



Islands Trust

## Budget Summary 2007 - 2008

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The Islands Trust Council is a federation of independent local governments that represents some 23,000 people living within the Islands Trust Area. The Islands Trust is responsible for managing development while preserving and protecting the unique environment of the Islands Trust Area. The area covers the islands and waters between the British Columbia mainland and southern Vancouver Island. It includes 13 major islands and more than 450 smaller islands covering 5200 square kilometers.

The **Financial Planning Committee** is one of three Islands Trust Council Committees. This Committee is made up of 11 elected trustees from across the Islands Trust Area. The Islands Trust Financial Planning Committee carefully reviews matters related to the Islands Trust budget.

Every year the Financial Planning Committee develops a proposed budget in an extended process that includes assessing and balancing the relative costs of ongoing programs with new initiatives. The proposed budget and recommendations of the Financial Planning Committee are then released for public comment prior to consideration by the Islands Trust Council at its quarterly business meeting in March of every year. Public comments received will be considered by the Islands Trust Council prior to budget deliberation and adoption.

The provincial *Islands Trust Act* guides many parts of the budget process and guides the types of expenditures that the Islands Trust can make. The Islands Trust Council must adopt its annual budget by March 31 of each year. The Islands Trust must not carry a deficit and is audited every year.

### In A Nutshell – What the Proposed Budget Means For Taxpayers

This year, the Islands Trust Council's Financial Planning Committee has proposed and is recommending a budget of \$5.65 million for 2007-2008. This figure represents an overall increase of \$630,000 in Islands Trust taxes for 2006-2007.

Last year, the owner of a typical property assessed at \$400,000 paid \$249 in Islands Trust taxes. If approved by Trust Council, the proposed Islands Trust budget for 2007-2008 would mean a tax increase of approximately **\$36** for a property of that value. Islands Trust taxes account for approximately 10-14% of the total tax bill for a typical property owner in the Islands Trust Area.

The Islands Trust Council will discuss its proposed budget, including all comments received from the public, at its quarterly business meeting to be held March 27 – 29, 2007, on Gabriola Island. Trust Council may consider amendments to its proposed budget until the time it adopts a final budget bylaw by a majority vote. All business meetings of the Islands Trust Council are open to the public.

### Why An Increase?

The budget proposed for 2007-2008 represents an overall property tax increase of 14.5% over last year's budget. The most significant reasons for this increase relates to 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.*"

Trust Council's goals to preserve and protect the Islands Trust Area include: a **Sustainable Environment**; **Healthy Communities**; and **Excellence in Governance**. The relationship between the proposed Islands Trust budget and Trust Council's goals is outlined in the information sheet entitled *Budget 2007-2008 – Responding to Change*. Overall, the proposed budget increase will allow us to respond to the comments and suggestions from the public relating to:

- ◆ strengthening our ability to protect the environment;
- ◆ more effective and responsive governance;
- ◆ better advocacy about island issues with other agencies and levels of government;
- ◆ stronger enforcement of bylaws; and
- ◆ more public consultation opportunities regarding local island and Islands Trust-wide issues

## Budget 2007-2008 - The Basics

The proposed budget for the Islands Trust includes a forecast of both anticipated **revenue** and planned **expenditures**.

### Revenue

Provincial legislation offers the Islands Trust very few opportunities to generate **revenue** apart from property taxes. While the Islands Trust receives a grant from the Province that represents approximately 2% of its proposed budget, property taxes from the Islands Trust Area provide the greatest amount of revenue. The Islands Trust receives the rest of its revenue from application fees, publication sales, interest on financial reserves and smaller miscellaneous sources, primarily related to smaller specific program grants.

