



Islands Trust

Budget Summary 2009 - 2010

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. This Committee consists of 10 trustees from across the Islands Trust Area. The Financial Planning Committee is responsible for reviewing all matters related to the Islands Trust budget.

What the Proposed Budget Means for Taxpayers

The Financial Planning Committee is recommending that the Islands Trust Council adopt a budget of \$6.3 million for 2009-2010. This figure represents an overall increase of \$108,000 in Islands Trust taxes for 2009-2010.

Last year, the owner of a property assessed at \$450,000 paid about \$268.00 in Islands Trust taxes. If approved by Trust Council, the proposed Islands Trust budget for 2009-2010 would mean a tax increase of approximately **\$5.36** for a property of that value. Islands Trust taxes account for approximately 10-20% of the total tax bill for a typical property in the Islands Trust Area.

Trust Council will discuss the proposed budget for 2009-2010, including all comments received from the public, at its quarterly business meeting on March 10–12, 2009, on Gabriola Island at the Haven Institute. 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 the afternoon of March 11. All business meetings of Trust Council are open to the public.

Why An Increase?

The budget proposed for 2009-2010 represents an increase of 2% over last year's budget. The increase is prompted by Trust Council's commitment 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 increase will improve services on Salt Spring Island and on islands in the northern part of the Islands Trust Area by funding two new planning positions. These new positions represent the final phase of improvements originally identified in a 2006 review of the Islands Trust's land use planning services. The increase will also fund a new staff position that will help ensure the ecological integrity of the 70 protected properties in the Islands Trust Area that are managed by the Islands Trust Fund.

The proposed budget will allow Trust Council to continue to respond to comments and suggestions from the public about the need to focus on:

- ◆ land use planning to address the need for affordable and accessible housing on several islands;
- ◆ on-going investments in the accuracy and accessibility of Islands Trust mapping products;
- ◆ enhancing core services to protect the environment through land use planning and bylaw enforcement;
- ◆ positioning island communities to adapt to the changes that scientists predict will result from climate change;
- ◆ reducing the greenhouse gas emissions associated with Islands Trust operations; and
- ◆ improving stewardship of island protected areas.

Our Strategic Priorities

The new Trust Council elected last November is currently developing a Strategic Plan to set priorities and focus resources in a cost-effective manner for the 2008–2011 term. The Strategic Plan will identify broad subject areas where Trust Council will focus its energy. 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. Strategic objectives and an initial framework will be considered by Trust Council in March. The proposed 2009-2010 budget will enable Trust Council to initiate work on a modest number of strategic priorities, in addition to its core functions.

Budget 2009-2010 - 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 the greatest amount of the annual revenue. The Islands Trust also receives a grant from the Province, which represents approximately 3% of the proposed budget. The balance of the Trust's revenue is from application fees, publication sales, interest on funds on deposit, and miscellaneous sources primarily related to smaller program grants.

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

Property Tax Levy from Local Trust Areas*	\$ 5,506,000	(87.3%)
Bowen Municipal Property Tax Levy for Islands Trust	\$ 204,000	(3.2%)
Provincial Grant	\$ 180,000	(2.9%)
Application Fees	\$ 160,000	(2.5%)
Interest Income	\$ 125,000	(2.0%)
Other Income (primarily external program grants)	\$ 90,000	(1.4%)
Funding from Surplus for projects carried over from 2008-09	\$ 40,000	(0.6%)
TOTAL REVENUE	\$6,305,000	(100.0%)

* The proposed property tax levy is comprised of a Local Trust Area levy (\$5,453,000) and property tax growth from new construction (estimated to be \$53,000).

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 island trustees. Additional money is spent to support the various services provided by and to the Islands Trust — everything from audits, insurance and office rental to managing the Islands Trust website and paying legal fees.

