



Islands Trust

Budget Summary 2012 - 2013

The **Islands Trust** is a federation of independent local government bodies 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 amenities and 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 made up of ten trustees from across the Islands Trust Area who make recommendations to Trust Council about the Islands Trust budget. Trust Council will discuss the proposed budget for 2012-2013, including all comments received from the public, at its quarterly business meeting on March 6–8, 2012 on Gabriola Island. 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 7th. All business meetings of Trust Council are open to the public.

What The Proposed Budget Means For Taxpayers

The Financial Planning Committee is recommending that the Islands Trust Council adopt a budget of \$6.9 million for 2012-2013. This figure is comprised of an increase of \$63,000 in expenditures this year offset by an increase of \$2,000 in revenues, which would result in a **1 per cent** increase in Islands Trust property taxes for 2012-2013.

Last year, the owner of a property assessed at \$450,000 paid about \$291.00 in Islands Trust taxes. If approved by Trust Council, the proposed Islands Trust budget for 2012-2013 would mean a tax increase of approximately **\$3.00** for a property of that value. Islands Trust taxes vary between 10-20% of the total tax bill for a typical property in the Islands Trust Area, depending on what other property taxes are paid for services on a particular island. Also, the change in taxes on a particular property is also dependent on the relative changes to property assessment values throughout the entire Trust Area.

Why An Increase?

The increase is due to a number of factors, including inflation (non-discretionary increases to expenses such as rent, internet costs, computer software updates and staff salaries) and other non-discretionary increases required to maintain or improve existing levels of service to the public or to complete on-going programs. Where inflationary increases have been unavoidable, they have been offset as much as possible by cuts to other items such as telephone charges and equipment leases, and increases in non-tax revenues. The increased budget also allows us to undertake some important parts of our Strategic Plan as noted below.

Our Strategic Priorities

The Islands Trust Council has a Strategic Plan that enables it to set priorities and focus resources in a cost-effective manner. The Strategic Plan identifies key objectives and strategies, primarily based on the Islands Trust Policy Statement. Objectives are related to sustaining island character and healthy communities, ecosystem preservation and protection, stewardship of island resources, and measures to ensure cost effectiveness for taxpayers. The proposed 2012-2013 budget will enable Trust Council to continue its work on a modest number of its strategic priorities, in addition to its core functions. Later in 2012, Trust Council will review its Strategic Plan to identify any amendments it wishes to make to reflect new priorities.

Specifically, the most significant strategic initiatives that the proposed 2012-2013 budget would fund are:

- o **review of the *Islands Trust Policy Statement***

The *Islands Trust Act* requires Trust Council to adopt a Policy Statement to outline its policies for preserving and protecting the unique amenities and environment of the Trust Area. The Policy Statement lays the foundation for the principles, policies and decisions of the Islands Trust. All land use bylaws adopted by local trust committees and Bowen Island Municipality must be consistent with it. The current *Islands Trust Policy Statement* was adopted in 1994 after extensive public consultation and includes policies about environmental protection, resource stewardship and sustainable communities. It has seen few changes since it was originally adopted and a review is important and overdue.

A review would give islanders an opportunity to renew their collective understanding about what should be preserved and protected in the Islands Trust Area. It could also make development of Official Community Plans and processing of development applications more efficient and fair. While we believe a comprehensive review is important, and that we should fully consult with islanders, such a project could be very costly to taxpayers. With this in mind, we applied in 2011 for a grant of \$250,000 under the provincial Gas Tax Agreement to undertake a review over three years. While receiving such a grant would be rare, we are optimistic.

Our proposed 2012-2013 budget includes \$136,000 for this project, \$129,000 of which we hope to have offset by grant revenue. In March, Trust Council will know whether grant funding has been offered. If it has, Council will consider options for proceeding with this project. The Financial Planning Committee has indicated it would recommend against a tax increase in order to complete a policy statement review. Given the significant and infrequent nature of a major Policy Statement review, Trust Council could consider whether it would be appropriate to use some funds from the Islands Trust Surplus to supplement any grants received and minimize the impact on property taxes. If it proceeds, the project would be Trust Council's major initiative for the 2011-2014 term of office.