The proposed Islands Trust **revenue** for 2007- 2008 looks like this:

Property Tax Levy*	\$ 5,152,000	(91.1%)
Fees and Sales	\$ 180,000	(3.2%)
Provincial Grant	\$ 120,000	(2.1%)
Other Income (primarily specific external program grants)	\$ 104,000	(1.8%)
Interest Income	\$ 80,000	(1.4%)
Carryover from last year (for work not completed)	\$ 20,000	(0.4%)
<b>TOTAL REVENUE</b>	<b>\$5,656,000</b>	<b>(100.0%)</b>

\*Note: The proposed Islands Trust property tax levy is comprised of: Local Trust Area levy (\$4,888,000); Bowen Island Municipality tax levy (\$179,000); and, tax growth from new construction (\$85,000).

### 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 the Islands Trust Council (Trust Area Services); and the land conservation work of the Islands Trust Fund. This amount of money includes the salaries and benefits paid to Islands Trust management, planning, and administrative staff. It also includes honoraria paid to elected officials. Additional money is spent to support the various services provided by and to the Islands Trust - everything from audits to insurance to renting offices to managing the Islands Trust website to paying legal fees.

The proposed Islands Trust **expenditures** for 2007-2008, look like this:

Local Planning Services	\$ 3,196,000	(56.5%)
Total Administration Support Services	\$ 1,230,000	(21.7%)
Islands Trust Council	\$ 607,000	(10.7%)
Islands Trust Fund	\$ 448,000	(7.9%)
Contribution to Reserves (Surplus)	\$ 175,000	(3.1%)
<b>TOTAL EXPENDITURES</b>	<b>\$5,656,000</b>	<b>(100.0%)</b>

The Islands Trust Financial Planning Committee is strongly recommending that the Islands Trust Council begin to rebuild its "reserve account" (or surplus) by **\$175,000** this year. Having adequate operating reserves is essential to ensure the Islands Trust has sufficient operating capital in the event of unforeseen circumstances. Sound fiscal practices dictate that agencies like the Islands Trust maintain a suitable operating reserve to cover any unexpected legal or other costs. This year's "Contribution to Reserves" (or surplus) is part of a long-term program to restore our depleted reserves. If we end up spending less than anticipated in our proposed budget, we will put additional funds into our reserves.

A detailed outline of our proposed budget and a comparison with our budget for 2006 - 2007 are included in our budget package under the heading "*Comparison of Budgeted Revenue and Expenses for 2007- 2008 and 2006 - 2007*".

## What's Different From Last Year?

Before recommending the proposed budget, the Islands Trust Financial Planning Committee carefully considered many options to achieve things requested by our island communities. The Committee looked at how revenues might be increased and at how services might be maintained or 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.

In the end, the Financial Planning Committee is recommending that we can safely project an increase in our overall **revenues** from non-tax sources, particularly if we apply for additional grants, invest our savings carefully, and consider a small increase in fees for development applications. Nevertheless, to improve the delivery of existing services and to provide the new services our communities are asking for, the Islands Trust must still increase its overall budget next year. The proposed increase in **expenses** results not only from changes that are essentially outside of the Islands Trust's control (such as inflation), but also from conscious decisions to improve and expand services that the Islands Trust provides to island constituents.

### Revenues we can expect to increase compared to our 2006-2007 budget

Here are our estimates of revenue increases, excluding any increase in general property taxes.

In 2007-2008, we anticipate:

◆ Increased tax revenue due to new development and construction:	\$ 85,000
◆ Increased income from grant programs	\$ 70,000
◆ Increase in applications fee revenue	\$ 40,000
◆ Increased interest income	\$ 35,000
◆ Increased tax levy from Bowen Island Municipality*	\$ 23,000
<b>TOTAL REVENUE INCREASES</b>	<b>\$253,000</b>

\*Note: The *Islands Trust Act* defines the process for determining this amount.