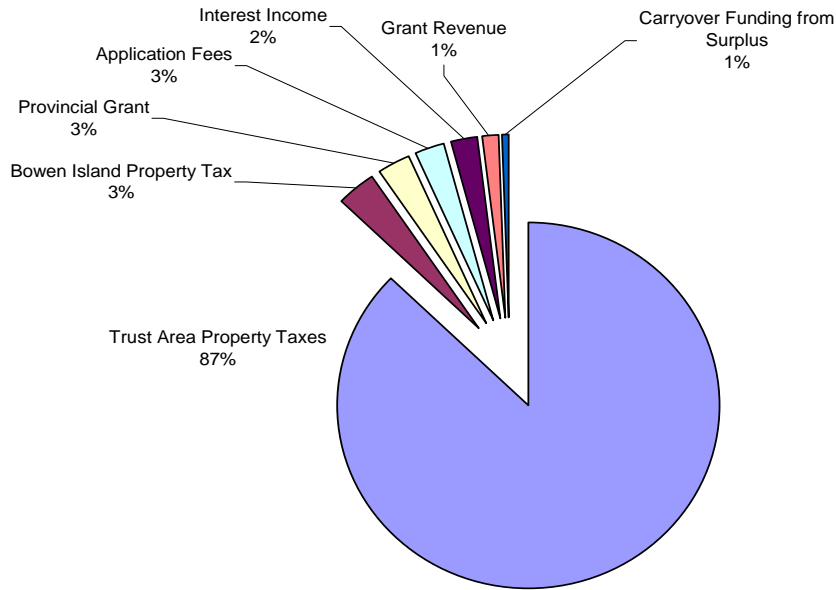
The proposed Islands Trust **expenditures** for 2009-2010 are summarized below:

Local Planning Services	\$ 3,807,000	(60%)
Total Administration Support Services	\$ 1,246,000	(20%)
Trust Area Services	\$ 765,000	(13%)
Islands Trust Fund	\$ 487,000	(7%)
TOTAL EXPENDITURES	\$6,305,000	(100%)

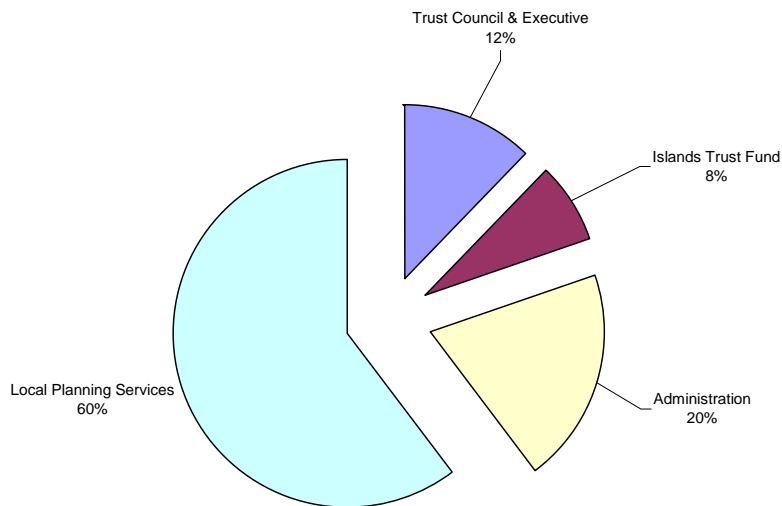
A comparison of this proposed budget with last year's budget is included in the budget package under the heading "Comparison of Budgeted Revenue and Expenses for 2009-2010 and 2008–2009".

The charts below are a graphic representation of the proposed Revenue sources and Expenditures by Operational Unit for the proposed 2009-2010 Islands Trust Budget.

Revenue Sources



Expenses by Operational Unit



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.

Over the past three years, the Islands Trust Council found it necessary to increase its budget to catch up with the impacts of major increases across the Islands Trust Area in population, property values, land use applications and requests for bylaw enforcement. Those budget increases are now paying off, and permit the Financial Planning Committee to recommend a conservative budget increase for 2009-2010 that approximates the inflation rate. The committee is also recognizing the global economic situation by predicting only a small increase in revenues from application fees and projecting a small decrease in non-property tax revenues (such as grants from third parties).

