Islands Trust

Financial Planning Committee
Agenda

Date: Wednesday, May 29, 2024

Time: 10:30 am - 3:00 pm

Location: Electronic Zoom Meeting

		Pages
1.	**CALL TO ORDER**	
2.	**AGENDA**	
	2.1 Review of the Agenda	
	Committee to consider late items, new items and re-ordering of the agenda plus consider any need to create an in camera meeting	
	2.2 Approval of Agenda	
3.	**PUBLIC COMMENT PERIOD**	
4.	**DELEGATIONS**	
	None.	
5.	**CORRESPONDENCE**	
	None.	
6.	**ADMINISTRATIVE COORDINATION**	
	6.1 Draft Minutes of Previous Meetings	
	6.1.1 Financial Planning Committee Regular Meeting Minutes of February 21, 2024	4 - 10
	For review and approval	
	6.2 Resolutions Without Meeting	
	None.	
	6.3 Follow up Action List	11 - 14
	For review	
7.	**BUSINESS - WORK PROGRAM ITEMS**	

7.1 March 31, 2024 Audited Financial Statements - Briefing

Late item: The audited financial statements and the audit report are to be received for information from Audit Committee upon adjournment of their meeting on May 29, 2024.

7.2 March 31, 2024 Financial Results - Request For Decision — 15 - 26

That Financial Planning Committee forward the March 31, 2024 Financial Results to Trust Council for information.

7.3 March 31, 2024 Allocated Financial Statements - Briefing — 27 - 30

Receive for information.
Forward to Trust Council if desired.

7.4 2025/26 Budget Cycle Timelines - Briefing — 31 - 33

7.5 2025/26 Budget Guidelines - Request For Decision — 34 - 35

Whereas, under s.14 of the *Islands Trust Act*, Trust Council holds authority for approval of the fiscal budget;

Whereas in accordance with Trust Council's *Council Committee System and Terms of Reference* policy, Financial Planning Committee is responsible for facilitating Council's involvement in the annual budget process;

Whereas, in accordance with Trust Council's *Budget Process* policy, Financial Planning Committee will begin review of the draft 2025/26 budget in October 2024; therefore be it resolved:

That Financial Planning Committee recommend to Trust Council that it set budget guidelines for the 2025/26 budget cycle no later than September 2024.

8. BUSINESS - OTHER

8.1 Annual Report: Financial Planning Committee Section - Request For Decision — 36 - 39

That Financial Planning Committee approve the attached text for inclusion in the 2023/24 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs.

8.2 Trust Council Policy 7.2.1 Trustee Remuneration - Transfer to Governance Committee - Request For Decision — 40 - 97

That Financial Planning Committee transfer its work on Policy 7.2.1 *Trustee Remuneration* to Governance Committee, as requested by Governance Committee.

9. BUSINESS - NEW

10. WORK PROGRAM - Request For Decision — 98 - 100

For review and referral to Trust Council before each quarterly TC meeting

That Financial Planning Committee approve the proposed Work Program report [as presented or as amended], and forward it to Trust Council for approval.

11. NEXT MEETING

Wednesday, August 28, 2024 from 10:00 a.m. to 3:00 p.m.

12. CLOSED MEETING

If desired:

That the meeting be closed to the public in accordance with the Community Charter, Part 4, Division 3, s.90, (quote the pertinent section here, for example, (1)(a) personal information about...) and that the recorder and staff [attend/not attend] the meeting.

13. RISE AND REPORT

If desired.

14. ADJOURNMENT

*Approximate time is provided for the convenience of the public only and is subject to change without notice.

Financial Planning Committee
Minutes of a Regular Meeting

Date of Meeting: **February 21, 2024**
Location: **Electronic Meeting**

Members Present: Joe Bernardo, Local Trustee (Chair)
Mairead Boland, Local Trustee (Vice Chair)
Tobi Elliott, Executive Committee Representative
Kristina Evans, Trust Programs Committee Representative
David Graham, Local Trustee
Jamie Harris, Governance Committee Representative
Peter Luckham, Executive Committee Representative
David Maude, Executive Committee Representative
Laura Patrick, Regional Planning Committee Representative
Tim Peterson, Executive Committee Representative
Susan Yates, Islands Trust Conservancy Board Representative

Staff Present: Russ Hotsenpiller, Chief Administrative Officer (CAO)
Julia Mobbs, Director, Administrative Services
David Marlor, Director, Legislative Services
Stefan Cermak, Director, Planning Services
Clare Frater, Director, Trust Programs Services
Nancy Roggers, Finance Officer
Robert Barlow, Legislative Services Clerk/Recorder

Others Present: No member of the public was present.

1. CALL TO ORDER

Chair Bernardo called the meeting to order at 10:32 a.m. and acknowledged the privilege to work and live in lands and waters that have been the traditional home of indigenous peoples since time immemorial..

2. AGENDA

2.1 Review of the Agenda

No additions to the agenda were presented for consideration.

2.2 Approval of the Agenda

By general consent the Committee approved the agenda as amended.

3. PUBLIC COMMENT PERIOD

One member of the public was present but did not express a wish to speak.

4. DELEGATIONS

None.

5. CORRESPONDENCE

None.

6. ADMINISTRATIVE COORDINATION

6.1 Draft Minutes of Previous Meetings

6.1.1 Financial Planning Committee Regular Meeting draft minutes of January 24, 2024

By general consent the Committee approved the minutes as presented.

6.1.2 Financial Planning Committee Special Meeting draft minutes of February 1, 2024

By general consent the Committee approved the minutes as presented.

6.2 Resolutions Without Meeting

None.

6.3 Follow up Action List

The Follow-up Action List was presented for information.

7. BUSINESS - WORK PROGRAM ITEMS

7.1 FPC Draft Budget Guidelines - Briefing

Director Mobbs presented the Briefing and provided comments on FPC's draft potential guidelines. Committee discussion included:

- separating guidelines on planned spending from guidelines on tax increases to acknowledge these are related but distinct topics
- whether or not the draft guidelines could be applied to the current budget
- how the draft guidelines relate to Budget Assumptions and Principles
- how the draft guidelines relate to the Corporate Plan under development

7.2 2024/25 Draft Budget Changes Since Last Review - Briefing

Director Mobbs spoke to the Briefing.

7.3 Budget Materials to Trust Council

7.3.1 Draft Budget Session Outline

Director Mobbs described the outline.

7.3.2 Draft Budget Assumptions and Principles – Briefing

Director Mobbs presented the Briefing.

7.3.3 Draft Budget 2024/25 Overview - Briefing

Director Mobbs presented the Briefing. Committee discussion included:

- the desire to communicate up front in the budget briefing, the amount of grant funds included in the budget
- assessment of staff resources available to work on the projects meant for Salt Spring Island in particular and for all Local Trust Committee projects in general

The Committee recessed at noon and returned at 1:00 p.m.

- it was noted that $80,000 in spending increase is approximately equal to 1% tax increase
- possibility of focusing on budget cuts that would minimize the Bowen Island Municipal tax levy
- the Committee conducted a “straw poll” to gauge interest in discussing various items as potential expenses that could be removed the budget
- there are some legislative limitations for Islands Trust to be able to obtain debt financing to make a capital purchase for a Salt Spring Island office

The Committee recessed at 2:48 p.m. and returned at 3:00 p.m.

- the Committee continued with “straw polling” to gauge interest in discussing various items as potential expenses that could be removed the budget
- the Chair requested Director Marlor to compile the list of items that Financial Planning Committee wants to consider removing from the budget.

Committee then addressed agenda item to 7.3.4.6

7.3.4.6 Funding for Water Sustainability Projects on Salt Spring Island - Briefing
Includes a Trust Council Request For Decision

Committee discussion included noting Trust Council policy on the use of funds raised through special tax levies in order to support Salt Spring

Island Local Trust Committee's request to apply unspent special property taxes to its water sustainability projects.

Committee then addressed agenda item to 7.4

7.4 Ministry Bylaws for Trust Council

7.4.1 Financial Plan Bylaw - Trust Council Request For Decision

Director Mobbs introduced the item highlighting some key assumptions that are used in developing the five year financial plan. It was noted that two comments were outdated and would be updated before reaching Trust Council.

FPC-2024-010
It was MOVED and SECONDED,
that Financial Planning Committee forward Bylaw 193 (Islands Trust Council Financial Plan 2024-25) as amended to Trust Council for approval.

CARRIED

7.4.2 Revenue Anticipation Borrowing Bylaw - Trust Council Request For Decision

Director Mobbs introduced the item.

FPC-2024-011
It was MOVED and SECONDED,
that Financial Planning Committee forward Bylaw 194 (Islands Trust Council Revenue Anticipation Borrowing Bylaw 2024-2025) to Trust Council for approval.

CARRIED

7.5 Q3 Financial Report – Request For Decision

By general consent Financial Planning Committee forwarded the December 31, 2023 financial report to Trust Council for approval.

7.6 Q3 Financial Forecast – Request For Decision

By general consent Financial Planning Committee forwarded the Q3 Financial Forecast to the March 2024 Trust Council meeting for information.

7.7 Forecasted Over-Expenditure by General Ledger Budget Line - Briefing

Director Mobbs indicated that this Executive Committee notification report has been provided to members of the Financial Planning Committee in accordance with Trust Council Budget Control and Adjustment Authority Policy 6.5.2 s3.

7.8 Property Tax Assessment Notice Insert – Briefing

Director Frater introduced the briefing looking for feedback. Chair Bernardo suggested that FPC members can submit any comments directly to Director Frater.

8. BUSINESS - OTHER

8.1 Allocation of Surplus Draws in the Draft 2024/25 Budget – Request For Decision

Director Mobbs stated that the Request For Decision, which was provided to the Committee at the January 24th meeting but not discussed, no longer required review given the actions in the report were incorporated into the draft budget already discussed.

8.2 Summary of Data for Budget Discussion - Briefing

Director Mobbs introduced the Briefing that was presented at the December 2023 Trust Council meeting. She noted that if it needs to be repeated for the March package to Trust Council then it could be updated. Committee discussion included:

- the value and understandability of the Briefing
- the effort that would be entailed to update this Briefing
- what the right amount of detail is that Trust Council needs
- it's a preparatory document for the Corporate Plan

Trustee Yates left the meeting at 4:49 p.m.

8.3 Provincial Funding Process Protocol Agreement - Briefing

Director Cermak introduced the Briefing.

FPC-2024-012
It was MOVED and SECONDED,
that Financial Planning Committee forward the correspondence from the Province in regards to the Provincial Funding Process Protocol Agreement is discussed at the next Trust Council.

CARRIED

9. BUSINESS - NEW

None.

10. WORK PROGRAM

10.1 Work Program Update – Request For Decision

FPC-2024-013
It was MOVED and SECONDED,
that Financial Planning Committee approve the proposed Work Program report as presented and forward it to Trust Council for approval.

CARRIED

11. NEXT MEETING

Wednesday, May 29, 2024, from approximately 10:30 a.m. to 3:00 p.m. The Audit Committee will be meeting on the same day from 10:00 a.m. to approximately 10:30 a.m.

The Committee returned to agenda item #7.3.

7.3 Budget Materials to Trust Council

FPC-2024-014
It was MOVED and SECONDED,
that Financial Planning Committee amend the draft budget for FY 2024/25 by reducing the following line items by the amount indicated:

1. contingency fund - $5,000;
2. Islands Trust Conservancy ecosystem mapping - $18,000;
3. office supplies - $3,000;
4. trustee office for Galiano - $5,500;
5. stewardship education - $15,000;
6. history and heritage grants in aid - $10,000;
7. Salt Spring Office relocation - $50,000;
8. legal litigation - $35,000;
9. secretariat services - $10,000;
10. Executive Committee expenses - chairs of local trust committees - $10,000;
11. Manager of Protected Areas - $27,000; and
12. Geographic Information Systems coordinator - $15,000.

CARRIED

FPC-2024-015
It was MOVED and SECONDED,
that Financial Planning Committee forward agenda item 7.3 Budget Materials to Trust Council as amended.

CARRIED

12. CLOSED MEETING

The meeting was not closed.

13. RISE AND REPORT

As the meeting was not closed, there was no need to consider a Rise and Report.

14. ADJOURNMENT

By general consent the meeting adjourned at 5:03 p.m.

____
Trustee Bernardo, Chair

Certified Correct:

____
Robert Barlow, Legislative Services Clerk/Recorder

Minutes are not official until adopted at a subsequent meeting.

Follow Up Action Report

Financial Planning Committee

12-Oct-2022

Activity	Responsibility	Dates	Status
1 **Re: Reserves and Surplus Policy:** that Financial Planning Committee request staff to investigate possible language changes to TC Policy 6.5.1 Reserves and Surplus to ensure that it does not violate best practices related to use of surplus funds to fund operating expenses.	Julia Mobbs	Target: 28-Aug-2024	In Progress
2 **Re: Special Tax Requisition Policy:** that Financial Planning Committee recommend that TC Policy 6.3.2 Special Property Tax Requisitions section 3.1 be amended to read 'The Islands Trust Council will evaluate and consider including a Local Trust Committee's local initiative program or service or program in the preliminary Islands Trust's general budget based on the following criteria:'.	Julia Mobbs	Target: 28-Aug-2024	In Progress
3 **Re: Special Tax Requisition Policy:** that Financial Planning Committee forward the proposed amendments to TC Policy 6.3.2 Special Property Tax Requisitions to Trust Council.	Julia Mobbs	Target: 28-Aug-2024	In Progress
4 **Re: Trustee Remuneration Policy:** that Financial Planning Committee request staff to bring back an amended Trust Remuneration Policy that includes consideration of an independent remuneration review by either task force or consultant once per trustee term, at least one year before the end of term.	Julia Mobbs	Target: 28-Aug-2024	In Progress

Follow Up Action Report

Financial Planning Committee

12-Oct-2022

Activity	Responsibility	Dates	Status
5 **Re: Trustee Remuneration Policy:** that Financial Planning Committee request staff to bring back an amended Trustee Remuneration Policy that includes consideration of the improvement opportunities identified in Appendix A: Assessment of UBCM elected official and board remuneration guide and Trust Council Policy 7.2.1 Trustee Remuneration.	Julia Mobbs	Target: 28-Aug-2024	In Progress

18-Oct-2023

Activity	Responsibility	Dates	Status
1 Financial Planning Committee seek staff feedback on the application of the $150,000 First Nation Engagement Grant received from the Ministry of Municipal Affairs, to be provided to Trust Council.	Clare Frater Russ Hotsenpiller	Target: 12-Mar-2024	Completed
2 staff to investigate pursuing the provisions of Section 2.1.1 (Community Planning Grant Program) and 4.1.1 (Special Provincial Planning Grant Program) of the Protocol Agreement Between the Islands Trust and the Ministry of Municipal Affairs regarding the Provincial Funding Process with regard to OCP and LUB reviews; Policy Statement Review; associated First Nations capacity funding; and Housing and Housing Needs Assessments; and report back to FPC.	Clare Frater Russ Hotsenpiller	Target: 31-Jan-2024	Completed

08-Nov-2023

Activity	Responsibility	Dates	Status

Islands Trust

Print Date: May 24, 2024

Follow Up Action Report

Financial Planning Committee

08-Nov-2023

Activity	Responsibility	Dates	Status
1 that Financial Planning Committee request staff to look at the options and analysis for reducing the financial costs of Local Trust Committee meetings and to report back to Financial Planning Committee and Executive Committee.	Julia Mobbs	Target: 29-May-2024	In Progress

24-Jan-2024

Activity	Responsibility	Dates	Status
1 that Financial Planning Committee adopt option #3 in regards to the Policy Statement Amendment Project business case and recommend to the Executive Committee to make the necessary changes to the Project Charter.	Clare Frater	Target: 31-Jan-2024	Completed
2 Add text to the Bylaw Portal Licensing and Implementation business case in regards to communication and change management under the critical success factors section.	Russ Hotsenpiller	Target: 31-Jan-2024	In Progress
3 staff to add a line item for the Chief Administrative Officer Hiring Committee with a budget allowance of $75,000 for the process as needed.	Julia Mobbs	Target: 31-Jan-2024	Completed

Islands Trust

Follow Up Action Report

Financial Planning Committee

24-Jan-2024

Activity	Responsibility	Dates	Status
4 - staff to canvass members of Financial Planning Committee for a date to hold a 2 hour electronic Special Meeting, between Jan 24 - Feb 12th 2024, for the purpose of advancing discussion among Trustees around criteria and guidelines for future budget considerations emerging from the January 24th meeting of the Financial Planning Committee, and that the agenda be limited to this single topic; - staff to advance a Resolution Without Meeting to hold a Special Meeting of the Financial Planning Committee (if necessary) and post public notification as required;	Robert Barlow	Target: 02-Feb-2024	Completed

REQUEST FOR DECISION

To:	Financial Planning Committee	**For the Meeting of:**	May 29, 2024
From:	Administrative Services - Finance	**Date Prepared:**	May 24, 2024

SUBJECT: **MARCH 31, 2024 FINANCIAL RESULTS**

RECOMMENDATION:
That Financial Planning Committee forward the March 31, 2024 Financial Results to Trust Council for information.

CHIEF ADMINISTRATIVE OFFICER COMMENTS:

1 PURPOSE:

To provide a high-level analysis of the financial results for the fiscal year ending March 31, 2024, with a focus on annual spending against the annual approved budget.

2 BACKGROUND:

That **statement of financial position** presents a snap shot in time of the Islands Trust financial state, reflecting values of assets, liabilities and accumulated surplus as at the fiscal year-end date, March 31, 2024. Significant year over year changes in balances reflected on this statement are as follows:

Cash and equivalents: Increase of $3.6M over the previous year. Excess cash historically held in long-term investments was retained in interest-earning cash accounts at year-end to ensure liquid resources available in the event that Trust Council approved purchase of an office building as part of the budget approval in March 2024. The Trust's cash accounts provides investment returns at very similar, sometimes higher, interest rates than available long-term investments. As such, the amount of investment income earned when cash is held in liquid assets is not significantly impacted.

Accounts Receivable: Decrease of $24,000 over the previous year, due primarily to timing of receipt of grant funds in each year.

Investments: Decrease of $2.7M over the previous year, due to more funds held in short-term liquid asset accounts for potential purchase of office infrastructure. This decrease is partially offset by the increase in cash and equivalents noted above.

Accounts payable and accrued liabilities: Increase of $131,000 over the previous year, due primarily to timing of amounts payable to external parties. In fiscal 2024, significant expenses were incurred for the CityView project. A large percentage of these invoices were receipts close to year-end and remained unpaid at March 31, 2024 contributing to the increase year over year.

Wages and Benefits payable: Increase of $147,000 over the previous year, due to one additional pay period included in payables at year-end as compared to the previous year.

Deferred Revenue: Increase of $197,000 over the previous year due primarily to:

- The adoption of new accounting standard PS3400 *Revenue Recognition* requiring that revenue from application fees be recognized over time as an application moves through the approval process. Former accounting standards permitted recognition of application fees when received, upon submission of an application. As such, amounts in deferred revenue are higher than in previous years.
- A grant from the Ministry of Housing for housing needs assessments in the northern and southern islands was received prior to year-end but was not yet spent on approved expenses. As such, this amount remains in deferred revenue until eligible spending occurs, as which time the grant revenue will be recognized.

Employee Benefits Obligations: Increase of $65,000 over the previous year, due to:

- Larger than historical wage increases for staff in the year which increases the value of leave banks
- Increase in number of staff at year-end as compared to the previous year, increasing leave banks
- More unused vacation balances carried over the fiscal year as a result of staff taking less time off, or using earned overtime for leave instead of vacation time
- An increase in overtime worked and not paid out in the year, as compared to the previous year.

Obligations under capital lease: Decrease of $2,500 over the previous year due to payments made against existing equipment leases in the year, offset by one newly signed lease for a new photocopier.

Tangible capital assets: Decrease of $35,000 compared to the previous year, reflecting amortization expense associated with assets in use, partially offset by tangible capital asset additions.

The Islands Trust consolidated **statement of financial operations** represents financial activities that have taken place over the course of the fiscal year. Financial operations for the fiscal year ending March 31, 2024 resulted in an increase to accumulated surplus of $414,192 for Islands Trust, broken down as follows:

~	Reduction in amounts invested in tangible capital assets	(32,392)
~	Contribution to general revenue fund	347,100
~	Contribution to LTC project specific reserve fund	56,784
~	Contribution to Special Property Tax Requisition fund	42,700

Details of the actual activities and transfers between funds leading to these fund balance changes is outlined in this report.

