DISTRICT OF WELLS
BYLAW NO. 151, 2017

A BYLAW OF THE DISTRICT OF WELLS TO ESTABLISH THE FINANCIAL PLAN FOR THE YEARS 2017 to 2021.

WHEREAS Section 165 (1) of the Community Charter requires the District Council to have a financial plan that is adopted by bylaw; and

WHEREAS the District Council has undertaken a process of public consultation regarding the proposed financial plan in accordance with Section 166 of the Community Charter.

NOW THEREFORE the Council of the District of Wells, in open meeting assembled, enacts as follows:

1. That Schedule "A", as attached hereto and made part of this bylaw, is hereby adopted as the 5 year Financial Plan of the District of Wells for the years 2017 to 2021.

2. That Schedule "B", as attached and made part of this bylaw, is hereby adopted as the 5 year Capital Expenditure program of the District of Wells for the years 2017 to 2021.

3. That Schedule "C", as attached and made part of this bylaw, is hereby adopted as the 5 year Financial Plan Statement of the District of Wells for the years 2017 to 2021.

4. This Bylaw may be cited for all purposes as the "District of Wells Financial Plan Bylaw No. 151, 2017".

READ A FIRST TIME this	25th day of April, 2017.
READ A SECOND TIME this	25th day of April, 2017.
PUBLIC CONSULTATION HELD this	8th day of May, 2017.
READ A THIRD TIME this	8th day of May, 2017.
FINALLY READ AND ADOPTED this	11th day of May, 2017.

Robin Sharpe, Mayor
acting Mayor

Andrew Young, CAO

Certified that this is a true and correct copy of District of Wells Five Year Financial Plan Bylaw No. 151, 2017 as adopted by Council Resolution # ____ dated the 11th day of May, 2017.

DISTRICT OF WELLS
Bylaw No. 151, 2017 Schedule "A"

FINANCIAL PLAN

REVENUES	2017	2018	2019	2020	2021
Property Taxation	$ 171,595	$ 176,743	$ 182,045	$ 187,506	$ 193,132
Grants-in-Lieu of Taxes	$ 9,240	$ 9,425	$9,613	$9,806	$10,002
Services for Other Governments	$ 6,624	$6,756	$6,892	$7,029	$7,170
Other Revenues	$ 92,977	$ 92,977	$ 68,977	$ 70,357	$ 71,764
Wells Community Forest Revenues	$ 103,000	$ 108,355	$ 108,355	$ 54,000	$ 54,000
Government Grants	$ 855,852	$ 472,352	$ 472,352	$ 472,352	$ 472,352
Other Grants	$ 116,250	$ 71,100	$ 51,100	$ 51,100	$ 51,100
Transfers From Restricted Reserves	$ 130,360	$ -	$ -	$ -	$ -
Utility Users fees	$ 74,831	$ 78,573	$ 78,573	$ 78,573	$ 82,502
Borrowing	$ 96,305	$ -	$ -	$ -	$ -
Transfer From General Reserve	$ -	$ -	$ -	$ -	$ -
Transfer From Previous Year Surplus	$ 34,835	$ 24,600	$ 92,579	$ 122,094	$ 106,123
TOTAL	**$ 1,691,869**	**$ 1,040,881**	**$1,070,486**	**$1,052,817**	**$1,048,143**

EXPENDITURES	2017	2018	2019	2020	2021
General Government Services	$ 438,766	$ 447,541	$ 456,492	$ 465,622	$ 474,934
Protective Services	$ 30,221	$ 30,825	$ 31,442	$ 32,071	$ 32,712
Public Works	$ 155,300	$ 158,406	$ 161,574	$ 164,806	$ 168,102
Development Services & Planning	$ 220,372	$ 71,774	$ 53,209	$ 39,273	$ 40,058
Water Utility Operations	$ 86,789	$ 88,525	$ 90,295	$ 92,101	$ 93,943
Sewer Utility Operations	$ 73,862	$ 85,339	$ 87,046	$ 88,787	$ 90,562
Debt Principal	$ -	$ 62,835	$ 33,470	$ -	$ -
Debt Interest	$ -	$ 1,856	$ 942	$ -	$ -
Capital	$ 659,750		$ -	$ -	$ -
Community Foundation Contribution	$ -	$ -	$ -	$ -	$ -
Fiscal Charges	$ 1,101	$ 1,100	$ 1,100	$ 1,100	$ 1,100
TOTAL	**$ 1,666,161**	**$ 948,202**	**$ 915,570**	**$ 883,759**	**$ 901,412**
Balance	**$ 25,708**	**$ 92,679**	**$ 154,916**	**$ 169,058**	**$ 146,731**
To Restricted Reserves	$ 100	$ 100	$ 32,822	$ 62,935	$ 62,935
Accumulated Surplus (Gen Reserve)	$ -	$ -	$ -		$ -
Surplus tranferred to Future Year	$ 24,600	$ 92,579	$ 122,094	$ 106,123	$ 83,796

