



Islands Trust

Budget Summary 2010 - 2011

The **Islands Trust** is a federation of independent local governments that represents about 25,000 people living within the Islands Trust Area. The **Islands Trust Council** consists of 26 trustees elected from across the Islands Trust Area. It is responsible for preserving and protecting the unique environment of the Islands Trust Area through land use planning and regulation, development management, education, cooperation with other agencies, and land conservation. The **Islands Trust Area** includes the islands and waters between the British Columbia mainland and southern Vancouver Island. Included are 13 major islands and more than 450 smaller islands covering 5200 square kilometers.

The **Islands Trust's Financial Planning Committee** is one of three Trust Council Committees. Ten elected trustees from across the Islands Trust Area serve on this Committee and make recommendations to Trust Council about the Islands Trust budget. Trust Council will discuss the proposed budget for 2010-2011, including all comments received from the public, at its quarterly business meeting on March 23-25, 2010, at the Hornby Island Community Hall. Trust Council may consider amendments to the proposed budget up to the time it adopts a final budget bylaw, which is expected to happen on March 24. All business meetings of Trust Council are open to the public.

What the Proposed Budget Means for Taxpayers

Islands Trust taxes account for approximately 10-20% of the total tax bill for a typical property in the Islands Trust Area so any changes have a relatively small impact on overall property taxes. The Financial Planning Committee is recommending that the Islands Trust Council adopt a budget of \$6.38 million for 2010-2011. If approved by Trust Council, the proposed Islands Trust budget for 2010-2011 would increase the Islands Trust's portion of property taxes by approximately 3.7 percent. This represents an increase of about **\$10.00** for a typical residential property with an assessed value of \$450,000. Last year, a property of that value paid \$271.00 in Islands Trust taxes.

Why an Increase?

The Financial Planning Committee is recommending an increase in the proposed budget for 2010-2011 to ensure Trust Council can continue to meet its commitment to island communities and to the Islands Trust's provincially legislated mandate *"to preserve and protect the trust area and its unique amenities and environment for the benefit of the residents of the trust area and of the Province generally."*

The proposed budget would ensure Official Community Plan and Land Use Bylaw reviews can continue on several islands; it would fund important studies, including a review of hazardous slopes on Gabriola islands, a groundwater study on Galiano Island, and watershed and harbour studies on Salt Spring Island. The addition of a new planner position on Salt Spring Island will improve land use planning and application processing services. This is necessary to address the complexity of development applications on Salt Spring Island and the need for proactive planning related to community challenges such as affordable housing, agriculture, sensitive ecosystem protection and industrial land uses. The new planning position represents the final phase of service increases originally identified in a 2006 review of the Islands Trust's land use planning services.

The increase would also fund a new staff position that is necessary to address the organizational complexity of managing the fifteen corporate bodies within Islands Trust, and to avoid the alternative of significantly curtailing important Islands Trust programs related to advocacy, First Nations relations, climate change, Crown land acquisition and tax exemptions for conservation. The proposed budget will also allow Trust Council to meet public expectations to continue improvements to bylaw enforcement, obtain alternative forms of funding and reduce greenhouse gas emissions associated with Islands Trust operations.

The Islands Trust also plans to seek a number of grants, reducing reliance on island taxpayers. If successful in its grant applications, it hopes to proceed with a number of additional projects, particularly to support island communities in their efforts to reduce greenhouse gas emissions.

The proposed budget increase is also due in part to a decrease in revenue from development application fees and decreased interest income. Wherever possible, the Financial Planning Committee is recommending these be balanced by cuts to core expenses such as travel costs (by carpooling, less frequent meetings and teleconferences), equipment leases and maintenance, office furniture, renovation and staff recruitment.

Our Strategic Priorities

The Trust Council that islanders elected in November 2008 has developed a Strategic Plan to set priorities and focus resources in a cost-effective and responsible manner for the 2008–2011 term. The Strategic Plan identifies key topics from the Islands Trust Policy Statement for Trust Council and staff to focus activity. Examples include ecosystem preservation and protection, stewardship of island resources, sustaining island character and healthy communities, and identifying measures to ensure cost effectiveness for taxpayers. The proposed 2010-2011 budget will enable Trust Council to work on a modest number of strategic priorities, in addition to its core functions.

Budget 2010-2011 - The Basics

The proposed budget for the Islands Trust is based on a forecast of anticipated **revenue** and planned **expenditures**.