The total accumulated surplus balance as of March 31, 2024 is $2.9M. This accumulated surplus balance consists of the following balances by fund:

	2024	2023
Invested in tangible capital assets	$ 160,771	$ 193,163
General Revenue Fund	2,537,240	2,190,139
Local Trust Committee Project Specific Reserve Fund	159,535	102,751
Special property tax requisition fund	83,515	40,815

Accumulated Surplus	$ 2,941,061	$ 2,526,869

Amounts invested in tangible capital assets represent funds spent on capital assets that are not yet fully amortized, and thus not fully expensed through the Statement of Operations. This results in balances in accumulated surplus that are not readily accessible given they are tied up in non-financial assets. The change in this balance represents assets purchased in the year, less annual amortization expense, losses on disposal (if any) and amounts owing under capital lease. This balance decreased by $32,392 in the fiscal year, due mainly to amortization expense recognized on purchased assets in use less asset additions.

The General Revenue fund increased by $347,100 due to underspending against budget, as well as the impact of activities associated with amounts invested in tangible capital assets.

The LTC Project Specific Reserve Fund balance increased by $56,784. This reflects a transfer to the fund in the year of $100,000 from the general fund (per the approved financial plan bylaw), less spending on LTC projects of $31,085 on major projects and $12,131 on minor projects for a total spending of $43,216 on LTC projects.

The Special Property tax requisition Fund (SSIWPA) increased by $42,700. This reflects the addition of the approved $43,500 special tax requisition less SSIWPA spending of $800.

CONSOLIDATED REVENUES

Total reported revenue is higher than budget by approximately $348,000 (4%) due to the following:

Property tax revenues, both general and special, from local trust areas and Bowen Island Municipality were fully received in the year, thus no variations from budget are noted.

Government transfers relates to funds received and recognized from other governing bodies, mainly within provincial and federal government. These transfers totaled approximately $733,000 in the year, representing various grants received and spent. Total transfers were higher than budget by $163,000 (29%) due primarily to unanticipated grant funds received and spent related to:

- First Nations Engagement ($40,000)
- Local Government Climate Action Program ($111,000 higher than expected)
- Healthy Watershed Initiative ($12,000 more than expected spent and recognized in the year)

Fees and Sales revenues from land-use applications and bylaw ticketing were on target against budget. The amount reported is net of $80,000 in application fees recorded as deferred revenue as a result of the new accounting standard guiding revenue recognition in the public sector.

Investment income was approximately $187,000 (140%) higher than budgeted due to higher investment earnings secured in the year than anticipated, primarily due to increased and sustained interest rates seen in the year.

Other income amounts relate to NAPTEP fees received in the year.

CONSOLIDATED EXPENSES

Total expenses in the financial statements is reported at $9.3M which includes amortization expense and excludes capital spending that has been capitalized as tangible capital assets on the Statement of Financial Position, in accordance with Public Sector Accounting Standards. This is not the same methodology used to develop the budget, which treats capital spending as an expense. To adjust reported expenses to reflect a proper basis of comparison, we adjust as follows:

Total expenses per March 31, 2024 financial statements	$9,264,437
Plus actual spending on capitalized assets	111,881
Total for budget comparison purposes	9,376,318
Vs. Total approved budget	9,923,209
Over (under) budget	$ (546,891)

Total actual spending was lower than budget by approximately $546,891 (6%) due mainly to:
- Underspending in salaries and benefits due to staff vacancies in planning ($176,000), Administrative Services ($123,000) and Trust Area Services ($53,000),
- Underspending on planning projects due to delays in completion of work ($299,000)

A breakdown of comparison between approved budget and actual results, by functional area, is as follows:

TRUST COUNCIL SERVICES

Trust Council expenses include costs related to three main areas (outlined below) plus as an allocation of administrative expenses. Total expenses in this area came in lower than budget by approximately $83,000 (5%).

Trust Council (TC) costs are comprised of TC meeting costs, Council committee costs (LPC, TPC, FPC, GC, Accessibility, CAOHC), elections and by-elections costs, insurance premiums associated with Council work, general legal costs relating to Trust Wide issues, reconciliation action plan costs, memberships and training for trustees associated with their Council work, Trust Council portion of trustee remuneration and benefits, and trust council projects for the governance management and operations review.

Trust Council spending was higher than budget by approximately $22,000 (5%) due mainly to:

- Overspending on Trust Council meetings where costs of accommodation and catering were higher than anticipated for the September 2023 meeting on North Pender Island, and for the March 2024 meeting in Nanaimo, BC. ($17,000)
- Higher than planned spending on training and conference fees, and travel for training, primarily due to the high cost of new Chair training and travel in June 2023 ($11,000)
- Increased spending against a too-small legal opinions/advice budget, due to TC legal requests on the following topics:
  - Housing Rights – in response to a Trust Council delegation ($3,000).
  - Potential liability associated with information on the ITC website – in response to a Trust Council delegation ($6,000).
  - Open Meeting Rules for Trust Council Committees – as requested and directed by the Governance Committee ($4,000)
  - Trust Council's Borrowing Authority – in response to direction received by staff to explore purchasing office space on Salt Spring Island ($5,000)
  - Financial Disclosure Act Interpretation regarding specific employees – requested by staff ($500)

These noted areas of overspending are offset by savings seen in Council Committees costs ($11,000), and the Reconciliation Action Plan program ($12,000).

Executive Committee (EC) costs are comprised of planning and NAPTEP sponsored by EC, EC meeting expenses, EC mobile device costs, training, travel and conferences for EC members, and the EC portion of trustee remunerations and benefits.

Executive Committee costs were higher than budget by approximately $14,000 (12%) due mainly to:
- More applications sponsored by EC than was budgeted for
- The cost of sending trustees to the Union of BC Municipalities Conference in Vancouver, BC where accommodation costs were significant. ($12,000). This expense was slightly offset by redemption of corporate credit card points to cover $1,500 of accommodation costs.

Trust Area Services (TAS) costs are comprised of grants-in-aid for history and heritage, trust-wide communications costs, contracted TAS services, legal costs relating to trust-wide issues, memberships, subscriptions, mobile devices, training, travel, salaries and benefits for TAS staff, Policy Statement Review project costs, Secretariat Function project costs, and Stewardship Education project costs.

TAS expenses were lower than budget by approximately $89,000 (14%) due to the following:

- Underspending on salaries and benefits of ($53,000, 10%) due primarily to the following vacancies:
  - Two month vacancy in the Senior Intergovernmental Policy Advisor position
  - Full year vacancy in the Administrative Coordinator positions (50% of the cost for this role is charge to Planning Services and 30% of the cost is charged to Administrative services).
  - Six month vacancy in the Program Coordinator position (30% of the cost for this role is charged to Planning Services).
- Underspending in Communications ($5,000, 8%) due to the Financial Planning Committee's decision to forgo public engagement on the 2024/25 budget draft, for which this amount had been allocated.
- Underspending on the Policy Statement Amendment project ($18,000, 59%) due primarily to project delays resulting from staff vacancies in Trust Area Services.
- Underspending on Stewardship Education ($7,000, 48%) due primarily to:
  - Fewer than expected mailings of the 'Living in the Trust Area' package for new residents, due to fewer new residents in the Trust Area in the year, and
  - Two Trust-wide educational webinars being delivered with staff as featured speakers instead of external presents resulting in less honoraria costs incurred.

LOCAL TRUST COMMITTEE SERVICES

Local Trust Committee expenses include costs related to five main areas (outlined below) plus as an allocation of administrative expenses. Total expenses in this area came in lower than budget by approximately $490,000 (7%).

Local Trust Committee costs are comprised of the rent, phone, internet and office service for on-island trustee offices, the trustee portion of insurance costs, general legal costs, bylaw enforcement legal costs, legal litigation costs, LTC statutory notices, trustee expenses, Executive expenses for travel to chair meetings of the LTC, LTC and APC meeting expenses, LTC communications and special project expenses, and the LTC portion of trustee remuneration and benefits.

Local Trust Committee expenses were higher than budget by approximately $144,000 (18%) due primarily to:
- Overspending on bylaw enforcement litigation associated with bylaw enforcement of unpermitted land uses in the Thetis Island and North Pender Island local trust areas ($48,000).
- Overspending on legal litigation defense associated with an existing claim against the Gabriola LTC ($73,000).

- Overspending on LTC chair travel costs to chair meetings of the LTC due to ferry schedules and the location of Executive Committee members in relation to their assigned LTCs ($14,000).
- Overspending on LTC meeting expenses ($29,000) associated with:
    - Hall rentals on Salt Spring Island ($4,000) and
    - Overspending on contracts with LTC meeting minute takers due to late hiring of the new Meeting Administrator ($25,000). The minute taker budget had been reduced with the expectation that the new position would be filled early in the fiscal year. Overspending on these contracts are offset by salaries savings from the vacancy ($29,000).

Projects costs are comprised of all LTC projects, Regional Freshwater Management project costs, Housing Strategy project costs, Groundwater Recharge Mapping project costs, Local Government Development Approvals project costs, and includes all Salt Spring Island Water Protection Authority (SSIWPA) expenses.

LPS project spending was less than budget by approximately $299,000 (55%) due mainly to:

- Underspending on the Groundwater Recharge Mapping project of $9,000 (93%) due to communications materials that were not created as planned.
- Underspending on the Local Government Development Applications Approvals project of $41,000 (28%) due to delays in project delivery as a result of changing project managers part-way through the project, both within Islands Trust and Cityview staff.
- Underspending on SSIWPA activities of $43,000 (98%) as a result of SS LTC opting not to renew the SSIWPA coordinator contract and consider options for alternative approaches to coordinating watershed protection on Salt Spring Island.
- Underspending on the Salt Spring Island OCP/LUB major project of $183,000 (100%) due primarily to planning staff vacancies delaying the advancement of the projects, and LTC reallocation of staff resources in pursuit of housing grants.
- Underspending on the Gabriola Island OCP/LUB major project of $7,000 (37%) due to a First Nations capacity funding agreement associated with engagement on the project that not executed before year-end.
- Combined underspending on smaller LTC projects of $25,000 (67%) due primarily to staff vacancies in planning services delaying the proceeding of projects, as well as delays in reaching First Nations for feedback on some projects.

Planning staff costs are comprised of all salaries, benefits, training, and travel costs associated with Planning Services (PS) staff or contractors used to cover staff vacancies.

Planning staff costs were lower than budget by approximately $182,000 (6%) due mainly to:

- Underspending on Planning services salaries and benefits of $195,000 that is slightly offset by $19,000 in contracted temporary staffing resulting in net underspending of $176,000 due to the following staff vacancies:
    - Eight month vacancy in the Trust Area Services Senior Indigenous Relations Advisor position (50% of the cost for this role is charged to Planning Services).
    - Full year vacancy in the Trust Areas Services Administrative Coordinator position (50% of the cost for this role is charge to Planning Services and 30% of the cost is charged to Administrative services).
    - Six-month vacancy in the Trust Area Services Program Coordinator position (30% of the cost for this role is charged to Planning Services and 70% of the cost is charged to Trust Area Services).
    - One-and-half-month vacancy in the Planning Technician position where 33.3% is charged to each planning office.

  - Four-month vacancy in the Salt Spring office for Planner 1 position.
  - Three-month vacancy in the Salt Spring Office Island Planner position.
  - Six-month vacancy in the Salt Spring Office Administrative Assistant position.
  - Eleven-month vacancy in the Planning LTC Meeting Administrator position.
  - Seven-month vacancy in the Administrative Services Senior Technical Advisor position
  - Full year vacancy in the Administrative Service Manager of Finance Accounting position.

- Underspending on staff training and travel of $6,000 (14%) caused by vacancies in positions listed above

LPS facilities costs are comprised of expenses associated with board of variance activities, land titles registrations, LPS staff meeting expenses, memberships, subscriptions, mobile devices, office rent and services, internet, postage/courier, telephone and supplies for the Gabriola Island and the Salt Spring Island offices, as well as a portion of the Southern office.

Total expenses in the year related to LPS facilities was $17,000 (4%) higher than budget primarily due to increased lease costs for the Victoria office due to rising insurance and property tax costs incurred by the landlord and apportioned out to tenants.

Bylaw enforcement costs are comprised of all meeting expenses for bylaw staff meetings, safety equipment, salaries, benefits, training, and travel costs associated with bylaw enforcement staff or contractors used to cover staff vacancies.

Bylaw enforcement expenses were over budget by approximately $31,000 (8%) due primarily to increased travel by bylaw officers, more expensive travel due to rising costs of water taxis, and higher salaries and benefits costs incurred by bylaw officers working overtime hours.

ISLANDS TRUST CONSERVANCY (ITC) SERVICES

ITC expenses include costs related to ITC Board, Conservancy Staff & associated costs and Property Management cost plus an allocation of administrative expenses. Total expenses in this area came in lower than budget by approximately $86,000 (6%).

Property Management costs are comprised of property management and conservation planning and land securement. These expenses were under budget by approximately $48,000 (24%) as follows:

- Underspending on Property Management of $24,000 (15%) due to lack of staff capacity to manage contracts. Although there are management needs on many ITC conservation areas, ITC has been understaffed for the number of properties it manages and was unable to do the administrative work necessary to contract all the needed work. Trust Council has approved additional staff to assist ITC in property management and it is anticipated that future funding will be expended.
- Underspending on Conservation Planning & Land Securement of $14,000 (52%) due to the following: At the end of 2022, ITC submitted an ITC Plan to the Minister of Municipal Affairs to guide its land conservation work. Unfortunately, no response was received from the Minister until early 2024, meaning that ITC was operating without Ministerial direction for most of 2023/24. The direction received early in 2024 was that all new conservation acquisition and covenants require Ministerial approval. The uncertainty of direction and the direction received in early 2024 slowed down ITC's land conservation work in 2023/24.
- Underspending on First Nations Engagement Plan of $10,000 (100%) due to the following: At the end of 2022, ITC submitted an ITC Plan to the Minister of Municipal Affairs to guide its land

conservation work. The draft ITC Plan prioritized First Nations engagement for 2023/24. Unfortunately, no response was received from the Minister until early 2024, meaning that ITC was delayed in this work and was unable to spend the budget allocation. Direction was received from the Minister in late January 2024 and First Nations Engagement is now planned for the 2024/25 fiscal year.

GENERAL ADMINISTRATION

General administrative expenditures include costs related to six main areas (executive and legislative services, administrative services, information services, office operations, computers and equipment, and amortization expense) plus as an allocation of administrative expenses. General administration costs are allocated to the three functional areas of the Trust (Council Services, LTC Services, and ITC Services) based on their relative dollar magnitudes for the period.

Administrative services costs are comprised of training, travel, contract services, salaries and benefits for finance and human resources staff. Administrative services expenses were under budget by approximately $111,000 (18%) due to underspending on salaries and benefits due to the full-year vacancy of the Manager of Finance and Accounting position, resulting from delays securing arbitration with the province on the new role.

Amortization expense is an estimation of the use/wear and tear on capital assets in use for Islands Trust and Islands Trust Conservancy operations. Amortization expense was under budget by approximately $24,000 (13%) due to lower than anticipated purchases of assets primarily relating to lower costs for installation of new servers.

Other areas of spending in the general administration category did not deviate significantly from budget and thus are not reported on.

CONSOLIDATED EXPENSES BY OBJECT

Public Sector Accounting Standards determine that financial reporting for government entities be reported "by function" (i.e.: service area) in the Statement of Financial Operations as discussed in the earlier section of this report. Expenses "by object" (i.e.: type) are reported in accompanying financial statements notes. For purposes of great transparency and understanding of Islands Trust financial results, March 31, 2024 expenses by object are shown as follows:

Description	March 31, 2023	Approved 2024 Budget	March 31, 2024	*$ over (under) budget*	*% over (under) budget*
Staff Salaries and benefits	$ 5,312,155	$ 6,231,723	$ 5,912,459	*(319,264)*	*(5)%*
Office Operations	980,550	1,219,335	1,112,114	*(107,221)*	*(9)%*
Council and trustee costs	924,781	1,021,244	1,065,363	*44,119*	*4 %*
Elections	157,631	7,000	-	*(7,000)*	*(100)%*
Programs	744,719	854,676	455,449	*(399,227)*	*(47)%*
Legal - General	358,911	240,206	378,713	*138,507*	*58 %*
Travel/training and recruitment	155,198	171,025	185,914	*14,889*	*9 %*
Amortization	177,337	178,000	154,425	*(23,575)*	*(13)%*
Total *	8,811,283	9,923,209	9,264,438	*(658,771)*	*(7)%*
Capital Purchases	83,248	134,300	111,881	*(22,419)*	*(17)%*
Total Including Capital	$ 8,894,531	$ 10,057,509	$ 9,376,319	*(681,190)*	*(7)%*

**Excludes $134,300 in budgeted capital spending to align with March 31, 2024 actuals which capitalizes (removes) $111,881 of actual capital spending from expenses*

Staff salaries and benefits were under budget due to vacancies in the year primarily in planning services, administrative services and trust areas services.

Office operations spending was under budget due primarily to expenditures that were capitalized. After capitalization of asset purchases which removes spending from this line and capitalizes it in accordance with generally accepted accounting principles, the expense reports at 6.2% of budget.

Council and trustee costs were over budget primarily due to higher than anticipated costs for travel by Executive Committee to Chair LTC meetings and for hall rentals and minute takers for LTC meetings due to the anticipated hiring of the LTC meeting coordinator early in the year.

Elections were under budget due to lower costs where no by-elections took place.

Programs were under budget due mainly to projects not progressing as planned as a result of new information, shifting timelines, or delays. Primary projects contributing to this significant underspend are: LG Development Approvals Program (completion moved to fiscal 2025), Groundwater Recharge Mapping (not spent), ITC ecosystem mapping (not spent), ITC property management (not spent), ITC conservation and land securement (not spent), reconciliation action plan (not spent), policy statement review (deferred), stewardship education (not spent), First Nations engagement plan (not spent), SSIWPA Coordination (not spent), and LTC projects, specifically the SSI OCP (deferred).

Legal expenses were over budget primarily due to high litigation costs for legal actions against LTCs.

Traveling/training and recruitment costs were over budget primarily due to a higher volume of travel by Bylaw Enforcement officers and an increase in water taxi costs associated with this travel.

Amortization was under budget due to lower spending on capital assets in the year driving this expense down from what was anticipated in the budget.

Capital spending was under budget due primarily due to lower than anticipated costs for the new server installations.

3 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: None.

FINANCIAL: None. Draft financials reflect expenditures within approved budget.

POLICY: None.

IMPLEMENTATION/COMMUNICATIONS: None. Managing staff at Islands Trust and Islands Trust Conservancy will continue to receive financial reporting on their respective areas of oversight throughout the year.

FIRST NATIONS: None.

OTHER: None.

4 RELEVANT POLICY(S):

[Islands Trust Policy 2.3.1 Council Committee System]

Bylaw No. 191, Islands Trust Financial Plan Bylaw, 2023-2024

5 ATTACHMENT(S):
Draft March 31, 2024 Financial Results

RESPONSE OPTIONS

Recommendation:
That Financial Planning Committee forward the Draft March 31, 2024 Financial Results to Trust Council for information.

Alternative: None.

