REGIONAL DISTRICT OF CENTRAL KOOTENAY

NELSON & DISTRICT RECREATION COMMISISON NO. 5

OPEN AGENDA – SPECIAL BUDGET MEETING

9 a.m.
Tuesday, February 11, 2025

To promote openness, transparency and provide accessibility to the public we provide the ability to attend all RDCK meetings in-person or remote (hybrid model).

COMMISSION/COMMITTEE MEMBERS

Commissioner K. Page	City of Nelson - Chair
Commissioner K. Tait	City of Nelson
Commissioner J. Morrison	City of Nelson
Commissioner C. Graham	Area E
Commissioner T. Newell	Electoral Area F

STAFF

Stuart Horn	Chief Administrative Officer
Joe Chirico	General Manger – Community Services
Trisha Davison	Regional Manager of Recreation and Client Services
Craig Stanley	Regional Manager of Operations and Asset Management
Alana Jenkins	Meeting Coordinator

5 out of 5 voting Commission/Committee members were present – quorum was met.

1. CALL TO ORDER
Chair Page called the meeting to order at 9:05 a.m.

2. TRADITIONAL LANDS ACKNOWLEDGEMENT STATEMENT
We acknowledge and respect the indigenous peoples within whose traditional lands we are meeting today.

3. ADOPTION OF AGENDA
MOVED and seconded,
AND Resolved that:

The Agenda for the February 11, 2025 Nelson & District Recreation Commission No. 5 meeting, be adopted as circulated.

Carried

4. DELEGATE

4.1 There are no delegates scheduled for this Commission meeting.

5. STAFF REPORTS

5.1 Service No. S226 - Draft 2025 Budget and Five Year Financial Plan

The Commission Report dated February 5, 2025 from Craig Stanley, Regional Manager - Operations & Asset Management re: Service No. S226 Draft 2025 Budget and Five Year Financial Plan was received at the February 5, 2025 Nelson & District Recreation Commission No. 5 meeting. Craig Stanley reviewed revenue and expenses from 2024, along with projections for 2025 then spoke to the 5 year plan and answered questions from the Commission Members.

The following resolution was passed at the February 5, 2025 Nelson & District Recreation Commission meeting:

> The Commission direct staff to prepare a breakdown of how requisitions and user fees are distributed, prepare a budget option that puts more funds in reserves, and list suggested tax increase by dollar figure for an average household.

Craig Stanley provided a review of asset management planning vs actuals. Joe Chirico provided an overview of the budget up to 2024, and answered questions from the Commission regarding the 2025 budget and Financial Plan through to 2030.

Moved and seconded,
AND Resolved that:

The Commission direct staff to provide a comparison of what a resident in Area E would pay if all of Area E was included in Service S226-Nelson and Areas F and Defined E.

Carried

RECESS/ RECONVENE The meeting recessed at 10:12am for Break and reconvened at 10:25 am.

6. PUBLIC TIME

The Chair called for questions from the public at 10:25 a.m.

Members of the public provided comments and asked questions regarding the following:

- Referendum of withdrawal
- Proposed budget
- Impact of tax increases

Moved and seconded,
AND Resolved that:

The Commission direct staff to provide information on how participants could withdraw from a service within the Regional District of Central Kootenay.

Carried

Moved and seconded,
AND Resolved that:

The Commission approves Service S226-Nelson and Areas F and Defined E Draft 2025 Budget and Five Year Financial Plan.

Carried

7. NEXT MEETING

The next Nelson & District Recreation Commission No. 5 meeting is scheduled for April 30, 2025 at 9 a.m.

8. ADJOURNMENT

MOVED and seconded,
AND Resolved that:

The Nelson & District Recreation Commission No. 5 meeting be adjourned at 11:16 a.m.

Carried

Digitally Approved

Keith Page, Chair

THE FOLLOWING ITEMS ARE PROVIDED FOR CONVENIENCE ONLY AND WILL BE CONSIDERED AT ITS APPROPRIATE MEETING AS STATED.