- o **compliance with provincial requirements under the *Riparian Areas Regulation***

In 2004, the province enacted the *Riparian Areas Regulation*, which requires local governments to ensure that fish habitat within their jurisdiction is protected to specific standards. Due to a lack of information about fish-bearing streams in the Islands Trust Area, and the costs of identifying and mapping them over such a large area, compliance with the *Regulation* has taken place gradually, as the Islands Trust worked with the Ministry of Environment to identify and map the streams where the *Regulation* would apply. The 2012-2013 budget includes a total of \$71,000 to further compliance with the *Regulation*. In some instances, sufficiently-detailed maps exist, so funds would be spent on public consultation during the development of bylaws; in other instances, funds would be spent on mapping projects that would support the development of bylaws at a later time.

- o **increases to the remuneration for trustees elected November 2011.** Early in 2009, Trust Council's Strategic Plan identified the need to 'enable a greater diversity of trustee candidates'. Since trustee remuneration is an important part of the picture for those considering this type of public service, Trust Council engaged a consultant to review the matter and later adopted a revised remuneration bylaw with more realistic levels of remuneration. The trustees elected last November ran for office on an understanding of the new remuneration levels and inherited the related budget increase. Our proposed budget includes \$130,000 to accommodate these increases for the 2012-2013 fiscal year. For more information about the new remuneration levels and the process taken to identify them, please see the documents "[Trustee Remuneration Backgrounder](#)" and "[Consultants Report](#)" in the 2012-2013 budget section of the Islands Trust website.

- o **significant improvements to the management and accessibility of our records.** The Islands Trust creates, receives and handles many thousands of important records annually, in both paper and electronic form. We need to ensure our staff can track and retrieve these records efficiently when requested by the public, trustees, staff and other parties. Our previous system originated more than thirty years ago, before the advent of email and electronic record-keeping. We delayed the task of updating our records management system until last year, when it was clear that further delays would have resulted in greater expense. In 2011, we launched a new system, to be implemented over two years. Progress has been excellent and almost all our records have been assessed and transitioned to the new system. In preparation for culling, we have also assessed over 60% of the old records we currently pay to store. The 2012-2013 budget includes \$19,000 to finish the job and bring the management of our records up to modern standards. The funds will pay for records management consulting, training and practical assistance for staff in transitioning to the new system and the culling of stored records.

The proposed increase will also fund several other strategic programs, some with significance throughout the Islands Trust Area, and some of importance to individual island communities. The proposed 2012-2013 budget would:

- o support completion or significant advancement of community work in reviewing Official Community Plans and Land Use bylaws in seven Local Trust Areas. In addition to public consultation, specific work would be related to affordable housing, groundwater and shoreline protection, and food security.
- o implement a Community Affordable Housing Strategy on Salt Spring Island
- o continue research and community outreach related to climate change on Salt Spring Island
- o consult with the community about shoreline protection on North and South Pender islands
- o improve groundwater protection on Galiano Island
- o finalize updated bylaws for islands in the Ballenas-Winchelsea archipelago
- o improve the accuracy and availability of Islands Trust mapping products
- o enable office renovations in our Salt Spring Island office
- o provide additional laptop computers for trustees so we can transition to 'paperless' meetings.

Budget 2012-2013 - 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 Islands Trust's annual revenue. The balance of revenue is from application fees, interest on funds on deposit and miscellaneous sources such as grants from funding agencies.

