



**DISTRICT OF WELLS
BYLAW NO. 148, 2016**

A BYLAW OF THE DISTRICT OF WELLS TO ESTABLISH THE FINANCIAL PLAN FOR THE YEARS 2016 to 2020.

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 2016 to 2020.
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 2016 to 2020.
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 2016 to 2020.
4. This Bylaw may be cited for all purposes as the "District of Wells Financial Plan Bylaw No. 148, 2016".

READ A FIRST TIME this 19th day of April, 2016.

READ A SECOND TIME this 19th day of April, 2016.

PUBLIC CONSULTATION HELD this 3rd day of May, 2016.

READ A THIRD TIME this 3rd day of May, 2016.

FINALLY READ AND ADOPTED this 12th day of May, 2016.

Robin Sharpe, Mayor

Andrew Young, CAO

Certified that this is a true and correct copy of District of Wells Five Year Financial Plan Bylaw No. 148, 2016 as adopted by Council Resolution # 16-106 dated the 12th day of May, 2016.

DISTRICT OF WELLS
Bylaw No. 148, 2016 Schedule "A"

FINANCIAL PLAN

REVENUES	2016	2017	2018	2019	2020
Property Taxation	\$ 171,257	\$ 176,395	\$ 181,687	\$ 187,137	\$ 192,751
Grants-in-Lieu of Taxes	\$ 10,132	\$ 10,335	\$ 10,541	\$ 10,752	\$ 10,967
Services for Other Governments	\$ 6,393	\$ 6,400	\$ 6,400	\$ 6,528	\$ 6,659
Other Revenues	\$ 73,859	\$ 75,336	\$ 76,843	\$ 78,380	\$ 79,947
Wells Community Forest revenues	\$ -	\$ 35,000	\$ 40,000	\$ 45,000	\$ 50,000
Government Grants	\$ 540,200	\$ 453,200	\$ 453,200	\$ 453,200	\$ 453,200
Other Grants	\$ 75,505	\$ 75,505	\$ 75,505	\$ 75,505	\$ 75,505
Transfers From Reserves	\$ 32,040	\$ -	\$ -	\$ -	\$ -
Utility Users fees	\$ 73,785	\$ 73,785	\$ 73,785	\$ 77,474	\$ 77,474
Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer From Accumulated Surplus	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer From Previous Year Surplus	\$ -	\$ -	\$ 6,520	\$ 8,294	\$ 8,997
TOTAL	\$ 983,171	\$ 905,956	\$ 924,481	\$ 942,270	\$ 955,501
EXPENDITURES	2016	2017	2018	2019	2020
General Government Services	\$ 420,923	\$ 429,341	\$ 437,928	\$ 446,687	\$ 455,621
Protective Services	\$ 21,269	\$ 21,694	\$ 22,128	\$ 22,571	\$ 23,022
Public Works	\$ 155,851	\$ 158,968	\$ 162,147	\$ 165,390	\$ 168,698
Development Services & Planning	\$ 73,320	\$ 74,786	\$ 76,282	\$ 77,808	\$ 79,364
Water Utility Operations	\$ 77,453	\$ 77,453	\$ 79,002	\$ 80,582	\$ 82,194
Sewer Utility Operations	\$ 73,827	\$ 75,304	\$ 76,810	\$ 78,346	\$ 79,913
Debt Principal	\$ 6,256	\$ -	\$ -	\$ -	\$ -
Debt Interest	\$ 2,059	\$ -	\$ -	\$ -	\$ -
Capital	\$ 151,113	\$ 30,000	\$ 35,000	\$ -	\$ -
Fiscal Charges	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100
TOTAL	\$ 983,171	\$ 868,647	\$ 890,398	\$ 872,484	\$ 889,911
Balance	\$ -	\$ 37,309	\$ 34,083	\$ 69,786	\$ 65,590
Surplus to Restricted Reserves	\$ -	\$ 30,789	\$ 25,789	\$ 60,789	\$ 60,789
Surplus tranferred to Future Year	\$ -	\$ 6,520	\$ 8,294	\$ 8,997	\$ 4,801

DISTRICT OF WELLS
Bylaw No. 148, 2016 Schedule "B"