Revenue

Property taxes from across the Islands Trust Area provide most of the annual revenue. The balance of the Trust's revenue is from application fees, interest from funds on deposit and miscellaneous sources such as grants from funding agencies.

The Islands Trust **revenue** for 2009-2010 is expected to look like this:

Property Tax Levy from Local Trust Areas*	\$ 5,705,000	(89.5%)
Bowen Municipal Property Tax Levy for Islands Trust	\$ 225,000	(3.5%)
Provincial Grant	\$ 50,000	(0.8%)
Application Fees	\$ 110,000	(1.7%)
Interest Income	\$ 42,000	(0.6%)
Other Income (primarily external program grants)	\$ 62,000	(1.0%)
Funding from Surplus – saved due to provincial grant timing, plus \$5,000 for any potential by-election, plus carryover for uncompleted program items in 2009/10	\$ 182,000	(2.9%)

TOTAL REVENUE **\$ 6,376,000 (100.0%)**

* The proposed property tax levy is comprised of a Local Trust Area levy (\$5,650,000) and property tax growth from new construction (estimated to be \$54,000).

Expenditures

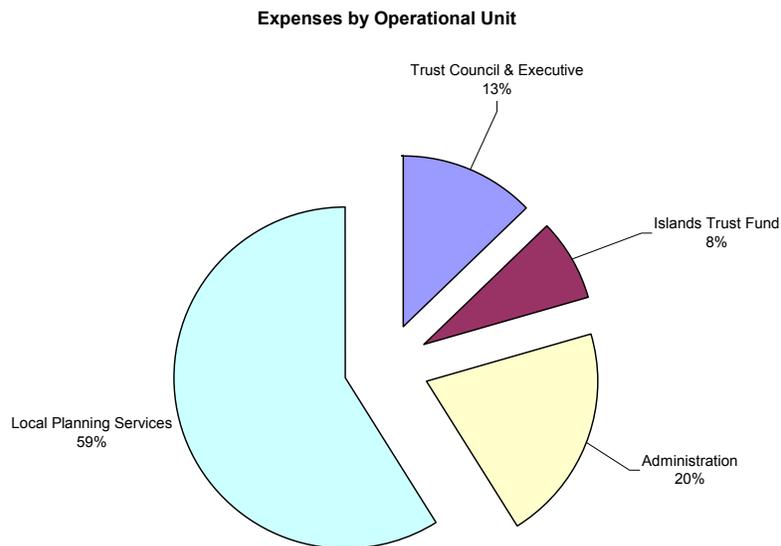
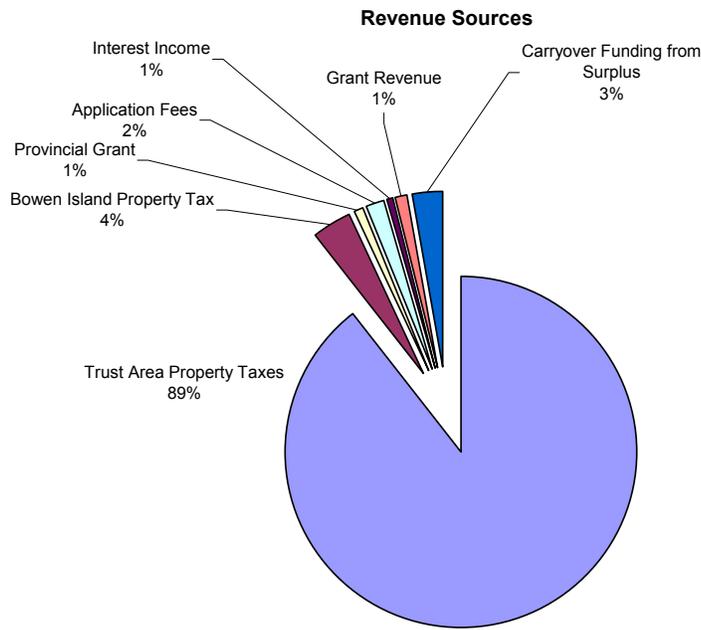
The Islands Trust spends money in three main areas: the work of the Local Trust Committees (Local Planning Services), the work and operations of Trust Council (Trust Area Services), and the land conservation work of the Islands Trust Fund. These expenditures include the salaries and benefits paid to management, planning, and administrative staff. They also include the costs of holding on-island public meetings and the remuneration paid to locally elected trustees. Additional money is spent to support the various services provided by and to the Islands Trust — everything from audits, legal fees, insurance, office rental and managing the Islands Trust 's electronic communications.