Prepared By: Finance Officer
Director, Administrative Services

Islands Trust
Detailed Statement of Financial Operations
For The Year Ending March 31, 2024

Description	2023	Approved 2024 Budget	2024	*% of Budget Received Spent*	*Over (Under) budget $*
REVENUE:					
Fees & Sales	199,570	192,000	190,178	*99%*	*(1,822)*
Provincial Grant - Unrestricted	266,082	180,000	180,000	*100%*	*-*
Federal and Provincial Grants - Restricted	445,642	389,795	552,733	*142%*	*162,938*
General Property Tax Levy - All LTAs	7,309,863	8,046,025	8,046,628	*100%*	*603*
Special Property Tax Requisition - SSI LTA	60,000	43,500	43,500	*100%*	*-*
Municipal Property Tax Levy - Bowen Island Municipality	323,769	345,989	345,989	*100%*	*-*
Investment Income + Other Income	169,393	133,000	319,602	*240%*	*186,602*
Total Revenue	8,774,319	9,330,309	9,678,630	*104%*	*348,321*
EXPENSES:					
Trust Council Services					
Trust Council	498,132	416,300	438,199	*105%*	*21,899*
Executive Committee	114,749	125,563	140,005	*112%*	*14,442*
Trust Area Services	549,628	643,623	554,981	*86%*	*(88,642)*
General Admin Allocation - 16%	362,343	376,388	346,131	*92%*	*(30,257)*
Total Trust Council Services Expenses	1,524,852	1,561,874	1,479,316	*95%*	*(82,558)*
Local Trust Committee Services					
Local Trust Committees	876,734	810,862	954,885	*118%*	*144,023*
Projects (**Note 1**)	502,944	539,296	240,707	*45%*	*(298,589)*
Planning Staff	2,553,895	3,169,470	2,987,956	*94%*	*(181,515)*
LPS Facilities	385,113	389,820	407,195	*104%*	*17,375*
Bylaw Enforcement	340,603	406,193	437,351	*108%*	*31,158*
General Admin Allocation - 70%	1,452,254	1,697,319	1,494,793	*88%*	*(202,526)*
Total Local Trust Committee Services Expenses	6,111,543	7,012,960	6,522,886	*93%*	*(490,074)*
Islands Trust Conservancy Services					
Board	10,725	10,025	9,747	*97%*	*(278)*
Conservancy Staff and Associated Costs	744,178	815,784	814,612	*100%*	*(1,172)*
Property Management	140,803	196,480	148,763	*76%*	*(47,717)*
General Admin Allocation - 14%	279,183	326,086	289,113	*89%*	*(36,973)*
Total Islands Trust Conservancy Services Expenses	1,174,888	1,348,375	1,262,235	*94%*	*(86,140)*
General Administration Services					
Senior Management	446,895	485,645	478,674	*99%*	*(6,971)*
Admin Services	525,488	610,328	499,093	*82%*	*(111,235)*
Office Operations	286,315	323,880	342,077	*106%*	*18,197*
Information Systems	646,359	667,640	642,603	*96%*	*(25,038)*
Computer/Furniture & Equipment	94,635	134,300	125,047	*93%*	*(9,253)*
Amortization Expense	177,337	178,000	154,425	*87%*	*(23,575)*
General Admin Recovery	(2,093,780)	(2,399,793)	(2,130,037)	*89%*	*269,756*
Net General Administration Services Expenses	0	-	0	*0%*	*0*
Total Expenses	8,811,282	9,923,209	9,264,437	*93%*	*(658,772)*
Surplus (Deficit) to date	(36,963)	(592,900)	414,193		
(Increase) decrease in amounts Invested in Capital Assets	75,719	178,000	32,392		
Transfer (to) from General Surplus Fund	(98,764)	271,400	(347,101)		
Transfer (to) from LTC Project Specific Reserve Fund	3,116	100,000	(56,784)		
Transfer (to) from Special Tax Requisition Fund	56,892	43,500	(42,700)		
Unallocated Annual Surplus (Deficit)	(0)	-	(0)		

Islands Trust
Detailed Statement of Financial Operations
For The Year Ending March 31, 2024

Description	2023	Approved 2024 Budget	2024	*% of Budget Received Spent*	*Over (Under) budget $*
Note 1: LTC & Planning Services Project Spending					
LTC Projects					
LTC Projects funded by Reserve Fund	-	(3,500)	-	*0%*	*3,500*
Denman Farm Plan	12,948	-	-	*0%*	*-*
Denman Housing Review	-	18,000	16,422	*91%*	*(1,578)*
Denman Farming Regulations Review	-	2,000	932	*47%*	*(1,068)*
Gabriola OCP/LUB	-	18,000	11,348	*63%*	*(6,652)*
Gabriola Ecological Protection Zone	1,008	2,000	-	*0%*	*(2,000)*
Galiano Groundwater Strategy Implementation	156	5,000	434	*9%*	*(4,566)*
Galiano Crown Lot Rezoning	2,141	-	-	*0%*	*-*
Gambier OCP/LUB	19,920	16,000	16,000	*100%*	*-*
Gambier Keats Island Shoreline Protection Review	264	4,000	1,680	*42%*	*(2,320)*
Hornby OCP/LUB	-	15,000	15,315	*102%*	*315*
Hornby OCP Amendement Review	13,596	-	-	*0%*	*-*
Lasqueti OCP/LUB	-	4,000	-	*0%*	*(4,000)*
Mayne OCP/LUB	2,146	-	-	*0%*	*-*
Mayne Island Housing	1,458	1,000	274	*27%*	*(726)*
Mayne LUB Minor Amendments		2,000	-	*0%*	*(2,000)*
North Pender OCP/LUB	793	3,000	1,392	*46%*	*(1,608)*
North Pender Groundwater Strategy Implementation	391	2,500	-	*0%*	*(2,500)*
North Pender Raptor Nest DPA update	-	5,000	5,000	*100%*	*-*
Salt Spring Bylaw Review - Procedural Updates	-	96,000	-	*0%*	*(96,000)*
Salt Spring Ganges Village Area Planning	16,424	86,500	-	*0%*	*(86,500)*
Salt Spring Housing Action Program	-	5,000	1,255	*25%*	*(3,745)*
Saturna OCP/LUB	1,284	-	-	*0%*	*-*
South Pender OCP Minor Amendments	3,946	-	-	*0%*	*-*
South Pender LUB Minor Amendments	4,099	2,000	364	*18%*	*(1,636)*
Thetis Unzoned Marine Area LUB Amendment	-	2,500	698	*28%*	*(1,802)*
Total All LTC Projects	80,572	286,000	71,114	*25%*	*(214,886)*
SSIWPA Coordination Expense	59,599	43,500	800	*2%*	*(42,700)*
SSIWPA Project - Weston Lake	27,294	-	-	*0%*	*-*
SSIWPA Project - Watershed Protection Plan	30,000	-	-	*0%*	*-*
Regional Freshwater Management	3,851	22,000	34,149	*155%*	*12,149*
Housing Strategy	5,000	30,000	26,779	*89%*	*(3,221)*
Groundwater Recharge Mapping	72,915	10,000	721	*7%*	*(9,279)*
LG Development Approvals Program	193,857	147,796	107,144	*72%*	*(40,652)*
Total all Project Spending	473,087	539,296	240,707	*45%*	*(298,589)*

Islands Trust

BRIEFING

To:	Financial Planning Committee	**For the Meeting of:**	May 29, 2024
From:	Administrative Services - Finance	**Date Prepared:**	May 15, 2024
SUBJECT:	**March 31, 2024 Allocated Financial Statements**		

PURPOSE:

To provide Financial Planning Committee with allocated Financial Statements for the fiscal year ending March 31, 2024.

BACKGROUND:

In 2006/07, Local Trust Committees (LTCs) had concerns about their ability to conduct business and to undertake community-planning projects due to the amount of planning staff available. In response to these concerns, Trust Council requested the finance department to develop a methodology to allocate fiscal revenues and expenditures to local trust areas (LTAs) to provide a crude estimate of resources generated and used by each LTA

The process of allocating revenues and expenses to LTAs was revised in 2015/16, and was further refined in 2017/18. The process is completed through three major steps:

1. Revenues and expenses directly attributed to Local Trust Areas

The Islands Trust financial system tracks most financial transactions by location code (among other segments) which enables such expenses to be reported by specific LTA (and other work units). The first step in the process is to report this information.

Revenues received are allocated as follows:

- Fees and sales revenues – allocated by specific LTA, as tracked in the accounting system.
- Property tax revenues (LTAs) – allocated to LTAs based on net converted assessment values per BC Assessment.
- Special Property tax levies – allocated to the LTA from which it was levied.
- Property tax levy (BIM) – allocated to Bowen Island Municipality LTA.
- Trust-wide Grants/Interest and other income – allocated to LTAs and Island Municipalities based on net converted assessment values per BC Assessment.
- Specific Grant Income – allocated by specific LTA, as tracked in the accounting system.

2. Allocating Planning Services (PS) administrative costs to Local Trust Areas

Planning staff (planners and planning administrative staff) and bylaw enforcement staff record their time in the Islands Trust Time Collection system. Time allocation options for these staff are restrained to the following categories:

- PS Admin Staff - PS administrative staff working time and related travel time is reported here.
- PS Planner Administration - Planner time spent on LTC, council committee and Trust Council meeting attendance, preparation and travel would be recorded.
- PS Planner Current Planning – planner time for application processing would be recorded. This includes time spent at public meetings, travel for site visits, research and reporting, and general work associated with application processing.
- PS Planner Projects – this includes planner time spent working on LTC work program items and Islands Trust wide planning projects, including related travel.
- PS Region Management – review and preparation of documents for meetings, staff support and mentoring, and related travel.
- PS Cost Recovery – specific applications operating under cost-recovery agreements have time codes set up for staff time tracking.
- Bylaw Enforcement – BE time and related travel time by bylaw enforcement staff.
- General Leave – paid time off, such as vacation time or paid sick time.
- General Administration – staff meetings, training, conferences and related travel.

The data collected by staff in the Time Collection system is used to develop allocation percentages for each of the three offices: Northern, Southern, and Salt Spring Island. These percentages are used to allocate certain PS-administrative expenses attributable to Planning Services, as follows:

- *Planning Costs, Northern office* – allocated based on the percentage of planning time in the Northern office reported to specific Local Trust Committees.

- *Planning Costs, Southern office* - allocated based on the percentage of planning time in the Southern office reported to specific Local Trust Committees.

- *Planning Costs, Salt Spring Island office* – allocated 100% to Salt Spring Island Local Trust Committee.

- *Director PS Costs* – allocated to each Local Trust Committee based on the percentage of total planning time reported to a specific Local Trust Committee by all offices.

- *LTC Executive Committee expenses* - allocated to each Local Trust Committee based on the percentage of total planning time reported to a specific Local Trust Committee by all offices.

- *Bylaw Costs* – allocated based on the percentage of bylaw enforcement officer, administrative assistant, and manager time reported to specific Local Trust Committees.

3. Non-PS Administration expenses allocated to Local Trust Areas and Island Municipalities

Trust Council Expenses – allocated to each Local Trust Area based on their percentage of assessed values in relation to the Trust Area as a whole, including Island Municipalities.

Trust Conservancy Expenses – allocated to each Local Trust Area based on their percentage of assessed values in relation to the Trust Area as a whole, including Island Municipalities.

General Administrative Expenses

- *Non-PS related* – allocated to each Local Trust Area based on their percentage of assessed values in relation to the Trust Area as a whole, including Island Municipalities.

- *PS-related* – allocated to Local Trust Areas only (excludes Island Municipalities) based on their percentage of assessed values in relation to all Local Trust Areas.

Conclusions:

Data from the Time Collection system is only as reliable as the users of the system. In recent years, not all staff have been recording their time in the system in a timely manner. Many staff who have left the organization did so with very limited time entry into the collection system, leaving supervisors to estimate their hours for the fiscal year. Due to the delays between time worked and time entry to the system, the accuracy of staff time used for allocations in these statements is reduced, meaning cost allocations based on staff hours may be less reliable. Staff have been reminded that this information is important and should be input on a weekly basis. New processes requiring management tracking and follow-up have been implemented which should help increase the accuracy and usefulness of the data collected. Improvements in time tracking have been seen over previous fiscal years as a result of the increased follow up.

The process to produce the Allocated Financial Statements remains an imperfect reflection of Local Trust Area resource use, due to the many services that are shared throughout the Islands Trust organization.

ATTACHMENT:

March 31, 2024 Allocated Financial Statements.

FOLLOW-UP:

Forward to Trust Council for information, if desired.

Prepared By: Finance Officer

Reviewed By: Director, Administrative Services

ISLANDS TRUST
Allocated Financial Statements
For the year ended March 31, 2024

	LTC Bal/Win	LTC Denman	LTC Gabriola	LTC Galiano	LTC Gambier	LTC Hornby	LTC Lasqueti	LTC Mayne	LTC N. Pender	LTC Salt Spring	LTC Saturna	LTC S. Pender	LTC Thetis	BIM	**Total**
Direct Revenue															
Fees & Sales	$ 12,860	$ 18,411	$ 20,670	$ 16,844	$ 4,394	$ 6,254	$ 3,199	$ 26,250	$ 30,079	$ 44,836	$ 6,415	$ 2,268	$ (2,300)	$ -	$ 190,179
Property Tax Levy - General	843	355,278	1,217,060	507,701	454,393	436,943	104,666	531,815	837,379	3,088,202	186,500	135,276	189,969	-	**8,046,025**
Special LTC Tax Requisition	-	-	-	-	-	-	-	-	-	43,500	-	-	-	345,989	**389,489**
Grant income for projects	-	-	-	-	16,000	12,000	-	-	-	-	-	-	-	-	**28,000**
Total Direct Revenue	**13,703**	**373,689**	**1,237,730**	**524,545**	**474,787**	**455,197**	**107,865**	**558,065**	**867,458**	**3,176,538**	**192,915**	**137,544**	**187,669**	**345,989**	**8,653,693**
LTC Direct Expenses - Operating															
Computer - internet charges	-	-	-	838	-	-	-	-	-	-	-	-	-	-	**838**
Legal - general	-	197	2,985	13,163	-	2,545	-	-	2,238	18,521	-	-	-	-	**39,650**
Legal - bylaw enforcement litigation	-	-	10,148	12,355	835	-	10,621	12,865	27,443	21,743	-	-	31,561	-	**127,570**
Legal - litigation	-	-	129,815	(12,294)	-	-	-	-	-	25,539	-	1,118	-	-	**144,177**
LTC Trustee Expenses	-	51	87	-	46	-	-	-	-	1,685	-	158	-	-	**2,028**
LTC "Executive Expense on LTC's"	-	5,126	628	5,094	966	900	417	1,453	875	8,714	365	1,100	325	-	**25,965**
LTC Meeting Expenses	339	3,293	4,969	3,317	2,331	2,668	2,756	1,953	2,958	11,772	1,560	3,011	1,427	-	**42,352**
LTC Local Exp APC Meeting Expenses	-	2,154	2,174	144	349	430	249	288	42	444	250	-	122	-	**6,646**
LTC Local Exp Communications	-	997	449	3,375	-	-	-	928	-	-	-	-	-	-	**5,749**
LTC Local Exp Special Projects	-	-	-	-	684	-	-	-	-	-	-	-	-	-	**684**
Notices - Statutory & Non-Statutory	-	494	1,569	3,063	-	128	-	1,176	5,272	1,604	2,014	997	56	-	**16,371**
Office - Lease costs	-	-	-	7,441	-	-	-	-	-	-	-	-	-	-	**7,441**
Office - outside services	-	-	-	1,837	-	-	-	-	-	-	-	-	-	-	**1,837**
Trustee Remuneration	-	17,929	37,389	13,847	17,285	18,061	13,539	19,974	25,685	69,839	13,977	12,480	14,609	-	**274,614**
Trustee Remuneration - Benefits	-	5,996	5,779	7,845	6,383	7,415	6,385	6,047	8,804	12,538	7,470	7,851	6,611	-	**89,122**
LTC Direct Operating Subtotal	**339**	**36,237**	**195,991**	**60,023**	**28,879**	**32,147**	**33,967**	**44,685**	**73,316**	**172,399**	**25,636**	**26,714**	**54,711**	**-**	**785,044**
LTC Direct Expenses - LTC Projects															
Projects - Trust Wide	7	2,905	9,951	4,151	3,715	3,573	856	4,348	6,847	25,250	1,525	1,106	1,553	-	**65,786**
Project - Funded by Special requisition	-	-	-	-	-	-	-	-	-	800	-	-	-	-	**800**
LTC Specific Projects	-	17,353	11,348	434	17,680	15,315	-	274	6,392	1,255	-	364	698	-	**71,114**
LTC Projects Subtotal	**7**	**20,258**	**21,299**	**4,585**	**21,395**	**18,888**	**856**	**4,622**	**13,239**	**27,305**	**1,525**	**1,470**	**2,251**	**-**	**137,700**
Total Direct Expenses (Operating + Projects)	**345**	**56,495**	**217,290**	**64,609**	**50,274**	**51,035**	**34,823**	**49,307**	**86,555**	**199,704**	**27,161**	**28,183**	**56,962**	**-**	**922,744**
Direct Revenues less Direct Expenses	**13,357**	**317,193**	**1,020,440**	**459,936**	**424,512**	**404,161**	**73,043**	**508,758**	**780,903**	**2,976,834**	**165,754**	**109,361**	**130,707**	**345,989**	**7,730,949**
Indirect Planning Expenses															
Allocate Planning Costs - Northern Team	7,275	148,200	311,792	268	143,415	228,875	89,754	-	-	429	-	886	57,916	-	**988,810**
Allocate Planning Costs- Southern Team	764	50,545	64,320	204,091	4,172	8,187	-	136,459	294,073	155,818	100,388	75,832	-	-	**1,094,649**
Allocate Planning Costs - SSI Team	-	-	-	-	-	-	-	-	-	767,314	-	-	-	-	**767,314**
Allocate Director LPS	1,713	41,271	79,169	37,265	31,782	50,999	19,414	24,878	53,612	233,326	18,302	14,016	12,528	-	**618,275**
Allocate LTC Executive expenditures	266	6,405	12,285	5,783	4,932	7,914	3,013	3,861	8,320	36,208	2,840	2,175	1,944	-	**95,945**
Allocate Bylaw Team	850	12,696	82,706	25,398	5,550	13,867	633	36,261	46,328	203,396	2,317	2,874	4,474	-	**437,351**
Total Indirect Planning Expenses	**10,868**	**259,117**	**550,272**	**272,806**	**189,851**	**309,842**	**112,814**	**201,459**	**402,332**	**1,396,492**	**123,846**	**95,783**	**76,862**	**-**	**4,002,344**
Net surplus (shortfall) before Administrative	**2,489**	**58,076**	**470,168**	**187,131**	**234,661**	**94,320**	**(39,771)**	**307,299**	**378,571**	**1,580,342**	**41,908**	**13,577**	**53,845**	**345,989**	**3,728,606**
Administrative Expenses															
Allocate Trust Council	95	39,860	136,546	56,961	50,980	49,022	11,743	59,666	93,948	346,475	20,924	15,177	21,313	178,415	**1,081,124**
Allocate Trust Conservancy	66	27,745	95,047	39,649	35,486	34,123	8,174	41,532	65,395	241,174	14,565	10,564	14,836	124,191	**752,547**
Allocate Net Administration	148	62,232	213,187	88,932	79,594	76,538	18,334	93,156	146,680	540,947	32,668	23,696	33,276	71,354	**1,480,742**
Total Administrative Allocation	**308**	**129,838**	**444,780**	**185,541**	**166,060**	**159,683**	**38,251**	**194,354**	**306,024**	**1,128,597**	**68,157**	**49,437**	**69,425**	**373,959**	**3,314,413**
Net Surplus (Shortfall) incl. Special Taxes	**2,181**	**(71,762)**	**25,388**	**1,589**	**68,601**	**(65,363)**	**(78,022)**	**112,945**	**72,547**	**451,745**	**(26,249)**	**(35,860)**	**(15,580)**	**(27,970)**	**414,193**
Made up of:															
Surplus from SSIWPA										42,700					42,700
Other Surplus (Shortfall)	2,181	(71,762)	25,388	1,589	68,601	(65,363)	(78,022)	112,945	72,547	409,045	(26,249)	(35,860)	(15,580)	(27,970)	371,493
	$ 2,181	**$ (71,762)**	**$ 25,388**	**$ 1,589**	**$ 68,601**	**$ (65,363)**	**$ (78,022)**	**$ 112,945**	**$ 72,547**	**$ 451,745**	**$ (26,249)**	**$ (35,860)**	**$ (15,580)**	**$ (27,970)**	**$ 414,193**

BRIEFING

To:	Financial Planning Committee	**For the Meeting of:**	May 29, 2024
From:	Administrative Services - Finance	**Date Prepared:**	May 23, 2024
SUBJECT:	**2025/26 Budget Cycle Timelines**		

PURPOSE:

To provide Financial Planning Committee (FPC) with an overview of the usual budget cycle timelines for review and discussion.

BACKGROUND:

The Islands Trust budget cycle timeline has historically been reviewed by FPC in August of each year, immediately prior to Trust Council setting and approving the budget assumptions and principles to be applied in the development of the draft budget in September.

For the previous budget cycle 2024/25, FPC reviewed the budget cycle timelines in May, three months ahead of the customary schedule, so early feedback could be provided to staff on planned timelines associated with next year's budget development. Staff take the same early-review approach for the same purpose for the 2025/26 budget cycle.

In the coming months, the FPC working group will be reviewing budget cycle timelines in the context of implementing the Islands Trust Corporate Plan. As this work is not complete, and as the Corporate Plan implementation plan is not yet finalized, and as the steps in the Corporate Plan that require completion in advance of budget development are not yet completed, the budget cycle timelines for fiscal 2025/26 remain largely unchanged from historical timelines.

The attached draft 2025/26 budget cycle timeline reflects historical norms for workflows during the Islands Trust budget cycle, and is presented for FPC discussion and feedback.

ATTACHMENT(S):

1. **Draft Budget Cycle Timelines 2025/26**

FOLLOW-UP: As directed by the Committee.