Future Nelson & District Recreation Commission No. 5 Meetings

1. ***The Commission direct staff to provide a comparison of what a resident in Area E would pay if all of Area E was included in Service S226-Nelson and Areas F and Defined E.***

2. ***The Commission direct staff to provide the Commission with information on how participants could withdraw from a service within the Regional District of Central Kootenay.***

Commission Report – For Information

February 11, 2025

Service S226 2025 Financial Plan

Author:	Joe Chirico, General Manager of Community Services
File Reference:	01-0520-50
Electoral Area/Municipality:	City of Nelson, Defined Area E, Area F
Services Impacted	Recreation Facility - S226

1.0 PURPOSE OF REPORT

This report provides information to support conversation regarding the 2025-29 Financial Plan.

2.0 BACKGROUND AND UDPATE

The following table summarizes the actual financial results of the last 10 years. Years highlighted in yellow are 'normal' operating years. Years highlighted in blue are years where there was disruptions to the operations.

- 2015 – Aquatic Centre renovation
- 2016 – Aquatic Centre renovation
- 2020 – Pandemic – Facilities closed in March and reopened under restrictions in August
- 2021 – Pandemic – Facilities operated under various restrictions the entire year
- 2022 – Pandemic – Facilities operated on restrictions for the 1st quarter. Restrictions lifted in 2nd quarter. Lifeguard shortage affected operations of Aquatic Centre.
- 2023 – Lifeguard shortage
- 2024 – Return to full operations at the end of 1st quarter

Requisition/Grants in Lieu/Nelson Contributions

This shows the requisitions, Grants in Lieu and the contribution from the City of Nelson to the service as per the establishment bylaw. What is important to note is how this changed:

- 2016-2017 – Reduced requisition that follows the drop in long-term borrowing costs.
- 2019 – The first year to use $180,000 of reserves to fund operations
- The service ran deficits in 2018, 2019 and 2020.

Comparison of Revenue vs Operations Expenses

This section shows the relationship between operating expenses and revenue from admissions, rentals and programs. Note that although the percent of revenue covering operational expenses is increasing but the amount of requisition to recover the difference is increasing as well. This is important to illustrate the one of Commission's role is to set balance services levels with the public good of greater service provision. What is a service level?

- Operating hours
- Programing opportunities
- Providing new services

Funding For Capital Expenditures/Borrowing/Reserve Contributions

Note that the funding for all capital expenditures including the long-term debt (borrowing) is increasingly being funded by the previous year's surplus. Lower service levels (particularly in the aquatic centre) and increasing revenue are primarily driving the surplus.

Capital Expenditures/Borrowing /Reserve Contributions
The important note here is how this decreases to 2022 and requires increases for 2023 and beyond. 2015 and 2016 is primarily the aquatic centre renewal.

Requisition Funding Capital/Reserve/Borrowing
Important to note the decreasing use of requisition to fund these costs. This is one of the impacts on the budget in 2025 as surplus will not cover all capital/reserve/borrowing costs.

