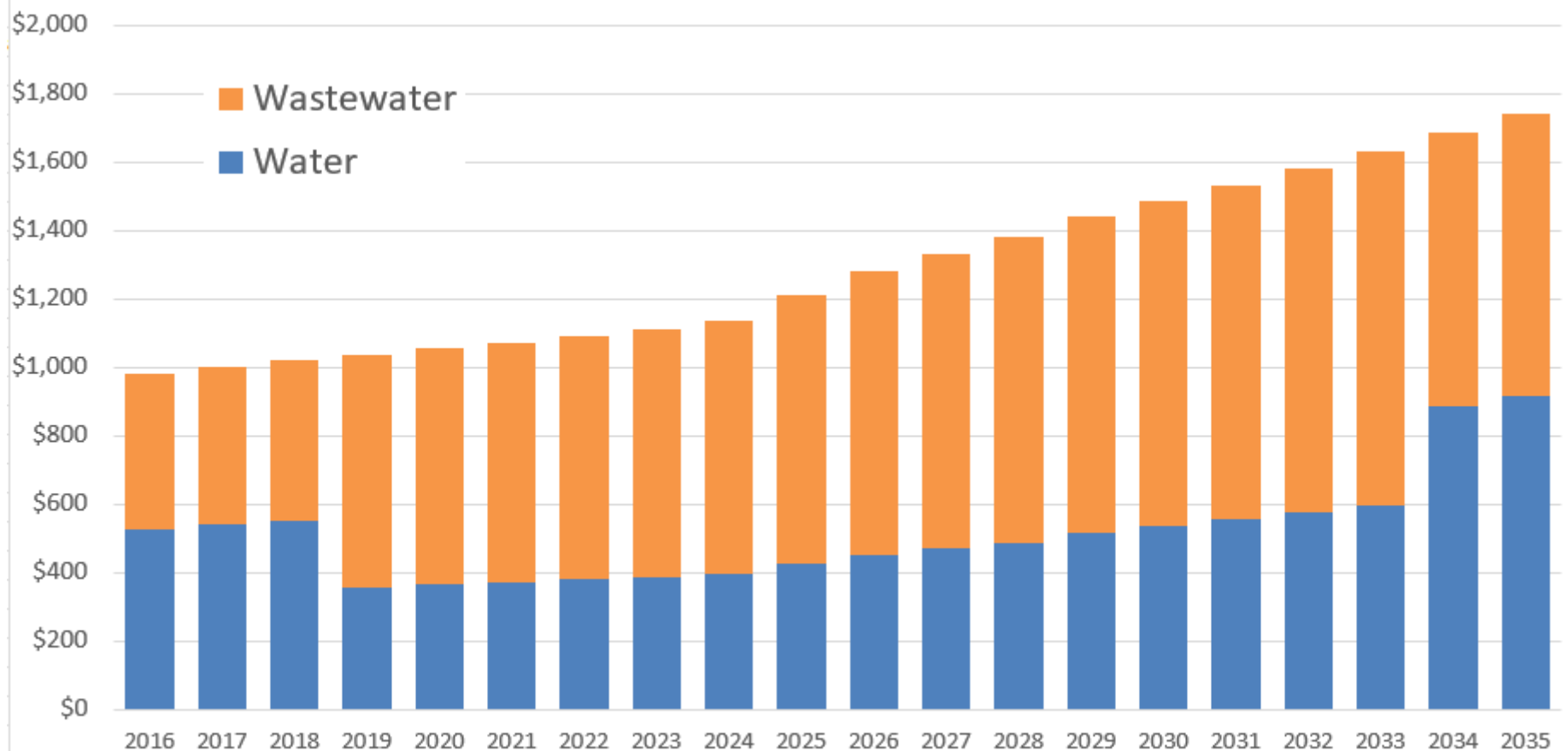
# Water Reserve



# Wastewater Reserve



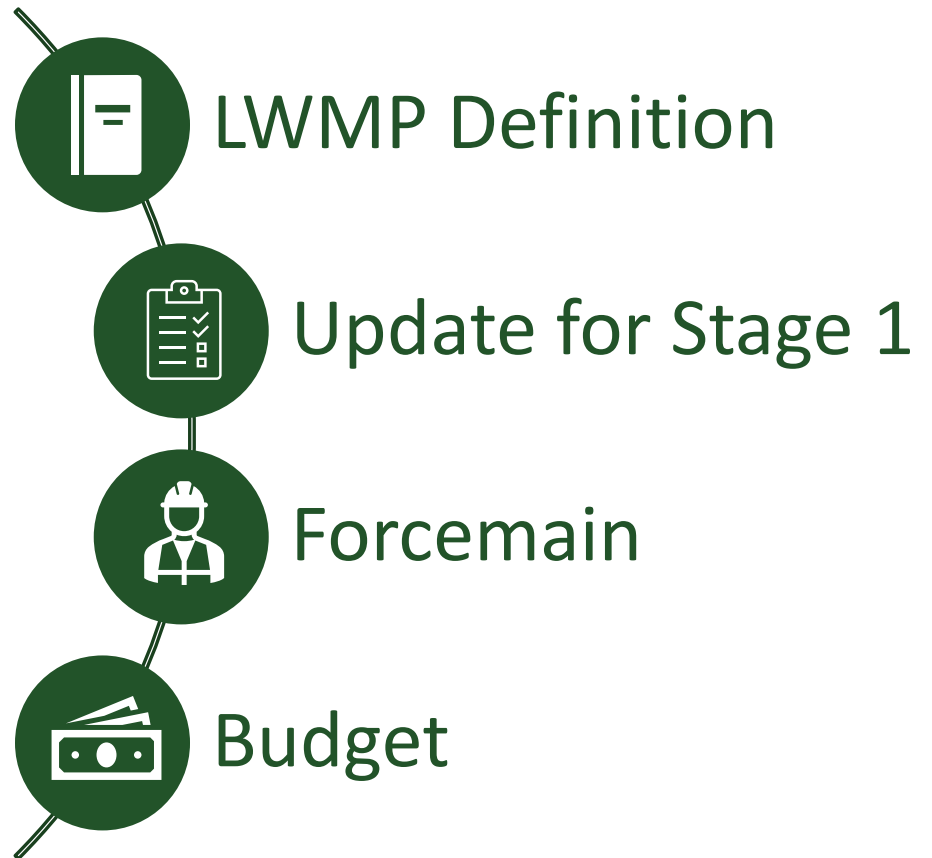
# Rate allocation





@MatthewMilesPhotos

# Update



# Thank You!

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