General Reserve at year end	$396,986	$396,986	$396,986	$396,986	$396,986
Restricted Reserves available	$1,332	$1,432	$34,254	$97,189	$160,124

Jan 1, 2017 Accumulated Surplus:		$396,986
Jan 1, 2017 Reserve Levels:	Fuel Tax Res	$130,360
	Cemetary Res	$1,232

DISTRICT OF WELLS
Bylaw No. 151, 2017 Schedule "B"

5 YEAR CAPITAL PLAN

REVENUES						
Revenues	**2017**	**2018**	**2019**	**2020**	**2021**	**TOTAL**
Gen. Operating Fund	$24,600					$24,600
Water Operating Fund						$0
Sewer Operating Fund						$0
Reserve Funds & Surplus						$0
Project Grants	$383,335					$383,335
Local Improvement Levy						$0
Short Term Borrowing	$96,305					$96,305
Long Term Borrowing						$0
Federal Fuel Tax Reserve	$130,360					$130,360
Contributions	$25,150					$25,150
TOTAL REVENUE	**$659,750**	**$0**	**$0**	**$0**	**$0**	**$659,750**
EXPENDITURES						
Expenditures	**2017**	**2018**	**2019**	**2020**	**2021**	**TOTAL**
-						
PLANNING & DEVELOPMENT						
Community Planning/Dev.	$0					$0
Community Forest						$0
Water Utility						$0
Sewer Utility						$0
Land and Civic Buildings						$0
Public Works						$0
TOTAL PLANNING	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
LAND & BUILDINGS						
Civic Buildings	$255,000					$255,000
Fire Dept.& EOC	$25,000					$25,000
Public Works						$0
Land						$0
						$0
TOTAL BUILDINGS	**$280,000**	**$0**	**$0**	**$0**	**$0**	**$280,000**
ENGINEERING STRUCTURES						
Streets						$0
Sidewalks						$0
Water	$350,000					$350,000

Sewer						$0
Storm Drainage	$5,000					$5,000
Misc. Public Works						$0
Parks						$0
TOTAL ENGIN. STRUCT.	**$355,000**	**$0**	**$0**	**$0**	**$0**	$355,000
SUBTOTAL PROJECTS	**$635,000**	**$0**	**$0**	**$0**	**$0**	**$635,000**
EQUIPMENT						
Public Works	$11,150					$11,150
Office/Recreation	$13,600					$13,600
Fire Department						$0
SUBTOTAL EQUIPMENT	**$24,750**	**$0**	**$0**	**$0**	**$0**	$24,750
TOTAL EXPENDITURES	**$659,750**	**$0**	**$0**	**$0**	**$0**	**$659,750**

DISTRICT OF WELLS
Bylaw No. 151, 2017 Schedule "C"

2017 FINANCIAL PLAN STATEMENT

General Summary

For the past several years, the District of Wells has enjoyed a period of relative financial security resulting from a number of positive contributing factors. During those years, operational and capital costs were normally funded by current year revenues and producing a year-end surplus was the norm. In 2013 it was projected that current spending patterns and revenue projections would result in the District beginning to face a deficit by 2015 that would increase with each passing year thereafter. Although the District has a financial reserve which could be used to address such emerging contingencies, the magnitude of continuous and growing deficits over an extended period of years is not sustainable.

While the current plan provides for the use of reserves to maintain operations, several steps could be taken to reduce the need to access reserves and help maintain the municipality for the short term:

1. In 2018 and thereafter continue the practice of implementing a 3% municipal tax increase;
2. Review every two years the District's Fees and Services Bylaw to adjust fees to more accurately reflect municipal costs for services (the last adjustment took place in Sept 2015);
3. In 2018 amend the Garbage Collection Bylaw to increase rates to more accurately reflect the cost of providing that service;
4. In 2018 provide an increase of 5% for water and sewer user fees, and further increases every three years; and
5. In 2017 and in every year thereafter deriving revenues from the Wells' Community Forest to support the operation of the District.

As the District strives for long-term financial sustainability future year cost reductions and revenue increases will be considered. Of particular importance is the continuation of the District's practice of undertaking capital projects only where substantial costs can be covered by external grants.

It should be noted that development of this plan does require making assumptions regarding the stability of future municipal revenues and expenditures and most importantly, the continuation of the British Columbia Small Communities Protection Grant program. Should any of these inputs vary substantially it will be necessary to make corresponding changes to the plan in future years.