	Actual Amounts										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Requisition/Grants in Lieu/Nelson Contributions											
Requisition + Grants in Lieu	3,588,987.03	3,585,643.57	3,579,892.56	3,224,234.75	2,924,750.10	2,980,377.92	3,060,863.40	3,119,203.94	3,184,878.92	3,379,221.26	3,560,948.33
External Contribution - Nelson	184,200.00	184,200.00	184,200.00	184,200.00	184,200.00	184,200.00	184,200.00	184,200.00	184,200.00	184,200.00	184,200.00
Total Non-Revenue Sources	3,773,187.03	3,769,843.57	3,764,092.56	3,408,434.75	3,108,950.10	3,164,577.92	3,245,063.40	3,303,403.94	3,369,078.92	3,563,421.26	3,745,148.33
Comparison of Revenue vs Operations Expenses											
Revenue (Admission/Rental/Programs)	1,359,519.91	1,134,455.61	1,136,867.36	1,728,658.00	1,660,699.30	1,733,532.46	644,193.58	697,053.40	1,533,791.78	1,977,889.00	2,246,426.85
Operational Expenses	3,608,813.71	3,328,507.15	3,506,343.17	4,518,837.51	4,436,105.77	4,560,210.75	3,170,553.74	3,467,391.71	4,409,711.65	4,669,463.85	5,034,332.86
%of Revenue Funding Operations	38%	34%	32%	38%	37%	38%	20%	20%	35%	42%	45%
Funding For Capital Expenditures/Borrowing/Reserve Contributions											
Surplus - From Previous Year	597,120.20	280,788.07	324,463.40	29,941.86	-43,260.49	-127,835.46	-129.68	178,601.32	452,931.59	601,964.59	1,013,628.07
Grants Funding Captial	0.00	10,452.00	4,597,200.00	8,839.00	5,000.00		23,338.57		1,562.00	241,667.88	
Contribution From Reserve		80,000.00		20,427.17	125,830.00	260,153.88		172,368.75			241,667.00
Funding For Capital	597,120.2	371,240.1	4,921,663.4	59,208.0	87,569.5	132,318.4	23,208.9	350,970.1	454,493.6	843,632.5	1,255,295.1
Capital Expenditures/Borrowing /Reserve Contributions											
Borrowing (Principle and Interest)	665,725.85	449,972.42	439,661.46	446,487.20	435,117.13	442,468.48	454,317.33	461,027.16	461,027.16	461,027.16	499,939.00
Contribution to Reserve	607,841.89	265,219.00								273,904.83	185,200.00
Capital Expenditures	610,360.91	939,863.71	6,005,155.34	328,986.21	160,524.59	80,379.49	164,890.38	5,002.95	2,500.00	45,687.93	324,212.47
Cost of Borrowing/Reserve Cont/Capital Expenditures	1,883,928.65	1,655,055.13	6,444,816.80	775,473.41	595,641.72	522,847.97	619,207.71	466,030.11	463,527.16	780,619.92	1,009,351.47
Requisition Funding Capital/Reserve/Borrowing	1,286,808.5	1,283,815.1	1,523,153.4	716,265.4	508,072.2	390,529.6	595,998.8	115,060.0	9,033.6	-63,012.6	-245,943.6
Reserve Balances											
Planning-Operating	21,899.29	22,175.33	22,389.62	22,593.78	22,903.55	23,354.55	23,812.22	24,078.05	24,436.34	25,245.10	25,245.10
Facility	742,225.17	937,967.57	947,031.75	935,147.27	821,275.99	574,732.92	585,995.85	592,537.73	601,354.90	621,257.59	806,457.59
Growing Communities Fund	[redacted]									253,193.38	11,526.38
Total Reserves	764,124.46	960,142.90	969,421.37	957,741.05	844,179.54	598,087.47	609,808.07	616,615.78	625,791.24	899,696.07	843,229.07

Financial Plan - Budget
The following table shows the Financial Plan in the same summary as the evaluation of previous operating years.

Requisition/Grants in Lieu/Nelson Contributions
The increase in requisition is a direct result of the funding required for **Capital/Reserve/Borrowing.** In 2024 the budget had $71,053 in 2025 the budget requires $447,120 to fund these expenses. Note that the requisition does not cover the borrowing.

If the commission's goal is to reduce the requisition, the commission could consider funding like Community Works to fund Capital Projects. If this is the preferred direction, Commission will need to consider that funding like Community Works will need to continue be budgeted to fund Capital/Reserve/Borrowing or a significant impact to requisition will occur in the future.

2030 is the final $46,000 payment on borrowing.

	Budgets					
	2024	2025	2026	2027	2028	2029
Requisition/Grants in Lieu/Nelson Contributions						
Requisition + Grants in Lieu	3,560,948.33	3,971,249.00	4,088,976.47	4,210,235.76	4,335,132.84	4,463,776.82
External Contribution - Nelson	184,200.00	184,200.00	184,200.00	184,200.00	184,200.00	184,200.00
Total Non-Revenue Sources	3,745,148.33	4,155,449.00	4,273,176.47	4,394,435.76	4,519,332.84	4,647,976.82
Comparison of Revenue vs Operations Expenses						
Revenue (Admission/Rental/Programs)	1,943,398.00	2,285,780.66	2,353,578.09	2,423,402.60	2,495,314.91	2,569,377.59
Operational Expenses	5,623,927.00	6,000,859.96	5,881,103.10	6,023,566.71	6,171,063.08	6,318,944.52
%of Revenue Funding Operations	35%	38%	40%	40%	40%	41%
Funding For Capital Expenditures/Borrowing/Reserve Contributions						
Surplus - From Previous Year	1,013,600.00	1,235,487.00				
Grants Funding Captial						0.00
Contribution From Reserve	241,667.00	165,338.00	139,296.00	93,675.00	44,362.00	0.00
Funding For Capital	1,255,267.0	1,400,825.0	139,296.0	93,675.0	44,362.0	0.0
Capital Expenditures/Borrowing /Reserve Contributions						
Borrowing (Principle and Interest)	491,120.00	647,945.00	659,697.00	659,697.00	659,697.00	595,197.00
Contribution to Reserve	185,200.00					
Capital Expenditures	650,000.00	1,200,000.00	232,000.00	235,000.00	235,000.00	285,000.00
Cost of Borrowing/Reserve Cont/Capital Expenditures	1,326,320.00	1,847,945.00	891,697.00	894,697.00	894,697.00	880,197.00
Requisition Funding Capital/Reserve/Borrowing	71,053.0	447,120.0	752,401.0	801,022.0	850,335.0	880,197.0
Reserve Balances						
Planning-Operating	25,245.10	25,245.10	25,245.10	25,245.10	25,245.10	25,245.10
Facility	806,457.59	652,645.97	513,349.97	419,674.97	375,312.97	375,312.97
Growing Communities Fund	11,526.38					
Total Reserves	843,229.07	677,891.07	538,595.07	444,920.07	400,558.07	400,558.07

