



DISTRICT OF WELLS
BYLAW NO. 177, 2020

A BYLAW OF THE DISTRICT OF WELLS TO ESTABLISH THE FINANCIAL PLAN FOR
THE YEARS 2020 to 2024.

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 5year Financial Plan of the District of Wells for the years 2020 to 2024.
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 2020 to 2024.
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 2020 to 2024.
4. This Bylaw may be cited for all purposes as the "District of Wells Financial Plan Bylaw No. 177, 2020".

READ FIRST READING this 26th day of May, 2020.

READ SECOND READING this 26th day of May, 2020.

READ THIRD READING this 26th day of May, 2020.

PUBLIC HEARING held this 26th day of May, 2020.

READ FINAL READING this 26th day of May, 2020.

Donna Forseille
Donna Forseille, CAO

Gabe Fourchalk
Gabe Fourchalk, Mayor

Certified that this is a true and correct copy of District of Wells Five Year Financial Plan Bylaw No. 177, 2020 as adopted by Council Resolution #20-62 dated the 26th day of MAY, 2020.

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District of Wells Five Year Financial Bylaw No. 177,2020 Schedule "A"

DISTRICT OF WELLS: 2020-2024 Financial Plan

REVENUES	2020	2021	2022	2023	2024
Property Taxation	\$ 177,567	\$ 181,118	\$ 184,741	\$ 188,435	\$ 192,204
Grants-in-Lieu of Taxes	\$ 8,193	\$8,356	\$8,524	\$8,694	\$8,868
Services for Other Governments	\$ 7,692	\$7,846	\$8,003	\$8,163	\$8,326
Other Revenues	\$ 83,154	\$ 84,818	\$ 86,514	\$ 88,244	\$ 88,244
Wells Community Forest Revenues	\$0.00	\$0.00	\$171,875	\$ 171,875	\$ 171,875
Government Grants	\$ 560,780	\$ 987,352	\$ 560,780	\$ 560,780	\$ 560,780
Other Grants	\$ 83,000	\$ 58,000	\$ 58,000	\$ 58,000	\$ 58,000
Transfers From Restricted Reserves	\$ -	\$ -	\$ -	\$ 82,421	\$ -
Utility Users fees	\$ 83,622	\$ 85,294	\$ 87,000	\$ 88,740	\$ 90,515
Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer From General Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer From Previous Year Surplus	\$ -	\$ 0	\$ (0)	\$ 0	\$ 0
TOTAL	\$1,004,008	\$1,412,784	\$1,165,437	\$1,255,352	\$1,178,812
EXPENDITURES	2020	2021	2022	2023	2024
General Government Services	\$ 518,476	\$ 534,031	\$ 550,051	\$ 566,553	\$ 583,549
Protective Services	\$ 41,725	\$ 42,977	\$ 44,266	\$ 45,594	\$ 46,962
Public Works	\$ 164,462	\$ 169,396	\$ 174,478	\$ 179,712	\$ 185,103
Development Services & Planning	\$ 53,000	\$ 54,166	\$ 55,358	\$ 56,576	\$ 165,045
Water Utility Operations	\$ 93,783	\$ 96,596	\$ 99,494	\$ 102,479	\$ 105,553
Sewer Utility Operations	\$ 78,141	\$ 80,485	\$ 82,900	\$ 85,387	\$ 91,195
Debt Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Capital	\$ 53,171	\$ 426,572	\$ 42,000	\$ 70,800	\$ -
Fiscal Charges	\$ 1,250	\$ 1,288	\$ 1,326	\$ 1,366	\$ 1,405
TOTAL	\$ 1,004,008	\$ 1,405,511	\$ 1,049,873	\$ 1,108,467	\$ 1,178,812

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Balance	\$ 0	\$ 7273	\$ 115,564	\$ 146,885	\$ 0
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	\$136,000	\$143,273	\$258,837	\$405,722	\$405,722
Fed Fuel Tax Reserve at year end	\$0	\$0	\$0	\$0	\$0
Cemetary Reserve at year end	\$1,230	\$1,330	\$1,430	\$1,530	\$1,30
Jan 1, 2020 General Reserve:	\$132,806.06				
Jan 1, 2019 Restricted Reserve: Fuel Tax	-\$98,000				
Jan 1, 2019 Restricted Reserve: Cemetary	\$1,102.02				

No transfer of WCF revenue to DOW in 2020-2021

Capital projects are all externally funded. Water Filter twinned in 2021.

