

City of
NELSON

2015 Annual Report

For the year ending December 31, 2015

Table of Contents

INTRODUCTION

Message from the Mayor	7
City of Nelson Council 2014 - 2018	9
Council Appointments 2014 - 2018.....	10
Organizational Chart	11
Report from the City Manager	12
Strategic Objectives and Performance 2015 - 2018.....	14
Community Profile	17
City Manager's Office	18
Corporate Services	19
Development Services	20
Youth Centre	22
Public Works & Utilities	24
Nelson Police	28
Nelson Fire & Rescue	30
Nelson Hydro	33
Nelson Public Library	35
Municipal Buildings	36
Municipal Infrastructure	38

FINANCIAL SECTION

Chief Financial Officer Report	41
Responsibility for Financial Reporting.....	43
Auditors' Report	44
Consolidated Financial Statements	46
Notes to the Consolidated Financial Statements	50

STATISTICAL SECTION

2015 Property Tax Exemptions	65
General Comparative Statistics	66
Major Projects Expenditure Program 2016 - 2020.....	66
Summary of Long Term Debt	68
2015 Property Assessments and Tax Rates by Property Class	69
Assessment/Taxation Comparative Statistics	70
2015 Municipal Tax Analysis	71
2015 Revenues Chart	72
2015 Expenditures Chart	73
Expenditures by Object Chart	74

Introductory Section



Message from the Mayor



It is with pleasure that I introduce the 2015 Annual Municipal Report for the City of Nelson. Council has completed the first year of its four-year mandate. This report outlines the successes and challenges we have faced as a community in the past year.

Council developed its Strategic Plan for 2015-2018 which includes set of strategic goals and corresponding measurable tactics by which we will achieve these goals. We spent a good portion of the past year working hard to find sustainable and cost effective solutions by being adaptive, listening to the community and following through on comprehensive plans.

The City of Nelson achieved a number of successes in 2015, including the completion of Phase I of the *Hall Street Downtown Revitalization* project also known as Stores to Shores. Once completed, this multi-phase project will create a pedestrian corridor that extends from Hall Street to the Waterfront with enhanced features such as public seating, washroom facilities, xeriscaping, and more easily accessible sidewalks and roads. Most importantly, the utilities beneath the road have been upgraded which was a key consideration in revitalizing the Hall Street corridor. The City has applied for an infrastructure grant and if successful we hope to complete Phase II in 2017.

Another key achievement was the design and sale of solar panels for a Community Solar Garden near our municipally owned Hydro Plant at Bonnington Falls. The EcoSave Program, in affiliation with Nelson Hydro, worked diligently in promoting and selling individual solar panels to Nelson Hydro customers. Nelson's *Community Solar Garden* will be a one-of-a-kind solar array comprised of individual solar panels that have been grouped together and maintained in a single location, compared to other systems that install panels on individual roof tops. The Garden is a win-win for Nelson Hydro customers as it provides simplified access to solar power while providing a credit in proportion to their investment, which can be found on each Nelson Hydro electricity bill. The Solar Garden is scheduled to open in early fall 2016.

The City has weathered some challenges over the past year. Like many other communities in British Columbia, Nelson experienced drought-like conditions in the summer of 2015 which led to a series of increasingly more rigid water restrictions. I am pleased to report that residents were more than willing to adopt measures to decrease their water use and eagerly took part in our Water Conservation Campaign. We saw a 10% reduction in water use compared to the same period the previous year. The goal is to realize an overall 20% reduction in water usage all year round.

Continued....

Message from the Mayor

Mayor's Message Cont.

The City is near completion of an inventory and assessment of all its assets and will undertake necessary repairs and upgrades over time. Currently, Nelson City Council and the RDCK are working to address the ongoing upgrades required at the Nelson & District Community Complex and the Civic Center. Extensive renovations are underway at the aquatic facility which will reopen in the fall of 2016.

Nelson is a multi-faceted small city with a thriving, arts and culture and recreation scene, magnificent heritage buildings and beautiful scenery. However, it is the people living here that truly make this a vibrant community. City Council is committed to carefully and surely managing our future, with an open and transparent government. We will continue to provide public engagement opportunities through social media, surveys, open houses and other avenues to ensure that we are meeting the your needs. I invite you to follow us on our Facebook Page and website where you will find up-to-date information on projects, public notices, service disruptions, council meetings and much more.

I extend sincere thanks to my Council and Regional District colleagues, City staff, residents, community groups and business owners. It is all of us working together that make Nelson the extraordinary place it is.

A handwritten signature in black ink, appearing to read 'D. Kozak', with a stylized flourish at the end.

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 (Local Government Act)	Mayor Kozak, Councillor Dailly
Recreation & Aquatic Commission	Mayor Kozak, Councillors Morrison/Warmington
Youth Centre Advisory Committee	Councillors Warmington/Morrison

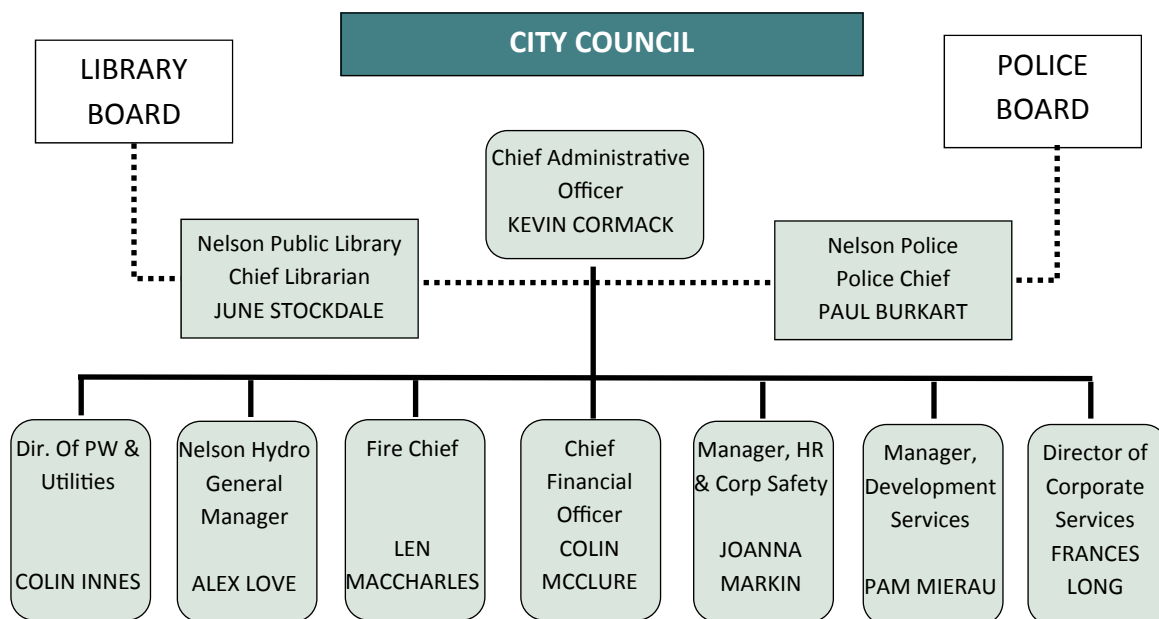
Standing Committees (established by Mayor)

Grievance Committee	Councillors Cherbo/Adams
---------------------	--------------------------

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 2015

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



We welcomed a new Council into the fold in late 2014 and 2015 was their first full year at the helm. Our new Council made it a priority to understand the organization over their first nine months prior to engaging in strategic planning in the fall of 2015. The new Strategic Plan identified 4 key goals:

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

What we hope to achieve and how we plan to achieve are included in this plan and in this annual report. Metrics have also been identified to track progress. Our 2015-2018 Strategic Plan is available at www.nelson.ca.

As I write my report, we have the auditors from the Auditor General for Local Government (AGLG) in our offices completing a performance audit. They indicated that one of the reasons they selected Nelson was they wanted to know more about our agreements to provide financial services for the communities of Salmo, Silverton and Slocan. Under these agreements, the City's Chief Financial Officer and his staff provide financial support to the three municipalities. These agreements have proven to be a mutually beneficial arrangement with the small municipalities receiving access to highly qualified staff and the City of Nelson receiving appropriate financial compensation for these services – a win-win situation.

As noted above a key strategic goal of Council is to “Enhance Sustainability of City Services and Infrastructure”. This is defined as “greater capacity and better capability to deliver high quality services that are built on social, environmental and economically sustainable service models.” The performance audits of the AGLG are a provincial response to having a third-party review local government practices, identify good practices and make recommendations for improvements.

In addition to the financial services agreements that the City pioneered, we believe we are providing excellent value for service and a few examples of how we do this are as follows:

Shared Staffing Agreements – Grand Forks pays 20% of the salary and benefits of our General Manager of Nelson Hydro; In addition, the City of Nelson and the RDCK share a Building Inspector and a GIS Technician.

Continued....

City Manager's Report cont.

West Kootenay Transit System – By partnering in a shared service arrangement with the RDCK and RDKB we are now able to use the smaller busses in Nelson for the majority of our routes and the three partners were able to add additional routes between Castlegar and Nelson and other improvements at no additional cost.

Water Main Replacement Program – By developing our own in-house engineering team, we are saving over \$300,000 per year versus using outside consultants to complete these designs. We also created our own in-house capital crews and we are able to replace water mains at an average cost of \$600/linear meter versus using outside contractor at \$1,000+/linear meter. With approximately 80 kilometers of water mains, that is an enormous savings. In 2015 alone, we saved approximately \$880,000 by completing this work in-house.

Benefit Administration – The City now administers its own benefits plans cutting out the middle men, with savings in the \$50,000-\$80,000 per year.

310 Ward Street Building – The City purchased the building over ten years ago now and it generates a net profit to the City of approximately \$300,000 per year and is a one- stop service center for most of your provincial and municipal services.

These are just a few examples of strategies that the City has implemented to manage costs and deliver outstanding services. None of this is possible without a Council that values innovation and a dedicated team of employees who make this happen on the ground.

We are a workforce of approximately 175 employees who provide many of the vital services that make our community what it is. This includes everything from drinking water and electricity to emergency services to parks, recreation and youth services just to name a few. It takes a dedicated group of employees that are very proud of the community they live in to provide the level of services that we enjoy in Nelson. This, combined with an equally dedicated community of volunteers and an innovative business sector, truly makes Nelson the thriving and unique community that it is.

A handwritten signature in black ink, appearing to read 'Kevin Cormack', with a long horizontal line extending to the right.