3.0 NEXT STEPS AND TIMELINE

Staff will amend this draft budget based on feedback from the Commission and present a final draft at the March 6, 2025 Committee meeting.

Respectfully submitted,

J. Chirico

Joe Chirico, General Manager of Community Services

CONCURRENCE

Regional Manager – Recreation and Client Services – Trisha Davidson

Regional Manager – Operations and Asset Management – Craig Stanley

Community Services

Nelson and District Recreation Budget Presentation
S226

Presented by: Staff
Date: February 5, 2025

S226 2024 Review:

Revenue

- User fees exceeded budget expectations by 24% +$293,000 in 2024.
  - Admissions, passes – indicates the facility was well-utilized

Expenses

- Salaries - underspent due to gaps in some positions (fitness) and aquatics underspent
- Insurance - unexpected increase of $20,606 more than budgeted
- Equipment underspent - $40K in fitness equipment not received
- Contracted, Repairs and maintenance underspent

S226 2024 Review:

Workorder		Actuals	Budget
CAP1480-100	NDCC - Boiler Replacement	295,121	400,000
CAP1481-100	NDCC - Refrigeration Plant Replacement - Engineering	0	100,000
CAP1482-100	NDCC - Rooftop Unit Replacement	28,342	150,000
		323,463	650,000

Capital

- Pool Boilers replaced – funded by Growing Communities Fund
- Roof Top Unit (RTU) purchased in 2022 was installed
- Refrigeration plant engineering – no costs put to this but work ongoing
  - Cost for engineering less than budgeted ($25,000 for S226)
  - Scope increasing to include funded pieces (Fortis)

S226 2024 Review:

Surplus $1,235M

- **Operations $847,407 (User fees and operational savings)**
- **Capital $309,668**
- **Campus Study $78,412**

Revenue Projections:

- Requisitions increase by 12% (4.46% due to debenture interest)
- User fees - budget considers like levels of revenue from user fees to actuals in 2024.
- Rental Revenue - comparable rental revenue to 2024 actuals.
- Sale of Services (Programming) – similar budget to 2024
- Surplus $1,235,487

S226

INCOME

Account	Description	2024 Budget	2025 Budget
41010	Requisitions	3,512,582	3,924,249
41020	Grants in lieu of Taxes	47,000	47,000
42015	Sale of Goods - Specified	28,400	30,000
42025	Sale of Services - Specified	275,098	271,925
42030	User Fees	0	0
42035	User Fees - Specified	1,210,000	1,505,000
42040	Rental Income	0	0
42045	Rental Income - Specified	419,000	466,600
43020	Grants	0	0
43025	Grants - Specified	6,050	5,000
43200	Proceeds from Equipment Financing	0	0
43300	Proceeds from Asset Disposal	0	0
43500	External Contributions & Contracts	184,200	184,200
43505	External Contributions & Contracts - Specif	0	0
44010	Penalties & Fees	250	250
44020	Investment Income & Interest	27,500	13,500
45000	Transfer from Reserves	241,667	165,338
45500	Transfer from Other Service	10,900	12,256
49100	Prior Year Surplus	1,013,600	1,235,487
Total Income		6,976,247	7,860,805

