



DISTRICT OF WELLS
BYLAW NO. 174, 2019

A BYLAW OF THE DISTRICT OF WELLS TO ESTABLISH THE FINANCIAL PLAN FOR THE YEARS 2019 to 2023.

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 2019 to 2023.

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 2019 to 2023.
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 2019 to 2023.
4. This Bylaw may be cited for all purposes as the "District of Wells Financial Plan Bylaw No. 174, 2019".
READ FIRST READING this 9th day of April, 2019.
READ SECOND READING this 9th day of April, 2019.
READ THIRD READING this 30th day of April, 2019.
PUBLIC HEARING held this 30th day of April, 2019.
READ FINAL READING this 14th day of May, 2019.

Donna Forseille, CAO

Gabe Fourchalk, Mayor

Certified that this is a true and correct copy of District of Wells Five Year Financial Plan Bylaw No. 174, 2019 as adopted by Council Resolution # 19-93 dated the 14 day of May, 2019.

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District of Wells Five Year Financial Bylaw No. 174, 2019 Schedule "A"

DISTRICT OF WELLS: 2019-2023 Financial Plan

REVENUES	2019	2020	2021	2022	2023
Property Taxation	\$ 175,022	\$ 177,567	\$ 180,188	\$ 182,888	\$ 185,669
Grants-in-Lieu of Taxes	\$ 8,032	\$ 8,193	\$ 8,356	\$ 8,524	\$ 8,694
Services for Other Governments	\$ 7,541	\$ 7,692	\$ 7,846	\$ 8,003	\$ 8,163
Other Revenues	\$ 81,524	\$ 83,154	\$ 84,818	\$ 86,514	\$ 88,244
Wells Community Forest Revenues	\$ -	\$ 171,875	\$ 171,875	\$ 171,875	\$ 171,875
Government Grants	\$ 692,168	\$ 501,301	\$ 501,301	\$ 501,301	\$ 862,929
Other Grants	\$ 135,643	\$ 75,135	\$ 75,135	\$ 75,135	\$ 75,135
Transfers From Restricted Reserves	\$ -	\$ -	\$ -	\$ 4,849	\$ 82,421
Utility Users fees	\$ 83,622	\$ 83,622	\$ 86,131	\$ 86,131	\$ 88,715
Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer From General Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer From Previous Year Surplus	\$ 440,248	\$ -	\$ 0	\$ (0)	\$ 0
TOTAL	\$ 1,623,800	\$ 1,108,539	\$ 1,115,650	\$ 1,125,219	\$ 1,571,845
EXPENDITURES	2019	2020	2021	2022	2023
General Government Services	\$ 503,375	\$ 518,476	\$ 534,031	\$ 550,051	\$ 566,553
Protective Services	\$ 40,510	\$ 41,725	\$ 42,977	\$ 44,266	\$ 45,594
Public Works	\$ 135,400	\$ 164,462	\$ 169,396	\$ 174,478	\$ 179,712
Development Services & Planning	\$ 606,053	\$ 53,000	\$ 54,166	\$ 55,358	\$ 56,576

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Water Utility Operations	\$ 91,051	\$ 93,783	\$ 96,596	\$ 99,494	\$ 102,479
Sewer Utility Operations	\$ 75,865	\$ 78,141	\$ 80,485	\$ 82,900	\$ 85,387
Debt Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Capital	\$ 140,828	\$ 32,000	\$ 42,000	\$ 70,800	\$ 510,000
Fiscal Charges	\$ 1,250	\$ 1,288	\$ 1,326	\$ 1,366	\$ 1,405
TOTAL	\$ 1,594,332	\$ 982,875	\$ 1,020,977	\$ 1,078,713	\$ 1,547,705
Balance	\$ 29,468	\$ 125,664	\$ 94,673	\$ 46,506	\$ 24,139
To Cemetary Restricted Reserve	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
To Fed Fuel Tax Restricted Reserve	\$ 29,368	\$ 33,951	\$ 23,951	\$ -	\$ -
Accumulated Surplus (Gen Reserve)	\$ -	\$ 91,613	\$ 70,622	\$ 46,406	\$ 24,039
Surplus tranferred to Future Year	\$ -	\$ 0	\$ 0	\$ 0	\$ 0
General Reserve at year end	\$534,617	\$626,230	\$696,852	\$743,258	\$767,297
Fed Fuel Tax Reserve at year end	\$29,368	\$63,319	\$87,270	\$82,421	\$0
Cemetary Reserve at year end	\$1,530	\$1,630	\$1,730	\$1,830	\$1,930
Jan 1, 2019 General Reserve:	\$534,617				
Jan 1, 2019 Restricted Reserve:	Fuel Tax	-\$871			
Jan 1, 2019 Restricted Reserve:	Cemetery	\$1,430			

No transfer of WCF revenue to DOW in 2019

Capital projects are all externally funded. Water Filter twinned in 2023. Sewer Lagoon outflow chlorine

No expansion of tax base such as BGM plant and housing

3% annual tax levy increase with 5% utilities increase every third year

Sewer outfall chlorination begins post 2021

Assumes no major financial costs that cannot be covered by restricted reserves.