### Costs we can expect to increase compared to our 2006-2007 budget

#### Non-Discretionary Cost Increases

In 2007 - 2008 we anticipate increases in certain costs that are essentially beyond the Islands Trust's control – what we call **Non-discretionary Increases**. Here is a summary:

◆ Increased salaries and benefits (per agreement with the BCGEU)	\$ 47,000
◆ Increased office rent	\$ 11,000
◆ Miscellaneous costs increased due to inflation	\$ 10,000
◆ Increased telephone and internet costs	\$ 7,000
◆ Increased audit fees	\$ 5,000
<b>TOTAL "NON-DISCRETIONARY" INCREASES</b>	<b>\$ 80,000</b>

#### Discretionary Cost Increases

To better fulfill the Islands Trust mandate and to act on requests from islanders, the Financial Planning Committee has proposed a number of **Discretionary Increases**. More information about the discretionary increases is provided in the information sheet entitled *Budget 2007-2008 – Responding to Change*. Here is a summary:

##### Additional Discretionary Cost Increases in Staffing

◆ Staff for Local Trust Committee work	\$200,000
◆ Director's position reinstated (Trust Area Services)	\$100,000
◆ Increased hours for our bylaw enforcement staff	\$ 24,000
◆ Increases to pay out overtime and replace staff on leave	\$ 41,000
<b>TOTAL STAFFING INCREASES</b>	<b>\$365,000</b>

##### Discretionary Cost Increases in our Basic Operating Budget

◆ Increased contingency fund for unexpected expenses	\$ 65,000
◆ Increased costs for legal services (bylaw enforcement & litigation)	\$ 34,000
◆ Increased costs for inter-island and inter-office travel	\$ 21,000
◆ Increased costs for furniture and equipment	\$ 14,000
◆ Increased costs for training	\$ 10,000
◆ Increase in trustee remuneration (total increase for 26 trustees)	\$ 8,000
◆ Increase in costs of Islands Trust Fund property management	\$ 6,000
◆ Other miscellaneous operating cost increases	\$ 10,000
<b>TOTAL BASIC OPERATING INCREASES</b>	<b>\$ 168,000</b>

##### Discretionary Cost Increases for New Programs

◆ To implement The Islands Trust Council's Strategic Plan	\$ 224,000
◆ For new Official Community Plan and Land Use Bylaw reviews	\$ 22,000
◆ For new elevation mapping on Salt Spring Island	\$ 40,000
◆ To improve the accuracy of our digital mapping	\$ 15,000
◆ To pay a portion of the costs of surveying a new Islands Trust Fund Board land acquisition on Gambier Island	\$ 5,000
<b>TOTAL INCREASES FOR NEW PROGRAMS</b>	<b>\$ 306,000</b>

**Other Discretionary Budget Increase**

◆ To partially restore our financial reserves	\$ 87,000
<b>TOTAL OF 'OTHER' INCREASES</b>	<b>\$ 87,000</b>

To balance off proposed increases, the Financial Planning Committee is proposing budgetary cuts in other areas. Places where the proposed budget for 2007-2008 has been **reduced** are:

**Discretionary Budget Cuts**

◆ Decrease in computer purchases and technical support	(\$ 15,000)
◆ Decrease in meeting costs	(\$ 8,000)
◆ Decrease due to completed programs	(\$ 91,000)
◆ Other miscellaneous decreases	(\$ 9,000)
<b>TOTAL COST REDUCTIONS</b>	<b>(\$123,000)</b>

After balancing the above increases and cuts, we expect our overall costs will increase substantially.

<b>TOTAL OF INCREASED COSTS</b>	<b>\$ 883,000</b>
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**The Bottom Line**

In summary, with <b>increased expenditures</b> of:	<b>\$883,000</b>
And <b>increased revenues</b> of:	<b>\$253,000</b>

The Islands Trust will need to raise its overall property tax revenue for the difference of: **\$630,000**

**This difference represents an increase of about \$9 per \$100,000 of assessed value, or an increase of \$36 for a typical residential property assessed at \$400,000 anywhere in the Islands Trust Area.**

**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 27 to 29. 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.