No expansion of tax base

No rate increase on annual taxes due to COVID-19 pandemic

Sewer outfall chlorination begins post 2022

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

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Schedule "B"

5 YEAR CAPITAL PLAN

REVENUES						
Revenues	2020	2021	2022	2023	2024	TOTAL
Gen. Operating Fund						\$9,900
Water Operating Fund						\$0
Sewer Operating Fund						\$0
Reserve Funds & Surplus						\$0
Project Grants				\$361,628		\$456,844
Local Improvement Levy						\$0
Short Term Borrowing						\$0
Long Term Borrowing						\$0
Federal Fuel Tax Contributions	\$98,000	\$98,000	\$98,000	\$98,000		\$490,000
						\$0
TOTAL REVENUE	\$32,000	\$42,000	\$70,800	\$510,000	\$0	\$795,628
EXPENDITURES						
Expenditures	2020	2021	2022	2023	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
Fire Dept. & EOC						\$0
Public Works						\$0
Land						\$0
						\$0
TOTAL BUILDINGS	\$0	\$0	\$0	\$0	\$0	\$0
ENGINEERING STRUCTURES						
Streets						\$0
Sidewalks						\$0

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

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Bylaw 177, 2020

Schedule "C"

2020 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. In 2017, the municipality had begun to receive new revenues from the Wells-Barkerville Community Forest Limited company which it owns. Those revenues were interrupted due to the decline in the Forestry Market resulting in no annual harvest of the Community Forest in 2019 with the anticipation of further possibility of no annual harvests until the Forest Market improves. These revenues are also 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.

The District of Wells also owns many heritage buildings and aging infrastructure that are all starting to show a need for upgrades and major renovations. The District of Wells continues to see an annual loss of revenues due to the operational expense and limited rental revenues of at least two of these of these properties. The challenge is that the two properties are of vital importance to the Community as they are the Community HUBS. However, they are also the two largest heritage properties the District owns and therefore the most expensive to maintain and operate.

In efforts to find more creative sources of revenue for the municipality, staff and Select Committee members are currently working on new business models for future sustainability of these properties owned by the municipality. Council may need to also consider the addition of higher property taxes to offset the costs of continuing to operate and maintain these Community buildings. Should extra revenues from these properties not be found, then the District may need to investigate going back to Core Essential Services only as to secure future sustainability of the Municipality.

Due to the challenges associated with the 2020 COVID-19 pandemic the District of Wells also anticipates a potential loss in ability to collect full property taxes in 2020, possibly 2021 years. The challenge of the unknowns has resulted in the Financial plan anticipating collection of full property taxes.

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A further loss in rental revenues on municipally owned properties such as the Community Facility Building and Community Hall may also result due to the pandemic and the current laws on Social Distancing and group gatherings.

Economic Recovery efforts once a new normal occurs after this pandemic is going to be crucial for our small municipality.

In the future additional steps should be considered to maintain the municipality for the long-term including:

1. In 2021 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
7. Review and upgrade the Building Bylaw/s to reflect a higher rate for fees to build in the Community as to help offset the increased costs on the District for building inspections and statutory advertising; and
8. 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.

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.

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 2019 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 commencing in 2021.

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: To reduce impacts to the Community from drastic changes to property classes and taxation revenues.

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.

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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 2020. 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 2020 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, however given recent challenges in the Forest Industry and now the world pandemic a safer estimate has been split amongst three years equally for a sum of \$171,875 annually commencing in 2022.