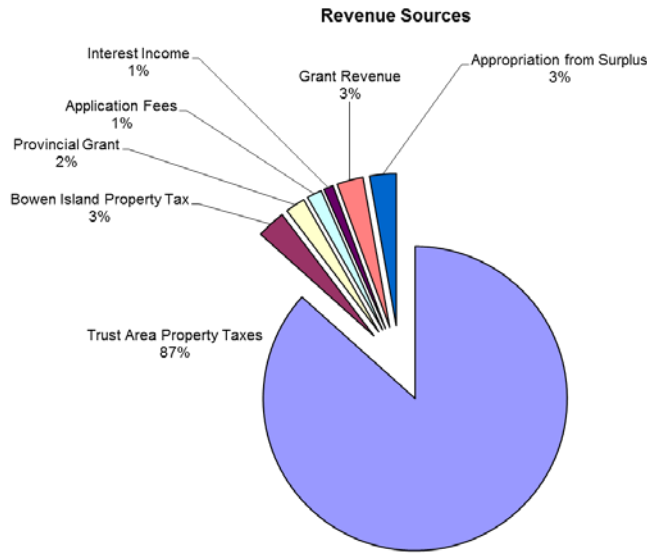
The Islands Trust **revenue** for 2012-2013 is expected to look like this:

Property Tax Levy from Local Trust Areas*	\$ 5,989,000 (87%)
Bowen Municipal Property Tax Levy for Islands Trust	\$ 211,000 (3%)
Provincial Grant	\$ 146,000 (2%)
Application Fees	\$ 110,000 (1%)
Interest Income	\$ 70,000 (1%)
Other Income (primarily external grants for programs)	\$ 193,000 (3%)
Funding from Surplus **	\$ 195,000 (3%)
TOTAL REVENUE	\$ 6,914,000 (100%)

* The proposed property tax levy is comprised of a Local Trust Area levy (\$5,930,000) and property tax growth from new construction (estimated to be \$59,000).

**The proposed Funding (Appropriation) from Surplus includes \$7,000 for a potential by-election, \$68,000 carryover of excess provincial grant received in 2011-12, \$12,000 carryover for uncompleted OCP projects in 2011-12, and \$108,000 in general funding to reduce the property tax increase.

The chart below is a graphic representation of the **Revenue** sources for the proposed 2012-2013 Islands Trust Budget:



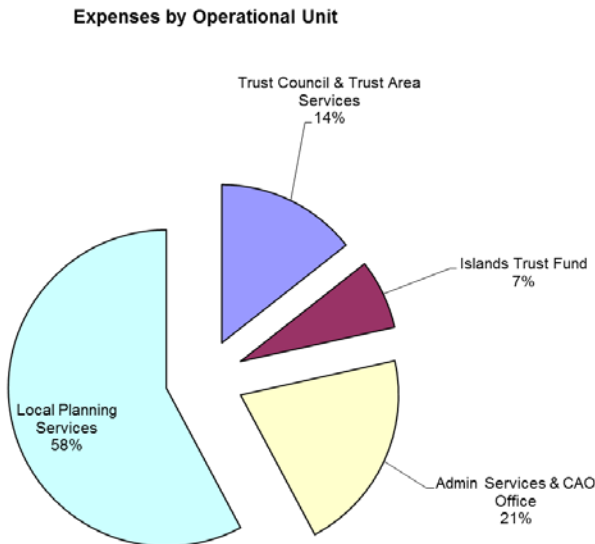
Expenditures

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 — including the annual audit, legal fees, insurance, office rental and managing the Islands Trust’s electronic communications.

The proposed Islands Trust **expenditures** for 2012-2013 are summarized below:

Local Planning Services	\$ 4,019,000	(58%)
Total Administration Support Services	\$ 1,412,000	(21%)
Trust Council and Trust Area Services	\$ 991,000	(14%)
Islands Trust Fund	\$ 492,000	(7%)
TOTAL EXPENDITURES	\$6,914,000	(100%)

The chart below is a graphic representation of the **Expenditures** by Operational Unit for the proposed 2012-2013 Islands Trust Budget:



What's Different From Last Year?

The proposed budget for 2012-2013 is similar to that for the previous year, with a 1 per cent increase as discussed on page 1. In general, the largest proportion of the increases are non-discretionary. They are related to commitments made in previous years, or to complying with mandatory provincial programs.