The proposed Islands Trust **expenditures** for 2010-2011 are summarized below:

Local Planning Services	\$ 3,762,000	(59%)
Total Administration Support Services	\$ 1,297,000	(20%)
Trust Council and Trust Area Services	\$ 808,000	(13%)
Islands Trust Fund	\$ 509,000	(8%)
TOTAL EXPENDITURES	\$6,376,000	(100%)

A comparison of this proposed budget with last year's budget is included at the end of this document under the heading "Comparison of Budgeted Revenue and Expenses for 2010-2011 and 2009–2010".

The charts that follow are a graphic representation of the proposed Revenue sources and Expenditures by Operational Unit for the proposed 2010-2011 Islands Trust Budget.



What's Different from Last Year?

Before recommending the proposed budget, the Financial Planning Committee carefully considered many options to provide the services requested by various island communities. The committee looked at how revenues might be increased and how services might be improved without also increasing expenses. In addition, it looked hard at the Islands Trust's existing budget to see where current programs might be cut in exchange for new ones.

Changes to Local Planning Services

Twice in the last three years, the Islands Trust Council found it necessary to increase its budget to catch up with the impacts of major increases in population, property values, land use applications, new provincial requirements and increasing requests for bylaw enforcement. With the exception of requests for bylaw enforcement, those trends appear to have levelled off. Last year, this allowed the Islands Trust to bring in a minor budget increase (0.9%), to

begin clearing a backlog of land use applications and to focus on the proactive planning tasks that community members have recommended for several years to address issues such as affordable housing and greenhouse gas emissions. The only new planning position proposed would serve the Salt Spring Island office and would complete a three-year program of improvements to local planning services. Another important change is a proposed increase in funds to take legal action in bylaw enforcement cases.

Changes to Trust Council and Executive Committee Services

The Islands Trust receives ever-increasing requests from its constituents for advocacy and action on behalf of islanders about a range of issues that affect island environments, communities and economies. These issues include agriculture, aquaculture, aviation noise, forestry, ferries, groundwater protection and marine conservation (cruise ships, shoreline protection, abandoned vessels), and impacts from regional infrastructure projects, to name a few. Trust Council is also committed to on-going relationships with First Nations and expansion of its Natural Area Protection Tax Exemption Program (NAPTEP). However, the same staff that do this work are also responsible for the Islands Trust's mandatory responsibilities under provincial legislation such as the *Islands Trust Act*, the *Community Charter* and the *Local Government Act*. These tasks include administering elections and by-elections, coordinating responses to Freedom of Information requests from the public, coordinating an Annual Report, ensuring Islands Trust records and archives are properly kept and accessible, developing procedures for local trust committees that are legal, fair and consistent for the public, responding to new legislation and numerous other mandatory tasks.

To give a greater sense of these tasks, here are a few details. The Islands Trust:

- holds over 200 public meetings a year, far beyond the number for other local governments in BC, and likely in Canada. Each meeting requires an agenda and minutes, and must be conducted within the guidelines of provincial legislation and local bylaws to ensure legal, fair and open decision-making for our communities;
- manages the complete written record for thirteen local governments (Local Trust Committees) as well as for Islands Trust Council and the Islands Trust Fund, with files and archives that go back to the creation of Islands Trust in 1974;
- has over 150 active bylaws adopted to manage land use and to ensure that local government procedures are legal and fair, as required by provincial law;
- administers twelve local government elections every three years, and by-elections as required;
- ensures that 26 elected officials are acting in accordance with a variety of laws that apply to their conduct and decision-making processes; and
- responds to 15 - 30 Freedom of Information (FOI) requests from the public each year. The length of time required to answer an FOI request can vary between one hour and hundreds of hours.

Because it has no choice but to carry out these increasingly complex and time-consuming mandatory duties, the Islands Trust is faced with cancelling or seriously reducing its advocacy program and curtailing its work on First Nations relations, NAPTEP expansion and climate change adaptation, in addition to many other programs of significance to islanders.

To avoid eliminating and reducing services in these key discretionary areas, the Financial Planning Committee is proposing a budget that allows for a new Legislative Services Manager position. This position will take on responsibility for the mandatory duties of the fifteen corporate bodies that constitute the Islands Trust, ensuring other staff can continue the important work that islanders support. The new position will improve productivity of land use planners by taking on a number of non-planning tasks, such as the drafting of procedural bylaws. Finally, the new position will help to avoid some worrying risks by improving the Islands Trust's compliance with statutory duties that have begun to suffer from a lack of sufficient resources.