Prepared By: Director, Administrative Services
Reviewed By/Date:

ISLANDS TRUST
BUDGET CYCLE TIMELINE
Fiscal Year: 2025/26

Date	Activity
May - June 2024	Council Committees and LTCs begin discussions of upcoming fiscal year priorities and work program planning with staff and give direction to staff for business case development.
May 29, 2024	**Financial Planning Committee meeting**
	Budget Cycle Timeline: FPC reviews and discusses (potentially approves) the budget cycle timelines.
June 18-20, 2024	**Trust Council meeting**
	Trust Council finalises its Strategic Plan, which will guide work plans for corporate bodies and staff, and funding prioritization and decision-making in the draft budget.
July-Aug, 2024	LTCs (+ SSIWPA), and Council Committees continue discussion of upcoming fiscal year priorities and work programs with planning staff, including LTC project proposals for consideration as 'additional operations' (ie: potential special requisitions)
August 28, 2024	**Financial Planning Committee meeting**
	Budget Cycle Timeline: FPC reviews and approves the Budget cycle timeline, if not approved in May. **BAP:** FPC reviews first draft of Budget Assumptions and Principles (BAP) **Public Consultation**: FPC discussion of planned changes/improvements to the budget Public Consultation process.
1st week of Sept 2024	**Departmental budget templates deployed:** Budget documents distributed to all Managers for development of departmental budgets. **Budget Requests Development:** Managers develop and review budget requests with staff for input and feedback into the budget process.
Sept 24-26, 2024	**Trust Council meeting**
	BAP: Trust Council reviews and approves the BAP. **Guidelines:** Trust Council sets budget guidelines for the upcoming budget cycle.
Oct 16, 2024	**Financial Planning Committee meeting**
	BAP & Budget Guidelines: FPC reviews updated BAP and TC-directed Budget Guidelines. **Budget Draft 1, V1:** FPC reviews and discusses Draft 1, Version 1 of the budget. **Budget Requests**: FPC reviews business cases for budget funding requests and makes recommendations to staff on which requests to include/remove from the draft budget.
Oct 17 - Nov 1, 2024	**Budget Draft 1, V2**: Staff make revisions to budget draft as directed by FPC. Continued research and planning to improve estimates for proposed operational changes. **LTC Project Specific Reserve Fund:** Planning staff develop budget proposals on behalf of LTCs for estimates of LTC Specific Reserve Fund requirements. **Special Tax Requisitions**: Preparation for potential local tax requisitions for individual LTCs (see policy 6.3.ii Special Property Tax Requisition).

BUDGET CYCLE TIMELINE CONTINUED

Date	Activity
Nov 13, 2024	**Financial Planning Committee meeting**
	BAP: FPC reviews updated BAP to be forwarded to December Trust Council.
	Guidelines: FPC identifies areas of pressure in meeting budget guidelines and reports back to TC.
	Budget Requests: FPC reviews amended and new budget request business cases to be forwarded to Trust Council in December.
	Budget Draft 1, V2: FPC reviews Draft 1, Version 2 of the budget to be forwarded to Trust Council in December.
	LTC + ITCB requests: FPC reviews any specific requests coming from LTCs and ITCB as part of the budget draft review.
Dec 3-5, 2024	**Trust Council meeting**
	BAP: Trust Council endorses any changes to the Budget Assumptions and Principles.
	Budget Draft 1, V2: Trust Council discusses and debates draft budget, and provides direction for changes as determined necessary.
	Guidelines: TC reviews feedback from FPC on pressure points meeting budget guidelines, amends guidelines as desired.
	Public Consultation: Trust Council endorses draft budget (as amended, if needed) for public consultation, and approves the Budget consultation process.
January 2025	**Financial Planning Committee meeting** *(assumed)*
	Budget Draft 2, V1: FPC reviews and discusses Draft 2, V1 of the budget which will be amended to reflect Trust Council's directions, as well as refined operational budgets to adjust for new and updated data.
	Other Agency Consultation: Consultation with Bowen Island Municipality and Trust Conservancy Board continue.
	Public Consultation on draft budget is conducted.
	Special Tax Requisitions: LTCs seeking funding for "additional operations" from a special tax requisition pass a resolution to do so.
February 2025	**Financial Planning Committee meeting** *(assumed)*
	Special Tax Requisitions: LTCs proposing a special tax requisition hold public consultation meetings.
	Public Consultation Review: FPC reviews results and feedback from the budget public consultation, and makes recommendations to budget changes from these results, as needed.
	Special Tax Requisitions: FPC makes recommendations to TC on special requisitions.
	Budget Draft 2, V2: FPC reviews Draft 2, Version 2 of the budget to be forwarded to Trust Council for their March meeting
March 2025	**Trust Council** *(assumed)*
	Budget Approval: Trust Council approves the Budget including amounts for the LTA Property Tax Requisition, Bowen Municipality Tax Levy and LTC special tax requisitions.
	Bylaw Approvals: Trust Council approves Financial Plan bylaw and Revenue Anticipation bylaw.
	Minister's Package: Staff prepare a report on the budget for the Minister, and submit this report along with the approved financial bylaws for consideration by the Minister.
	Communications: Approved budget information is posted to the Islands Trust website and a news release rolled out.

Islands Trust

REQUEST FOR DECISION

To:	Financial Planning Committee	**For the Meeting of:**	May 29, 2024
From:	Administrative Services – Finance	**Date Prepared:**	May 24, 2024
SUBJECT:	**Budget 2025/26 Guidelines**		

RECOMMENDATION:
Whereas, under s.14 of the *Islands Trust Act*, Trust Council holds authority for approval of the fiscal budget;
Whereas in accordance with Trust Council's *Council Committee System and Terms of Reference* policy, Financial Planning Committee is responsible for facilitating Council's involvement in the annual budget process;
Whereas, in accordance with Trust Council's *Budget Process* policy, Financial Planning Committee will begin review of the draft 2025/26 budget in October 2024; therefore be it resolved:

That Financial Planning Committee recommend to Trust Council that it set budget guidelines for the 2025/26 budget cycle no later than September 2024.

CHIEF ADMINISTRATIVE OFFICER COMMENTS:

1 **PURPOSE:**
To revisit the topic of budget guidelines for the 2025/26 budget cycle.

2 BACKGROUND:

At its August 2023 meeting, FPC discussed the concept of budget guidelines in the context of a move towards more organized and robust corporate planning process within the organization. Staff explained that budget guidelines are the responsibility of Trust Council to provide, with FPC holding responsibility to incorporate and respond to the guidelines in their annual budget development and recommendation to Trust Council. As a result of the discussion, FPC passed a motion requesting that Trust Council set budget guidelines, as follows:

That Financial Planning Committee ask Trust Council to consider creating guidelines on the 2024/25 budget early in the budget cycle.

At the Trust Council meeting of September 2023, FPC Chair Bernardo opened discussion with Trust Council about budget guidelines and staff provided examples of guidelines from other jurisdictions. Trust Council was invited to set guidelines for the 2024/25 budget cycle at that time, but declined to do so. However, budget assumptions and principles were reviewed and approved as per usual practice, provided a base level of information for staff and FPC to reference.

For the 2025/26 budget cycle, FPC may once again wish to recommend that Trust Council set budget guidelines early enough in the budget cycle to be of greatest use to the draft budget development. Staff believe these discussions could start as early as June, however with Trust Council's strategic plan unlikely to be fully completed in time for these early discussions, a September guidelines session is suggested. This timeline still ensures FPC has guidelines in advance of their first review of the draft budget in October 2024.

3 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: None.

FINANCIAL: None.

POLICY: None.

IMPLEMENTATION/COMMUNICATIONS: Staff will plan for a budget guidelines discussion at the September 2024 Trust Council meeting, via EC who sets the TC agendas.

FIRST NATIONS: None.

OTHER: None.

4 RELEVANT POLICY(S):

Islands Trust Act s.14
Policy 2.3.1 Council Committee System and Terms of Reference
Policy 6.3.1 Budget Process

5 ATTACHMENT(S): None.

RESPONSE OPTIONS

Recommendation:
Whereas, under s.14 of the *Islands Trust Act*, Trust Council holds authority for approval of the fiscal budget;
Whereas in accordance with Trust Council's *Council Committee System and Terms of Reference* policy, Financial Planning Committee is responsible for facilitating Council's involvement in the annual budget process;
Whereas, in accordance with Trust Council's *Budget Process* policy, Financial Planning Committee will begin review of the draft 2025/26 budget in October 2024; therefore be it resolved:

That Financial Planning Committee recommend to Trust Council that it set budget guidelines for the 2025/26 budget cycle no later than September 2024.

Alternative:
None.

Prepared By: Director, Administrative Services
Reviewed By/Date:

REQUEST FOR DECISION

To:	Financial Planning Committee	**For the Meeting of:**	May 29, 2024
From:	Trust Area Services	**Date Prepared:**	April 29, 2024
SUBJECT:	2023/24 Annual Report – Approval Of Financial Planning Committee Section		

RECOMMENDATION: That Financial Planning Committee approve the attached text for inclusion in the 2023/24 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs.

---

1 PURPOSE: Committees are provided with their draft sections of the annual report for review and approval so that Trust Council is able to easily approve its annual report in June 2024 without further editing from staff or trustees at the Trust Council meeting.

BACKGROUND: Preparation of the Islands Trust Annual Report is undertaken by Trust Area Services Communications staff, reporting to the Executive Committee and consistent with Trust Council's Annual Report Policy 6.10.1. The Executive Committee approved the format and outline of the 2023/24 Annual Report at its meeting on February 23, 2024.

2 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: Under Trust Council's Policy, all LTCs and Council committees are expected to review and approve their sections at regular meetings in order to have the report approved by Trust Council at its June 2024 meeting.

FINANCIAL: None.

POLICY: No implications for existing policy

IMPLEMENTATION/COMMUNICATIONS: The process for development of the Annual Report is outlined in Trust Council's Annual Report policy 6.10.1. Once each committee has approved its section, staff will create a draft Annual Report for review by the Executive Committee on June 5, 2024, and consideration of Trust Council in June. Upon approval by Trust Council, staff will send the Annual Report to the Minister of Municipal Affairs and circulate it as indicated in Trust Council's policy.

FIRST NATIONS: Information about First Nations relations may be included within committee reports.

OTHER: None.

3 RELEVANT POLICY(S):
Trust Council's Annual Report policy 6.10.1;

Islands Trust Act

4 ATTACHMENT(S):: Financial Planning Committee input to Annual Report (draft)

RESPONSE OPTIONS

Recommendation: That Financial Planning Committee approve the attached text for inclusion in the 2023/24 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs.

Alternative: That Financial Planning Committee approve the attached text as amended for inclusion in the 2023/24 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs.

Prepared By: Morgana van Niekerk, A/Communications Specialist
Reviewed By/Date: Director, Administrative Services/ April 24, 2024

Financial Planning Committee

Role

The Financial Planning Committee (FPC) is responsible for facilitating Trust Council's involvement in the annual budget process. This work includes aligning the annual strategic planning process with the annual budget process; monitoring, reviewing, and making recommendations on the organization's financial management, budget, and financial practices to Trust Council; and reviewing audit reports and recommendations. The committee also provides advice to the Islands Trust Conservancy Board on financial services and provides support as needed.

Members

The FPC consists of 11 trustees from across the Islands Trust Area:

- One member from the Governance Committee (the Chair, unless otherwise delegated)
- One member from the Trust Programs Committee (the Chair, unless otherwise delegated)
- One member from the Regional Planning Committee (the Chair, unless otherwise delegated)
- The four members of the Executive Committee
- One member from the Islands Trust Conservancy Board
- Three other trustees. The chair of the committee is elected from amongst the other trustees

Members currently serving for the 2022–2026 term:
Joe Bernardo*, Gambier Island, Chair
Mairead Boland*, Saturna Island, Vice-Chair
Tobi Elliott, Gabriola Island, Executive Committee
Kristina Evans*, South Pender Island, Trust Programs Committee Chair
David Graham*, Denman Island
Jaimie Harris*, Salt Spring Island, Governance Committee Chair designate
Peter Luckham, Thetis Island, Executive Committee, Chair Trust Council
David Maude, Mayne Island, Executive Committee
Laura Patrick*, Salt Spring Island, Regional Planning Committee Chair
Tim Peterson, Lasqueti Island, Executive Committee
Susan Yates*, Gabriola Island, Island Trust Conservancy Board

* indicates a current member of the Audit Committee

The Audit Committee is a sub-committee of the Financial Planning Committee and generally includes all members except the four Executive Committee members. The Audit Committee convenes twice annually, at a minimum, to review the year-end audit work program, the audit findings report, and any management letter recommendations with the external auditors, and to determine follow-up actions if required.

2023-24 Highlights

As part of its ongoing responsibilities, FPC oversaw, through its Audit Committee, the completion of the annual financial statement audit for Islands Trust and Islands Trust Conservancy for the fiscal year ending March 31, 2023. The Audit Committee met with external auditors, KPMG LLP, to review their audit findings reports and initiated planning for the March 31, 2024, financial statement audit. In addition to overseeing this legislated audit of the annual financial statements, FPC also directed and reviewed internally developed allocated financial statements, which provide an estimate of revenue and cost allocations by local trust area.

FPC facilitated Trust Council's development of the 2024/25 budget. The committee included recommendations on the amount to draw from surplus funds, the amount of the property tax requisition to Trust Area landowners, and the Bowen Island municipal tax levy based on Trust Council Policy. As part of the budget development process, FPC reviewed the feasibility of completing all proposed projects in terms of available staff resources, and considered options to fund specific local trust committee projects via special tax requisitions. The Salt Spring Island Local Trust Committee requested spending from the Special Property Tax Reserve Fund to complete three projects associated with watershed protection on Salt Spring Island, which Trust Council approved upon recommendation from FPC.

As part of the 2024/25 budget development cycle, FPC began discussions about how rigorous budget guidelines may be applied early in the budget cycle in future years. The committee held a special meeting to discuss potential guidelines for future years. These guidelines will be refined and provided to Trust Council at the start of the next budget development cycle for consideration.

FPC chose not to undertake a public consultation on the draft 2024/25 budget. In an effort to increase public awareness of Trust activities and understanding of Trust financials, FPC once again supported the creation of a tax notice insert that is circulated by the Province of British Columbia to all Trust Area taxpayers with their rural tax notice.

FPC provided quarterly financial updates on actual results, and second and third quarter financial forecasts to the Trust Council for information and approval as part of their cyclical financial monitoring and reporting responsibilities.

FPC investigated the options available to the Islands Trust under specific grant programs formerly named in the historical protocol agreement between Islands Trust and the Ministry of Municipal Affairs. This work enhanced the organisation's understanding of provincial grant opportunities available to Islands Trust.

The FPC working group, formed to assist in the development of a corporate planning process for the Islands Trust, continues to support Governance Committee in moving this work forward. This work is in response to a recommendation from the 2022 governance report that was received by Trust Council at the conclusion of their external governance review project.

REQUEST FOR DECISION

To:	Financial Planning Committee	**For the Meeting of:**	May 29, 2024
From:	Administrative Services - Finance	**Date Prepared:**	May 24, 2024
SUBJECT:	**Policy 7.2.1 Trustee Remuneration – Transfer to Governance Committee**		

RECOMMENDATION:
That Financial Planning Committee transfer its work on Policy 7.2.1 *Trustee Remuneration* to Governance Committee, as requested by Governance Committee.

CHIEF ADMINISTRATIVE OFFICER COMMENTS:

1 **PURPOSE:**
To transfer policy work to Governance Committee (GC), at their request.

2 BACKGROUND:
At its meeting in January 2024, Governance Committee requested that Financial Planning Committee (FPC) pass their work on Trust Council's Policy 7.2.1 Trustee Remuneration to GC, by way of the following resolution:

That Governance Committee request the Financial Planning Committee to transfer its work on policy 7.2.1 to the Governance Committee.

The GC's priority matrix lists Trustee Compensation as one of their priorities. The urgency of the work is listed as Important, Not Immediate. Given this work is a priority for GC in response to the Governance Review Report, the transfer of work from FPC is not unreasonable.

Should FPC resolve to transfer this work to the GC, the following FPC work products will be provided to GC for their consideration:

- Trustee Remuneration Review – BRF (October 2022)
    - Appendix A: Assessment of Policy 7.2.1 Trustee Remuneration Against UBCM Council & Board Remuneration Guide
    - Appendix B: UBCM's Council & Board Remuneration Guide
    - Appendix C: Policy 7.2.1 Trustee Remuneration

- FPC FUALS items associated with this policy, as follows:

    Re: Trustee Remuneration Policy: *that Financial Planning Committee request staff to bring back an amended Trustee Remuneration Policy that includes consideration of the improvement opportunities identified in Appendix A: Assessment of UBCM elected official and board remuneration guide and Trust Council Policy 7.2.1 Trustee Remuneration.*

__Re: Trustee Remuneration Policy:__ that Financial Planning Committee request staff to bring back an amended Trust Remuneration Policy that includes consideration of an independent remuneration review by either task force or consultant once per trustee term, at least one year before the end of term.

3 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: None.

FINANCIAL: None.

POLICY: None.

IMPLEMENTATION/COMMUNICATIONS: Staff will transfer all work already completed on this policy to the Governance Committee, including FUAL items associated with this work.

FIRST NATIONS: None.

OTHER: None.

4 RELEVANT POLICY(S):

7.2.1 Trustee Remuneration

5 ATTACHMENT(S):

Work completed over TC's Trustee Remuneration policy by last term FPC is attached:

- Trustee Remuneration Review – BRF (October 2022)
  - Appendix A: Assessment of Policy 7.2.1 Trustee Remuneration Against UBCM Council & Board Remuneration Guide
  - Appendix B: UBCM's Council & Board Remuneration Guide
  - Appendix C: Policy 7.2.1 Trustee Remuneration

RESPONSE OPTIONS

Recommendation:
That Financial Planning Committee transfer its work on Policy 7.2.1 *Trustee Remuneration* to Governance Committee, as requested by Governance Committee.

Alternative:
That Financial Planning Committee not transfer its work on Policy 7.2.1 *Trustee Remuneration* to Governance Committee, and direct staff to communicate this decision to them at their next meeting.

Prepared By: Director, Administrative Services
Reviewed By/Date:

BRIEFING

To:	Financial Planning Committee	**For the Meeting of:**	October 12, 2022
From:	Director, Administrative Services	**Date Prepared:**	September 28, 2022
SUBJECT:	Review of Policy 7.2.1 Trustee Remuneration		

PURPOSE:
To assess Trust Council's Policy 7.2.1 *Trustee Remuneration* against the Union of BC Municipalities (UBCM) *Council & Board Remuneration Guide* ("the Guide") dated September 2019 to determine if best practices are being followed with regard to elected official compensation in the Islands Trust context.

BACKGROUND:
The UBCM has developed a best practice guide to assist local governments in the development of fair and equitable remuneration polices for elected officials. In recognition of local government autonomy and the need for approaches that reflect local needs and circumstances, the guide offers practical advice based on research findings and the experiences of municipalities and regional districts around the province. The resource provides options that are scalable relative to the varying resources, capacity, and contexts of local governments in British Columbia

At the direction of Financial Planning Committee, staff have conducted a high-level analysis of Trust Council Policy 7.2.1 *Trustee Remuneration* against the Guide and reports findings in the attached Appendix. Recommendations in the UBCM guide have been individually compared to similar clauses in TC's trustee remuneration policy and been given a rating of 'adequate' or 'improvement opportunity'. Where improvement opportunities have been identified, options for amending TC policy have been provided. Any recommendations made by FPC will be subsequently incorporated into a draft revised policy and forwarded to Trust Council for their consideration. Recommendations on trustee remuneration from an outgoing political body carry a greater unbiased weight than recommendations from an existing body to itself, as such this review has been brought forward for FPC despite the late timing in the term.

ATTACHMENT(S):
- Appendix A: Assessment of Policy 7.2.1 Trustee Remuneration Against UBCM Council & Board Remuneration Guide
- UBCM's Council & Board Remuneration Guide
- Policy 7.2.1 Trustee Remuneration

FOLLOW-UP: As directed by the Committee.