Expenses Projections:

Expenses

- Salaries show increases for CPI and union bargaining plus additional staff +$35,000
- Expenses not fully spent in 2024 are kept close to 0% year over year
  - Repairs and maintenance increase due to elevator repairs ($40,000) and Zamboni batteries ($30,000)
  - Fitness equipment carry forward ($40,000)
- Debenture interest increase +$156,825
- Community engagement $100,000

EXPENSES

Account	Description	2024 Budget	2025 Budget
51010	Salaries	2,628,030	2,785,989
51020	Overtime	34,155	26,933
51030	Benefits	526,191	542,460
51050	Employee Health & Safety	25,130	27,729
51060	Employee Incentives	2,800	2,801
52010	Travel	17,160	16,800
52020	Education & Training	26,140	31,005
52030	Memberships, Dues & Subscriptions	1,613	5,756
53020	Admin, Office Supplies & Postage	38,045	38,202
53030	Communication	10,242	10,950
53040	Advertising	45,000	45,000
53050	Insurance	90,698	106,500
53060	Bank Charges	20,200	33,000
53070	Bad Debts	0	0
53080	Licence & Permits	10,807	10,400
54020	Audit - Professional Fees	0	0
54030	Contracted Services	182,540	176,201
54040	Consulting Fees	120,000	120,000
55010	Repairs & Maintenance	202,015	284,500
55020	Operating Supplies	133,035	141,178
55025	Chemicals	45,000	52,500
55030	Equipment	95,255	123,260
55035	Radio Equipment	5,227	5,279
55040	Utilities	523,000	553,630
55050	Vehicles	14,000	11,675
55060	Rentals	12,000	10,000
55075	Recreation LAP Subsidy Expense	0	30,000
56010	Debenture Interest	262,423	419,248
56020	Debenture Principal	228,697	228,697
56110	Short-Term Financing Interest	0	0
56120	Short-Term Financing Principal	0	0
57010	Grants	58,295	58,878
59000	Contribution to Reserve	211,200	12,000
59500	Transfer to Other Service	38,045	18,995
59510	Transfer to Other Service - General Admin.	319,661	316,954
59520	Transfer to Other Service - IT Fee	107,140	101,563
59530	Transfer to Other Service - Community Ser	292,503	312,722
60000	Capital Expenditures	650,000	1,200,000
Total Expenses		6,976,247	7,860,805

2025 Capital

- Roof Top Units (RTUs) $150,000
- Refrigeration Engineering, Procurement $1,050,000 – could change for 2026
- Combined capital expenditures for 2025 total $1,200,000.
- This will be funded mostly by surplus, $1,034,662 but also by up to $165,338 from reserves.
- Current Reserves Balance - $843,229

S226 2025 Five-Year Financial Plan

- Requisitions 3% increase after 2025
- Revenue from sales CPI increase
- Salaries and expenses follow CPI
- Debenture Interest – increase 2026 slight decrease in 2029
- Capital fluctuates – long-term planning ongoing
  - Assessments and studies of the facility
- Minimal contributions to reserves
- Regional administrative projects not yet landed – will inform planning

Asset Management Project (AMP)

Roth IAMS

Draft reports from Consultant regarding the Asset Management roadmap and software analysis to be received in mid November – staff review