Changes to Administrative Services

The Financial Planning Committee is also recommending that Trust Council reduce costs in a number of areas so that it can increase services to the public with as small a budget increase as possible. Cost increases are offset by lowered costs for meetings and office renovations and the other reductions noted below. An important aspect of the recommended budget is the focus on core services delivered by Islands Trust staff and a reduction in the funds available for contract assistance and special projects.

Islands Trust Surplus

The Islands Trust's Financial Planning Committee has strongly recommended that the Islands Trust Council be fiscally responsible and maintain the surplus (also referred to as a "reserve account") built up over the last few years. An appropriate surplus ensures that the Islands Trust has sufficient operating capital in the event of unforeseen circumstances. Sound fiscal practices dictate that agencies like the Islands Trust maintain an adequate surplus to cover any unexpected legal or other costs.

Last year's budget proposed a "Contribution to Surplus" of \$138,331 to allow an equal amount of provincial Strategic Community Investment Funds to be available to fund operations over two fiscal years, even though the majority of

the funds were received in fiscal 2008-2009. However, reduced expenditures in 2009-2010, primarily due to vacancies in budgeted staff positions and under expenditures on some program items, mean that the Islands Trust is forecasting a surplus of \$178,442 by the end of the 2009-2010 fiscal year. While the accumulated surplus is now slightly below the minimum recommended level, the Financial Planning Committee is recommending that the budget increase be kept low with no further Contribution to Surplus budgeted for 2010-2011.

The table that follows summarizes the expected balances in the Surplus account for 2009-2010 and 2010-2011:

Surplus Account

Opening Balance April 1, 2009	\$ 1,481,492
Forecast Appropriation from Surplus in 2009/10	(142,000)
Forecast Contribution to Surplus in 2009/10	<u>149,000</u>
Forecast balance in Surplus (Reserves) March 31, 2010	1,488,492
Proposed Appropriation from Surplus in 2010/11	(181,831)
Projected balance in Surplus (Reserves) March 31, 2011	<u>\$ 1,306,661</u>

Revenues expected to increase (or decrease) compared to the 2009-2010 budget

Excluding any increase in general property taxes, our revenue for the coming year is expected to decrease by \$278,000. In 2010-2011, we anticipate the following revenue changes:

◆ Increase in tax revenue from new development/construction in 2009	\$ 54,000
◆ Increase in appropriation from surplus	\$ 40,000
◆ Increase in property taxes from Bowen Island Municipality*	\$ 16,000
◆ Decrease in the provincial grant**	\$(267,000)
◆ Decrease in revenue from application fees	\$ (50,000)
◆ Decrease in interest income due to lower interest rates	\$ (43,000)
◆ Decrease in estimated revenue from grant applications	\$ (28,000)

NET REVENUE (DECREASES) \$ (278,000)

* The process for determining this amount is defined in the *Islands Trust Act*.

The reduction in the Provincial Grant (named Strategic Community Investment Funds) in 2010-2011 is due to the province's timing of grant payments, **rather than a net decrease in the grant amount. Because the bulk of a two-year grant was received in 2009-2010, the Islands Trust saved \$138,331 as surplus in 2009-2010 and is now carrying that amount forward as an Appropriation from Surplus to even out the impact of grant timing.

Revenues from application fees are expected to decrease this year due to decreased development activity in the Islands Trust area. Revenues from grant applications are budgeted to be lower than the 2009-2010 budget because the 2009-2010 goals could not be met. Interest income is down significantly in 2009-2010 compared to the original budget, and the impact of low interest rates on investments is expected to continue in 2010-2011.