Prepared By: Director, Administrative Services
Reviewed By/Date: Russ Hotsenpiller, Chief Administrative Officer/October 5, 2022
Director, Legislative Services/October 5, 2022

Appendix A: Assessment of UBCM Elected Official & Board Remuneration Guide and Policy 7.2.1 Trustee Remuneration

	UBCM BEST PRACTICE	ISLANDS TRUST POLICY 7.2.1 (Section Reference)	ASSESSMENT	COMMENTS AND RECOMMENDATION(S)
REMUNERATION REVIEWS – CONDUCTING REVIEWS & TIMING AND FREQUENCY OF REVIEWS				
1	Local governments should consider establishing an independent task force to conduct reviews of elected official remuneration.	Not addressed.	Improvement Opportunity	While no independent task force exists for this purpose, independent reviews of trustee remuneration have taken place. In 2010, consultants were hired to review the existing policy and make recommendations for change, which led to the policy that exists and is in effect today. Internal reviews of trustee remuneration (such as this one) does rely on external and independent data sources, but staff and trustees are not considered independent reviewers themselves. If striking a task force at regular intervals is prohibitive, considerations can be make for periodic external review by either task force or independent consultant.
2	Local governments should consider conducting remuneration reviews, and reporting the results, at least one year before the next election.	The Trustee Remuneration calculations will be reviewed when results are available from the most recent census. (C4a)	Improvement Opportunity	Census is conducted every 5 years, with results available approximately one year post-census surveys. A trustee term is 4 years, which does not align with census updates. The results from the most recent census conducted in 2021 were released in February 2022, which is less than one year before the election in October 2022. This demonstrates that census results may not always be available one year in advance of elections. Also of note is that the current policy language indicates a calculation review, not policy review, which could be interpreted as review of the math as opposed to review of the method.
3	Local governments should consider conducting remuneration reviews once per term.	The Trustee Remuneration **calculations** will be reviewed when the results are available from the most recent census. (C4a) [**Emphasis** added]	Improvement Opportunity	In some cases, a full trustee term will be completed with no review given that census information becomes available every 5 years, while a trustee term is four years. This sequence results in one term of every five terms where no review takes place. This is not considered a significant weakness. However, should a review each term be desired to align with best practices, a policy change is permissible. Also of note is that the current policy language indicates a calculation review, not

	UBCM BEST PRACTICE	ISLANDS TRUST POLICY 7.2.1 (Section Reference)	ASSESSMENT	COMMENTS AND RECOMMENDATION(S)
				policy review, which could be interpreted as review of the math as opposed to review of the method.
4	Local governments should consider setting out the timing for subsequent reviews in remuneration policies or bylaws.	The Trustee Remuneration calculations will be reviewed when the results are available from the most recent census. (C4a)	Adequate	The timing of subsequent reviews is set in the policy as suggested. Note limitations in the sequencing of review in rows 2 and 3 of this table.
<u>Recommendation(s) on Remuneration Reviews:</u> *Option 1 – Make no change to the policy to address independent reviews or adjust review timing.* *Option 2 - That the trustee remuneration policy be amended to include consideration of an independent remuneration review by either task force or consultant once per trustee term, at least one year before the end of term.*				
IMPLEMENTATION OF ADJUSTMENTS				
5	Local governments should consider including in their policies or bylaws provision for an automatic cost-of-living adjustment, using the CPI, to elected officials' base remuneration.	Annual Adjustments for Inflation a) The defined annual compensation amounts in section C.2 of this policy will be adjusted on an annual basis, coinciding with the fiscal year, based on the annual change in the Victoria Consumer Price Index as reported by BC Statistics in December. (C5)	Adequate	None.
6	Local governments should consider having changes to base levels, determined through remuneration reviews, take effect at the beginning of the following term.	Any adjustments based on changes in population or folios will be implemented on April 1st of the following year. Any adjustments based on changes in population or folios will be implemented on April 1st of the following year. (C4a) The Trustee Remuneration calculations will be reviewed when the results are available	Improvement Opportunity	Base level calculations are adjusted with folio updates on an annual basis and census updates every 5 years – updates to remuneration for this data sets occurs when data is available, not at the start of a new term based on a review. This is considered adequate as adjusting for these values only at the start of a term may result in tax spikes at the start of each term which may be difficult to manage. Changes to remuneration from reviews not based on specific data sets (folios and population), would be best applied at the start of the next term to alleviate conflict of interest or perceived/actual bias.

	UBCM BEST PRACTICE	ISLANDS TRUST POLICY 7.2.1 (Section Reference)	ASSESSMENT	COMMENTS AND RECOMMENDATION(S)
		from the most recent census. (C4a)		
7	Local governments should consider allowing for immediate implementation of changes to remuneration that are designed to protect elected officials from financial loss that would otherwise occur as a result of tax system shifts.	Not addressed.	Adequate	The nature of the trustee remuneration structure differs from remuneration structures for other elected officials. As such, there is a higher inherent protection from financial loss due to tax system shifts. That is, remuneration does not contain particularly special sums or allowances that are more at risk for immediate or significant tax changes. As such, it is not recommended as necessary to revise the existing policy.
8	Local governments should consider allowing for immediate implementation of annual cost-of-living adjustments.	Adjustments to Trustee Remuneration that result from inflation will be implemented on April 1st of the following year. (C5)	Adequate	Although COLA adjustments for trustees is not implemented in line with calendar years, this adjustment does take place annually, as recommended. As such, it is deemed adequate for the purposes of this review.
<u>Recommendation(s) on Implementation of Adjustments:</u> *Option 1 – No changes to policy.* *Option 2 – That the trustee remuneration policy be amended to indicate that any base remuneration adjustments as a result of remuneration reviews will take effect at the start of the next term.*				
SETTING REMUNERATION POLICY				
9	Local governments should consider using base remuneration paid to elected officials in similar local government jurisdictions as the preferred basis for determining remuneration.	Not addressed.	Adequate Improvement Opportunity*	In 2010, an external consultant performed a review of trustee remuneration which included comparison of base remuneration paid to similar special purpose local governments and regional districts as the basis for their recommendations. *No consideration is provided in the current policy to address future periodic reviews of base remuneration against other local government [or Trust-similar] jurisdictions. Thoughts around these periodic reviews are built into recommendations in the earlier section of this table where remuneration reviews are addressed.
10	Local governments should consider establishing comparison groups using population,	Not addressed.	Adequate	The 2010 consultant remuneration review included comparison to other like group and workloads/levels of responsibility.

	UBCM BEST PRACTICE	ISLANDS TRUST POLICY 7.2.1 (Section Reference)	ASSESSMENT	COMMENTS AND RECOMMENDATION(S)
	combined — as deemed necessary — with other factors that influence elected official workload and level of responsibility.			
11	Local governments should consider including at least five jurisdictions (preferably more) in the comparison groups.	Not addressed.	Adequate	The 2010 consultant remuneration review included comparison to San Juan Council, School Districts, and many regional districts.
12	Local governments should consider using simple formulas that make the calculation of remuneration levels as straightforward as possible, easy to explain, and easy to understand.	Policy sections B.2, B.3, and C.2 (excerpts not included due to length. See attached Policy 7.2.1 for text.)	Adequate	Calculations are straightforward to apply and easy to understand.
13	Local governments should consider targeting supplemental payments to non-core meetings, and structuring base remuneration levels to include attendance at board and committee of the whole meetings.	Effective April 1, 2019, an amount for attendance at Trust Council committee meetings (excluding Executive Committee, which is remunerated in accordance with Section 3). Meeting attendance will be remunerated at $100.00 per meeting attended for committee members, and $150 per meeting attended for committee Chairs. (B.2.f) An amount for membership on Trust Council. This amount will be equal to the remuneration paid to municipal trustees and will be referred to as the “Trust Council Base Amount”. (B.2.a) An amount for participation in LTC business and LTC meetings. This	Adequate.	Meeting attendance is supplemented.

	UBCM BEST PRACTICE	ISLANDS TRUST POLICY 7.2.1 (Section Reference)	ASSESSMENT	COMMENTS AND RECOMMENDATION(S)
		amount shall be referred to as the "LTC Local Base Amount". (B.2.b)		
<u>Recommendation(s) on Setting Remuneration Policy:</u> *None. The basis for initial setting of remuneration is considered sound. Consideration of remunerations updates and reviews is contemplated in the "Reviewing Remuneration" section of this report set out earlier in the table.*				
SETTING AND REVIEWING EXPENSE REIMBURSEMENT POLICY				
14	Local governments should provide clarity in regional district expense policies/bylaws to ensure that municipal expenses incurred by municipal directors are reimbursed by the appropriate municipal governments.	Not addressed.	Adequate	None. This is not applicable to Islands Trust elected officials.
15	Local governments should consider including in their expense policies and/or bylaws the principle that elected officials should not themselves be expected to pay expenses that are incurred in order to perform their roles.	Addressed in TC Policy 7.2.3 Trustee Travel	Adequate	None. This principle is captured in trustee travel and training policies and executed by way of expense reports to Islands Trust.
16	Local governments should recognize that the range of legitimate expenses incurred to perform the roles of mayor and board chair will be greater than that incurred to perform the roles of councillor and board director.	Addressed in TC Policy 7.2.3 Trustee Travel	Adequate	None. This principle is captured in trustee travel and training policies and executed by way of expense reports to Islands Trust.
17	Local governments should ensure that lists of eligible expenses reflect unique local conditions.	Addressed in TC Policy 7.2.3 Trustee Travel	Adequate	Policy includes references to ferries, reservation fees, claiming for use of privately owned boats, private instead of commercial accommodation, etc.
18	Local governments should periodically re-examine decisions	Not addressed.	Improvement Opportunity	Trustee travel policy was approved by Trust Council in June 2014 and has not been reviewed since.

	UBCM BEST PRACTICE	ISLANDS TRUST POLICY 7.2.1 (Section Reference)	ASSESSMENT	COMMENTS AND RECOMMENDATION(S)
	on eligibility to ensure that lists of eligible expenses evolve to reflect changing needs and to reduce barriers to participation.			
<u>Recommendation(s) on Setting Expense Reimbursement Policy:</u> *Option 1 – No change to travel policy to address periodic reviews.* *Option 2- That TC Policy 7.2.3 Trustee Travel be amended to include consideration of review, at either periodic regular intervals, or when specific circumstances deem it necessary.*				
ELECTED OFFICIAL BENEFITS				
19	Local governments should consider providing access to extended health, dental, vision and insurance to all local elected officials.	B.4. Payment of Benefit Premiums for Trustees a) Trustees will be offered the opportunity to have benefit premiums paid by the Islands Trust. Payments for trustee benefit premiums may be subject to income tax as defined by the Canadian Revenue Agency.	Adequate	Access to extended benefits is provided to all local elected officials (with the exclusion of municipal trustees, who are covered under the Bowen Island municipal plan).
20	Local governments should consider contributing to the cost of benefit premiums on a prorated basis, in accordance will the full- or part-time nature of elected positions.	B.4. Payment of Benefit Premiums for Trustees a) Trustees will be offered the opportunity to have benefit premiums paid by the Islands Trust. Payments for trustee benefit premiums may be subject to income tax as defined by the Canadian Revenue Agency. b) Trustees who do not subscribe to benefit coverage through Islands Trust will receive an	Adequate	TC's remunerations policy does not differentiate between full time and part time, choosing instead to provide benefit coverage to all trustees equally.

	UBCM BEST PRACTICE	ISLANDS TRUST POLICY 7.2.1 (Section Reference)	ASSESSMENT	COMMENTS AND RECOMMENDATION(S)
		annual amount as defined in Section C: Implementation.		
21	Local governments should consider extending benefits coverage to family members of elected officials, provided that the elected officials themselves pay the full incremental cost of such coverage.	Not addressed.	Improvement Opportunity	Trustees are currently entitled to enroll in couple/family benefit plans with the full premium paid by Islands Trust. No consideration of recovering the incremental cost is made in TC policy.
22	Local governments should periodically re-examine the benefits provided to ensure that benefits programs reflect changing needs, and reduce barriers to participation.	Not addressed.	Improvement Opportunity	Current TC remuneration policy is silent on review of benefit coverage. Recommendation: Add policy language to include benefit coverage review in line with remuneration review, to ensure coverage remains appropriate.
<u>Recommendation(s) on Benefits Coverage:</u> *Option 1 – No change to policy to address alternate benefit coverage.* *Option 2 – That the trustee remuneration policy be amended to exclude coverage of incremental costs associated with family benefit plans.*				
COMMUNICATIONS				
23	Local governments should consider including in their communications programs information on the nature of elected official roles, the purposes of remuneration, principles to guide the setting of remuneration, details on remuneration levels, remuneration reviews, and expenditures made.	Not addressed in policy.	Improvement Opportunity	Current communication programs do not address this suggested best practice.
24	Local governments should consider using a range of tools to communicate information, including written materials,	Not addressed in policy.	Improvement Opportunity	Current communication programs do not address this suggested best practice.

	UBCM BEST PRACTICE	ISLANDS TRUST POLICY 7.2.1 (Section Reference)	ASSESSMENT	COMMENTS AND RECOMMENDATION(S)
	presentations, and information meetings.			

Recommendation(s) on Communications:
Option 1 – No change to policy to address communications on the topic.

Option 2 – That the trustee remuneration policy be amended to include development of a communications strategy six months prior to any remuneration review, that includes key message and communications methods to inform about the nature of elected official roles, the purposes of remuneration, principles to guide the setting of remuneration, details on remuneration levels, remuneration reviews, and expenditures made, and that includes a range of communication tools.

UNION OF BC MUNICIPALITIES

COUNCIL & BOARD REMUNERATION GUIDE

FIRST EDITION
SEPTEMBER, 2019

CONTENTS

INTRODUCTION

In British Columbia, local governments are responsible for providing a broad range of local services to address infrastructure needs, regulate land use, move people and goods, tackle challenging social issues, promote active living, protect the natural environment, and deal with a host of other issues. The elected officials that sit on the municipal councils and regional district boards collectively make, and accept responsibility for, the funding, policy, and service delivery decisions that are required in order for local government to work. Local elected officials also have responsibility for ensuring that the councils and regional district boards themselves function effectively as democratic, representative governing bodies.

Effective governance requires the elected officials to make decisions regarding the structure and operation of the governing bodies. One of the more difficult decisions that must be made by the officials involves the setting of their own remuneration.

Local elected officials in BC endorsed a resolution at the 2018 Union of BC Municipalities (UBCM) Convention that tasked UBCM with developing a resource to support local decision makers in the development of remuneration packages that are defensible and fair. This *Council & Board Remuneration Guide* presents best practices for local governments to consider.

Development of Guide

The *Guide* was developed through a five-stage process:

> *Stage 1: Background Research* — Research was conducted to identify and understand the challenges faced by local governments in setting remuneration levels for council members and board directors. Remuneration approaches for elected officials in other orders of government were briefly explored as part of the research.

> *Stage 2: Survey* — A survey was sent to every municipality and regional district in the province to understand elected official remuneration policies and practices in place today, to learn about approaches that appear to work well, and to understand lessons learned. A total of 75 local governments responded to the survey, which translates into a response rate of 39%. Included in the list of respondents were eleven of the twenty largest municipalities (by population), five

LOCAL GOVERNMENT AUTONOMY

The best practices set out in the Guide recognize that local governments have autonomy to develop approaches to remuneration that reflect local needs and circumstances. The Guide offers practical advice, based on research findings and the experiences of municipalities and regional districts, for local governments to consider. Each local government will need to determine, based on its own review of the information, its preferred course of action.

of the smallest municipalities, and twelve regional districts. All regions of the province were well represented (see sidebar).

> *Stage 3: Interviews* — Approximately twenty follow-up interviews were conducted with a subset of the municipalities and regional districts that responded to the survey. Written materials from these local governments were obtained and reviewed; materials from other places identified through the research were also reviewed.

> *Stage 4: Best Practices* — Based on the background research, survey results, and discussions with individual local governments, a set of best practices was developed for the *Guide*.

> *Stage 5: Guide* — The UBCM Executive approved the scope and approach for the *Guide*. The final draft, complete with recommended best practices, was reviewed by UBCM's Presidents Committee. Input provided by the Presidents Committee was used to finalize the document.

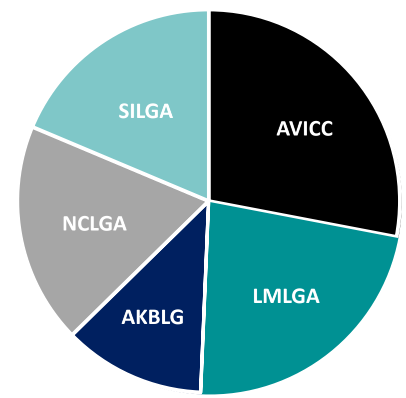
Organization of Guide

The *Council & Board Remuneration Guide* is organized into six separate sections. Section 1 sets the stage by exploring why remuneration for elected officials is important, and why local governments need to review remuneration levels periodically. Sections 2, 3, and 4 then focus on remuneration reviews themselves. Section 2 begins by considering who should conduct such reviews. Three options are identified and assessed. Section 3 addresses the question of "when" — specifically, when to review remuneration, and when to implement the results of a review. The distinction between a full review and an adjustment is explained in this section. Section 4 examines how to conduct a review. The development of comparison groups, the collection of data, and the use of simple formulas are all topics that are addressed the text. Advice on expenses and benefits is also provided. Section 5 addresses the importance of communication. Information to communicate, audiences to reach, and methods of communication to consider are outlined.

Best practices for local governments to consider in addressing remuneration for elected officials are presented throughout the *Guide*. Section 6 brings the practices together into one summary table.

SURVEY OF LOCAL GOVERNMENTS

In total, 75 municipalities and regional districts participated in the survey on elected official remuneration. As illustrated in the accompanying chart, all regions of the province (identified using UBCM Area Associations) were represented.



Use by Local Governments

It is important to emphasize that the *Guide* does not prescribe or suggest specific levels of remuneration or particular expense and benefits packages for local elected officials. The *Guide* is focused, instead, on helping local governments develop approaches that can be used by decision-makers to establish compensation programs that are fair both for elected officials and local taxpayers.

It should be noted, as well, that the *Guide* recognizes the autonomy of local governments in the development of approaches that reflect local needs and circumstances. The *Guide* offers practical advice for local governments to consider, based on research findings and the experiences of municipalities and regional districts around the province. Each local government, however, will need to determine, based on its own review of the information, its preferred course of action.

On a related note, the *Guide* recognizes that there is significant variability among local governments in British Columbia. Considerable differences in population, area, scope of services, size of administration, location, growth rate, local economy, and other factors mean that local governments will need to apply the best practices in ways that respond to local needs and are sensitive to local conditions. To assist local governments in this task, care has been taken to provide advice that can be applied in a variety of local settings.

Key Terms

Certain terms are used repeatedly throughout the *Guide*. Key terms and their meanings are presented in Figure I.1 in alphabetical order.

VARIABILITY AMONG LOCAL GOVERNMENTS

Considerable differences among local governments in population, area, scope of services, size of administration, location, economy, growth rate, and other factors mean that jurisdictions will need to apply the best practices in ways that respond to local needs and are sensitive to local conditions. Care has been taken to provide advice that can be applied in a variety of local settings.

Figure I.1
Key Terms in the Guide

Term	Meaning
Benefits	Benefits are the incentives, services and protections provided to local government elected officials during their time in office.
Expenses	Expenses are charges incurred by local government officials in the course of their duties, and are necessary in order to perform their duties.
Local Governments	Local governments include municipalities, governed by councils, and regional districts, governed by boards of directors.
Local Government Elected Officials	Local government elected officials include members of municipal councils, and directors of regional district boards. Members of council include mayors and councillors. Regional district directors include chairs and vice chairs.
Remuneration	In a narrow sense, the term remuneration in the *Guide* refers specifically to money that is paid to local elected officials as compensation for the duties they perform. Remuneration in this sense includes base salaries, but also supplemental payments that typically take the form of per-meeting stipends. Remuneration is also used in a broader sense to include expenses and benefits packages, in addition to money. The exact usage of the term throughout the text is context-specific.
Remuneration Adjustment	This term refers to increases that are automatically applied, usually on an annual basis, to an elected official's base salary. The level of adjustment is determined by a pre-determined index (e.g., consumer price index), or combination of indices.
Remuneration Review	A remuneration review is a formal assessment of existing remuneration provided to elected officials. In most cases, reviews include a consideration of pay, expenses, and benefits.

SECTION 1
IMPORTANCE OF REMUNERATION

Most people who seek election to a municipal council or regional district board are driven, first and foremost, by a strong sense of public service and a desire to make their communities better. Remuneration is not, in most cases, an important motivating factor. Individuals who do make the commitment to serve as local elected officials, however, should be able to expect fair and reasonable compensation. This section of the *Guide* explains why remuneration is both warranted and important.

FACTORS TO CONSIDER

Time Commitment

Local government elected officials are expected to commit considerable time (and energy) to their roles on municipal councils and regional district boards. In larger municipalities and in some regional districts, the roles of mayor and chair are full-time positions in which incumbents typically work more than full-time hours. Even in places where such positions are part-time in nature, the time requirements can be significant, as they are for councillors and directors. Time must be spent reviewing comprehensive agenda packages, attending council or board meetings and public hearings, engaging with residents, participating in civic events, and handling a variety of other tasks. For elected officials who serve on more than one governing body, on committees and commissions, and as appointees to external agencies and associations, the time commitment is even greater.

Councils and boards need people who are willing and able to commit the time needed to serve. Remuneration reflects and compensates individuals for the time they must spend to do the job.

Employment and Financial Impacts

The time required to serve on a municipal council or regional district board will reduce the amount of time available to spend on other paid work. For individuals who are mid-career, this reality can negatively impact their current employment situation, as well as their total earned income. In some cases the impact may extend to affect future career development and earning potential, since time spent on a council or board translates into less time available to apply to building a career path.

TIME COMMITMENT

"Municipal politics is different than the rest in that Council members are always on the clock. Businesses close at the end of a day, people go home from work and provincial and federal politicians have staff and deputies to assist with their very demanding schedules. City Council members are on their own and take ownership of all issues and concerns from the community. They are never off the clock."

Remuneration Task Force
City of Kamloops

Remuneration for local elected officials will not fully offset the employment and financial impacts experienced in every case. In keeping with the public service motivation of people who choose to run for local office, there is arguably a tacit acceptance by those in office of some level of sacrifice. Remuneration should, however, be fair as well as sufficient in order to mitigate any sacrifice required. Unfair and insufficient remuneration may render elected office off-limits to a variety of prospective candidates.