Board report in December 2024

Asset Management

Roth IAMS – 2021

Studied all Recreation Complexes

Recommendations for 20+ years

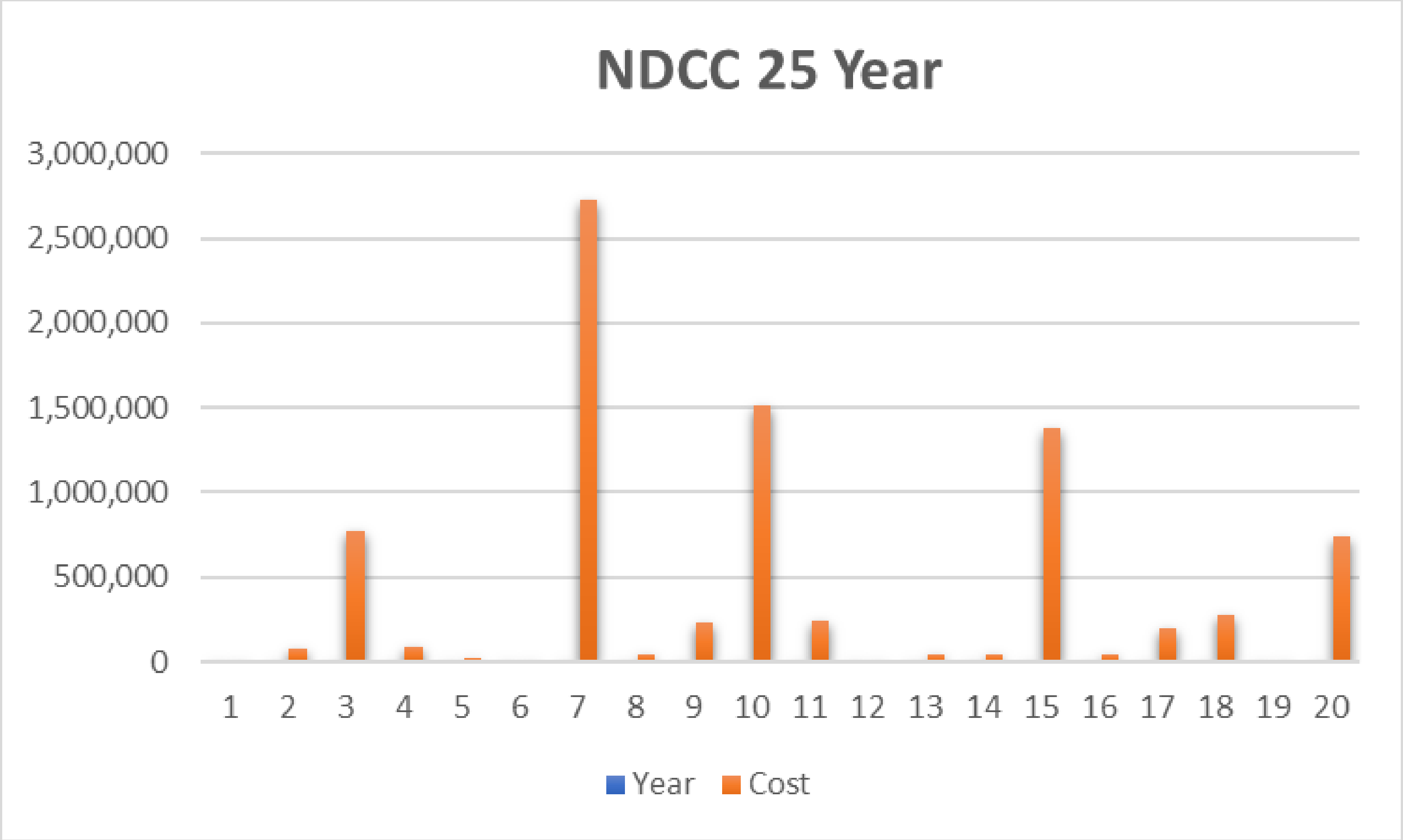
NDCC $8.3M over 20 years
CDRD $12M over 20 years
CDCC $4.5M over 25 years

Asset Management

Roth IAMS – 2021

Studied all Recreation Complexes
Recommendations for 20 years – included the kitchen sink
Linear calculations – age, condition, and expected life cycle, cost = data

Plan in 2021	Since
NDCC $8.3M over 20 years	$400K boilers $25K RTUs
CDRD $12M over 20 years	$1.7M new floor ($4M roofing)
CDCC $4.5M over 25 years	$500K roof repairs