Proportion of Total Revenue from Each Funding Source

Table 1 below shows the proportion of total revenue to be raised under the Plan from each funding source in 2017. At 57.5 percent, grants continue to be the largest and most important source of revenue for the municipality. Comparatively, property and parcel taxes in 2017 will account for a combined total of 10.7 percent of the District's revenue requirements. User fees for municipal services such as water and sewer utilities will account for an additional 4.4 percent. There is short-term borrowing for Capital Projects in 2017 amounting to 5.7%. Transfers from reserves, including monies from the Federal Fuel Tax Reserve fund, are being used to help finance capital projects and amount to 9.8% of the District's annual expenditure. Other revenue including revenues from the Wells-Barkerville Community Forest ($103,000) as well as revenues from services provided to other levels of government, rentals and misc charges make up the remaining 11.9 percent.

The above combination of grants, property taxes, user fees, and other revenue together will provide stable funding for the District in 2017. For matters of capital funding, it should be noted that most District capital projects are based around external funding opportunities such as grant programs which minimize the impact of capital works on local taxpayers. This requires flexibility when planning projects and traditionally has allowed a small community like Wells to undertake major projects that could not otherwise be funded. An exception to the requirement for flexible planning is the Federal Fuel Tax Program which provides stable annual funding for allowable capital projects. Schedule "A" of this bylaw identifies these funds as annual transfers to Restricted Reserves where the funds reside until needed for allowable capital projects.

Table 1. Proportions of Total Revenue by Source

Revenue Source	% Total Revenue
Grants	57.5%
Parcel Frontage taxes	5.3%
Property Value taxes	5.4%
User fees and charges	4.4%
Proceeds from borrowing	5.7%
Transfers from reserves	9.8%
Other revenue	11.9%
TOTAL	100.0%

Distribution of Property Taxes among Property Classes

Table 2 illustrates the percentage of total property value tax revenue to be collected from each property class in 2017.

Table 2. Percentage of Total Property Value Tax by Property Class

Property Class	% Property Value Taxes
Residential (Class 1)	54.0%
Utilities (Class 2)	4.0%
Major Industry (Class 4)	0%
Business (Class 6)	41.6%
Recreation/Non-Profit (Class 8)	0.4%
TOTAL	100.0%

Use of Permissive Tax Exemptions

The Annual Municipal Report for 2016 contains a list of permissive exemptions granted for the previous taxation year and the amount of tax revenue foregone. The list demonstrates the policy of Council that permissive exemptions are granted to registered not-for-profit organizations that form a valuable part of our community. These include historical societies, recreational and service organizations and cultural institutions.

Tax Policy Statements

Policy Statement #1

Recognizing the fundamental requirement for the District of Wells to maintain a sustainable long term financial position it is the policy of the District that property tax increases over the span of the Five-Year Financial Plan should be the minimum necessary to meet that requirement.

Objective: The District of Wells increase municipal taxes at the rate of 3% in each of the 5 years of the Financial Plan with the exception of 2017 where no increase in the tax levy will be imposed.

Policy Statement #2

Within the context of the Financial Plan, Council recognizes that the District of Wells, having one of the smallest municipal tax bases in British Columbia, cannot unilaterally support municipal operations without substantial external sources of revenue. Furthermore without the annual unrestricted Provincial Small Community Protection Grant and other sources of external revenue the District of Wells will be unable to financially sustain itself in the long term. Therefore in order to sustain the municipality, it is the policy

of the District to be a strong proponent for the continuation of senior government funding programs such as the B.C. Small Communities Protection Grant.

Objective: Over the five-year period of this financial plan, the District will be a strong proponent for the continuation of senior government funding programs for small municipalities in British Columbia and in particular for continuation of the B.C. Small Communities Protection Grant.

Policy Statement #3

The District of Wells shall actively pursue external grants and sources of revenue to fund existing operational programs and capital projects to minimize property tax impacts.

Objective: Over the five-year period of this financial plan, the District will minimize new operational and capital programs and projects that cannot be funded in whole or substantially by external funding and grant programs.

Policy Statement #4

The District shall endeavor to minimize negative impacts arising from future changes to the proportional relationship between the property classes for tax purposes.

Objective: As a result of a dramatic change in the classification of a former major industrial property in the District in 2016 it was necessary to adjust the base year for this policy from 2013 to 2017.

Policy Statement #5

Council will continue to support permissive tax exemptions for properties owned by local registered non-profit organizations.

Objective: Assist local registered non-profit organizations in the community through the administration of permissive tax exemptions.