Responsibility

Municipal councils and regional district boards are responsible for increasingly broad and complex portfolios of local government services. The elected officials who sit on these governing bodies contribute to and accept responsibility for funding, policy, and service delivery decisions that are taken to meet infrastructure needs, promote land use goals, tackle social issues, provide opportunities for sport and recreation, protect sensitive environments, regulate activities, and deal with a host of other issues. These decisions, which even in small jurisdictions can be weighty and contentious, affect the lives of residents and the long-term prosperity of communities. Fair remuneration for persons who are willing to accept such responsibility is warranted.

Representative Government

As representative governing bodies, it is important that municipal councils and regional district boards reflect, to the extent possible, the diversity of the communities they serve. Inadequate remuneration, either in terms of pay and/or benefits, stands as a potential barrier to participation for people who are without other sources of income. Fair remuneration is important in helping to reduce barriers, and in attracting capable people from a variety of backgrounds, demographic groups, socio-economic classes, and employment types.

IMPORTANCE OF REVIEWS

The factors outlined thus far help to explain why remuneration for local government elected officials is both warranted and important. The factors also highlight the need for local governments to regularly review their elected official remuneration programs in order to ensure that they remain fair over time as expectations and circumstances change. Remuneration levels that are left static in the face of changing circumstances, including shifts in the cost-of-living, risk becoming barriers to participation.

GOVERNING BODY DIVERSITY

Municipal councils and regional district boards are representative governing bodies. Their legitimacy is strengthened when they reflect the diversity of the communities they serve. Inadequate remuneration is a potential barrier to participation for individuals who may wish to serve, but who lack other sources of income and/or benefits. In these cases, diversity in the membership of local governing bodies may be difficult to achieve.

SECTION 2
WHO SHOULD CONDUCT REVIEWS?

In an effort to ensure that remuneration levels for local elected officials remain fair over time, local governments undertake remuneration reviews. Reviews are the focus of Sections 2, 3, and 4 of the *Guide*. Section 2 — this section — begins by exploring who should conduct a review.

OPTIONS TO CONSIDER

In some jurisdictions, elected official remuneration is reviewed by the municipal council or regional district board itself, or by a committee of the council or board. In most places, however, reviews are assigned to other parties in order to relieve elected officials from the difficult task of having to develop their own levels and terms of compensation. The three most common options are local government staff, an independent task force, and experienced consultants.

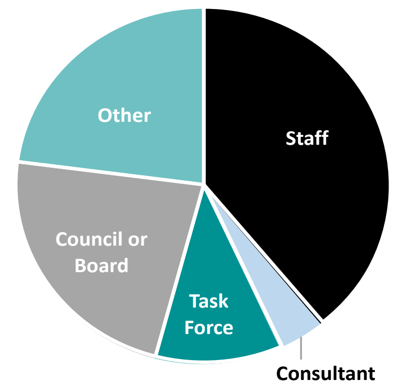
> *Local Government Staff* — According to the survey of local governments that was conducted for the *Guide*, the use of local government staff to review elected official remuneration is the most popular option.[1] Most of the jurisdictions that reported using their own staff, it is worth noting, are small in size.

> *Experienced Consultant* — This decision to assign a review to an outside, external consultant is less common, but is used in certain communities. Under the approach, a consultant is hired to conduct the relevant research, examine options, and recommend remuneration and benefit levels.

> *Independent Task Force* — This option of an independent task force, comprised largely or entirely of local residents, is used by some local governments across the province, including large cities, small villages and towns, and regional districts.[2] The size and composition of the task force are important points to consider; so, too, is the mandate of the committee, its methodology, and the support it is provided.

ASSIGNMENT OF REVIEWS

The accompanying chart based on the survey results shows that many jurisdictions today assign local elected official remuneration reviews to local government staff.



[1] In all, 39% of responding local governments reported using local government staff to conduct reviews.
[2] The body is referred to as a Working Group, Advisory Group, Panel, Task Force, or Committee.

Pros & Cons

The choice of option may be informed by past experiences, and by local expectations and views regarding elected official compensation. The choice will also be influenced, however, by an assessment of the pros and cons that are associated with each of the alternatives. Figure 2.1 presents some of the key pros and cons that local governments may wish to consider.

Figure 2.1
Options to Consider

Options	Pros	Cons
Local Government Staff	> understand roles, responsibilities, and workload of elected officials > understand local context > easy access to data from other communities, particularly where benchmark group exists > cost effective	> perceived as being less-than-independent from governing body > may be perceived or actual conflict of interest in cases where linkage (formal or informal) between elected official and staff remuneration
Experienced Consultant	> independent from elected officials > familiar with use of data and metrics, and with local government practices > option enables decision-makers to point to and rely on expert advice	> may not understand or be sensitive to local context > may be costly
Independent Task Force	> independent from elected officials > places in hands of community (members from community) > understands local context > cost effective > different perspectives involved > potential to raise profile of local government, and importance of remuneration	> may lack understanding of the roles, responsibilities, and workload of elected officials > relies on credibility of committee members > governing body may have difficulty rejecting recommendations

INDEPENDENT TASK FORCE

The use of an independent task force provides for a high degree of separation for elected officials from the development of their own remuneration packages.

PREFERRED APPROACH

The independent task force emerges in Figure 2.1 as the preferred option for undertaking elected official remuneration reviews. The task force's independence from decision-makers, as well as staff, enables it to operate in a way that is free of local government involvement and — more importantly — *perceived* to be free of such involvement. This freedom adds to the credibility of recommendations that come forward, and protects elected officials and their staff from conflict of interest issues and other controversies. The independence also allows the task force to speak to the roles, responsibilities and expectations of elected officials, and the importance of appropriate remuneration, in ways that the elected officials and staff would find difficult to do.

It is worth noting that the use of independent task forces and panels to determine elected official remuneration is widespread at the provincial and federal government levels in Canada. These jurisdictions recognize the value of the approach in protecting elected officials from challenges related to conflict of interest that inevitably arise in the development of their own remuneration.

SUCCESS FACTORS

The choice of the independent task force option will not, on its own, guarantee a successful outcome. Careful attention needs to be given to the appointment of members to the task force, the development of task force terms of reference, and the provision of support to the task force's work.

Membership

To the extent possible, diversity in the membership of the task force is important. A common practice is to include, at a minimum, representation from the local business community, as well as the non-profit or public sector. Many governments also find the appointment of an individual with past experience in local government as an elected official or senior staff person to be advantageous. These individuals bring a local government perspective, and can help ensure a clear understanding on the task force of the roles and responsibilities of elected officials. Individuals with human resources experience or a legal background are considered to add value in some places. Citizens-at-large are included on many task forces.

SUCCESS FACTORS

The choice of the independent task force option will not, on its own, guarantee a successful outcome. Careful attention needs to be given to the appointment of members to the task force, the development of task force terms of reference, and the provision of support to the task force's work.

Other considerations related to membership are as follows:

> *Size* — Some places (e.g., Tofino, Metro Vancouver, Alberni-Clayoquot Regional District) limit the number of members to three; others (e.g., Abbotsford) allow for a maximum of five; still others (e.g., Kamloops) appoint seven. Larger bodies allow for greater diversity and a broader range of perspectives; smaller groups may be more nimble and able to reach consensus more easily. In relatively small jurisdictions, smaller task forces may be more practical to assemble given the smaller number of candidates relative to the situation in larger centres.

> *Appointment* — In most jurisdictions that use independent task forces, members are appointed by the Chief Administrative Officer of the local government. This approach reinforces the group's independence from the governing body whose remuneration the task force is reviewing.

Terms of Reference

As with any advisory body, formal terms of reference for the task force are important. Task force terms should set out:

- the purpose of the task force
- the task force's membership, including number and qualifications of members, and the designation of a chair
- the method and term of appointment
- the task force's mandate, or scope of review, including the specific items (e.g., base remuneration, expenses, benefits, annual adjustments) on which the task force is expected to provide recommendations
- a methodology to guide the task force, including any specific factors, bases of comparison, and criteria for the task force to consider in developing its recommendations
- expectations regarding consultation, including consultation with the public
- the expected number of task force meetings, and the meeting procedures to follow
- support resources available to the task force in conducting its work
- the task force's reporting schedule

GUIDANCE TO TASK FORCE

Even when task forces are free to choose their own approaches, it is useful for jurisdictions to provide guidance on methodology, and identify specific items for task forces to consider in their work.

The terms of reference for Abbotsford's Council Remuneration Citizen Task Force state that "the Task Force will research and consider all aspects of compensation that it believes are relevant to making its recommendations, but will specifically consider [certain] matters..."

- policies, bylaws, and other documents of the local government that govern the task force's work and conduct

To underscore the importance of autonomy, some jurisdictions allow their task forces to themselves choose the data, factors, and criteria to use in developing recommendations. Even in these cases, however, jurisdictions will provide guidance on methodology or, more commonly, identify specific items for task forces to consider in addition to any others that the task forces determine to use.

Task Force Support

The primary value of a remuneration task force is its independence from the local government. The elected officials who receive and who are affected by the task force's recommendations benefit from this independence. The task force is not expected, however, to conduct its work completely on its own, without assistance from the organization. Indeed, for the task force to succeed, it must be able to rely on staff to collect and analyze data, organize meetings, conduct research, and draft the task force's report. it is important for local governments to assign a senior manager as a liaison to the task force, and sufficient staff resources to give the task force the support it needs to fulfill its mandate.

Another form of support for the task force is education. To make meaningful recommendations that reflect the duties, workload, and expectations of elected officials, task force members need to have a good understanding of local government, and of the roles and responsibilities of mayors/chairs, and councillors/directors. Local government staff can assist by providing an orientation to task force members at the beginning of their mandate. Alternatively, or in addition, task force members can be given reference materials such as the booklet available online at the Ministry of Municipal Affairs, titled *Thinking About Running for Local Office?*

BEST PRACTICE

- ***Local governments should consider establishing an independent task force to conduct reviews of elected official remuneration.***

TASK FORCE SUPPORT

"The District Chief Administrative Officer and Director of Financial Services shall serve as non-voting resources to the [citizen] Advisory Group."

Council Remuneration Advisory Group District of Tofino

SECTION 3
TIMING AND FREQUENCY OF REVIEWS

Local governments interviewed for the *Guide* highlighted the need to consider timing and frequency in the review of elected official remuneration. These issues are explored in this section of the text. Also explored is the question of timing as it relates to the implementation of the outcomes of reviews.

TIMING OF REVIEWS

Local governments do not follow a single common practice with respect to the timing of remuneration reviews. An examination of existing approaches over the past decade shows that some councils and boards (e.g., Vancouver) have conducted reviews early in their terms, whereas others (e.g., Comox Valley Regional District, Oak Bay, Esquimalt, Prince George) wait until the final year of their mandate. Some local governments (e.g., Kamloops, Abbotsford, Metro Vancouver) initiate reviews closer to the middle of their terms. In general, most councils and boards that undertake reviews initiate them in the second half of their terms.

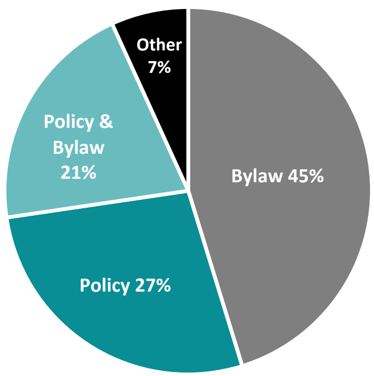
The preferred timing for a review will depend on a number of factors, including local economic conditions, reliance on established policy, the election cycle, and tax system changes over which local governments have no control. Each of these points is considered, as follows:

> *Local Conditions* — In all of their initiatives, remuneration reviews included, councils and boards need to be sensitive to local economic conditions. Elected officials' compensation and benefits, it is important to remember, are paid for by local taxpayers. In times of economic growth and optimism, when local employment is strong and consumer confidence is high, news of a remuneration review for elected officials will be greeted much differently than during periods of economic stress. A council or board would be well-advised, for example, to postpone a review, no matter how warranted one may be, in a single-industry community that is dealing with the loss of a major employer.

> *Established Policy* — The survey conducted for the *Guide* found that 27% of responding local governments have a formal policy in place on elected official remuneration, 45% have a remuneration bylaw, and 21% have both (see sidebar). Several of these policies and bylaws

ESTABLISHED POLICY

Most local governments that responded to the survey have either a formal policy in place on elected official remuneration, a bylaw, or both. Several policies and some bylaws address the timing and frequency of reviews.



speak to the timing of future remuneration reviews. When such schedules are applied consistently, local governments are perceived to have less discretion over the question of when to review. The issue of timing in these cases tends to attract less attention that it would otherwise.

> *Election Cycle* — Change to elected officials' remuneration is an item of interest and discussion in many communities across the province. It is important for local governments to recognize remuneration as a legitimate issue for scrutiny and discussion, and to allow opportunities for discussion to occur. It may not be useful, however, for remuneration to dominate public discourse, particularly in the lead-up to an election when other important issues also deserve attention. To avoid this situation, local governments should consider conducting reviews, and reporting results, at least one year before the next election.

> *Tax System Changes* — Changes to the *Federal Income Tax Act* were introduced by the federal government in 2017 to eliminate a long-standing federal tax exemption for local government elected officials, effective January 1, 2019. This change resulted in substantial changes to the after-tax income for elected officials, and prompted many local governments to adjust elected officials' 2019 pre-tax compensation in order to maintain after-tax 2018 remuneration. The need to review remuneration and change base amounts to maintain after-tax compensation was driven by changes that were beyond local government control. The timing of the review to initiate the changes was also driven by events outside of local government.

BEST PRACTICE

> ***Local governments should consider conducting remuneration reviews, and reporting the results, at least one year before the next election.***

FREQUENCY OF REVIEWS

Regular reviews of elected official remuneration levels should be undertaken in order to ensure that remuneration remains fair over time as job conditions, expectations, and circumstances change.

ELECTION CYCLE

Change to elected officials' remuneration is a legitimate issue for public scrutiny and discussion. To avoid having remuneration dominate public discourse in the lead-up to elections, however, at the expense of other important issues, local governments should consider conducting reviews, and reporting results, at least one year before the next election.

Failure to do so may undervalue the time spent by elected officials, and the level of responsibility associated with the job. Failure could also result in remuneration becoming a barrier to participation, and make it difficult for a diverse range of individuals to stand for election.

As noted earlier, several local governments that responded to the survey have policies or bylaws that set out schedules for formal reviews of base remuneration levels. In some of these documents the frequency of reviews is set out — once-per-term appears to be the most commonly prescribed schedule in these documents. Regular adherence to these schedules ensures that reviews happen on a regular basis, and helps to ensure that remuneration does not become a barrier to elected office. Local governments with policies and/or bylaws that do not identify a specific frequency typically experience longer intervals between reviews.

Relying on policies and bylaws to automatically trigger a review, in keeping with a prescribed frequency, is a useful practice to follow. It relieves councils and boards — as well as their individual members — from having to take the politically-difficult decision to request a review.

BEST PRACTICES

> *Local governments should consider conducting remuneration reviews once per term.*
> *Local governments should consider setting out the timing for subsequent reviews in remuneration policies or bylaws.*

Annual Adjustments

Local governments undertake remuneration reviews to assess the fairness of elected officials' pay, expenses, and benefit packages. When done properly, reviews take time, energy, and other resources to complete. A best practice, identified earlier, is to conduct a full review once per term — it is neither necessary nor reasonable to schedule reviews more frequently.

In the years between reviews, it is common for councils and boards with policies and/or bylaws in place to automatically adjust elected official pay to reflect changes in the cost of living. In almost

ANNUAL ADJUSTMENTS

It is common for municipalities and regional districts with policies and/or bylaws in place to automatically adjust remuneration to reflect changes in the cost of living. The year-over-year change to the consumer price index is the default adjustment factor.

every case, the previous year's Consumer Price Index (CPI) for British Columbia, Vancouver, or Victoria is the adjustment factor applied by local governments, depending on their location within the province.[3] Automatic adjustments, defined and set out in policies and/or bylaws, ensure that the real value of elected officials' remuneration remains stable between formal reviews, and can help to reduce the need for more significant increases at the time of review. Failure to make annual adjustments may place a burden on future councils and boards to address remuneration levels that have been left to stagnate in the face of regular cost-of-living increases. For these reasons, annual adjustments using a CPI index is a best practice.

BEST PRACTICE

> ***Local governments should consider including in their policies or bylaws provision for an automatic cost-of-living adjustment, using the CPI, to elected officials' base remuneration.***

IMPLEMENTATION OF CHANGES

When considering the issue of timing as it relates to the implementation of changes, it is important to distinguish among the types of changes being put forward. The three key types include: changes to base remuneration that emerge from full reviews; changes that are prompted by shifts in the tax system; and annual adjustments to reflect increases in the cost of living.

> *Base Remuneration* — Councils and boards have full control over the timing of their remuneration reviews, even in cases where timing is prescribed by policy and/or bylaw. Similarly, councils and boards have full authority to choose when to implement any changes that emerge from reviews. In general, it is preferable to have such changes take effect at the beginning of the following term. This best practice is particularly important to follow when reviews conclude the that significant increases to base pay and/or benefit packages are warranted. A decision to implement changes immediately, or even during the existing term, can create perceived conflicts of interest.

IMPLEMENTATION

It is preferable for councils and boards to implement the outcomes of remuneration reviews at the beginning of the following council or board term. A decision to implement changes earlier, during the existing term, can easily create perceived conflicts of interest.

[3] Other indices include annual increases to general wages in BC, and increases to unionized or exempt staff wages.

There will be some cases where implementation during the existing council or board term is considered necessary, perceptions of conflict notwithstanding. Consider the situation in which a council or board entered office following an election in which stagnant compensation was portrayed as a barrier to participation. The council or board could decide that implementation of changes that emerged from a review conducted early in the new term is necessary.

> *Tax System* — Councils and boards have no control over changes to the income tax system — the elimination of the federal tax exemption for local government elected officials that took effect on January 1, 2019, is an example of one such change. In anticipation of this change — it was announced in 2017 — some local governments designed remedies, before the 2018 local general election, to take effect on January 1, 2019, in the new term. Several local governments, however, delayed taking action until after the federal tax change came into force. Immediate implementation of changes designed to protect elected officials from financial loss is considered reasonable and defensible by most.

> *Annual Adjustments* — As explained earlier, annual adjustments to remuneration are designed to protect base rates from erosion as a result of inflation. These adjustments, which result in nominal rather than real increases, are expected to be implemented immediately.

BEST PRACTICES

- *Local governments should consider having changes to base levels, determined through remuneration reviews, take effect at the beginning of the following term.*
- *Local governments should consider allowing for immediate implementation of changes to remuneration that are designed to protect elected officials from financial loss that would otherwise occur as a result of tax system shifts.*
- *Local governments should consider allowing for immediate implementation of annual cost-of-living adjustments.*

FEDERAL TAX SYSTEM

Local governments have no control over shifts in the federal income tax system. Offsetting changes to base remuneration levels that are designed to protect council and board members from financial loss are reasonable. Local governments should consider implementing such changes immediately.

SECTION 4
SETTING REMUNERATION

On a regular or periodic basis, local governments undertake remuneration reviews to determine the remuneration, expense payments, and benefits to provide to elected officials. The previous two sections of the *Guide* tackled a number of issues related to remuneration reviews, including:

- who should conduct the reviews
- when, during an elected body's term of office, reviews should be initiated
- how frequently reviews should occur
- when changes to remuneration that result from reviews should be implemented

This section of *Guide* — Section 4 — explores the factors that local governments should consider using in their reviews to determine remuneration levels that are fair and defensible. The text deals separately with the three main components of a complete remuneration package, namely remuneration (i.e., pay), expenses, and benefits.

REMUNERATION

Remuneration consists, first and foremost, of a base amount of pay for mayors, board chairs, councilors, municipal directors, and electoral area directors. Base amounts are intended to reflect the expectations and duties associated with the specific roles, and for that reason are expected to differ by role. Remuneration also includes any payments that are made to elected officials, on top of base pay, for attending different types of meetings, leading committees, sitting as appointees on external bodies, preforming the roles of deputy mayor or deputy chair, and undertaking other duties. These supplemental payments, where offered, recognize differences in workload and responsibility among elected officials in the same role.

Bases of Comparison

For many jobs in our economy, wages and salaries are set through a process of comparison — that is, a process that takes into account remuneration associated with other jobs that are deemed to be comparable. The approach to setting remuneration for local elected officials is no different. The most common basis of comparison used by local governments across the province is remuneration paid to elected officials in other, similar local governments. Some councils and boards, however, look to additional bases for guidance. Four bases to consider, including remuneration paid in similar jurisdictions, are as follows:

> *Similar Jurisdictions* — Remuneration levels paid to elected officials across a set of other, similar local governments can be used to approximate an "industry rate". The use of comparable remuneration data, as noted, is widespread across municipalities and regional districts, and is considered a defensible approach. The challenge faced by those who use the approach, however, comes in choosing jurisdictions that are truly comparable. Population, the most common factor, goes some way toward establishing similarity, but may not be adequate on its own. Other factors may need to be combined with population to establish a more valid comparison group. Such factors could include location, geographic size, scope of services provided, growth rate, the urban (vs. suburban or rural) nature of a jurisdiction, economic make-up, tax base, average house price, size of operating budget, and number of staff (full-time equivalents).