Kevin Cormack, City Manager

City of Nelson Strategic Objectives 2015-2018

Key Objectives	Performance Measure	Progress to date
1.1 Implement and monitor the 2013-17 financial plan	Meet a maximum taxation target of 2% per annum. Generate additional revenues. Contain costs to 1.75%.	2012 - 2015 tax rates were limited to 2% or less. Additional funding was realized from hydro operations and growth in tax base. Water, Sewer and Hydro fees were near inflationary levels for 2015. Overall financial targets met.
1.2 Rate structure review for water and sewer.	Review of rate structures. Improved understanding of water usage and the impacts on customers under a different rate structure.	Meters have been installed for a sample of commercial customers, data is being analyzed. Council has approved - Expanding the program.
1.3 Review City assets to determine if any surplus assets.	Clear direction on what are core City assets.	Facility manager has been hired and a maintenance plan is being developed for all City buildings. A data base for City owned properties has been developed.
1.4 Shared services with other public service organizations.	Shared service agreements have been entered into which result in cost savings/containment.	CBT has agreed to facilitate shared Information Technology projects. Limited progress was made in 2015. The City has entered into a financial services agreement with Salmo, Silverton and Slocan. In 2016, the RDCK agreed to operate the Civic Arena for 2016/17.
1.5 Explore additional generation opportunities for Nelson Hydro.	Complete and prioritize generation opportunities.	The City was approved for funding by the Federation of Canadian Municipalities for District Energy. The City has received a Cost of Service Review which is being updated. FortisBC is developing a Self-Generation Policy.
2.1 Develop strategies to grow the tax base.	The target is 50 new units per year.	187 Building Permits were issued in 2015 with a total value of \$33 million.
2.2 Complete the neighbourhood plan for the Railtown area.	Neighbourhood plan completed and implementation plan developed. Approved by Council.	Consultants have been hired and planning is well underway.
3.1 Develop a multi-year strategy to address funding inequities in the Greater Nelson area.	Areas of inequity have been identified. A strategy to address these over time has been agreed to between the parties.	RDCK has agreed to review the funding model for recreation and parks by 2016. The RDCK/ City are working together on the closure of the Nelson transfer station

City of Nelson Strategic Objectives 2015-2018

Key Objectives	Performance Measure	Progress to date
4.1 Increase housing stock across all housing categories.	Increase choice of housing in Nelson	<p><i>Share Nelson</i> is exploring a micro-unit rental project.</p> <p>The City is continuing to explore potential housing above the Youth Centre.</p> <p><i>Nelson Cares</i> is looking to review and expand their Nelson Avenue property.</p>
5.1 Implementation of Sustainable Waterfront and Downtown Master Plan (SWDMP).	Identify initial priorities, complete projects in 3 areas: core downtown, Hall street and Railtown.	<p>Hall Street Phase 1 was completed in 2015. Detailed design for phase 2 will be completed in 2016. An infrastructure grant has been submitted for Phase 2.</p> <p>The Nelson Commons project is under construction which adds 54 units of downtown residential.</p>
6.1 Implementation of initial priorities of the Community Energy and Climate Change Plan.	Successful implementation of priority projects. Funding secured to move these initiatives forward.	<p>Home Energy Retrofit Program - Eco-Save is in its fourth year and has been very successful - On-Bill financing program vastly exceeds uptake from other programs in the Province.</p> <p>The District Energy System received funding through the FCM.</p> <p>A Solar Garden was approved. Sales of solar panels has been strong.</p>
7.2 Adopt and update new bylaws or policies that are Council initiatives.	Council priority bylaws are completed within the proposed schedule.	A number of bylaws were updated to move the penalties into the Bylaw Notice Enforcement.
8.1 Complete an implementation plan for the recommendation from the facility maintenance plan.	Implementation plan developed including funding strategy.	<p>A building reserve fund has been created by Council. The balance of the fund was \$327,000 at the end of 2015. Priority upgrades are being implemented .</p> <p>Assessments on key buildings are being completed. Civic Arena was upgraded.</p>
8.2 Complete a review of City buildings to assess condition and determine whether to continue to own, lease or dispose.	Review completed by the end of 2015.	Additional data is being collected.
9.1 Water & Sewer capital infrastructure.	Projects approved by Council, projects completed on time and within budget.	2.3 km of sanitary sewer relining completed in 2015 and 2.2 km of water main replacement. City has made almost \$500,000 savings on engineering costs and the delivery of water main replacement is approximately 60% of the original projections.

City of Nelson Strategic Objectives 2015-2018

Key Objectives	Performance Measure	Progress to date
10.1 Water Smart Plan is being implemented.	Priority areas have been identified and are being implemented. CBT has signed off on the plan.	Water loss management is ongoing. Strategic metering is being installed to better understand water usage. Water ambassador has been hired for 2016. Indoor water conservation plan was very successful.
11.1 Nelson Hydro Capital Infrastructure Program.	Capital projects are on budget and on target.	G3 protection upgrade completed. Continued with voltage conversion project. Installed 2 submarine cables across the North Shore. Developed the District Energy Business Plan, and exceeded pre-sale goals for the Community Solar Garden project.
12.1 Extend the Broadband Network in the City.	Network extended which gives additional options for local businesses and the public sector to access high speed network at a reasonable cost.	The City completed the build to all provincial buildings, public schools and College campuses in Nelson. A number of businesses have also connected to the City's fibre. The City has established a central data room at City Hall. A new IT/Fibre Manager was hired in 2015.
14.1 External Communications	Improve communications to both internal and external audiences. Update and approve a new communications plan	Facebook usage continues to grow in 2015. Jostle (web based platform) has been implemented for internal communications. Communications were brought in-house.
17.1 Staff development.	Performance reviews are completed; growth plans developed and professional development completed. Result is improved performance throughout the	Police and Fire are completing regular performance reviews. Performance reviews for new staff are being completed in other departments. Professional development is ongoing.
18.1 Collective bargaining	Collective agreements are negotiated with unionized employees that meet financial targets and operational needs.	Collective Agreements still outstanding with Police and Fire & Rescue. Negotiations in progress with CUPE.

Community Profile

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 10,230, 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 1,135 business licences issued in 2015.

Nelson has, for years, been an educational centre for the Kootenay Region. Presently, Selkirk College offers post-secondary education, there is also 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.

2015 Highlights

- The City continues to renew our assets across the organization, water, sewer, roads, Nelson Hydro and facilities.
- Successful completion of Phase I of the Hall Street corridor "Stores to Shores Downtown Revitalization" project which was a key recommendation in the Sustainable Waterfront and Downtown Master Plan.
- Shared Services - The City entered into a financial services contract with three small municipalities in the area. Ridership continues to grow on the West Kootenay Transit service.

Departmental Goals

- *Shared Services:* Continue to reach out to other organizations to seek opportunities to deliver services more cost effectively.
- *Master Plan Implementation:* Turn planning into action. Railtown District sustainable neighbourhood plans were kicked off in 2016. We continue to renew our assets. New innovative programs such as the home energy retrofit program.
- *Development:* Continue to see new construction and businesses investing in their properties. The Nelson Commons development will open in August 2016. The City will continue to invest in new parks, improving infrastructure and revitalizing the downtown & waterfront.
- *Human Resources:* Continue to recruit new employees into the City who have the skills to make a difference.
- *Financial:* Continue to be good stewards of municipal assets, manage our costs within inflationary levels and be entrepreneurial.



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 Municipal 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

Development Services is responsible for the City's planning and development including development of long range policy that reflects the vision of Council and the community, development of land use regulations that implement that vision, and ensuring that development aligns with the land use regulations by supporting applicants throughout the planning and building approval process. The City of Nelson's long-term vision recognizes the importance of planned growth and development that balances the City's respect for its heritage and traditional values and opportunities for development.



Specifically, activities of this Department include long-range community planning, the processing of rezoning applications, development permits, development variance permits, sign permits, and subdivision applications. Planning for the preservation and restoration of the City's heritage resources is also undertaken by this Department, as well as management of the Advisory Planning Committee, development and maintenance of the GIS mapping system and management of property records.

The Department includes the front-line staff for all development queries and ensures that property owner and developer needs are met in a timely fashion within the guidelines provided by the City's policies and bylaws.

The Department is also responsible for the administration and enforcement of the Building Code and regulating bylaws governing building, plumbing, signage, zoning and heritage preservation. All building plans are scrutinized to ensure that the structural integrity, fire safety and plumbing are all in compliance with the Building Code and municipal bylaws.

Development Services

2015 Activities

- 187 building permit applications
- 3 subdivision applications
- 30 development permit/ development variance permits
- 169 business licence applications received
- 4 zoning/OCP/bylaw amendments
- Supported key development projects through the planning and building approvals process, including Ancron Medical Centre, Nelson Landing, Nelson Commons, Alpine Lake Suites and Hall Street redesign
- Streamlined the building permit approval process
- Implemented new software for building inspections and data recording
- Achieved stronger integration with Engineering

2016 Goals

- **Complete the Railtown Sustainable Neighborhood Action Plan**
- **Complete the Downtown Urban Design Strategy**
- **Develop the restricted resale program for Nelson Commons units (3)**
- **Work with Parks to redevelop three downtown parks**
- **Develop the Good Neighbor Guidelines to assist citizens in understanding City bylaws**
- **Initiate development of an implementation and monitoring strategy for key City policy documents**
- **Continue to work on the vacant lands strategy for City-owned land**
- **Continue to support development projects through the planning and building approvals process - key development projects for 2016 include:**
 - ◇ **Choquette Phase 2- 10 multi-residential units**
 - ◇ **Nelson Commons 54 multi-unit complex**
 - ◇ **NDCC renovations**
 - ◇ **10 unit Crease Avenue Subdivision**
 - ◇ **Selkirk College upgrades**
 - ◇ **Savoy mixed use development**
 - ◇ **Kootenay Christian Fellowship multi-residential/affordable units**
- **Continue to review and improve the planning and building approvals process so that customers are supported throughout the process and applications are processed in an efficient and timely manner**
- **Continue to revise key bylaws and policy documents to support Council and community development goals**

Youth Centre

Paula Kiss - Interim Manager

Nelson & District Youth Centre (NDYC) was established as a department of the City of Nelson in December 1997. The Center is here to *“Create a safe, accepting and empowering community where all youth can interact and access a variety of activities they need and enjoy”*.

The Department also runs Youth Employment Centres in Nelson and Castlegar, which provide 16-22 year olds with services such as one-on-one counselling, skill building workshops, computer services, and internet access for job searches. Employment Center costs are supported by the Ministry of Housing and Social Development and Employment Labour Market Services. This funding also contributes to overhead and helps keep the Youth Center open.



The Youth Center continues to operate the Nelson City Campground and uses revenue from the tourist park towards up to one third of the Youth Center annual operating costs while providing employment opportunities for some of our youth.

Department Achievements 2015

- **12,000 visits to the Youth Center:** including visits to summer programs, employment and other opportunities. This represents a **50% increase** over last year's numbers.
- Continued to offer recreational, educational, supportive and creative youth programming such as: Safe Space Drop In, Skate lessons, Magic the Gathering, Ladies Skate Night, Yoga, Dance series, Anime Club, Birthday parties, Roller skating, Air Hockey tournaments, Pool shark; New library, Smash Bros., Thrasher Thursday's,
- Coordinated special events such as: skate board camps, song writing camp, BBQ's, live music, Freedom Quest, Talent Slam auditions, meditation workshop, Clothing swap, Youth TedEx stream, Halloween party, Sroamazing race, and Higher Education workshop.
- The Employment Centre offered employment services to 240 youth, and provided individual counselling to 155 youth, representing a **70% increase** over 2014.
- The Employment Center also ran two 12-week, federally funded employability programs called Skills Link. These helped 20 youth, with barriers to employment, obtain training certificates and job placement experience. 90% of participants were offered jobs at the end of the program.