Costs expected to change compared to the 2009-2010 budget

Non-Discretionary Cost Increases (and Decreases)

We anticipate increases, and some decreases, in 2010-2011 that are essentially beyond the Islands Trust's control – what we call **Non-discretionary budget items**. Here is a summary:

◆ Manager of Legislative Services (salary and related costs for 8 months)	\$ 75,000
◆ New allowance for amortization of assets over \$5,000 value	\$ 20,000
◆ Revised terms of new legal services contract	\$ 18,000
◆ Estimated net increase in costs due to the introduction of HST	\$ 12,000
◆ Electronic access to Public Service Agency information for staff	\$ 12,000
◆ Increase in office rents	\$ 5,000
◆ Decrease in amount required for Trustee CPP payments	(\$ 5,000)
◆ Decrease in Executive travel costs to Chair LTC meetings (Car pooling, meeting less frequently)	(\$ 10,000)
◆ Decrease in equipment leases and maintenance	(\$ 12,000)
◆ Net decrease in salaries and benefits associated with BCGEU contract Provisions and non-discretionary staffing changes	(\$ 55,000)

NET "NON-DISCRETIONARY" INCREASES \$ 60,000

Note: No provision has been made for a negotiated wage increase in the BCGEU agreement. The province's position is that no wage increase will be awarded for fiscal 2010-2011. However, negotiations are in progress for a new agreement effective April 1, 2010 and it is possible that a wage increase will be part of the agreement.

Discretionary Cost Increases (and Decreases)

The Financial Planning Committee has proposed a number of **Discretionary Increases (and Decreases)** to help fulfill the Islands Trust mandate, to act on requests from islanders, and to keep property taxes in a reasonable range. Here is a summary:

Discretionary Cost Increases (or Decreases) in the Basic Operating Budget

◆ Planner for Salt Spring office (11 months salary and related costs)	\$ 67,000
◆ Increase in legal expenses for bylaw enforcement	\$ 60,000
◆ Increase in mobile communication costs	\$ 7,000
◆ Increase in Trust Fund Board property management & meeting costs	\$ 6,000
◆ Funding for web conference connection fees for electronic meetings	\$ 6,000
◆ Decrease in contingency budget	\$ (3,000)
◆ Net increases other budget lines of less than \$3,000 per account	\$ (4,000)
◆ Decrease in Office furniture costs	\$ (6,000)
◆ Decrease in Renovation costs	\$ (7,000)
◆ Decrease in meeting expenses	\$ (10,000)
◆ Decrease in Computer Hardware & Software budget	\$ (10,000)
◆ Decrease in Recruitment costs	\$ (15,000)
◆ Decrease in Contribution to Surplus	\$(138,000)

NET BASIC OPERATING COST (DECREASES) \$ (47,000)

Note: there is no increase for Trustee Remuneration in this budget.

Discretionary Cost Increases (or Decreases) for New Programs Items

The discretionary programs proposed in the budget for 2010-11 are listed below.

◆ Grants Administrator position extended to March 31, 2011	\$ 39,000
◆ Increase in OCP/LUB budget for Local Trust Areas	\$ 33,000
◆ Terrestrial Ecosystem Mapping updates	\$ 15,000
◆ Trust Fund Board long-term funding consulting	\$ 10,000
◆ Cadastral realignment (continuation of multi-year program)	\$ 10,000
◆ Galiano Island water study	\$ 10,000
◆ Records management consulting	\$ 10,000
◆ Renovations for Salt Spring office	\$ 7,000
◆ Completion of Bill 27 Climate Change work in Northern Region	\$ 7,000
◆ Denman Island farm plan	\$ 5,000
◆ Trust Council sponsorship of selected applications	\$ 5,000
◆ Design, preparation and publication of four annual reports	\$ 5,000
◆ Public meetings on sensitive ecosystem mapping and geological hazards for Saturna and South Pender	\$ 4,000
◆ NAPTEP expansion to Comox Valley Regional District	\$ 4,000
◆ Trustee remuneration consulting	\$ 4,000
◆ Saturna – Gulf Islands National Park Reserve zoning	\$ 2,000
◆ Reduction of LTC Local Expense budgets	\$ (5,000)

Total cost of discretionary program items in 2010-11 budget \$165,000

Less: program budget for 2009/10 \$(252,000)

NET (DECREASE) FOR PROGRAM ITEMS \$ (87,000)

A summary of the cost changes in the proposed 2010-2011 budget appears below:

◆ Net "Non-Discretionary" Cost Increases	\$ 60,000
◆ Net Basic Operating Cost (Decreases)	\$ (47,000)
◆ Net (Decreases) for New Programs	\$ (87,000)
NET TOTAL OF (DECREASED) COSTS	\$ (17,000)

The Bottom Line

In summary, with **decreased revenues** of: **\$278,000**
Offset by **decreased costs** of: **\$(74,000)**

The Islands Trust will need to raise its overall property tax revenue for the difference of: **\$204,000**

This difference represents an increase of about \$2.23 per \$100,000 of assessed value, or an increase of **\$10.00** for a typical residential property in the Islands Trust Area assessed at \$450,000.