> *Local Labour Force* — A few jurisdictions in the province determine remuneration for council and board members using local earnings data collected by Statistics Canada — specifically, the average employment income earned by individuals aged 15 and over, who work year-round and full-time.

> *Provincial MLAs* — Only one of the local governments in the survey pointed to remuneration paid to Members of the Legislative Assembly as a basis for determining local elected official pay. A few other jurisdictions, however, believe the comparison may be useful.

> *Local Government Staff* — Changes to staff pay are used in some jurisdictions as an index to adjust council and board pay each year. Base pay for staff, however, is not generally used to help set elected official pay.

Each of the four bases identified here — as well as others not identified — has both strengths and shortcomings. Figure 4.1 highlights some of the pros and cons.

COLLECTING DATA

It is important to ensure that data on other local governments are comparable. Care must be taken to confirm that data have been collected using similar methodologies, and that data sets measure the same factors. Sources of data include CivicStats (accessed through CivicInfo), and Statistics Canada. Direct contact with comparison group local governments may be warranted in some cases to produce "apples to apples" comparisons.

Figure 4.1
Pros and Cons of Alternative Bases

Alternative Bases	Pros	Cons
Similar Jurisdictions	> jobs of local elected officials in similar jurisdictions, while not identical, are comparable ("apples to apples") > large enough comparison set can neutralize outliers	> difficult to establish truly comparable set of jurisdictions (may be subject to accusations of "cherry picking") > potential for salary escalation if other places in comparison set initiate significant increases
Local Labour Force	> attempts to create strong linkage to local community that pays elected body's remuneration > sensitive to local economic conditions	> jobs of elected officials not comparable to majority of other jobs in the community in terms of time commitment, duties, responsibility > not clear that average salary of entire workforce reflects value of elected officials' work
Provincial MLAs	> remuneration reflects need in both orders of government to attract diversity of people to serve in elected office	> role of MLA considerably different than roles of mayor and chair (much different than councillor/director) > invites linkage to full MLA remuneration and benefits package
Local Government Staff	> both groups (elected officials and staff) involved in same organization > comparison to staff used in other orders of government to help set elected official remuneration	> roles of staff considerably different than roles of elected officials > perceived conflict on part of elected officials who approve staff salaries > invites linkage to full staff remuneration and benefits package

Arguably, there may be no single best basis of comparison to use in setting council and board remuneration. As suggested in Figure 4.1, however, some bases are better than others.

Remuneration levels paid to elected officials in similar local government jurisdictions represents the preferred basis, and the best practice for local governments.

BEST PRACTICE

> *Local governments should consider using base remuneration paid to elected officials in similar local government jurisdictions as the preferred basis for determining remuneration.*

Comparison Group

In establishing a valid comparison group of similar jurisdictions, local governments will need to give careful thought to the most important measures to use. Population is a good starting point in every case — it is a useful proxy for elected official workload, and is easy to explain. As well, data on population are easy to obtain. Other measures can be combined with population to make the comparison set more defensible. Factors that influence elected officials' workload and level of responsibility are particularly useful to consider. The list of such factors will vary by jurisdiction, but may include:

- location
- geographic size
- scope of services
- growth rate
- operating budget

Finally, local governments will need to give some thought to the number of jurisdictions to include in the comparison set. Larger sets will allow for a more robust comparison, and will make it easier to neutralize the impact of outliers (i.e., jurisdictions that have significantly high or low pay levels, relative to those of other places). If the set is too large, however, it may be difficult to obtain the necessary comparative data, especially in cases where a range of measures, in addition to population, are used. Given these points, a practicable and defensible minimum size is five to seven jurisdictions. The maximum size will depend on the number of factors being considered, and the capacity of the body conducting the remuneration review. Comparison set sizes vary considerably across local

SIZE OF COMPARISON GROUP

The size of comparison groups that are used to help determine elected official remuneration varies considerably across local governments. The City of Prince George uses a peer review group of ten municipalities for the purposes of its quadrennial review. The group includes cities with similar populations — Chilliwack, Kelowna, Saanich, Langley Township, Delta, Kamloops, North Vancouver District, Nanaimo, Victoria, and Coquitlam.

governments. Kamloops has used 14 municipalities; Comox Valley Regional District recently used nine. Metro Vancouver bases the salary of its Chair on the median salary of mayors in 21 municipalities (all Metro municipal jurisdictions).

BEST PRACTICE

> - *Local governments should consider establishing comparison groups using population, combined — as deemed necessary — with other factors that influence elected official workload and level of responsibility.*
> - *Local governments should consider including at least five jurisdictions (preferably more) in the comparison groups.*

Using the Data

Once the remuneration data from comparable jurisdictions have been obtained, local governments need to determine how to best use the data to determine pay levels for the range of elected officials in place. It is useful at this stage to make the exercise as straightforward as possible so that it can be undertaken easily (and relatively quickly), and so that it is easy to explain and understand. Simple formulas can be effective in meeting these goals.

For municipal councils, the following formula-based approach — or variations of it — is used in a number of places:

- Set the salary for the mayor as the median value of all mayors' salaries from the comparison set of municipalities. Calculate the salary for councillors as a percentage (e.g., 40%) of the mayor's salary to reflect the part-time nature of the councillor position, as well as its lower workload and level of responsibility relative to those of the mayor.

Figure 4.2 illustrates, using hypothetical data from a comparison set of seven municipalities, how this formula works in practice. To be clear, all numbers, including the percentage factor, are hypothetical examples only, presented solely for the purpose of illustration.

SIMPLICITY

When determining how to use comparison data to calculate remuneration levels, it is preferable to apply simple formulas. Formulas allow the exercise to be undertaken easily and relatively quickly. Approaches based on formulas are easy to explain, easy to understand, and defensible.

Figure 4.2
Sample Formula for Municipal Elected Officials

Comparison Set			Subject Municipality		
Mayors	Median Value		Mayor's Salary	%	Councillor Salary
$ 101,000 $ 92,000 $ 100,500 $ 90,000 $ 72,500 $ 93,000 $ 83,000	$ 92,000	→	$ 92,000	40	$ 36,800

In applying the formula, local governments should consider the following points:

> *Percentage Factor* — The percentage factor that is applied to identify an appropriate councillor salary needs to be set after careful consideration of the position's workload, time commitment, and level of responsibility relative to those of the mayor. In municipalities where the mayor's role is full-time (or greater), the difference between the positions may be greater, and the percentage factor may be lower than 40%. Jurisdictions that use this formula (or variations of it) tend to apply percentages that range from 30% to 50%, depending on local conditions. Forty percent is a reasonable starting point.

> *Median Value* — The median value effectively neutralizes low and high outliers, and is therefore preferable to the average value.

> *Applying the Outcome* — It is possible, particularly if a new comparison set is used, that the resulting, recommended salaries for mayor and councillor will be lower than the actual salaries being paid. If the difference is significant, local governments may choose to "red circle" existing salaries for a period of time. In the calculated salaries are higher than those being paid, either a one-time adjustment, or a phased increase may be required.

- *Alternative Percentile* — The median value represents the 50th percentile in the comparison set. Some local governments may determine, based on local circumstances, that remuneration should be set higher — for example, at the 75th percentile. In this situation, careful thought would need to be given to the rationale for such an approach.

While less common among regional districts, formulas may be just as useful in providing a relatively simple, easy to understand, defensible approach. In developing a formula for regional boards, provision needs to be made for a greater number of elected roles. In most cases, four specific roles should be considered, including the chair, vice chair, electoral area director, and municipal director. The distinction between electoral area and municipal directors is particularly important to recognize. Regional districts are the local government for electoral areas, responsible for providing all basic local services. Electoral area directors are accountable directly to their local electors, and are expected to consult directly with electors on local service and other topics. Many electoral area directors represent vast geographic areas, often with numerous small communities or settlements to serve. The time commitment required to provide proper contact and representation can be considerable. Electoral area directors' full local government salary comes from their regional districts.

The role of municipal director is also important and can be demanding. Municipal directors, however, are accountable to their councils and do not face the same expectations as their electoral area counterparts regarding consultation with residents on regional district matters. Residents of municipalities receive most of their local services from their municipal councils. Municipal directors sit on these councils, and are paid separately as council members to perform municipal duties.

A reasonable formula that takes into account the differences between electoral area and municipal directors, as well as the unique duties, expectations, and responsibilities of the chair and vice chair, is as follows:

- Set the salary for municipal director based on the median value of all municipal directors' salaries from the comparison set of regional districts. Calculate the salary for electoral area director by applying a multiplier (e.g., 2.0). Calculate a stipend for the chair by applying a multiplier (e.g., 2.5) to the municipal director salary. Use a separate multiplier (e.g., 0.5) to determine a stipend for vice chair.

Figure 4.3 illustrates how this formula works in practice, using hypothetical data for a comparison set of seven regional districts. All numbers, including the multipliers, are examples only.

Figure 4.3
Sample Formula for Regional District Elected Officials

Comparison Set			Subject Regional District				
Municipal Director	Median Value		Mun Director Base Salary	X	EA Director Base Salary	Chair Stipend*	Vice Chair Stipend*
$ 17,000 $ 11,000 $ 12,200 $ 9,000 $ 12,500 $ 15,000 $ 16,500	$ 12,500	→	$ 12,500	2.0 2.5 0.5	$ 25,000	$ 31,250	$ 6,250

* These stipends would be paid in addition to the base director pay.

The considerations raised for municipal council remuneration formulas regarding percentage factor, median value, applying the outcome, and alternative percentile apply to the regional board formula as well. In addition, it is important in the regional district context to consider the need for supplemental payments, over and above the base salary amounts.

BEST PRACTICE

> *Local governments should consider using simple formulas that make the calculation of remuneration levels as straightforward as possible, easy to explain, and easy to understand.*

Regional District Supplemental Payments

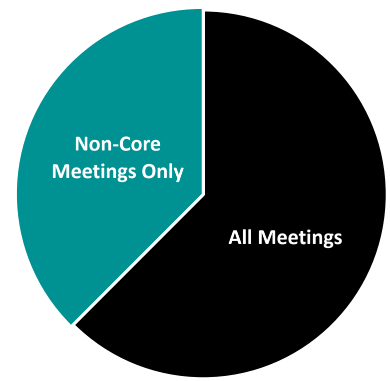
On a municipal council, the expectations on a councillor in terms of workload, time commitment, and responsibilities, are, in general, the same for all councillors. Almost all councils, as a consequence, pay councillors the same base salary without additional payments for committee meetings. Supplemental fees may be paid in some cases to councillors who participate in external agencies on behalf of council; however, these payments are the exception rather than the rule. Approximately 25% of municipalities that responded to the survey pay stipends to council members for time spent as deputy mayor or acting mayor. In most cases, these stipends tend to be nominal in value.

The situation for regional district directors is different. As noted already, the base remuneration for role of electoral area director is typically greater than the base remuneration paid to the municipal director role — the gap is intended to reflect the inherent differences in the roles. Differences in workload, time commitment, and level of responsibility, and level of interest also exist, however, among individual directors. Some directors may represent large jurisdictions that participate in a broad range of regional district services, some of which may have committees or commissions in place. These directors may be compelled to play, or be interested in playing, an especially active role in regional district service governance. Other directors will represent jurisdictions that are less involved in, or reliant on, their regional districts. These directors may not be involved in regional district matters to the same degree as others.

To account for differences among individual directors, regional districts may choose to provide supplemental payments, over and above base remuneration levels. Where provided, payments take the form of per-meeting stipends that are paid to directors who attend specified regional district meetings, as well as external meetings to which directors are sent to represent their local governments. The amounts of the supplemental payments vary; most regional districts, however, pay between $75 and $200 per meeting.[4]

SUPPLEMENTAL PAYMENTS

Fifteen of the 24 regional districts that pay base remuneration to directors also provide supplemental payments for board, committee of the whole, and all other meetings. Nine of the regional districts provide supplemental payments for non-core meetings only.



[4] An exception is Metro Vancouver, which pays $397 to each director for every board, committee and other approved meeting attended. For all Metro Vancouver directors other than the (sole) electoral area director, board chair, board vice chair, committee chairs, and committee vice-chairs, however, the meeting stipend constitutes the entire remuneration (i.e., there is no base amount). Central Coast Regional District and Peace River Regional District also pay higher per-meeting rates in lieu of base salaries for directors.

The use of supplemental, per-meeting payments is not uniform across regional districts. A review of the 24 regional districts in the province that pay base remuneration to directors shows that, while almost all provide payments to attend meetings of external agencies, 15 of the 24 also provide payments to attend board and committee of the whole meetings. Nine (9) regional districts provide no supplemental payments for these "core" regional district meetings — remuneration for attendance at these meetings is included in the directors' base salaries.[5]

Supplemental payments are intended to reflect workload differences among individual directors. It is not clear that such payments are also intended, however, to provide additional compensation to directors for attending core regional district meetings of the board, including committee of the whole meetings. Indeed, it may be argued that all board members are expected to attend these meetings as a basic requirement of their roles as directors.

In setting regional district board remuneration, careful attention needs to be given to the use of supplemental payments. Regional districts may wish to consider targeting such payments to non-core meetings, and structuring base levels to include attendance at board, committee of the whole, and any other core meetings.

BEST PRACTICE

> ***Local governments should consider targeting supplemental payments to non-core meetings, and structuring base remuneration levels to include attendance at board and committee of the whole meetings.***

Alternate Directors

It is important to note that all regional districts use per-meeting payments to remunerate alternate directors for attendance at all meetings, including core meetings, that the director would normally

[5] Travel expenses for all meetings are paid (see later).

attend. These payments are the only form of remuneration for alternate directors; alternates do not receive a base salary.

EXPENSES

Local government elected officials regularly incur expenses to travel to meetings, attend conferences and sanctioned events, communicate with residents and the local government office, and deal with the broad variety of other duties associated with the job. It is both important and legitimate that expenses which are incurred by council and board members on the job, and in order to do the job, be reimbursed by the local government. Policies and bylaws on expenses are used to set out the types of expenses that are eligible for reimbursement, the conditions under which reimbursements will be made, and the procedures that must be followed to obtain reimbursement.

A guiding principle for councils and boards on the matter of expenses is as follows:

> Local elected officials should not themselves be expected to pay expenses that are incurred in order to perform their roles.

A related principle, however, is that compensation paid to elected officials for expenses incurred on the job should not be viewed as an additional source of remuneration. This point requires local governments, first, to identify the specific types of expenses for which elected officials can expect reimbursement.

Eligible Expenses

Local governments have similar, but not identical, lists of expenses that are eligible for reimbursement. In the case of municipalities, expenses that are reimbursed by councils tend to be limited to those that are incurred by members on out-of-town business. Such expenses include:

- travel by personal automobile (paid as a rate per kilometre) to out-of-town meetings
- travel by taxi, bus, train, ferry, rental car, or air to out-of-town meetings
- accommodation
- conference fees
- per diem payments for meals and incidentals

GUIDING PRINCIPLES (EXPENSES)

Local elected officials should not themselves be expected to pay expenses that are incurred in order to perform their roles. Compensation paid to elected officials for expenses incurred on the job should not, however, be considered or pursued as an additional source of remuneration.

Some councils also provide funding for a smartphone, tablet, and/or computer (or provide the hardware itself), and the associated communications plan. Some will provide transportation costs within the municipality, including a mileage rate for personal car use, taxi and/or transit fees, and parking. Monthly car allowances for mayors are common; similar allowances for councillors are less common but do exist in some centres.

Regional district boards, similar to councils, reimburse members for smartphones and for attendance at out-of-town meetings. Most regional districts also, however, pay for travel, travel time, meals, and accommodation for attendance regional district board and committee meetings. These additional items reflect the large geographic size of many regional districts, and the need for directors to spend considerable time to travel to core meetings. Monthly transportation allowances provided by some regional districts to electoral area directors also reflect geographic realities.

Most local governments provide additional expense amounts for their mayors or chairs. A monthly car allowance, noted earlier, is standard for mayors and is becoming common for chairs. Hosting allowances are also recognized by several jurisdictions.

Regional district expense policies should anticipate and provide special direction to municipal directors to avoid instance of "double dipping". In some cases, expenses that are incurred by municipal directors can and should be reimbursed by the directors' municipal councils, not charged to the regional district. An example of such an expense is attendance at the UBCM annual conference. Council members who serve as municipal directors attend the annual conference, first and foremost, as representatives of their municipalities.

Local Considerations

Lists of eligible expenses are common across most jurisdictions, as noted earlier. When developing expense policies and bylaws for a specific local government, however, it may be important to explore particular types of expenses that, while less widespread, are appropriate given the local context. Some regional districts (e.g., Squamish Lillooet) provide differential mileage rates to account for travel on unpaved roads. Others (e.g., Cariboo) provide reimbursement to replace car windshields that are damaged during regional district travel on winter roads. Parking in many urban centres is expensive.

FEDERAL TAX SYSTEM

Changes to the Federal Income Tax Act were introduced by the federal government in 2017 to eliminate a long-standing federal tax exemption for local government elected officials, effective January 1, 2019. The exemption was in place to recognize that, in the course of their duties, elected officials incur various expenses for which they may not be reimbursed (e.g., home office costs, meals while meeting with constituents, etc.). This change resulted in substantial changes to the after-tax income for elected officials, and prompted many local governments to adjust elected officials' 2019 pre-tax compensation in order to maintain after-tax 2018 remuneration.

Municipalities and regional districts in these centres may feel it necessary to reimburse parking costs to elected officials.

Evolving Lists

Finally, local governments should not view eligible expense lists as static documents. Indeed, in order to ensure that costs do not become barriers to participation, it is incumbent on local governments to periodically consult elected officials and review eligibility considerations. One potential expense that stands out is childcare. Councils and boards that have, or that seek to attract, young parents as members may find it both fair and necessary to reimburse child care expenses that are incurred to attend council and board meetings.

BEST PRACTICES

> *Local governments should provide clarity in regional district expense policies/bylaws to ensure that municipal expenses incurred by municipal directors are reimbursed by the appropriate municipal governments.*
>
> *Local governments should consider including in their expense policies and/or bylaws the principle that elected officials should not themselves be expected to pay expenses that are incurred in order to perform their roles.*
>
> *Local governments should recognize that the range of legitimate expenses incurred to perform the roles of mayor and board chair will be greater than that incurred to perform the roles of councillor and board director.*
>
> *Local governments should ensure that lists of eligible expenses reflect unique local conditions.*
>
> *Local governments should periodically re-examine decisions on eligibility to ensure that lists of eligible expenses evolve to reflect changing needs and to reduce barriers to participation.*

BENEFITS

Medical services plan premiums, extended health and dental plans, employee and family assistance programs, and life and accidental death insurance are common examples of benefits that local governments may choose to make available to all or some of their elected officials. Current practices across the province vary with respect to the provision of benefits. Some local governments provide full benefits to all elected officials at no cost to the members. In a number of places, benefits are made available only to the mayor, since this position is the only one considered full-time. Councillors and directors in some of these places may opt-in to packages, but only at their own cost, or on a cost-share basis with the municipality. Certain regional districts provide benefit packages at the local government's cost to electoral area directors, but require municipal directors to pay all premiums. Other regional districts pay 50% of the cost of packages for all directors who opt-in. Family members of elected officials are entitled to join benefit programs in some jurisdictions, but must pay the full cost. Almost all local governments provide personal accident insurance to elected officials who are traveling on local government business.

Provision of Benefits

The provision of benefits to elected officials is becoming an increasingly important topic of consideration in local governments, particularly because of the potential barriers — real or perceived — that a lack of benefits pose for some. In an effort to avoid this situation, local governments may wish to consider making benefits available. Eligibility and responsibility for cost are two factors to include in any such consideration.

- *Eligibility* — There is a strong rationale for providing benefits to mayors, and to other elected officials who occupy what are considered to be full-time positions. Many individuals who may wish to put their names forward for these positions would need, upon election to office, to leave other full-time employment in which they may receive benefits coverage. The prospect of giving up such coverage, and facing four or more years without replacement benefits, would prevent some from running.

  The argument for benefits may not be as strong for elected positions that are structured and paid as part-time roles. In these cases, there is an assumption that individuals with access to benefits through their employment will be able to retain at least some access to those benefits simply because they will not be need to leave their existing employment entirely. This reasoning fails in cases where existing benefits would be lost as a result of an individual being converted to part-time status with their employer after being elected to office.

An additional point in the discussion on eligibility concerns the position of municipal director on regional district boards. Municipal directors are, first and foremost, municipal councillors. The municipalities, as the local governments to which the councillors are elected to serve, should be responsible for addressing the benefits issue with these elected officials. Electoral area directors, by contrast, are directly elected to the regional district boards. Electoral area directors should look to these bodies for benefits.