Nelson and District Youth Centre - Goals for 2016

Youth Center

- Continue providing safe and accessible space for youth by ensuring welcoming, comfortable, and diverse atmosphere, programming, and events.
- Open the Center a half hour earlier to coincide with arrival of young students.
 - Increase awareness of our facility and programming to encourage more visits
 - Update Center operations and appearances – adopt technology to manage booking and records, upgrade office spaces, re-paint building exterior, increase custodial and building maintenance, repair bathrooms, install new signage and lighting, build planter boxes for growing food.
 - Explore new revenue sources through fundraising events, community support and donations
- Strengthen community partnerships and awareness by conducting personal outreach
- Add or improve programs such as –
- Launch a 4 day a week, after-school, cooking program (the Grub & Shrub Club) with Wednesdays and Thursdays reserved for kids 11 and younger.
- Extend skate park
- Develop Youth Council
- Recruit new members to Youth Advisory Board, strengthen Board rolls and responsibilities



Employment Center

- Re-establish outreach Employment services in Salmo, Kaslo, and Slocan
- Implement a customized employment program for youth with special needs and those facing multiple barriers to employment,
- Partner with local high schools to help transitions students prepare for the workforce
- Offer another Skills Link program
- Develop and deliver group-based employability workshops
- Build closer relationships with Employers of Youth

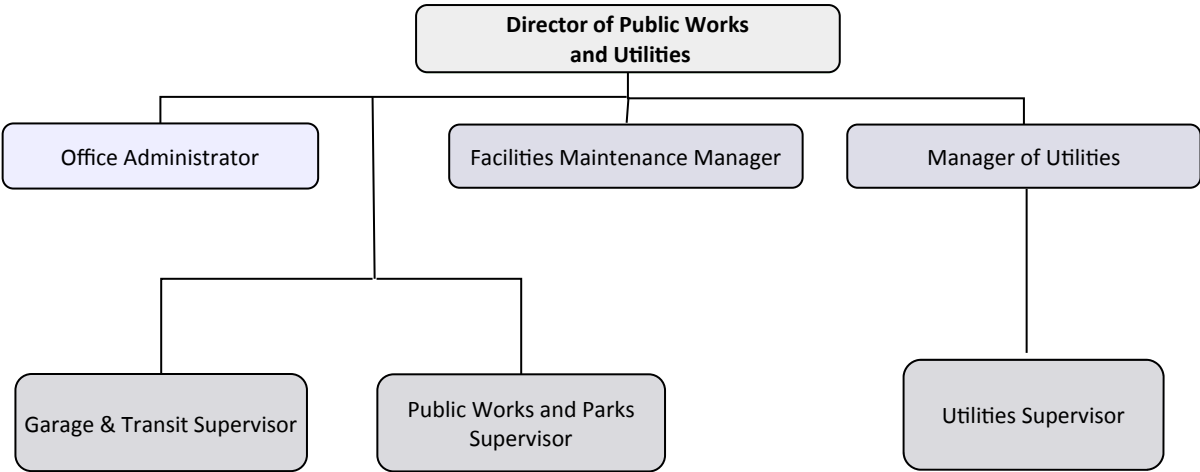
Campground

- Complete electrical and water distribution upgrades to campground
- Upgrade building, implement booking software and increase campsite quality and capacity
- Explore additional revenue generation in concession
- Level all sites, replace aging trees and add new landscaping and vegetation



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.



Public Works & Utilities

Colin Innes - Director of Operations

Marg Craig - Office Administrator

Rob Nystrom - Manager of Utilities

Norm Rich - Utilities Supervisor

Peter Sinstadt - Facilities Maintenance Manager

Karen MacDonald - Public Works & Parks Supervisor

Jody Koehle - Garage and Transit Supervisor

Responsible for the maintenance and construction of municipal roads, sidewalks, bridges, storm drains, public wharfs, solid waste collection, and the Mapping/CAD department. The department is also responsible for winter snow removal and sanding City streets and selected sidewalks.

Provides engineering, drafting and survey information for Utility maintenance and new construction.

The Mapping/CAD Department provides services to Nelson Hydro and City Administration as well as for the Public Works Department.

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. The Sewage Treatment Plant has provided secondary treatment since 2006. A number of additional upgrades have been done to the plant in recent years.

The Sewage Treatment Plant has provided secondary treatment since 2006. A number of additional upgrades have been done to the plant over the past 5 years.



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. The City of Nelson operates one of the first established transit systems in the province. The Nelson streetcar system established in 1899 was the smallest system in the British Empire and the transit system has operated continuously since that time.



Currently, the City is the operator of the local transit system, Nelson Transit, which is part of the newly established West Kootenay Transit System. The City operates a fleet of 6 buses and offers service 6 days per week. Funding for the local transit system is a partnership between the City and BC Transit. Nelson Transit's regional service from Balfour to Castlegar is funded by the Regional District of

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.

The City created a new 4.8ha park in partnership with the Provincial Government. Davies Street Park is located in Upper Fairview and is a gateway to the extensive mountain bike network located in the mountains above Nelson.

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 2015

- 2,200 metres of water main replaced.
- 2,300 metres of sewer mains relined.
- Phase I of the Hall Street project constructed.
- Renewal of the Hall Street PRV Station
- Purchase of the Asphalt Recycling machine to recycle asphalt millings to fix potholes.

Operations 2016 / 2017 Departmental Goals

- **To ensure clean, potable water to all residents of Nelson**
 - ◇ Continued Implementation of Water Master Plan
 - ◇ To continue to upgrade the water distribution system through replacement of old distribution line
 - ◇ Continue to install water meters in commercial and institutional locations.
 - ◇ Finish installation of UV disinfection system at Mt Station reservoir
- **Investment in City facilities**
 - ◇ Implementing an Asbestos Management Plan for WorkSafe BC Compliance
 - ◇ Conducting a facility condition inspection across all buildings for long-term planning purposes
 - ◇ Updating mechanical systems in multiple buildings
- **Parks**
 - ◇ Completion of Queen Elizabeth Park improvements - ball field upgrades and tree removal of Lombardy trees
 - ◇ Deadfall/ storm debris cleanup at Prince Phillip and Art Gibbon Memorial Park
 - ◇ Art Gibbon Memorial Park upgrades—shade structure and West Richards St entrance enhancement
 - ◇ New greenhouse construction at Lakeside Park
 - ◇ Tennis court resurfacing and upgrades at Lakeside Park
 - ◇ Feasibility study for wells at Lions Park and Queen Elizabeth Park
 - ◇ Completion of Perrier Rd pathway as part of Active Transportation Plan
- **Phase 2 of Hall Street upgrades - Final design & initiate construction**



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 22nd, 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 citizens of all ages to visit and/or reside in.

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 sergeant, a designated beat officer, a two member General Investigation Section and a daytime duty

sergeant. Also under the command of the Chief Constable is the Bylaw Department, consisting of two full-time and one part-time bylaw enforcement officers, a two-person Integrated Victim Services Unit, four full-time police dispatchers and three administrative positions. The Department also has two police constables in seconded positions within the Integrated Road Safety Unit (IRSU). Part-time dispatchers and a 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 mentoring programs.

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

Police

Department Achievements 2015

- The implementation of a Post Critical Incident Response program, which will help manage our personnel's exposure to critical and/or traumatic incidents and mitigates long term psychological damage by means of peer and/or professional support.
- Through the Chief's Diversity Advisory Committee, our continued work with the street culture collaborative which brought together representatives from many of our community partners to address issues such as homelessness, substance abuse, poverty and mental health as it relates to Nelson's street culture and those that use the streets to survive.
- The expansion of the ministry approved Restorative Justice Program through the hiring of a part-time coordinator to manage the program and its many volunteers.

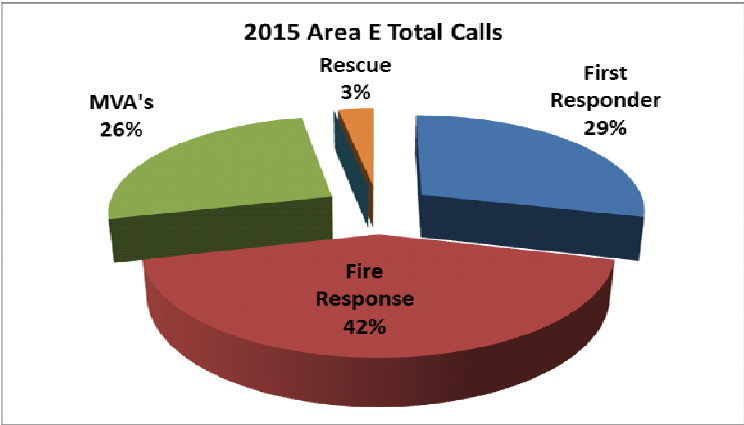
Departmental Goals— 2016

- 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.
- A review of the department's delivery service model to assist the Police Board in developing an action plan, including a multi-year staffing and resource plan. This will include an examination of positions, possible civilianization where appropriate and strengthening of relationships with our community partners and other city departments.
- Continued expansion of the Restorative Justice program which will include partnerships with Selkirk College, the school district and our justice systems partners. It will also include advanced training for our RJ staff and volunteers.
- To further focus on the mental wellbeing of our staff through resiliency training and post critical incident support.
- To refocus police resources back to the beat and patrol. This will optimize our department's ability to respond to the community needs, allow for a return to a more proactive police model and will maximizing officer safety.
- To facilitate Emergency Services Camp, the goal of which is to expose young adults who may have an interest in pursuing a career in an emergency services profession to some of the duties of those careers.

Fire & Rescue

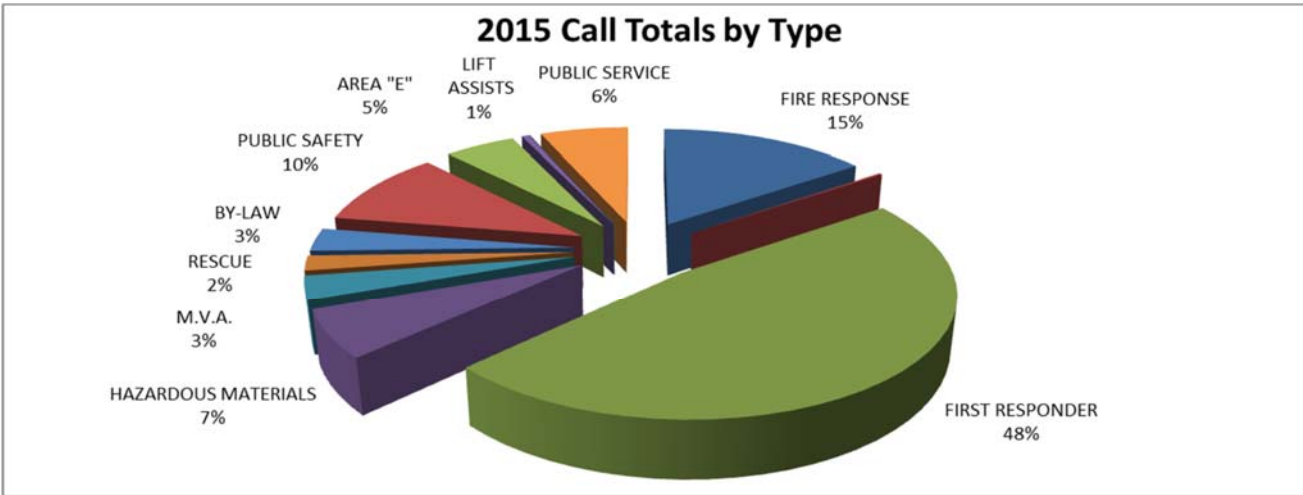
Len MacCharles - Fire Chief
Mike Daloise - Assistant Fire Chief

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, 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 informs the public on wildland-urban interface fire safety issues including promoting the principles for a Fire Smart Community.