Asset Management

Linear calculations

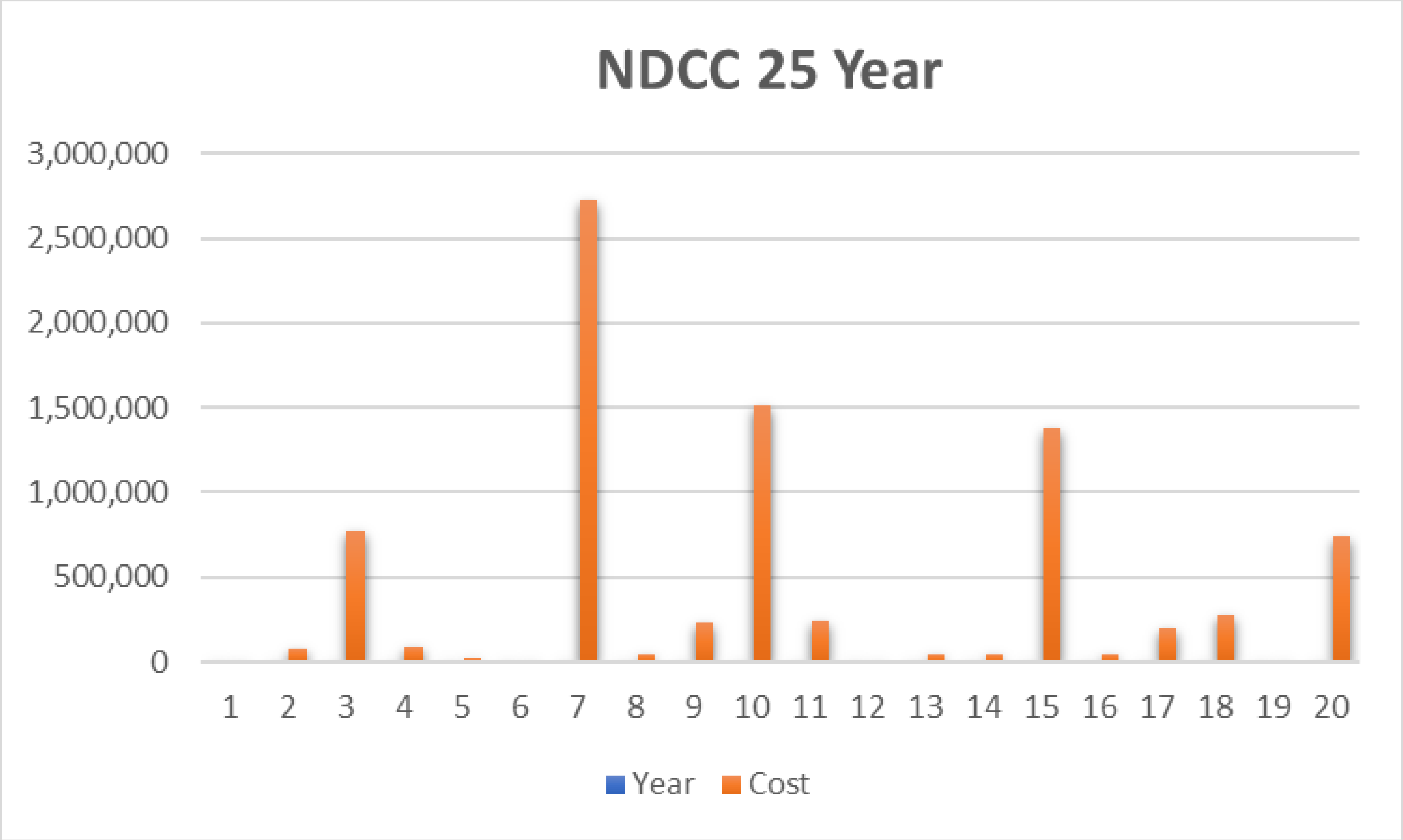
Data is valid per the method

Points us in a direction

Some inconsistencies
2027 $2.7M

Not in sync with actuals and costing is old – refrigeration plant much higher

Asset Management



Balancing this over 20 years

$8.3M /20 = $415k /year
(plus CPI)

No contributions to reserves

At CDRD in 2022 this was implemented somewhat

Already a little behind

Asset Management

Facility Condition Indexing – FCI

Calculation based on replacement costs as a percentage of total repairs required

If NDCC would be $80M to replace then $8.3M/$80M = .103

Good < 0.05   Fair 0.05 to 0.10   Poor > 0.10

Indicates an infrastructure deficit

Asset Management

Further work required:

Additional studies: structural, mechanical, electrical, building envelope, pool specialist, parking lot, - most importantly costing

Could be packaged into a regional procurement for in-depth assessments and better costing

Annual increase to requisitions to balance capital and reserves could be implemented   - this is in addition to current five year plan

REGIONAL DISTRICT
CENTRAL KOOTENAY

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