How Does The Islands Trust Develop Its Budget?

Each year the Islands Trust Council develops a proposed budget through an extensive process that begins in the fall under the leadership of its Financial Planning Committee. The Committee is made up of trustees elected from across the Islands Trust Area. The Committee considers Council's strategic goals, operational needs, legal requirements, forecasted trends and suggestions from the public, staff and trustees.

The Financial Planning Committee presents a preliminary budget to the Islands Trust Council at a public meeting in December of each year. Based on the feedback it receives, the Committee refines this budget in January before proposing a budget for formal public input.

The public consultation process involves posting the proposed budget on the Islands Trust website and issuing news releases. All comments from the public are forwarded to the Islands Trust Council so that trustees can consider them before making a final decision about next year's budget.

Who Makes the Final Decision About The Islands Trust Budget?

Decisions about the Islands Trust budget are made by the **Islands Trust Council**, which consists of 26 trustees elected from across the Islands Trust Area. In March of each year, the Islands Trust Council meets in public to debate the budget for the upcoming fiscal year. This year, the meeting will be held on Hornby Island on March 23-25. Trust Council considers the recommendations of its Financial Planning Committee and reviews all of the input received from the public. This process may lead to changes in the final budget. Once an agreement is reached, Trust Council approves a budget bylaw and forwards it to the Minister of Community and Rural Development for approval. The budget is not final until it receives ministerial approval.

Providing Your Input

All input provided by the public will be considered by Trust Council before it adopts a final budget for fiscal year 2010-2011. In early February, those interested in providing written comments were requested to do so by February 19. All comments received by that date were included in the Trust Council's agenda for its meeting that begins on March 23.

If you have additional comments, please **talk to one of your elected trustees**: You can find the names, email addresses and phone numbers of our 26 elected trustees on the Islands Trust website at www.islandstrust.bc.ca

Make a presentation to the Islands Trust Council meeting on Hornby Island on March 24. Some individuals have already booked time to make a formal delegation to Trust Council on March 24. Trust Council will give persons or organizations without a reserved appointment an opportunity to speak if time permits.



Islands Trust

Comparison of Budgeted Revenue and Expenses for 2010/11 and 2009/10

	2010/11 Proposed Annual Budget	2009/10 Annual Budget	% increase or (decrease)
REVENUE			
Fees and Sales	110,000	160,000	-31%
Provincial Grant	50,545	318,331	-84%
Property Tax Levy - General	5,650,185	5,447,191	4%
Property Tax Growth - New Construction	54,472		
Property Tax Levy Bowen	224,941	208,843	8%
Special Levy	-	-	
Appropriation from Surplus	181,831	142,000	28%
Interest Income	42,000	85,000	-51%
Other Revenue	62,000	90,000	-31%
Total Revenue	6,375,974	6,451,365	-1%
EXPENDITURES			
COUNCIL			
Trust Council	249,773	245,772	2%
Executive Committee	82,465	91,065	-9%
Council Sub-committees	14,000	12,000	17%
Trust Area Services	461,577	421,269	10%
Administrative Recovery - 17%	220,495	201,122	10%
Total - Council	1,028,310	971,228	6%
LOCAL PLANNING SERVICES			
Local Trust Committees	704,703	670,163	5%
Planning Staff & Facilities	2,607,230	2,674,583	-3%
Mapping Services	235,641	255,430	-8%
Bylaw Enforcement	214,848	200,540	7%
Administrative Recovery - 73%	946,832	930,192	2%
Total - Local Services	4,709,255	4,730,908	0%
TRUST FUND			
Board	22,000	19,100	15%
Administration	414,707	397,096	4%
Operations	72,000	69,000	4%
Administrative Recovery - 10%	129,703	125,702	3%
Total - Trust Fund	638,410	610,898	5%
GENERAL ADMINISTRATION			
General Management Services	289,693	281,241	3%
Financial, HR & Admin Services	709,537	617,275	15%
Personnel Recruitment	5,000	34,000	-85%
Office Operations	227,800	247,500	-8%
Equipment & Computer Purchases	65,000	77,000	-16%
Administrative Recovery	(1,297,030)	(1,257,016)	3%
Total - General Administration	-	-	-
TOTAL EXPENDITURES	6,375,974	6,313,034	1%
CONTRIBUTION TO RESERVES (SURPLUS)	8	0	138,331