The Financial Planning Committee is recommending that Trust Council reduce costs in a number of areas, so that it can increase services to the public with a minimal budget increase. Cost increases are offset by lower costs for meetings and telecommunications and a number of other reductions noted below. The recommended budget also focuses on the core services delivered by Islands Trust staff and reduces 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") it has 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 was a break-even budget, with no planned "Contribution to Surplus" because of the large contribution in the prior year. However, reduced expenditures in 2008-09, primarily due to vacancies in budgeted staff positions, mean that the Islands Trust is forecasting a surplus of \$160,000 by the end of the 2008-2009 fiscal year. As a result, the accumulated surplus is now at the minimum recommended level, and the Financial Planning Committee is recommending that no Contribution to Surplus be budgeted for 2009-10. Further contributions may be recommended in future budget years to maintain the surplus at the amount appropriate for the Islands Trust.

The table below summarizes the expected balances in the Surplus account for 2008-09 and 2009-10.

Opening Balance April 1, 2008	1,192,902
Forecast Appropriation from Surplus in 2008/09	-
Forecast Contribution to Surplus in 2008/09	<u>160,000</u>
Forecast balance in Surplus March 31, 2009	1,352,902
Proposed Appropriation from Surplus in 2009/10	(40,000)
Projected balance in Surplus March 31, 2010	<u>1,312,902</u>

Revenues expected to increase or (decrease) compared to the 2008-2009 budget

Excluding any increase in general property taxes, our revenue for the coming year is expected to increase by \$35,000. In 2009-2010, we anticipate the following revenue changes:

◆ Increase in tax revenue from new development/construction in 2008	\$ 53,000
◆ Appropriation from surplus for projects carried over from 2008-09	\$ 35,000
◆ Increase in the provincial grant	\$ 24,000
◆ Increase in property taxes from Bowen Island Municipality*	\$ 7,000
◆ Increase in revenue from application fees	\$ 6,000
◆ Decrease in estimated revenue from grant applications	(\$ 10,000)
◆ Decrease in appropriation from surplus for election funding	(\$ 80,000)
TOTAL REVENUE INCREASES	\$35,000

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

Costs expected to increase compared to the 2008-2009 budget

Non-Discretionary Cost Increases and (Decreases)

We anticipate increases, and some decreases, in 2009-2010 in a number of costs that are essentially beyond the Islands Trust's control – what we call **Non-discretionary Increases**. Here is a summary:

◆ Projects related to Riparian Area Regulations & Climate Change	\$ 104,000
◆ Island Planner for the Northern Region (Trust Council approval Dec/08)	\$ 95,000
◆ Increased salaries and benefits (per agreement with the BCGEU)	\$ 59,000
◆ Increased miscellaneous costs due to inflation	\$ 12,000
◆ Reduction in budgeted Trustee remuneration due to non-approval of additional Salt Spring trustees	(\$ 10,000)
◆ Reduction in telephone equipment leases	(\$ 10,000)
◆ Reduction in internet costs due to new interoffice infrastructure	(\$ 11,000)
◆ Reduction in Election costs (no general election in 2009-10)	(\$ 80,000)
NET "NON-DISCRETIONARY" INCREASES	\$ 159,000

Discretionary Cost Increases

The Financial Planning Committee has proposed a number of **Discretionary Increases** to help fulfill the Islands Trust mandate and to act on requests from islanders. Here is a summary:

Discretionary Cost Increases in Staffing

◆ Property Manager for Islands Trust Fund (salary and related costs)	\$ 70,000
◆ Planner for Salt Spring office (salary and related costs for 6 mo.)	\$ 39,000
TOTAL STAFFING INCREASES	\$109,000

Discretionary Cost Increases in the Basic Operating Budget

◆ Increased Trust Council meeting costs	\$ 10,000
◆ Increased training costs for Council and Executive	\$ 10,000
◆ Additional office space for Northern office	\$ 7,000
◆ Increased trustee remuneration (1.5 % annually)	\$ 6,000
TOTAL BASIC OPERATING INCREASES	\$ 33,000

Discretionary Cost Increases or (Decreases) for New Programs

◆ New Reviews of Official Community Plans and Land Use Bylaws	\$ 15,000
◆ Net reduction of budget for strategic projects and programs. (The 2009/10 budget for discretionary program items is \$150,000 – see list below)	(\$ 3,000)
◆ Reduction of budget for the Governance Task Force	(\$ 5,000)
◆ Reduction in estimated projects funded by grant applications	(\$ 40,000)
NET (DECREASES) FOR NEW PROGRAMS	(\$ 33,000)

Discretionary Program Items Funded in the 2009-2010 Budget

The discretionary Programs proposed in the budget for 2009-10 are listed below.