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Bylaw No.174, 2019 Schedule "B"

5 YEAR CAPITAL PLAN

REVENUES						
Revenues	2019	2020	2021	2022	2023	TOTAL
Gen. Operating Fund	\$9,900					\$9,900
Water Operating Fund						\$0
Sewer Operating Fund						\$0
Reserve Funds & Surplus	\$0					\$0
Project Grants	\$95,216				\$361,628	\$456,844
Local Improvement Levy						\$0
Short Term Borrowing	\$0					\$0
Long Term Borrowing						\$0
Federal Fuel Tax Contributions	\$35,712	\$32,000	\$42,000	\$70,800	\$148,372	\$328,884
	\$0					\$0
TOTAL REVENUE	\$140,828	\$32,000	\$42,000	\$70,800	\$510,000	\$795,628
EXPENDITURES						
Expenditures	2019	2020	2021	2022	2023	TOTAL
PLANNING & DEVELOPMENT						
Community Planning/Dev.						\$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	\$0					\$0
Fire Dept.& EOC	\$0					\$0
Public Works						\$0
Land						\$0
						\$0
TOTAL BUILDINGS	\$0	\$0	\$0	\$0	\$0	\$0
ENGINEERING STRUCTURES						

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Streets						\$0
Sidewalks						\$0
Water	\$120,928		\$0			\$120,928
Sewer		\$32,000	\$42,000	\$70,800	\$510,000	\$654,800
Storm Drainage						\$0
Misc. Public Works	\$0					\$0
Parks						\$0
TOTAL ENGIN. STRUCT.	\$120,928	\$32,000	\$42,000	\$70,800	\$510,000	\$775,728
SUBTOTAL PROJECTS	\$120,928	\$32,000	\$42,000	\$70,800	\$510,000	\$775,728
EQUIPMENT						
Public Works	\$6,000					\$6,000
Office/Recreation	\$11,400					\$11,400
Fire Department	\$2,500					\$2,500
SUBTOTAL EQUIPMENT	\$19,900	\$0	\$0	\$0	\$0	\$19,900
TOTAL EXPENDITURES	\$140,828	\$32,000	\$42,000	\$70,800	\$510,000	\$795,628

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Bylaw 174, 2019

Schedule "C"

2019 FINANCIAL PLAN STATEMENT

General Summary

In the past, the District of Wells enjoyed a period of relative financial security resulting from a number of positive contributing factors. Beginning in 2013, however, it was projected that increasing operational and capital costs would result in the District facing a deficit that would, in the absence of new sources of revenue, increase annually. The District has a financial reserve which could be used to help address this shortfall; however, continuous deficits over an extended period of time for the municipality is not sustainable. Fortunately, the municipality is beginning to receive new revenues from the Wells-Barkerville Community Forest Limited company which it owns. Those revenues will be key to maintaining the financial stability of the municipality. These revenues, however, are dependent on many factors and could be adversely affected by unforeseen events such as wildfires. Caution should therefore be exercised so that the District of Wells is not completely dependent on revenues from the Wells-Barkerville Community Forest. It is important too that the District of Wells continue to seek creative solutions to help address its financial requirements.

In the future additional steps should be considered to maintain the municipality for the longterm including:

1. In 2019 and thereafter continue the practice of implementing a 3% municipal tax increase every two to three years;
2. Review the District's Water and Sewer Specified Area User Rates Bylaws in order to more accurately reflect the cost of providing those services every two to three years;
3. Annually review the District's Comprehensive Fees and Charges Bylaw in order to more accurately reflect municipal costs for providing services;
4. Regularly review and amend the Garbage Collection Bylaw in order to accurately reflect the cost of providing that service;
5. Secure revenues from the Wells-Barkerville Community Forest within each harvest period to support the continued operation of the District;
6. Seek cost efficiencies to reduce municipal expenditures where feasible; and
7. Moving forward the District should operate in a more economical model of the local government including trimming costs where possible and simplifying operations.

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.

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It should be noted that development of this plan requires 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 2019. At 51.7 percent, grants continue to be the largest and most important source of revenue for the municipality. Comparatively, property value taxes, parcel frontage taxes, and grants in lieu of taxes in 2019 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 5.1 percent. Transfers from Previous Year surplus amount to 27 percent of the District's annual expenditure. Other revenue from services provided to other levels of government, rentals and misc. charges make up the remaining 5 percent.

The above combination of grants, property taxes, user fees, and other revenue together will provide stable funding for the District in 2019. 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.

Revenues from the Wells-Barkerville Community Forest (WBCF) are not anticipated for the 2019 year. The District does expect that over the next five-year harvest period the District can expect a 50/50 split of revenues as the principal shareholder. This anticipated amount is \$687,500 which has been split amongst four years equally for a sum of \$171,875 annually commencing in 2020.

Table 1. Proportions of Total Revenue by Source

Revenue Source	% Total Revenue
Grants	51.7%
Property Value Taxes	5.2%
Parcel Frontage Taxes	5.5%
User fees and charges	5.1%
Grants in Lieu of Taxes	0.5%
Proceeds from borrowing	0%
Transfers from Previous Year Surplus	27.0%
Community Forest	0%
Other Revenue	5.0%
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 2018.

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

Property Class	% Property Value Taxes
Residential (Class 1)	58.0%
Utilities (Class 2)	2.8%
Major Industry (Class 4)	
Business (Class 6)	38.9%

Recreation/Non-Profit (Class 8)	0.3%
TOTAL	100.0%

Use of Permissive Tax Exemptions

The Annual Municipal Report for 2018 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 will increase municipal taxes at the rate of 3% in each of the 5 years of the Financial Plan.

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 (e.g. Wells-Barkerville Community Forest) 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 eligible 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 for eligible properties.

Policy Statement #6

The District will seek cost efficiencies to reduce municipal expenditures where feasible.

Objective: To reduce municipal expenditures where feasible.