For the 2012-2013 fiscal year, we expect to receive \$193,000 from grant applications which will support some important projects, the most significant being the Policy Statement Review project.

The remainder of this section summarizes the most significant ways that the 2012-2013 budget would differ from the budget for the previous fiscal year.

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.

An Appropriation (reduction) from Surplus of \$302,000 was budgeted for fiscal 2011-2012, primarily to finance the tri-annual local elections and defray tax increases. However, increased revenues in 2011-2012 and reduced costs mean that the Islands Trust is forecasting an Appropriation from Surplus of only \$25,000 by the end of the 2011-2012 fiscal year. Because the resulting Accumulated Surplus is only slightly below the recommended level, the Financial Planning Committee is recommending that no 'Contribution to Surplus' be budgeted for 2012-13.

The table on the next page summarizes the expected balances in the Surplus account for 2011-12 and 2012-13.

Opening Balance April 1, 2011	\$ 1,903,987
Forecast Appropriation from Surplus in 2011/12	(25,000)
Forecast balance in Surplus (Reserves) March 31, 2012	1,878,987
Proposed Appropriation from Surplus in 2012/13	(195,000)
Projected balance in Surplus (Reserves) March 31, 2013	\$ 1,683,987

Revenues expected to increase or (decrease) compared to the 2011-2012 budget

Excluding any increase in general property taxes, our revenue for the coming year is expected to decrease by \$33,000. In 2012-2013, we anticipate the following revenue changes:

◆ Increase in estimated revenue from grant applications	\$ 78,000
◆ Increase in tax revenue from new development/construction in 2011	\$ 59,000
◆ Increase in investment income	\$ 15,000
◆ Decrease in property taxes from Bowen Island Municipality	(\$ 9,000)
◆ Decrease in the provincial grant***	(\$ 34,000)
◆ Decrease in Appropriation from Surplus	(\$ 107,000)
NET REVENUE INCREASE	\$ 2,000

*** The decrease in the Provincial Grant (named Strategic Community Investment Funds in 2009/10) is due to the province's timing of grant payments rather than a net decrease in the grant amount. Over three fiscal years the provincial grant is expected to average \$180,000 per year. Because a higher amount of provincial grant was received in 2011/12, it is assumed that a lower level will be received in 2012/13.

Costs expected to change compared to the 2011-2012 budget

Non-Discretionary Cost Increases and (Decreases)

We anticipate increases, and some decreases, in 2012-2013 that are beyond the Islands Trust's control, or where a commitment has already been made – what we call **Non-discretionary budget items**.

Here is a summary of non-discretionary changes to the **Base Budget**:

◆ Full fiscal year implementation of the new Trustee Remuneration bylaw	\$ 130,000
◆ Allowance for increase in salary & benefits from new BCGEU contract	\$ 38,000
◆ Increase in salaries & benefits due to `step` increases for staff	\$ 33,000
◆ Increase in office rent and operation costs	\$ 11,000
◆ Increase in cost of payroll processing by the province	\$ 10,000
◆ Allowance for licensing costs for new meeting management software	\$ 10,000
◆ Increase for staff scholarships approved, but not funded, by province	\$ 5,000
◆ Various budget adjustments under \$2,000	(\$ 1,000)
◆ Decrease in budget for telephone long distance & cell phone charges	(\$ 2,000)
◆ Decrease in internet budget	(\$ 4,000)
◆ Decrease in Statutory Notices budget due to changes in fees bylaws	(\$ 5,000)
◆ Decrease in election budget – 2011 election not repeated in 2012/13	(\$ 100,000)
NET "NON-DISCRETIONARY" Base Budget INCREASES	\$ 125,000

Here is a summary of non-discretionary changes for **Projects**. These projects are all related to the implementation of provincial Riparian Area Regulations (RAR), which are legislated requirements that have not been met for the following Local Trust Areas:

Northern Local Trust Areas

◆ Denman – RAR implementation based on existing mapping	\$ 4,000
◆ Gabriola – RAR implementation based on existing mapping	\$ 4,000
◆ Gambier – RAR implementation based on existing mapping	\$ 4,000
◆ Lasqueti – RAR implementation based on existing mapping	\$ 4,000
◆ Thetis – RAR implementation based on existing mapping	\$ 2,000

Salt Spring Local Trust Area

- ◆ Partial RAR mapping of the 26 watersheds on Salt Spring \$ 45,000

Southern Local Trust Areas

- ◆ Mayne – RAR implementation (RAR mapping completed in prior years) \$ 4,000
- ◆ Saturna – RAR implementation (RAR mapping completed in prior years) \$ 4,000

NET "NON-DISCRETIONARY" Project INCREASES \$ 71,000

TOTAL "NON-DISCRETIONARY" BUDGET INCREASES	\$ 196,000
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Discretionary Cost Increases and (Decreases)

The Financial Planning Committee has proposed the following **Discretionary Increases** to help fulfill the Islands Trust mandate:

Discretionary Cost Increases in Staffing

(Note: both positions have been in place as temporary positions in the last fiscal year – elimination would result in reduced capacity for bylaw enforcement and financial administration)

- ◆ Establish a permanent part-time Bylaw Enforcement Officer \$ 41,000
- ◆ Increase finance clerk capacity by hiring part-time backfill for reception \$ 21,000

DISCRETIONARY STAFF COST INCREASES \$ 62,000

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

- ◆ Increase in computer hardware & software costs \$ 5,000
- ◆ Estimated cost of carbon credits to be carbon neutral in 2012 \$ 3,000
- ◆ Increase in professional development costs for Local Planning Services \$ 3,000
- ◆ Increase in Islands Trust Fund legal budget for conservation covenants \$ 2,000
- ◆ Decrease in Technical Support budget (\$ 5,000)
- ◆ Decrease in Furniture budget (\$ 5,000)
- ◆ Decrease in Planners travel budget (\$ 8,000)
- ◆ Decrease in Contingency budget (\$ 13,000)
- ◆ Decrease in Southern Office Planning Staff (convert position to ½ time) (\$ 41,000)

NET BASIC OPERATING COST (DECREASES) (\$ 59,000)

Discretionary Cost Increases or (Decreases) for New Program Items

- **Discretionary Program Items Funded in the 2012-2013 Budget**

The discretionary Program items proposed in the budget for 2012-13 are listed below:

Trust-Wide Strategic Plan Items

- ◆ Policy Statement Review project (offset by grant revenue) \$129,000
- ◆ Policy Statement Review costs not covered by grant revenue \$ 7,000
- ◆ Records Management project continuation \$ 19,000
- ◆ Islands Trust Fund planned-giving communications \$ 2,000

Northern Local Trust Committees

- ◆ *The Northern LTCs have no projects in this draft of the budget*

Salt Spring Local Trust Committee

- ◆ Implement Community Affordable Housing Strategy \$ 5,000
- ◆ Climate change outreach and research \$ 5,000

Southern Local Trust Committees

- ◆ North Pender shoreline protection process \$ 10,000
- ◆ South Pender shoreline protection process \$ 6,000

- ◆ Galiano groundwater protection \$ 6,000
- ◆ Ballenas and Winchelsea Islands Administrative Bylaw \$ 3,000

Program Items not on the Strategic Plan

- ◆ Islands Trust mapping software improvements \$ 15,000
- ◆ Salt Spring office renovations \$ 5,000
- ◆ Laptops for Trustees to transition to 'paperless' meetings \$ 5,000

Total cost of discretionary program items in 2012-13 budget \$ 217,000

Less: program budget for 2010/11 (\$ 303,000)

NET (DECREASE) FOR DISCRETIONARY PROGRAM ITEMS (\$ 86,000)

Official Community Plan (OCP) and Land Use Bylaw (LUB) proposed 2012-13 budget details:

ISLAND	DESCRIPTION	Proposed 2012/13 Budget	Approved 2011/12 OCP/LUB Budget	Increase (Decrease) in 2012/13
Northern LTCs				
Denman		-	8,000	(8,000)
Gabriola	OCP/LUB Review - housing, groundwater & food security, etc	19,000	8,000	11,000
Gambier		-	0	-
Gambier - Associated	OCP completion	8,000	8,000	-
Hornby	OCP/LUB completion	8,000	8,000	-
Lasqueti		-	0	-
Thetis (Ruxton Island)	Assoc. Isl. OCP/LUB	5,000		5,000
Thetis	OCP/LUB - shoreline DPA	5,000	8,000	(3,000)
	Northern LTCs subtotal	45,000	40,000	5,000
Salt Spring LTC				
Salt Spring	OCP - Environmental DPAs	14,000		
Salt Spring - Associated	OCP Piers Island	3,000		
	SSI LTC subtotal	17,000	40,000	(23,000)
Southern LTCs				
Executive Islands		-	5,000	(5,000)
Galiano	LUB completion	6,500	35,000	(28,500)
Mayne	OCP & LUB - housing options	5,000	0	5,000
North Pender		-	0	-
Saturna		-	0	-
South Pender		-	3,000	(3,000)
	Southern LTCs subtotal	11,500	43,000	(31,500)
Total OCP/LUB		73,500	123,000	(49,500)

A SUMMARY of all cost changes in the proposed 2012-2013 budget appears below:

- ◆ Net "Non-Discretionary" Cost Increases \$ 196,000
 - ◆ Discretionary Staffing Increases \$ 62,000
 - ◆ Net Basic Operating Cost (Decreases) (\$ 59,000)
 - ◆ Net (Decreases) for New Discretionary Programs (\$ 86,000)
 - ◆ Net (Decreases) for OCP/LUB projects (\$ 50,000)
- NET TOTAL OF INCREASED COSTS \$ 63,000**

The Bottom Line

In summary, with **increased costs** of: \$ 63,000
 Offset by **increased revenues** of: (\$ 2,000)
 The Islands Trust will need to raise its overall property tax revenue for the difference of: **\$ 61,000**

This difference represents an increase of about \$0.67 per \$100,000 of assessed value, or an increase of approximately **\$3.00** for a typical residential property in the Islands Trust Area assessed at \$450,000. However, the change in taxes on a particular property is also dependent on the relative changes to property assessment values throughout the entire 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, 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 Financial Planning 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, issuing a news release and advertising in community newspapers. 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 6-8, 2012. 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, Sport and Cultural Development for approval. The budget is not final until it receives ministerial approval.

Providing Your Input

The Island Trust Council welcomes public comments about its proposed budget for 2012-2013. If you want your submission to be considered as part of the Financial Planning Committee's budget recommendation to Trust Council, and you want it to be in the public Trust Council meeting package and posted to the website, your submission must be received by **NOON Friday, February 10, 2012**.

Later submissions will be accepted until **NOON Thursday, March 1, 2012** and be delivered to Trust Council at its March 6th meeting.

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

By email. Please send your comments to: budget2012@islandstrust.bc.ca

By mail or fax. Please send your comments to: Budget 2012 Islands Trust Council
Attention: Treasurer
200 – 1627 Fort Street
Victoria, BC, V8R 1H8 **FAX:** (250) 405-5155

Talk to one of your elected trustees: You can find names and contact information at www.islandstrust.bc.ca

Make a presentation to the Islands Trust Council meeting on Gabriola Island on Wednesday March 7, 2012. See our website for more information about the meeting and tips for successful delegations. Please write to Marie Smith at msmith@islandstrust.bc.ca or at the address or fax number above by **Wednesday, February 15, 2012** to request a delegation appointment. Persons or organizations wishing to make a formal presentation to the Islands Trust Council must request an appointment. If there is sufficient time, additional comments may also be made during the informal town hall session.

Thank you