◆ Digital Elevation Mapping completion for the entire Trust Area	\$ 45,000
◆ Accessible Housing Study	\$ 15,000
◆ Improve property boundary accuracy on Islands Trust maps	\$ 15,000
◆ Co-op student for various mapping initiatives	\$ 14,000
◆ Islands Trust Atlas for public access to Islands Trust maps	\$ 10,000
◆ Develop strategy to meet requirement for carbon neutral operations	\$ 10,000
◆ Develop strategy for new long-term funding sources for Trust Fund	\$ 10,000
◆ Continuation of records management process improvement	\$ 10,000
◆ Development Approval Information bylaws for four LTCs	\$ 8,000
◆ Ecosystem and raptor nest mapping for Mayne Island	\$ 8,000
◆ Continuation of human resources strategy implementation	\$ 5,000
TOTAL DISCRETIONARY PROJECT FUNDING	\$ 150,000

Discretionary Budget Cuts

The Financial Planning Committee has proposed budgetary cuts in several areas to balance off the proposed budget increases and minimize the tax increase. The proposed budget for 2009-2010 includes the following reductions:

◆ Decrease in contracted services	(\$ 40,000)
◆ Decrease in capital equipment purchases	(\$ 29,000)
◆ Decrease in management contingency budgets	(\$ 22,000)
◆ Decrease in computer hardware and software base budget	(\$ 15,000)
◆ Decrease in equipment leases and supplies	(\$ 8,000)
◆ Decrease in Executive Committee meeting costs	(\$ 7,000)
◆ Decreases in other miscellaneous budget areas	(\$ 4,000)
TOTAL EXPENDITURE REDUCTIONS	(\$125,000)

Despite the above cuts, we expect that there will be a small overall increase in costs.

A summary of the cost changes in the proposed 2009-2010 budget appears below:

◆ Net "Non-Discretionary" Cost Increases	\$ 159,000
◆ Total Staffing Increases	\$ 109,000
◆ Total Basic Operating Increases	\$ 33,000
◆ Net (Decreases) for New Programs	(\$ 33,000)
◆ Total Expenditure Reductions	(\$ 125,000)
NET TOTAL OF INCREASED COSTS	\$ 143,000

The Bottom Line

In summary, with increased expenditures of:	\$143,000
And increased revenues of:	\$ 35,000

The Islands Trust will need to raise its overall property tax revenue for the difference of:	\$108,000
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This difference represents an increase of about \$1.19 per \$100,000 of assessed value, or an increase of \$5.36 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 from across the Islands Trust Area. It considers Council's strategic goals, operational needs, 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 Financial Planning Committee refines this budget over January and February 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 of the 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.

Two flow charts to illustrate this budget development process are included in our budget package under the headings "*Budget Process*" and "*Budget Process Timeline*".

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 Gabriola Island on March 10-12. 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 Services 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 2009-2010. Trust Council needs to receive your written comments by **NOON February 16** so that Trustees can consider them before the budget debate begins on March 11.

You can make your comments in one of the ways listed below:

By mail or fax. Please send your comments to:

Budget 2009 Islands Trust Council

Attention: Treasurer

200 – 1627 Fort Street

Victoria, BC, V8R 1H8 **FAX:** (250) 405-5155

By email. Please send your comments to:

budget2009@islandstrust.bc.ca

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 Gabriola Island in March. See our website for more information about the meeting and tips for successful delegations. Please contact Marie Smith in writing at msmith@islandstrust.bc.ca (or at the address or fax number above) before **February 16** to request a delegation appointment. Persons or organizations wishing to reserve time to make a formal presentation to the Islands Trust Council during town hall session must receive an appointment.