5 YEAR CAPITAL PLAN

<u>REVENUES</u>						
<u>Revenues</u>	2016	2017	2018	2019	2020	TOTAL
Gen. Operating Fund						\$0
Water Operating Fund						\$0
Sewer Operating Fund						\$0
Reserve Funds & Surplus	\$2,400					\$2,400
Project Grants	\$77,000					\$77,000
Local Improvement Levy						\$0
Short Term Borrowing						\$0
Long Term Borrowing						\$0
Federal Fuel Tax Reserve	\$71,713	\$30,000	\$35,000			\$136,713
Contributions						\$0
TOTAL REVENUE	\$151,113	\$30,000	\$35,000	\$0	\$0	\$216,113
<u>EXPENDITURES</u>						
<u>Expenditures</u>	2016	2017	2018	2019	2020	TOTAL
PLANNING & DEVELOPMENT						
Community Planning/Dev.	\$77,000					\$77,000
Community Forest	\$2,400					\$2,400
Water Utility						\$0
Sewer Utility						\$0
Land and Civic Buildings						\$0
Public Works	\$15,000					\$15,000
TOTAL PLANNING	\$94,400	\$0	\$0	\$0	\$0	\$94,400
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
Water		\$30,000				\$30,000
Sewer			\$35,000			\$35,000
Storm Drainage						\$0

Misc. Public Works	\$56,713					\$56,713
Parks						\$0
TOTAL ENGIN. STRUCT.	\$56,713	\$30,000	\$35,000	\$0	\$0	\$121,713
SUBTOTAL PROJECTS	\$151,113	\$30,000	\$35,000	\$0	\$0	\$216,113
EQUIPMENT						
Public Works						\$0
Office/Recreation						
Fire Department						\$0
SUBTOTAL EQUIPMENT	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$151,113	\$30,000	\$35,000	\$0	\$0	\$216,113

DISTRICT OF WELLS
Bylaw No. 148, 2016 Schedule “C”

2016 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 then 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 established a healthy financial reserve which could be used to address such emerging contingencies, the magnitude of continuous and growing deficits over an extended period of years would not be sustainable.

Given the above, the District's 2016 to 2020 Financial Plan assumes a fiscally conservative stance to maintain a sustainable financial position for the municipality. 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 the municipality maintain a sustainable financial position:

1. In 2016 continue the practice of implementing a 3% municipal tax increase, and in each year thereafter;
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 2019 provide an increase of 5% for water and sewer user fees; and
5. Starting in 2017, or earlier, deriving revenues from the Wells' Community Forest to mitigate the need to increase municipal taxes.

As the District strives for long-term financial sustainability, other 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 2016. At 63.0 percent, grants continue to be the largest and most important source of revenue for the municipality. Comparatively, property and parcel taxes in 2016 will account for a combined total of only 17.4 percent of the District's revenue requirements. User fees for municipal services such as the water and sewer utilities will account for an additional 7.8 percent. There is no short-term borrowing for Capital Projects in 2016. Transfers from reserves, including monies from the Federal Fuel Tax Reserve fund, are being used to help finance capital projects and amount to 3.3% of the District's annual expenditure. Other revenue, which is composed of services, provided to other levels of government, rentals and misc. funding make up the remaining 8.5 percent.

The above combination of grants, property taxes, user fees, and other revenue together have provided a historically stable and consistent source of operational funding for the District. 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. Although this requires considerable flexibility when planning projects, it does allow 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	63.0%
Parcel taxes	9.1%
Property value taxes	8.3%
User fees and charges	7.8%
Proceeds from borrowing	0%
Transfers from reserves	3.3%
Other revenue	8.5%
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 2016. Please note the District's only heavy industry property representing 12.4% of the variable tax base in 2015 (approximately \$659,200 of value) was reclassified to category 6 (Business) by the BC Assessment Authority with a revised value of \$161,900. The result of that change is reflected in the assignment of additional taxation on the remaining categories.

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

Property Class	% Property Value Tax
Residential (Class 1)	56.4%
Utilities (Class 2)	4.6%
Major Industry (Class 4)	0%
Business (Class 6)	38.6%
Recreation/Non-Profit (Class 8)	0.4%
TOTAL	100.0%

Use of Permissive Tax Exemptions

The Annual Municipal Report for 2015 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 this 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.

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, the District of Wells would be unable to financially sustain itself. 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 new operational programs or 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 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 it is necessary to adjust the base year for this policy from 2013 to 2016.

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.