The department 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 services a portion of RDCK Area 'E' for approximately 2000 residents through a contract with Regional District.



Fire & Rescue

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 will 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 current on industry practices, review current contracts and complete outstanding operational guidelines, as well as continue with pre-fire planning as required.

Fire & Rescue

Training Report

- Implementation of new Incident Management System for all members.
- Use of simulation program and “tiny town” for in-house training.
- On going auxiliary training with six members completing their firefighter level one certification this year.
- Recruit weekend and hiring of five new auxiliary members.
- In addition to regular training for Career members, 2015 training included Incident Management System, Traffic Control train-the-trainer and subsequent training of career and auxiliary staff. Advanced auto extrication refresher training. Hazardous materials scenario training at the NDCC.
- All members participated in the annual tanker shuttle training. This training is a yearly requirement to maintain certification.

Fire Prevention Report

- The focus for 2015 has been on commercial property inspections with a completion rate of about 85%. There were frequent follow ups required to gain BC Fire Code compliance.
- Obtained two grants related to updating our Community Wildfire Protection Plan and Community Wildfire Preparedness. Initiated collaborative approach with RDCK and provincial partners.
- Fire Prevention continued to be an important program in 2015 providing education to the public on emergency preparedness, smoke alarm awareness, wildfire mitigation and the annual FireSmart Public Education Program.



Nelson Hydro

Alex Love - General Manager
 Dan Geissler - Operations Manager
 Doug Pickard - 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 partners with FortisBC on Power Sense programs to promote the conservation of electrical energy.

Nelson Hydro presently has over 10,038 customers. Total system load is now approximately 150,000 MWh per year.

In 2015, Nelson Hydro transferred \$2,600,000 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 2015

Voltage Conversion Project

- Large section of Uphill voltage conversion completed.
- Electrical distribution installed in conjunction with Mill St upgrades.

Other Infrastructure Upgrades and Programs:

- ◇ Submarine power cables for Northshore distribution were installed.
- ◇ Generator #3 protection upgrade completed.
- ◇ District Energy feasibility study completed
- ◇ Arc-Flash hazards to employees were reduced at Mill St and Lakeside substations.
- ◇ Awarded purchase of a new line truck.

Nelson Hydro

2016 - 2017 Department Goals

- Complete the Uphill voltage conversion
- Decommission the substation at Josephine and Victoria St.
- Construct the Community Solar Garden.
- Generator #5 protection and controls upgrade.
- Bonnington substation protection upgrade.
- Recruit new Line Manager to fill a retirement.



Nelson Public Library

June Stockdale - Chief Librarian

Report from the Board Chair and Chief Librarian

2015 has truly been a banner year for the Nelson Public Library!

We celebrated our 95th birthday in swanky style with a 1920s-themed party. Gals, guys and young folks enjoyed entertainment and food galore. It was truly the “*cat’s meow!*” This party also featured the launch of our cook-book, *Pairings: a compendium of beloved books and recipes from the chefs of Nelson*.

2015 brought a few Staff and Board changes. Joanne Harris retired after 26 years of outstanding service, most recently as our teen/literacy coordinator. Melodie Rae Storey, who brings a rich background in library and literacy work, moves into this key role. We also bid adieu to three dedicated Board members, Mike Lazier, Cathy Heyland and Eileen Holland.

Our hard-working Friends of the Library group raised funds for two quiet study rooms on the main floor and for a delightful reading nook in the children’s library. Over the past year, our staffing model was restructured to ensure more efficient service during peak hours. Need help with technology or research? Want to download a book or magazine, but don’t know where to start? Our staff is there for you—watch for us wearing nametags as we go about our work out in the main library.

Community outreach continues to be a high priority with monthly visits to senior’s homes and the Slocan Valley, and presentations to organizations such as the very active *Learning in Retirement* group. The Library’s strategic plan—our direction-setting “road map”—has reached its expiry date. During 2016 we will develop a new plan. We will look at trends in the evolving world of library services and, most importantly, we will be asking you, our community members, to help us remain relevant.

Key Stats—On-site traffic	
Total Cardholders	11,404
New cardholders	1,123
Average daily visits	480
Average items checked out daily	740
Average daily reference questions	41
Average daily computer uses	67
Number of programs	260
Total program attendees	4,416

***We may be 95, but
we’re still raring to go.
All aboard, full steam
ahead!***

Key Stats—Online Library	
Online visits	36,000
e-book and e-audiobook downloads	15,066
E-magazine downloads	2,935
Online database visits	75,600

- Each month 11,507 people used the facility and checked out 17,786 items.
- 1357 people used the public computers.
- Each item in the library’s collection of 45,000 circulated an average of 5 times in 2015.
- The Library raised almost \$60,000 in donations, grants and fundraising in 2015.

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

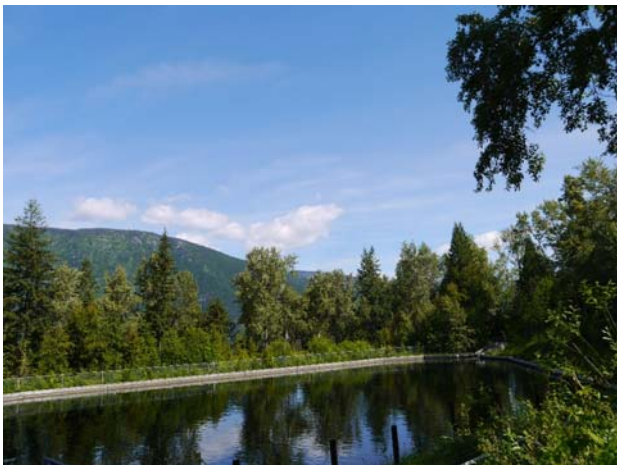
Nelson was a thriving community in the early 20th century; subsequently, some of its infrastructure dates back to that time.

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.

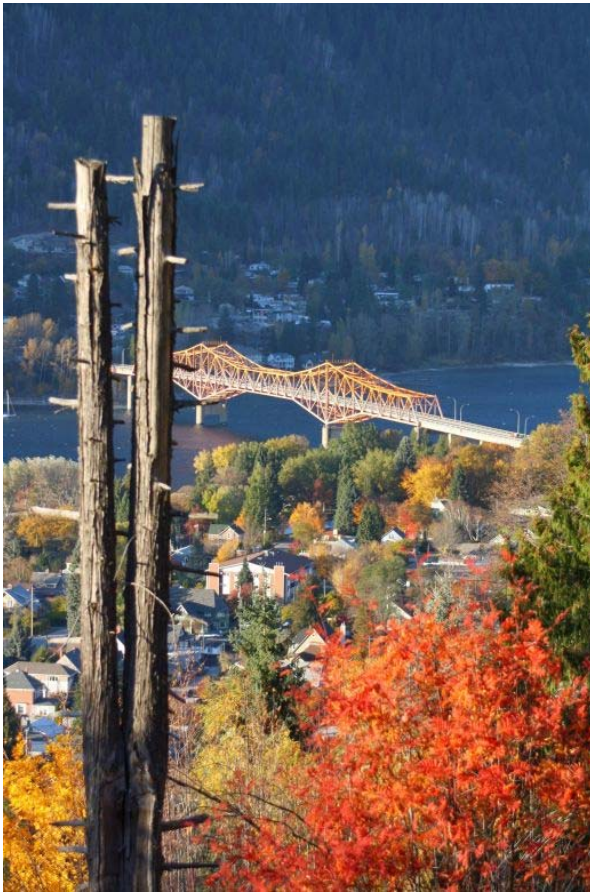
The plant has four operating turbines with a 15 MW capacity producing 86,000 MWH or approximately 55% of the system's electrical energy.

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 airport offers a terminal building and avgas fuel facilities.



Financial Section

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, 2015.

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 2015 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, 2015 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.

2015 OPERATING RESULTS

For the most part the 2015 financial results were in line with what had been budgeted for the year, however, Nelson Hydro operational expenses were over budget as they dealt with the damage from a major windstorm on June 29th and the resulting repairs and clean up

The City has a variety of revenue sources including taxation and grants-in-lieu of \$9.1 million, \$3.1 million in sales of other services. In addition the City receives significant revenue from user fees (including the electrical utility), in 2015 these fees amounted to \$22.3 million.

It is important to report that in 2015 the City received \$575,000 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 7.5%.

Operating expenditures include \$5.36 million in protective services, \$3.4 million in transportation services, \$3.5 million in general government/corporate services and \$2.93 million in recreation, the Library and cultural services. Utility operations expenditures (including Nelson Hydro) total \$15 million. In addition, the City contributed \$288,000 towards the \$1.48 million gross 2015 operational expenses of Transit.

Chief Financial Officer's Report

For 2015, the overall annual surplus ended up at \$3 million, which was significantly lower than budgeted for the year. As mentioned above one of the major reasons that the surplus is under budget was Nelson Hydro having to deal with the damage of a major windstorm in the summer, which lowered the budget allocation by hydro to the their capital reserves. 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 2015, \$10.757 million of capital asset additions were recorded. The City was pleased to complete Phase I of the Hall St revitalization project on time and on budget. Part of these additions also relate to the replacing of over 2.2 km of water lines and the renewing of the sewer transportation system through the relining or replacement of 2.3km of sewer pipes. Nelson Hydro was successful in completing the end of life replacement of the electrical submarine cable crossing at Proctor, in addition to its ongoing upgrades to the transmission and distribution lines.

The City's reserve funds are the major support of the City's capital program. Overall the capital reserves decreased in 2015 with the main factor being the funding of Phase I of the Hall Street revitalization project coupled with the close to 1 million drop in expected allocation to the Nelson Hydro Capital reserves due to the funding of the unexpected expense of the windstorm damage. 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, 2015 (including temporary borrowing and capital lease obligations) was \$18,078,100. In 2014, this balance was 19,197,412

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 2013 for each of the City's funds is:

General \$ 9,615,056 Water \$ 906,813 Sewer \$647,942 Nelson Hydro \$6,536,056

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 \$1.264 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 spending, sensitive to public needs, and aims to preserve the current level of service and community infrastructure while balancing the economic conditions of the community.

There was a momentous changing of the guard in the City of Nelson's Finance department in 2015. I would like to take this opportunity to recognize Jeanette McCarvell for her commitment to excellence in serving the City and the residents for 35 years, she will be missed. Stepping into her role the City was fortunate to hire local Chartered Professional Accountant, Chris Jury, as the new Deputy CFO.



Colin McClure, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON MANAGEMENT REPORT

For the Year Ended December 31, 2015

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, CA
Chief Financial Officer

Berg
Lehmann

Chartered
Professional Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

phone 250.352.3165
fax 250.352.7166
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, 2015, 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.

Berg
Lehmann

Chartered
Professional Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

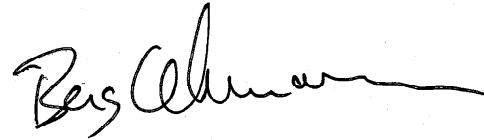
phone 250.352.3165
fax 250.352.7166
advice@BergLehmann.ca
www.BergLehmann.ca

INDEPENDENT AUDITORS' REPORT (continued)

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

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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

April 4, 2016

Nelson, B.C.

THE CORPORATION OF THE CITY OF NELSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	2015	2014
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 20,754,467	\$ 23,867,683
Investments (Note 3)	2,825,133	2,754,339
Accounts receivable (Note 4)	5,414,993	5,481,273
Long-term accounts receivable (Note 5)	4,079,305	4,392,178
MFA deposits (Note 6)	<u>299,541</u>	<u>292,063</u>
	<u>33,373,439</u>	<u>36,787,536</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 7)	5,018,245	5,431,290
Deferred revenue (Note 8)	3,784,249	3,327,025
Accrued future payroll benefits (Note 9)	2,024,540	2,117,150
Capital lease obligation (Note 10)	361,382	366,289
Debt (Note 11)	<u>17,706,718</u>	<u>18,831,123</u>
	<u>28,895,134</u>	<u>30,072,877</u>
Net Financial Assets	4,478,305	6,714,659
Non -Financial Assets		
Tangible capital assets (Note 12)	152,013,916	146,748,393
Inventory (Note 13)	1,299,278	1,287,955
Prepaid expenses	<u>275,854</u>	<u>298,991</u>
	<u>153,589,048</u>	<u>148,335,339</u>
Accumulated Surplus (Note 14)	<u>\$158,067,353</u>	<u>\$155,049,998</u>

Commitments and Contingencies (Note 18)



Colin McClure, 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, 2015

	2015 Budget (Note 20)	2015	2014
Revenue			
Taxes	\$ 9,151,641	\$ 9,137,584	\$ 8,957,572
Sale of services	2,943,662	3,076,330	3,150,758
Other revenue from own sources	4,117,894	3,653,093	3,143,834
Investment income	421,900	749,260	909,379
Grants - unconditional	800,000	806,527	604,325
Grants - conditional	2,532,846	2,056,221	2,916,556
Water user fees	3,276,500	3,293,748	3,164,608
Sewer user fees	2,856,745	2,868,551	2,782,927
Transit user fees	226,448	236,954	247,446
Nelson Hydro sales	<u>16,578,954</u>	<u>15,965,059</u>	<u>16,104,798</u>
	<u>42,906,590</u>	<u>41,843,327</u>	<u>41,982,203</u>
Expenses			
General government	3,532,521	3,471,650	3,174,515
Protective services	5,706,419	5,368,200	5,389,035
Transportation services	3,475,692	3,441,517	3,127,582
Environmental health services	264,984	226,585	205,284
Public health and welfare services	183,904	182,217	179,969
Parks, recreation and cultural services	2,070,339	2,508,718	2,495,809
Interest and other debt charges	936,600	805,035	841,027
Water utility operations	1,172,516	1,395,561	1,107,688
Sewer utility operations	1,654,969	1,624,645	1,750,992
Nelson Hydro operations	11,122,873	11,988,700	11,212,010
Transit operations	1,492,069	1,485,463	1,410,724
Library	864,000	875,111	850,104
Amortization	5,145,396	5,082,904	5,031,166
Loss on disposal of tangible capital assets	-	369,666	366,558
	<u>37,622,282</u>	<u>38,825,972</u>	<u>37,142,463</u>
Annual surplus	5,284,308	3,017,355	4,839,740
Accumulated surplus, beginning of the year	<u>155,049,998</u>	<u>155,049,998</u>	<u>150,210,258</u>
Accumulated surplus, end of the year	<u>\$160,334,306</u>	<u>\$158,067,353</u>	<u>\$155,049,998</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, 2015

	<u>2015 Budget</u>	<u>2015</u>	<u>2014</u>
Annual surplus	\$ 5,284,308	\$ 3,017,355	\$ 4,839,740
Acquisition of tangible capital assets	(14,988,570)	(10,757,223)	(8,596,488)
Amortization of capital assets	5,145,396	5,082,904	5,031,166
Proceeds on sale of tangible capital assets	-	39,130	102,000
Loss on disposal of tangible capital assets	-	369,666	366,558
	<u>(4,558,866)</u>	<u>(2,248,168)</u>	<u>1,742,976</u>
Consumption (acquisition) of prepaid expenses	-	23,137	20,103
Consumption (acquisition) of supply inventory	-	(11,323)	(112,892)
	<u>-</u>	<u>11,814</u>	<u>(92,789)</u>
Increase (decrease) in net financial assets	(4,558,866)	(2,236,354)	1,650,187
Net financial assets, beginning of year	<u>6,714,659</u>	<u>6,714,659</u>	<u>5,064,472</u>
Net financial assets, end of the year	\$ <u>2,155,793</u>	\$ <u>4,478,305</u>	\$ <u>6,714,659</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, 2015

	<u>2015</u>	<u>2014</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 3,017,355	\$ 4,839,740
Items not involving cash:		
Amortization of tangible capital assets	5,082,904	5,031,166
Actuarial adjustments	(233,364)	(188,940)
Loss on disposal of tangible capital assets	<u>369,666</u>	<u>366,558</u>
	8,236,561	10,048,524
Increase (decrease) in non-cash operating items:		
Accounts receivable	66,280	140,736
Long-term accounts receivable	312,873	(201,507)
MFA deposits	(7,478)	(8,226)
Accounts payable and accrued liabilities	(413,045)	(580,065)
Deferred revenue	457,224	(818,941)
Accrued future payroll benefits	(92,610)	(17,112)
Inventory	(11,323)	(112,892)
Prepaid expenses	<u>23,137</u>	<u>20,103</u>
	<u>8,571,619</u>	<u>8,470,620</u>
Financing Activities		
Debt repayment	(891,041)	(891,041)
Repayment of capital lease obligations	<u>(4,907)</u>	<u>(4,510)</u>
	<u>(895,948)</u>	<u>(895,551)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	39,130	102,000
Acquisition of tangible capital assets	<u>(10,757,223)</u>	<u>(8,596,488)</u>
	<u>(10,718,093)</u>	<u>(8,494,488)</u>
Investing Activities		
Net purchase of investments	<u>(70,794)</u>	<u>(75,099)</u>
Net decrease in Cash	(3,113,216)	(994,518)
Cash and cash equivalents, beginning of year	<u>23,867,683</u>	<u>24,862,201</u>
Cash and cash equivalents, end of year	<u>\$ 20,754,467</u>	<u>\$ 23,867,683</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, 2015

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, 2015

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 5 Year Financial Plan for the years 2015-2019, adopted by Council on April 20, 2015.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

2. Cash and Cash Equivalents

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

	2015	2014
Cash	\$ 2,826,749	\$ 2,963,640
MFA bond and money market funds	<u>17,927,718</u>	<u>20,904,043</u>
	<u>\$ 20,754,467</u>	<u>\$ 23,867,683</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:

	2015 Carrying Value	2015 Market Value	2014 Carrying Value	2014 Market Value
<u>Maturity</u>				
2014	\$ -	\$ -	\$ 106,649	\$ 107,120
2015	774,790	807,999	946,095	976,321
2016	1,067,690	1,082,243	1,033,437	1,067,267
2017	424,204	449,574	407,160	437,772
2019	260,449	264,478	112,998	118,472
2020	148,000	147,556	148,000	153,047
2021	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,825,133</u>	<u>\$ 2,901,850</u>	<u>\$ 2,754,339</u>	<u>\$ 2,859,999</u>

4. Accounts Receivable

	2015	2014
Property taxes	\$ 558,813	\$ 545,930
Utility billings	3,460,173	3,404,910
Other governments	317,729	321,883
Trade & other receivables	<u>1,078,278</u>	<u>1,208,550</u>
	<u>\$ 5,414,993</u>	<u>\$ 5,481,273</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, 2015

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.

	2015	2014
Selkirk College	\$ 3,264,080	\$ 3,520,526
Ecosave energy retrofits on-bill financing loans	272,540	227,727
Various other agreements	542,685	643,925
	<u>\$ 4,079,305</u>	<u>\$ 4,392,178</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, 2015, the total of the Debt Reserve Fund was comprised of:

	2015 Cash Deposit	2015 Demand Note	2015 Total	2014 Total
General fund	\$ 184,596	\$ 470,990	\$ 655,586	\$ 650,978
Sewer utility	15,579	40,843	56,422	56,033
Water utility	13,765	36,091	49,856	49,512
Nelson Hydro	85,601	174,898	260,499	258,362
	<u>\$ 299,541</u>	<u>\$ 722,822</u>	<u>\$ 1,022,363</u>	<u>\$ 1,014,885</u>

7. Accounts Payable and Accrued Liabilities

	2015	2014
Trades payable	\$ 4,093,238	\$ 4,453,235
Accrued wages and benefits	367,734	413,924
Accrued interest	127,797	127,797
Other	429,476	436,334
	<u>\$ 5,018,245</u>	<u>\$ 5,431,290</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

8. Deferred Revenue

	2015	2014
Taxes and utility rates	\$ 2,744,148	\$ 2,723,668
Hydro	714,386	381,187
Other	<u>325,715</u>	<u>222,170</u>
	<u>\$ 3,784,249</u>	<u>\$ 3,327,025</u>

9. Accrued Future Payroll Benefits

	2015	2014
Holiday Pay	\$ 751,830	\$ 721,762
Sick Leave	1,098,664	1,199,702
Banked Overtime	<u>174,046</u>	<u>195,686</u>
	<u>\$ 2,024,540</u>	<u>\$ 2,117,150</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:

2016	\$ 36,354
2017	36,354
2018	36,354
2019	36,354
2020	36,354
Thereafter	654,372
Less interest	<u>(474,760)</u>
	<u>\$ 361,382</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

11. Debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2015 Balance	2014 Balance
General Purposes:						
3107	Catacombs	3.85%	2033	\$ 275,000	\$ 256,161	\$ 265,765
3107	Baker Street bridge	3.85%	2033	900,000	838,344	869,776
3034	Street construction	4.82%	2022	50,341	27,176	30,484
2871	Tenth Street campus	3.15%	2025	6,080,000	3,293,075	3,549,522
3036	Highway 3A	4.00%	2021	300,000	141,445	161,949
2978	Fortis Gas	4.50%	2020	4,200,000	2,305,251	2,714,494
	Fortis Gas	CDOR+.5%	2021	7,386,404	2,753,604	2,753,604
				<u>19,191,745</u>	<u>9,615,056</u>	<u>10,345,594</u>
Water Purposes:						
3038	Fairview reservoir	4.82%	2022	240,000	129,560	145,332
3106	Water improvements	4.90%	2029	1,000,000	777,253	818,110
				<u>1,240,000</u>	<u>906,813</u>	<u>963,442</u>
Sewer Purposes:						
3037	Sewage treatment plant	4.00%	2021	550,000	259,316	296,907
3109	Sewer improvements	4.90%	2029	500,000	388,626	409,055
				<u>1,050,000</u>	<u>647,942</u>	<u>705,962</u>
Hydro Purposes:						
3110	Hydro improvements	4.90%	2029	1,500,000	1,165,880	1,227,166
3223	Hydro improvements	3.05%	2032	6,000,000	5,371,027	5,588,959
				<u>7,900,000</u>	<u>6,536,907</u>	<u>6,816,125</u>
Total Debt					\$ <u>17,706,718</u>	\$ <u>18,831,123</u>

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

	General	Water	Sewer	Hydro	Total
2016	\$ 761,042	\$ 58,895	\$ 60,341	\$ 290,387	\$ 1,170,665
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
Thereafter	<u>5,478,431</u>	<u>587,818</u>	<u>321,117</u>	<u>4,964,078</u>	<u>11,351,444</u>
	\$ <u>9,615,056</u>	\$ <u>906,813</u>	\$ <u>647,942</u>	\$ <u>6,536,907</u>	\$ <u>17,706,718</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

12. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015 Net Book Value</u>	<u>2014 Net Book Value</u>
Land	\$ 9,011,828	\$ -	\$ 9,011,828	\$ 9,013,980
Buildings	35,430,145	24,820,516	10,609,629	11,324,695
Vehicles	8,370,867	4,521,111	3,849,756	4,109,637
IT, equipment & furniture	2,854,044	1,339,118	1,514,926	1,565,196
Library	341,109	242,895	98,214	130,599
Natural gas system capital lease	8,186,404	3,040,663	5,145,741	5,379,638
Transportation infrastructure	24,570,315	8,977,661	15,592,654	12,440,843
Parks & cemetery	5,131,202	2,443,832	2,687,370	2,838,494
Water infrastructure	47,743,045	12,334,053	35,408,992	34,529,678
Sewer infrastructure	29,720,907	11,187,032	18,533,875	18,505,056
Storm sewer infrastructure	18,529,010	6,531,243	11,997,767	11,882,318
Hydro generators & substations	20,397,470	6,522,151	13,875,319	14,165,136
Hydro infrastructure	28,463,412	6,215,144	22,248,268	19,762,245
Assets under construction	<u>1,439,577</u>	<u>-</u>	<u>1,439,577</u>	<u>1,100,878</u>
	<u><u>\$240,189,335</u></u>	<u><u>\$ 88,175,419</u></u>	<u><u>\$152,013,916</u></u>	<u><u>\$146,748,393</u></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>2015</u>	<u>2014</u>
General, Water, Sewer Transit and Garage supplies	\$ 346,409	\$ 326,413
Fuel	53,621	55,200
Hydro	<u>899,248</u>	<u>906,342</u>
	<u><u>\$ 1,299,278</u></u>	<u><u>\$ 1,287,955</u></u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

14. Accumulated Surplus

	2015	2014
Reserves set aside by Council		
Capital projects	\$ 431,818	\$ 536,604
Community works fund	585,439	1,019,147
Equipment replacement	3,328,772	2,746,589
Future power purchase	1,032,930	1,002,481
Nelson municipal library	18,935	18,488
Nelson Hydro capital	1,953,195	3,992,380
Sewer utility capital	3,409,735	2,760,407
Waterfront development	29,021	28,336
Water licence	2,149,289	2,104,622
Water utility capital	<u>3,098,722</u>	<u>3,696,972</u>
	16,037,856	17,906,026
Statutory reserves		
Land sales	123,689	225,192
Off street parking	9,587	15,024
Parks acquisition	109,365	106,103
Tax sale	<u>22,094</u>	<u>21,573</u>
Total reserves	<u>16,302,591</u>	<u>18,273,918</u>
Surplus set aside by Council		
Airport	200,470	192,470
Art in public places	14,747	17,247
Bridge	360,000	320,000
Building reserve	327,000	347,000
Economic development	12,754	18,155
Downtown & waterfront	55,866	97,296
Fortis	517,170	1,747,530
Insurance	380,699	389,092
Legal	20,000	20,000
Parking	17,578	17,578
Recycling reserve	115,840	122,860
911	64,089	66,305
10th street	<u>89,877</u>	<u>79,077</u>
	2,176,090	3,434,610
Unappropriated surplus	<u>2,378,778</u>	<u>2,269,962</u>
Total surplus	<u>4,554,868</u>	<u>5,704,572</u>
Invested in capital assets	<u>137,209,894</u>	<u>131,071,508</u>
Total Accumulated Surplus	<u>\$158,067,353</u>	<u>\$155,049,998</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

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:

	2015	2014
Balances, beginning of year	\$ 928,371	\$ 920,226
Contributions received	10,820	12,027
Interest earned	<u>25,737</u>	<u>23,083</u>
	964,928	955,336
Expenses and transfers	<u>(13,900)</u>	<u>(26,965)</u>
Balances, end of year	<u>\$ 951,028</u>	<u>\$ 928,371</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.

	2015	2014
Provincial Government - School taxes	\$ 8,375,914	\$ 8,413,193
Regional District of Central Kootenay	4,152,348	4,134,576
West Kootenay Boundary Hospital District	646,190	624,124
British Columbia Assessment Authority	163,413	168,841
Municipal Finance Authority	<u>429</u>	<u>429</u>
	<u>\$ 13,338,294</u>	<u>\$ 13,341,163</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, 2014, the plan has about 185,000 active members and approximately 80,000 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, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2015 with results available in 2016.

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, 2015

17. **Pension Plan** (continued)

The City of Nelson paid \$1,319,525 (2014 - \$1,241,170) for employer contributions to the plan in fiscal 2015.

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
 December 31, 2015

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, 2015

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	\$ 9,077,599	\$ -	\$ -	\$ -
Sales of Service	406,966	1,262,196	196,839	5,226
Other revenue from own services	1,505,295	214,696	-	277,432
Investment income	385,303	-	-	-
Grants - unconditional	440,978	134,116	-	-
Grants - conditional	621,065	73,632	3,900	-
Water user fees	-	-	-	-
Sewer user fees	-	-	-	-
Transit user fees	-	-	-	-
Nelson Hydro sales	-	-	-	-
	<u>12,437,206</u>	<u>1,684,640</u>	<u>200,739</u>	<u>282,658</u>
Expenditures				
Wages and benefits	1,716,050	3,325,863	1,390,234	491,166
Supplies and services	1,412,058	466,801	166,508	98,243
Interest and other debt charges	387,148	-	-	-
Amortization	1,369,804	46,980	98,544	-
Loss on disposal of assets	-	-	-	-
	<u>4,885,060</u>	<u>3,839,644</u>	<u>1,655,286</u>	<u>589,409</u>
Annual Surplus (Deficit)	<u>\$ 7,552,146</u>	<u>\$(2,155,004)</u>	<u>\$(1,454,547)</u>	<u>\$ (306,751)</u>

Engineering Services	Parks Culture & Recreation	Transit	Library	Nelson Hydro	Utilities	2015 Total
\$ 59,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,137,584
609,567	544,561	-	50,975	-	-	3,076,330
74,568	39,125	4,435	33,097	986,757	517,688	3,653,093
-	-	-	2,402	188,479	173,076	749,260
-	-	-	231,433	-	-	806,527
5,191	269,463	955,556	34,515	39,374	53,525	2,056,221
-	-	-	-	-	3,293,748	3,293,748
-	-	-	-	-	2,868,551	2,868,551
-	-	236,954	-	-	-	236,954
-	-	-	-	<u>15,965,059</u>	-	<u>15,965,059</u>
<u>749,311</u>	<u>853,149</u>	<u>1,196,945</u>	<u>352,422</u>	<u>17,179,669</u>	<u>6,906,588</u>	<u>41,843,327</u>
1,646,865	1,005,664	743,914	656,706	2,224,751	1,444,726	14,645,939
1,976,377	1,503,055	741,550	218,405	9,763,950	1,575,481	17,922,428
60,954	-	-	-	247,500	109,433	805,035
1,280,530	164,624	-	-	939,197	1,183,225	5,082,904
<u>120,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,594</u>	<u>128,486</u>	<u>369,666</u>
<u>5,085,312</u>	<u>2,673,343</u>	<u>1,485,464</u>	<u>875,111</u>	<u>13,295,992</u>	<u>4,441,351</u>	<u>38,825,972</u>
<u><u>\$(4,336,001)</u></u>	<u><u>\$(1,820,194)</u></u>	<u><u>\$(288,519)</u></u>	<u><u>\$(522,689)</u></u>	<u><u>\$ 3,883,677</u></u>	<u><u>\$ 2,465,237</u></u>	<u><u>\$ 3,017,355</u></u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

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>2015</u>
Budget surplus per Consolidated Statement of Operations	\$ 5,284,308
Less: Capital expenditures	14,988,570
Debt principal repayments	1,075,188
Budgeted transfers to reserves	2,419,623
Add: Budgeted transfers from surplus and reserves	8,053,677
Amortization	<u>5,145,396</u>
Net annual budget	<u>\$ -</u>

21. Accounting Changes: PS 3260 Liability for Contaminated Sites

On January 1, 2015, the City of Nelson adopted the new PS3260 Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard.

The adoption of the new PS3260 has not resulted in any changes to the measurement and recognition of liabilities in the City of Nelson's 2015 financial statements.

Statistical Section

Statistical Section

2015 Property Tax Exemptions (PTE)

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 2015 together with the estimated amount of municipal taxes that would have been imposed on the property if it were not considered exempt.

Organization	Civic Address	Permissive Tax Exemption	Municipal Taxes 2015
Ascension Lutheran Church	1805 Silver King Rd	100%	809.22
Pentecostal Assemblies of Canada	623 Gordon Rd	100%	261.26
Pentecostal Assemblies of Canada	1004 Third Street	100%	260.45
Pentecostal Assemblies of Canada	1004 Third Street	100%	260.45
The Salvation Army	601 Vernon St	100% land, 50% bldg	3,312.35
Eleos Centre Ministries	711 Tenth St	50% land	128.97
LDS Latter Day Saints Church	222 W. Richards	27% land	279.79
St John's Evangelical Lutheran Church	300 Silica St	100%	415.18
Nelson United Church	602 Silica St	100%	124.22
Synod Diocese of Kootenay	723 Ward St	100%	178.28
Evangelical Covenant Church	702 Stanley St	100%	100.34
Roman Catholic Church	813 Ward St	100%	181.20
St Joseph's School	523 Mill St	100%	1,168.47
First Baptist Church	611 Fifth St	100%	240.87
Jehovah's Witness	2121 Falls St	100%	420.63
Nelson & District Boy Scouts	310 Cedar St	100%	439.57
Nelson Curling Club	302 Cedar St	100%	15,114.17
Nelson Golf & Recreation Society	1123 W. Richards St	100% land, partial bldg	7,184.67
Nelson Rod & Gun Society	801 Railway St	100%	6,123.37
Nelson CARES Society	567 Ward St	65%	3,548.32
Nelson CARES Society	805 Nelson Ave	100%	3,834.40
Nelson CARES Society	816 Vernon St	100%	2,717.76
West Kootenay Women's Assoc.	420 Mill St	100%	1,148.94
Nelson Kiwanis Society	824 Sixth Street	100%	5,712.38
Nelson Kiwanis Society	509 Gordon Road	100%	3,428.35
Kootenay Kids Society	312 Silica St	100%	2,307.10
Kootenay Kids Society	804 Stanley St	50%	1,338.12
Nelson & District Museum	502 Vernon St	100%	422.16
Capitol Theatre Restoration Sociey	421 Victoria St	100%	7,945.58
Kalein Hospice Centre Society (Pcl A)	402 West Richards St	50%	756.73
Kalein Hospice Centre Society (PacI B)	402 West Richards St	50%	1,416.56
Total			71,579.86

Statistical Section

The Corporation of the City of Nelson General Comparative Statistics As At December 31, 2015

MUNICIPAL GOVERNMENT:

1 Mayor and 6 Council Members
INCORPORATED MARCH 18, 1897

	2015	2014	2013	2012	2011	2010	2009	2008
Population	9,804	9,804	9,804	9,804	9,804	9,923	9,923	9,923
Registered Voters	5,799	5,799	5,799	5,799	5,799	5,793	6,034	7,040
Area (HA)	1,602	1,602	1,602	1,602	1,602	1,602	1,602	1,347
No. Of Properties (Folios)	4,596	4,596	4,585	4,546	4,521	4,668	4,474	4,543
DESIGNATED LAND USE IN HA:								
Residential	308.0	308.0	308.0	308.0	308.0	308.1	308.1	294.0
Agricultural	-	-	-	-	-	-	-	-
Commercial	28.7	28.7	28.7	28.7	28.7	28.7	28.7	28.7
Industry	65.5	65.5	65.5	65.5	65.5	65.5	65.5	78.4
Schools/Park/Greenbelt	124.0	124.0	124.0	124.0	124.0	123.8	123.8	119.4
Institutional	41.5	41.5	41.5	41.5	41.5	41.5	41.5	42.7
Transportation / Utilities	621.0	621.0	621.0	621.0	621.0	620.7	620.7	620.7
Crown Land	163.0	163.0	163.0	163.0	163.0	163.1	163.1	163.1
ROADS IN KM.:								
Paved	85.0	85.0	75.1*	75.1*	75.1*	73.5*	73.5*	85.0
Unpaved	21.0	21.0	19.4	19.4	19.4	21.0	21.0	21.0
SEWER LINES in KM.:								
Sanitary	83.8	83.0	81.6*	81.6*	81.6*	80.0*	79.0*	79.0
Storm	58.1	58.0	55.8*	55.8*	55.8*	55.7*	56.0*	56.0
WATER LINES in KM.:								
# Water Services	88.8	88.0	86.9*	86.9*	86.9*	87.6*	85.5 *	87.0
# Hydrants	3,942	3,933	4,105	4,105	4,182	4,092	3,964	3,972
	330	327	326	326	326	326	324	316
PARKS AREA (in HA):								
Municipal	30	30	30	30	30	30	30	16
NUMBER OF SCHOOLS:								
Vocational	1	1	1	1	1	1	1	1
Colleges	1	1	1	1	1	1	1	1
Elementary Schools	3	3	3	3	3	3	3	3
Senior Secondary Schools	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1
Private Schools	3	3	3	3	3	3	3	3
District Correspondence School	1	1	1	1	1	1	1	1

* figures adjusted in 2009 to match TCA information

Statistical Section

THE CORPORATION OF THE CITY OF NELSON Major Projects Program 2016 - 2020

	2016	2017	2018	2019	2020
MAJOR PROJECTS:	\$	\$	\$	\$	\$
Information Services	622,650	257,650	158,850	269,800	1,042,300
City Owned Facilities/Buildings	1,437,787	413,250	474,250	175,250	4,086,250
Protective Services	40,870	214,500	10,000	-	-
Transportation Services	1,350,000	4,351,496	890,000	780,000	780,000
Recreation & Cultural Services	645,508	430,000	200,750	1,758,750	174,000
Equipment	1,556,600	1,140,000	678,000	1,244,000	1,394,000
Utilities					
Water	2,530,000	3,391,500	2,174,436	5,942,765	5,520,404
Sewer	1,543,000	1,887,000	1,560,600	371,423	1,515,405
Nelson Hydro	3,053,218	2,786,188	1,911,432	3,068,996	2,175,216
	12,779,633	14,871,584	8,058,318	13,610,984	16,687,575
SOURCE OF FUNDS:					
General operating	60,000	60,000	60,000	60,000	60,000
Water Rates	2,204,034	2,236,467	2,174,436	1,476,099	2,356,054
Sewer Rates	1,258,539	1,271,000	1,339,711	421,423	1,404,516
Nelson Hydro Rates	2,269,904	2,475,683	1,911,432	2,507,016	2,175,216
Utility Reserves	1,443,741	799,539	270,889	561,980	391,906
Other Reserves	4,317,485	3,166,565	2,081,850	2,547,800	3,296,550
Reserve Accounts and Other	695,680	210,000	120,000	70,000	70,000
Government Grants	200,250	4,066,330		3,733,333	2,733,333
Community Works Grants	305,000		100,000	200,000	200,000
Borrowing	25,000	586,000	-	2,033,333	4,000,000
	12,779,633	14,871,584	8,058,318	13,610,984	16,687,575



Statistical Section

The Corporation of the City of Nelson

Summary of Long Term Debt (In \$ 000's)

	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Total Debt (\$ 000's)	\$ 17,707	\$ 18,831	\$ 19,911	\$ 19,684	\$ 14,642	\$ 18,324
Supported By:						
Selkirk College Lease	3,293	3,550	3,795	3,976	4,207	4,427
Property Tax	1,263	1,328	1,390	257	398	693
Water Utilities	907	963	1,018	1,068	1,119	1,168
Sewer Utilities	648	706	762	825	891	954
Nelson Hydro	6,537	6,816	7,085	7,339	1,434	3,628
Gas Franchise Lease Revenues	5,059	5,468	5,861	6,219	6,593	7,454
Debt Service Payments (\$000's)	\$ 1,665	\$ 1,700	\$ 1,746	\$ 1,923	\$ 2,943	\$ 2,031
Supported By:						
Long term lease	270.3	296.9	334.1	334.1	334.1	334.1
Property Tax	117.8	117.8	82.9	235.1	282.0	301.4
Water Rates	106.1	106.1	106.1	106.1	106.1	106.1
Sewer Rates	93.1	93.1	98.4	113.3	113.3	113.3
Nelson Hydro Rates	499.4	499.4	501.9	414.6	1,016.6	1,022.6
Gas Franchise Lease Revenue	577.8	586.9	622.9	720.0	1,090.4	153.4
Total Revenues (\$000's)	\$ 41,843	\$ 41,982	\$ 40,391	\$ 38,729	\$ 38,986	\$ 36,231
Long Term Debt as a						
Percentage of Total Revenue	<u>3.98%</u>	<u>4.05%</u>	<u>4.32%</u>	<u>4.97%</u>	<u>7.55%</u>	<u>5.61%</u>



Statistical Section

THE CORPORATION OF THE CITY OF NELSON 2015 Property Assessments and Tax Rates By Property Class

Residential	Utilities	Light Industry	Business Other	Recreational Non-Profit	Boundary Expansion
-------------	-----------	----------------	----------------	-------------------------	--------------------

Analysis of 2015 Taxable Values

Assessment for General Purposes	1,230,361,200	3,102,210	1,071,800	210,338,710	1,760,100	100,284,600
Percentage of Taxable Values	79.54%	0.20%	0.07%	13.60%	0.11%	6.48%
General Tax Levy by Class	\$ 5,608,848	\$ 99,359	\$ 8,959	\$ 1,956,676	\$ 4,967	\$ 377,738
Percentage of General Taxation	69.62%	1.23%	0.11%	24.29%	0.06%	4.69%

Analysis of 2015 Rates (Per \$1,000)

General	\$4.5587	\$32.0285	\$8.3584	\$9.3025	\$2.8218	\$3.8600
Debt	0.1265	0.8884	0.2319	0.2580	0.0783	
School	2.5460	13.6000	5.8000	5.8000	3.3000	13.6000
West Kootenay Boundary Regional Hospital	0.3030	1.0605	1.0302	0.7423	0.3030	1.0605
Regional District of Central Kootenay	1.7531	6.1359	5.9605	4.2951	1.7531	6.1359
B.C. Assessment Authority	0.0596	0.5030	0.1679	0.1679	0.0596	0.5030
Municipal Finance Authority	0.0002	0.0007	0.0007	0.0005	0.0002	0.0007
	\$9.3471	\$54.2170	\$21.5496	\$20.5663	\$8.3160	\$25.1601
<u>Boundary Expan. Class 2 properties:</u>						
Library Service						0.3003
Police Tax - Area E						0.5702
Police Tax - Area F						0.5919
Police Tax - Area H						0.7179

NOTE:

Properties are categorized into 9 different classes for assessment and taxation purposes.
The City of Nelson has no properties within class 4 (Major Industry), 7 (Managed Forest Land) and 9 (Farm).

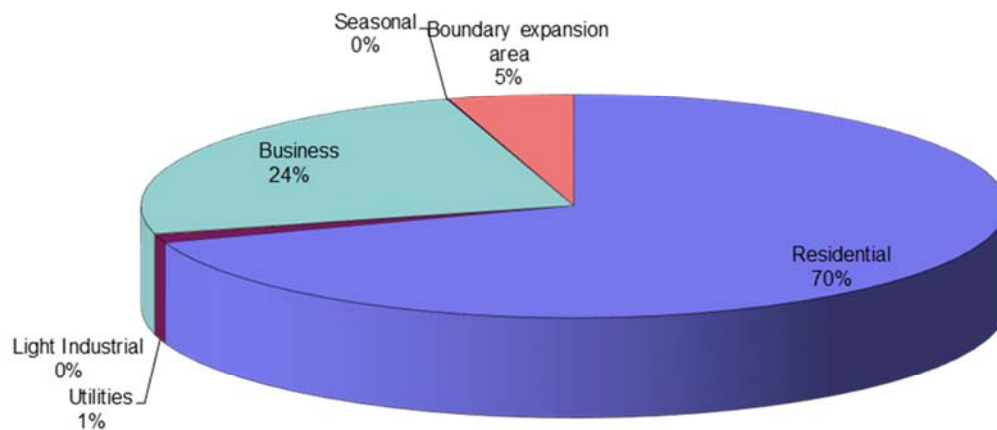
Statistical Section

Assessment/Taxation Comparative Statistics

	2015	2014	2013	2012	2011
Assessment for General Taxation					
Land	\$ 618,659,465	\$ 638,559,153	\$ 633,718,742	\$ 654,225,892	\$ 653,712,737
Less: Exempt Land	74,401,714	76,458,728	75,985,544	75,997,301	72,838,400
Net Land Assessment	544,257,751	562,100,425	557,733,198	578,228,591	580,874,337
Improvements	1,349,051,555	1,335,576,353	1,335,924,902	1,325,191,452	1,304,014,452
Less: Exempt Imp & Utils	346,390,686	344,955,772	350,880,856	348,258,899	341,532,260
Net Improvement Assess	1,002,660,869	990,620,581	985,044,046	976,932,553	962,482,192
Total Taxable Assessment	\$ 1,546,918,620	\$ 1,552,721,006	\$ 1,542,777,244	\$ 1,555,161,144	\$ 1,543,356,529
Assessment for School Taxation					
Total Taxable Assessment	\$ 1,739,245,482	\$ 1,743,445,926	\$ 1,732,615,032	\$ 1,752,533,552	\$ 1,731,959,201
Municipal Tax Rates (per \$1,000)					
Residential	\$ 4.5587	\$ 4.5173	\$ 4.4219	\$ 4.1779	\$ 4.0443
Utilities	\$ 32.0285	\$ 31.6370	\$ 30.3000	\$ 30.9165	\$ 29.9278
Industrial	\$ 8.3584	\$ 8.2970	\$ 7.6951	\$ 7.5202	\$ 7.2797
Business	\$ 9.3025	\$ 9.4142	\$ 9.4961	\$ 9.8515	\$ 10.1108
Seasonal	\$ 2.8218	\$ 2.8090	\$ 3.2899	\$ 3.5763	\$ 3.4619
Boundary expansion area (class 2)	\$ 3.8600	\$ 3.8200	\$ 3.9600	\$ 4.0000	\$ 3.9500
School Tax Rate (per \$1,000)					
Residential	\$ 2.5460	\$ 2.5462	\$ 2.5587	\$ 2.4777	\$ 2.4644
Utilities	\$ 13.6000	\$ 13.6000	\$ 14.0000	\$ 14.2000	\$ 14.1000
Industrial	\$ 5.8000	\$ 6.0000	\$ 10.8000	\$ 6.4000	\$ 6.6000
Business	\$ 5.8000	\$ 6.0000	\$ 6.2000	\$ 6.4000	\$ 6.6000
Seasonal	\$ 3.3000	\$ 3.4000	\$ 3.4000	\$ 3.4000	\$ 3.4000
Residential Tax Rate (per \$1,000)					
General	\$ 4.5587	\$ 4.3931	\$ 4.2992	\$ 4.0721	\$ 3.9377
Debt	\$ 0.1265	\$ 0.1242	\$ 0.1227	\$ 0.1058	\$ 0.1066
Local School Levy	\$ 2.5460	\$ 2.5462	\$ 2.5587	\$ 2.4777	\$ 2.4644
Regional Hospital	\$ 0.3030	\$ 0.2913	\$ 0.3433	\$ 0.2106	\$ 0.2130
Regional District	\$ 1.7531	\$ 1.7526	\$ 1.7623	\$ 1.4610	\$ 1.4426
Specified Area	\$ -	\$ -	\$ -	\$ 0.1577	\$ 0.1746
Municipal Finance Authority	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0002
B. C. Assessment Authority	\$ 0.0596	\$ 0.0619	\$ 0.0610	\$ 0.0599	\$ 0.0621
	\$ 9.3471	\$ 9.1695	\$ 9.1474	\$ 8.5450	\$ 8.4012
Collection & Penalty					
Curr Yrs Levy & Penalties (incl Sec 353)	\$ 21,940,683	\$ 21,766,541	\$ 21,968,392	\$ 20,660,864	\$ 19,993,042
Per Capita	\$ 2,237.93	\$ 2,220.17	\$ 2,240.76	\$ 2,107.39	\$ 2,039.27
Current Received	\$ 21,566,776	\$ 21,381,801	\$ 21,559,979	\$ 20,278,072	\$ 19,652,961
Percent of Levy	98.30%	98.23%	98.14%	98.15%	98.30%
Arrears/ Delinq. Collected	\$ 361,024	\$ 421,528	\$ 392,651	\$ 348,651	\$ 415,697
Total Collected	\$ 21,927,800	\$ 21,803,329	\$ 21,952,630	\$ 20,626,723	\$ 20,068,658
Percent of Current Levy	99.94%	100.17%	99.93%	99.83%	100.38%
Total Arrears Outstanding	\$ 558,813	\$ 545,930	\$ 582,718	\$ 566,956	\$ 504,784
Taxation Revenues (Municipal not incl debt)					
Residential	\$ 5,608,848	\$ 5,434,434	\$ 5,268,359	\$ 5,100,593	\$ 4,913,071
Utilities	\$ 99,359	\$ 97,312	\$ 92,087	\$ 91,653	\$ 86,196
Light Industrial	\$ 8,959	\$ 8,774	\$ 8,628	\$ 8,431	\$ 10,835
Business	\$ 1,956,676	\$ 1,930,683	\$ 1,894,578	\$ 1,839,119	\$ 1,771,048
Seasonal	\$ 4,967	\$ 4,864	\$ 5,886	\$ 6,606	\$ 5,904
Boundary expansion area	\$ 377,738	\$ 371,809	\$ 391,515	\$ 444,503	\$ 439,049
	\$ 8,056,547	\$ 7,847,876	\$ 7,661,053	\$ 7,490,905	\$ 7,226,103

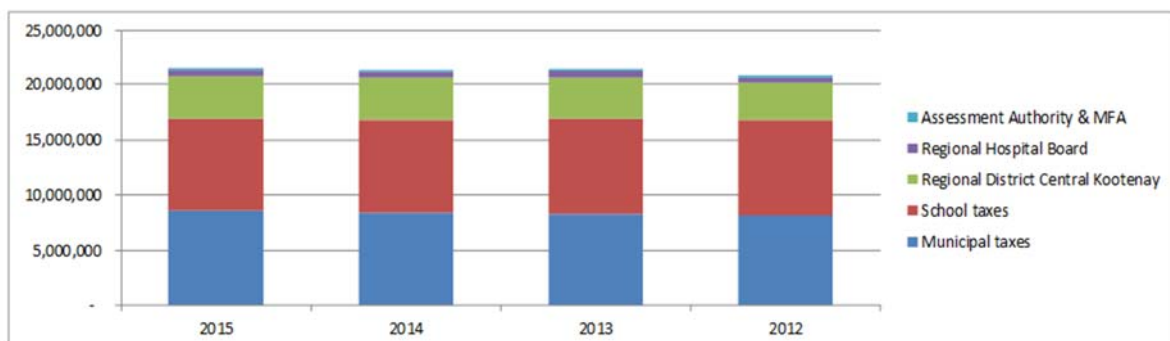
Statistical Section

**Municipal Taxes by
Property Classification**



**The Corporation of the City of Nelson
Taxes Collected 2012- 2015**

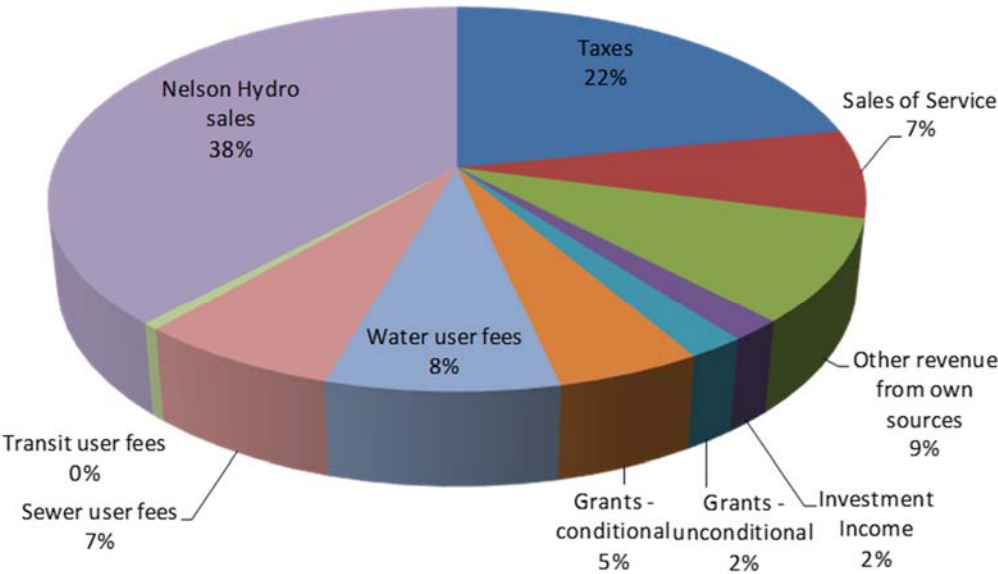
	2015	2014	2013	2012
Municipal taxes	8,572,243	8,395,711	8,299,835	8,197,676
School taxes	8,375,915	8,413,193	8,595,176	8,606,135
Regional District Central Kootenay	3,804,427	3,793,556	3,722,235	3,400,476
Regional Hospital Board	646,190	624,124	725,208	444,584
Assessment Authority & MFA	163,842	168,590	168,851	166,480



Statistical Section

CITY OF NELSON
2015 Operating Revenues

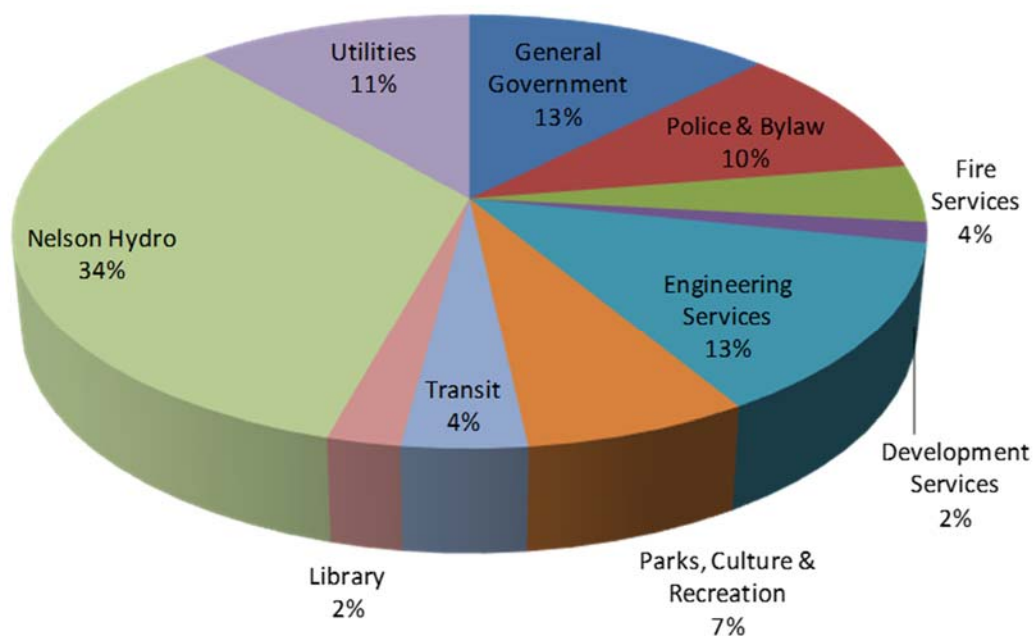
Taxes	9,137,584
Sales of Service	3,076,330
Other revenue from own sources	3,653,093
Investment Income	749,260
Grants - unconditional	806,527
Grants - conditional	2,056,221
Water user fees	3,293,748
Sewer user fees	2,868,551
Transit user fees	236,954
Nelson Hydro sales	15,965,059
	41,843,327



Statistical Section

CITY OF NELSON 2015 Operating Expenses

General Government	4,885,060
Police & Bylaw	3,839,644
Fire Services	1,655,286
Development Services	589,409
Engineering Services	5,085,312
Parks, Culture & Recreation	2,673,343
Transit	1,485,464
Library	875,111
Nelson Hydro	13,295,992
Utilities	4,441,351
	38,825,972



Statistical Section

CITY OF NELSON SUMMARY OF EXPENSES BY OBJECT AND FUNCTION FOR THE YEAR ENDED DECEMBER 31, 2015

	General Government	Police & Bylaw	Fire Services	Development Services	Engineering Services	Parks Culture & Recreation	Transit	Library	Nelson Hydro	Utilities	Total
Wages and benefits	1,716,050	3,325,863	1,390,234	491,166	1,646,865	1,005,664	743,914	666,706	2,224,751	1,444,726	14,645,939
Supplies and services	1,412,058	466,801	166,508	98,243	1,976,377	1,503,055	741,550	218,405	9,763,950	1,575,481	17,922,428
Interest and other debt charges	387,148	-	-	-	60,954	-	-	-	247,500	109,433	805,035
Amortization	1,369,804	46,980	98,544	-	1,280,530	164,624	-	-	939,197	1,183,225	5,082,904
Loss on disposal of assets	-	-	-	-	120,586	-	-	-	120,594	128,486	369,666
	4,885,060	3,839,644	1,655,286	589,409	5,085,312	2,673,343	1,485,464	875,111	13,295,992	4,441,351	38,825,972