> *Responsibility for Cost* — Local governments should consider paying for elected official benefits on a pro-rated basis. Using this approach, municipalities would pay 100% of the benefit premiums for mayors, and 50% of the premiums for councilors. Regional districts would pay 50% of the cost of benefits for electoral area directors. Regional districts could also choose to pay 100% of the cost of premiums for regional district chairs who are deemed to occupy full-time roles, irrespective of whether the chairs are also electoral area or municipal directors.

In all, the principle governing the provision of benefits is that, in an effort to reduce barriers to participation, local governments should make benefits available to their elected officials, and should contribute to the cost of associated premiums on a pro-rated basis, in accordance will the full- or part-time nature of the positions.

Smaller Jurisdictions

Smaller local governments who wish to provide some level of benefits coverage for their elected officials may have concerns regarding the cost of premiums. In an effort to minimize costs, local governments may consider extending existing staff programs to include elected officials, or joining with other local governments to create larger beneficiary pools. To that end, UBCM offers comprehensive group insurance coverage to all local government elected officials in the province. To join the plan, however, at least three officials from a local government must opt-in to the coverage.

Evolving Range of Benefits

Finally, as with expenses, the list of benefits provided to local elected officials will change over time in response to local needs, societal trends, and other forces. In many jurisdictions today, standard benefits such as extended health and dental coverage, counselling services, and accidental death and dismemberment insurance will address needs. Some other local governments, however, may be under pressure to provide some form of parental leave, RRSP contributions, education allowances, and other benefits that prospective candidates for election receive in their existing careers. In the coming years, the number of local governments that will need to consider these types of benefits is likely to increase. And, to the extent that failure to provide them creates barriers to participation, local governments may need to consider taking action.

- **Transition Payments**

  One specific benefit that may receive greater attention in the coming years is a transition allowance for local elected officials who leave office at the end of a term, either through their own choice, or as the result of an unsuccessful re-election bid. This benefit, which may be referred to as a retirement allowance, a separation payment, a pension, deferred remuneration, or a retraining and adjustment payout, is not offered in many jurisdictions today in the province — indeed, there are only eight municipalities that provide the benefit, and all of them are within Metro Vancouver. The benefit is provided to local elected officials on a broader basis, however, in other parts of Canada, namely Quebec and Ontario.

  In some of the BC jurisdictions that offer a transition allowance, the benefit is intended as a bridge to help individuals re-enter the workforce, either in a new occupation, or back into a career that may have been placed on hold. In other cases, the benefit is presented in lieu of pension contributions that would have been paid by an employer if the elected officials had been considered employees and eligible for the existing municipal pension plan. Some transition allowances are intended to achieve both purposes. Consider some current examples:

  - The City of Vancouver provides one week of salary for every year of office served (provided that the departing council member served his or her full term). This benefit translates to 1.9% of the member's annual salary, and is intended to help facilitate the member's return to the workforce.

TRANSITION ALLOWANCES

Elected official transition allowances — referred to in some places as retirement allowances, separation payments, pensions, deferred remuneration, or adjustment payouts — are not common in British Columbia's local government system today. Experiences in other provinces and in the Metro Vancouver area, however, suggest that the benefit may become a matter for greater attention, at least for larger cities, in the coming years. The lack of transition and pension-like benefits could be a barrier to participation for different groups of individuals (e.g., mid-career professionals).

- The City of Port Coquitlam provides one month of salary for every year in office to the departing mayor (persons who served as councillors are not eligible). The benefit payment is capped at six months.

- The City of New Westminster provides the equivalent of 10% of the annual indemnity for each year of service, to a maximum of 12 years of service. This benefit is a form of pension.

- The City of Burnaby structures its benefits as an ongoing, annual payment to service council members. The payments reflect the employer contributions to the municipal pension plan that would be made if the council members were eligible for the plan. Payments can be invested by members as annual RRSP contributions.

Transition allowances may be most relevant and defensible in local governments with elected officials in roles that require a *de facto* full-time commitment (even though some roles may be paid at part-time rates). Individuals in these positions place their existing careers and jobs on hold while in office, and may not, as a consequence, be able to participate in a work-related pension or savings program. Individuals in full-time elected positions may also have more difficulty than others in transitioning back into the workforce following their time in elected office.

Experience in Ontario and Quebec supports the view that such benefits may be of most interest to positions that require significant time commitments. In Ontario, the majority of municipalities with populations over 100,000 offer pensions to elected officials, whereas only 7% of centres with populations under 10,000 provide the benefit.[6] It is generally the case that elected positions in larger centres are more demanding in terms of time than the same positions in smaller centres. In Quebec, the municipal pension plan is made available to all municipalities; however, local governments in centres with populations under 20,000 may choose to provide the benefit to the position of mayor only — the one position that typically requires a greater time commitment than others.

---

[6] Metro Vancouver, *Board Remuneration Review Findings and Recommendations*, Board Remuneration Independent Review Panel, April 17, 2019, Page 9.

This *Guide* does not provide advice to local governments on whether or not to provide a transition allowance to departing, or serving, elected officials. The *Guide* recognizes, however, that the lack of such a benefit may discourage some individuals from considering public office, and may become more of a barrier in future years, at least in some centres. Local governments that wish to explore the development of a transition allowance, may want to consider the following questions:

> Does the lack of a transition benefit stand as a significant barrier to participation? Which groups of individuals may view the benefit as being particularly important?

> What is the primary purpose of the benefit? Is it to provide a bridge for departing elected officials to re-enter the workforce? Or is it to provide pension contributions in lieu of contributions that elected officials could earn outside of office?

> What is a reasonable cap on the benefit, expressed either in terms of benefit paid, or eligible service time?

> Is there any rationale for regional districts to provide the benefit to municipal directors, or should the issue of transition allowance to municipal elected officials be addressed directly by the local governments (i.e., the municipalities) to which the officials are elected?

BEST PRACTICES

- *Local governments should consider providing access to extended health, dental, vision and insurance benefits to all local elected officials.*
- *Local governments should consider contributing to the cost of benefit premiums on a pro-rated basis, in accordance will the full- or part-time nature of elected positions.*
- *Local governments should consider extending benefits coverage to family members of elected officials, provided that the elected officials themselves pay the full incremental cost of such coverage.*
- *Local governments should periodically re-examine the benefits provided to ensure that benefits programs reflect changing needs, and reduce barriers to participation.*

SECTION 5
COMMUNICATION

Local governments in British Columbia have long recognized the importance of strong communication in local governance. Municipalities and regional districts regularly communicate in proactive ways with their communities on a broad range of public policy, service, and governance matters. Remuneration for elected officials is one additional item on which clear communication is necessary. This section of the *Guide* highlights information that is important to communicate, identifies audiences with which to communicate, and provides advice on how to communicate.

As in all communication efforts, information on elected official remuneration is provided, in part, as a way to report on actions and decisions that are underway or that have been taken. Communication is also undertaken, however, to explain why initiatives are important to take, and to promote transparency in local government.

INFORMATION TO COMMUNICATE

The pieces of information that are important to communicate have been identified in the earlier sections of the *Guide*. In all, the key pieces are as follows:

> *Nature of Elected Official Roles* — The level of knowledge in communities on the roles of local elected officials is not uniformly high across the province. Information to help residents understand the duties and responsibilities of the roles, the expectations on council members and regional board directors, and the time required to perform the jobs properly may provide important context for reviews of remuneration, and may help to pave the way for broad acceptance of their outcomes.

> *Purpose of Remuneration* — The reasons for providing remuneration to elected officials, and the factors that inform the setting of remuneration levels, are important to communicate. Residents and prospective candidates, in particular, may find it helpful to understand the importance of representative decision-making bodies, and the need to identify and reduce barriers to participation that some groups in the community may encounter.

EXPLAINING IMPORTANCE

The Cariboo Regional District opens its Directors' Remuneration and Expenses Bylaw with a statement of principles. The statement begins as follows:

"It is important for local governments to ensure their elected official positions are compensated fairly and equitably to attract and encourage a variety of citizens from different economic and demographic backgrounds… to run for office and represent their communities…"

> *Guiding Principles* — The communication of principles to guide council and board decisions on remuneration can help to speak to the purpose of remuneration, and can also minimize any suggestion of arbitrariness in the remuneration levels selected.

> *Remuneration Details* —Clear and complete listings of base remuneration levels, supplemental payments, the situations in which supplemental payments are made, annual adjustments, eligible expenses and the process for claiming them, and benefit programs are important to communicate. Such details bolster transparency.

> *Remuneration Reviews* — Where determined, the process and timing of remuneration reviews, along with any guiding principles for reviews to follow, can help to de-politicize the efforts. Details on reviews underway, as well as the results of such reviews, are also important.

> *Expenditures Made* — Finally, efforts above and beyond basic statutory reporting requirements to make available information on remuneration received and expenses claimed can enhance transparency and build trust.

AUDIENCES TO REACH

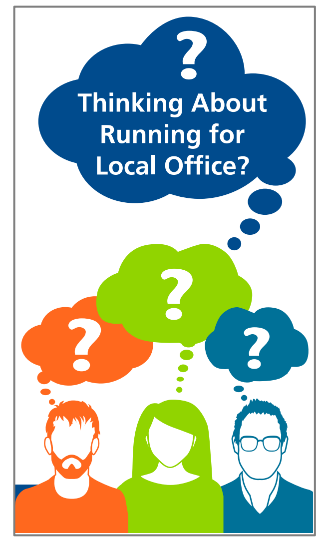
Residents in the community constitute the primary audience for communication efforts on elected official remuneration. Other audiences that may be targeted in communication strategies include ratepayer associations, business associations, and any other defined group that has expressed, or that may express, strong views on remuneration. An additional audience is the pool of prospective candidates for upcoming local government elections. This group should clearly understand the nature and level of the work involved, and the remuneration that is provided for the work.

COMMUNICATION TOOLS

Many local governments regularly make use of a range of different tools to connect with different audiences. For information on remuneration, councils and boards may find a combination of written materials, presentations, and information meetings to be most effective. Consider the following points:

UNDERSTANDING ROLES

Prospective candidates for local government elected office should clearly understand the nature and level of the work involved, and the remuneration that is provided for the work. Resources such as "Thinking About Running for Local Office?" can help.



> *Written Materials* — Providing information in writing is a useful way to ensure accuracy of message, and to promote transparency. Written materials can also be made available in a number of formats in order to allow for distribution to various audiences. Examples of written materials to provide include:

  – remuneration policies and bylaws, complete with user-friendly introductions to explain the purpose and contents of the documents
  – information pamphlets on the reasons for, importance of, and principles in place to guide elected official remuneration
  – education booklets on the duties and responsibilities of local elected officials, as well as the time commitment involved
  – terms of reference to guide remuneration reviews
  – reports on the outcomes of remuneration reviews
  – regular disclosure of remuneration and expenses paid

  Public surveys represent an additional written item that can be used not only to solicit public views on remuneration, but also to communicate the reasons for remuneration, and the existing remuneration, expense, and benefit programs in place.

> *Presentations* — Public presentations (i.e., at open council and board meetings) of the results of remuneration reviews are effective communication methods, particularly when reviews have been completed by an independent panel, and presentations are made by the panel chair.

> *Information Meetings* — Information meetings are used in several local governments to help prospective candidates understand the duties and responsibilities of the elected official jobs. Where not already the case, these meetings could include a component on remuneration. The reasons for remuneration, and the principles guiding remuneration, would be important to communicate in addition to the remuneration levels.

PUBLIC INVOLVEMENT

Kamloops' Council Remuneration Task Force solicited input from the public through a carefully-constructed and -implemented engagement program. Five community events were attended by Task Force members. A survey was also provided for all interested residents.

Information meetings can also be used as part of remuneration reviews. Such meetings are held in some centres to educate audiences on elected official remuneration, and to solicit views on appropriate packages to provide.

BEST PRACTICES

> *Local governments should consider including in their communications programs information on the nature of elected official roles, the purposes of remuneration, principles to guide the setting of remuneration, details on remuneration levels, remuneration reviews, and expenditures made.*

> *Local governments should consider using a range of tools to communicate information, including written materials, presentations, and information meetings.*

SECTION 6
BEST PRACTICES SUMMARY

This *Guide* has presented a series of best practices to assist local governments in setting elected official remuneration. Figure 6.1 pulls the best practices together into one table.

Figure 6.1
Remuneration Best Practices

Section	Topic	Best Practices
Section 2: Conducting Reviews	Independent Task Force	> Local governments should consider establishing an independent task force to conduct reviews of elected official remuneration.
Section 3: Timing and Frequency	Timing of Reviews	> Local governments should consider conducting remuneration reviews, and reporting the results, at least one year before the next election.
	Frequency of Reviews	> Local governments should consider conducting remuneration reviews once per term. > Local governments should consider setting out the timing for subsequent reviews in remuneration policies or bylaws.
	Annual Adjustment	> Local governments should consider including in their policies or bylaws provision for an automatic cost-of-living adjustment, using the CPI, to elected officials' base remuneration.
	Implementation of Changes	> Local governments should consider having changes to base levels, determined through remuneration reviews, take effect at the beginning of the following term. > Local governments should consider allowing for immediate implementation of changes to remuneration that are designed to protect elected officials from financial loss that would otherwise occur as a result of tax system shifts.

Section	Topic	Best Practices
Section 3: Timing and Frequency	Implementation of Changes	> Local governments should consider allowing for immediate implementation of annual cost-of-living adjustments.
Section 4: Setting Remuneration	Bases of Comparison	> Local governments should consider using remuneration paid to elected officials in similar local government jurisdictions as the preferred basis for determining remuneration.
	Comparison Group	> Local governments should consider establishing comparison groups using population, combined — as deemed necessary — with other factors that influence elected official workload and level of responsibility. > Local governments should consider including at least five jurisdictions (preferably more) in the comparison groups.
	Using the Data	> Local governments should consider using simple formulas that make the calculation of remuneration levels as straightforward as possible, easy to explain, and easy to understand.
	Regional District Supplemental Payments	> Local governments should consider targeting supplemental payments to non-core meetings, and structuring base remuneration levels to include attendance at board and committee of the whole meetings.
	Eligible Expenses	> Local governments should consider including in their expense policies and/or bylaws the principle that elected officials should not themselves be expected to pay expenses that are incurred in order to perform their roles. > Local governments should recognize that the range of legitimate expenses incurred to perform the roles of mayor and board chair will be greater than that incurred to perform the roles of councillor and board director.

Section	Topic	Best Practices
Section 4: Setting Remuneration	Eligible Expenses	> Local governments should provide clarity in regional district expense policies/bylaws to ensure that municipal expenses incurred by municipal directors are reimbursed by the appropriate municipal governments. > Local governments should ensure that lists of eligible expenses reflect unique local conditions. > Local governments should periodically re-examine decisions on eligibility to ensure that lists of eligible expenses evolve to reflect changing needs and to reduce barriers to participation.
	Benefits	> Local governments should consider providing access to extended health, dental, vision and insurance to all local elected officials. > Local governments should consider contributing to the cost of benefit premiums on a pro-rated basis, in accordance will the full- or part-time nature of elected positions. > Local governments should consider extending benefits to family members of elected officials, provided that the elected officials themselves pay the full incremental cost of such coverage. > Local governments should periodically re-examine the range of benefits provided to ensure that benefits programs reflect changing needs, and reduce barriers to participation.
Section 5: Communications	Information to Communicate	> Local governments should consider including in their communications programs information on the nature of elected official roles, the purposes of remuneration, principles to guide the setting of remuneration, details on remuneration levels, remuneration reviews, and expenditures made.
	Methods of Communication	> Local governments should consider using a range of tools to communicate information, including written materials, presentations, and information meetings.

	Policy:	7.2.1
	Approved By:	Trust Council
	Approval Date:	December 8, 2010
	Amendment Date(s):	June 15, 2011; March 11, 2015; June 21, 2017; January 15-16, 2019,
	Policy Holder:	Director of Administrative Services

TRUSTEE REMUNERATION

Purpose

To define the process for determining the remuneration and benefits received by trustees, Executive Committee members, and members of Trust Council Committees.

A. Definitions

Trustees

a) Trustees are elected officials as defined in the *Islands Trust Act*, Sections 6 (local trustees) and 7 (municipal trustees).

Population

a) Population for local Trust Areas is determined by the most recent census conducted by Statistics Canada.

Folios

a) Folios are individual properties as defined by BC Assessment.

b) The number of folios in each local Trust Area is determined annually by BC Assessment and reported to the Islands Trust.

Trust Council Committees

Trust Council Committees are the standing committees of Council as defined in Trust Council Policy 2.3.1, exclusive of the Executive Committee.

Executive Committee

a. Executive Committee means the committee referred to in section 20(1) of the *Islands Trust Act*, and is composed of the Chair and Vice-Chairs.

Benefits

a) Benefits are defined as:

i. Premiums for Medical Services Plan (MSP)

ii. Premiums for dental plans available through the Union of BC Municipalities (UBCM)

iii. Premiums for extended health care available through the Union of BC Municipalities (UBCM)

B. Policy

1. The Islands Trust endeavors to provide trustee remuneration that reflects the relative workload of individual trustees due to their membership on local trust committees (LTC), Trust Council and Trust Council Committees.

2. Trustee Remuneration will be calculated based on the sum of four factors:

   a) An amount for membership on Trust Council. This amount will be equal to the remuneration paid to municipal trustees and will be referred to as the “Trust Council Base Amount”.

   b) An amount for participation in LTC business and LTC meetings. This amount shall be referred to as the “LTC Local Base Amount”.

   c) An amount for the population within a Local Trust Area. This amount shall be referred to as the “Population Amount”.

   d) An amount for the number of folios within a Local Trust Area. This amount shall be referred to as the “Folio Amount”.

   e) The amounts for each of the above factors are defined in Section C: Implementation.

   f) Effective April 1, 2019, an amount for attendance at Trust Council committee meetings (excluding Executive Committee, which is remunerated in accordance with Section 3). Meeting attendance will be remunerated at $100.00 per meeting attended for committee members, and $150 per meeting attended for committee Chairs.

3. Additional Remuneration for the Executive Committee

   a) Members of the Executive Committee receive remuneration for carrying out their duties on the Executive Committee and their duties as chairs of LTCs.

   b) The vice-chairs’ remuneration shall be defined as equal to the Salt Spring Trustee Remuneration amount, plus 10%.

   c) The chair’s remuneration shall be defined as the vice-chair remuneration, plus 25%.

4. Payment of Benefit Premiums for Trustees

   a) Trustees will be offered the opportunity to have benefit premiums paid by the Islands Trust. Payments for trustee benefit premiums may be subject to income tax as defined by the Canadian Revenue Agency.

   b) Trustees who do not subscribe to benefit coverage through Islands Trust will receive an annual amount as defined in Section C: Implementation.

C. Implementation

1. The implementation of this policy will commence with swearing in of trustees elected in November 2011.

2. The defined annual compensation amounts for the first implementation of this policy are the sum of:

   a) Trust Council Base Amount = $3,200.00

   b) LTC Local Base Amount = $4,200.00

   c) Population Amount = $1.30 per person

   d) Folio Amount = $1.30 per folio

3. The defined annual compensation amounts in section C.2 of this policy, and the methodology for making adjustments as defined in sections C.4 and C.5 of this policy, will be incorporated into a Trust Council Trustee Remuneration Bylaw.

4. Overall Review of Trustee Remuneration

   a) The Trustee Remuneration calculations will be reviewed when the results are available from the most recent census. Any adjustments based on changes in population or folios will be implemented on April 1st of the following year.

5. Annual Adjustments for Inflation

   a) The defined annual compensation amounts in section C.2 of this policy will be adjusted on an annual basis, coinciding with the fiscal year, based on the annual change in the Victoria Consumer Price Index as reported by BC Statistics in December. Adjustments to Trustee Remuneration that result from inflation will be implemented on April 1st of the following year.

6. Payments to Trustees Who Do Not Register for Benefits Through Islands Trust

   a) Local trustees who do not register for benefits through Islands Trust will receive an annual payment of $1,000.00, paid evenly over the fiscal year (i.e., $83.33 per month).

   b) If local trustees take office part way through the fiscal year, this payment will be applied proportionately based on how many months are remaining in the fiscal year.

D. Legislated References

Annual Budget Document

Islands Trust Act

Report on Proposed Trustee Remuneration prepared by Paul McKivett of James R. Craven and Associates dated August 24, 2010

Trustee Remuneration Committee Report dated August 24, 2010

RFD on Trustee Remuneration approved by Trust Council September 15, 2010

Trust Council Policy 2.3.1 – Council Committee System

E. **Links to Supporting Forms, Documents, Websites, Related Policies and Procedures – n/a**

REQUEST FOR DECISION

To:	Financial Planning Committee	**For the Meeting of:**	May 29, 2024
From:	Administrative Services - Finance	**Date Prepared:**	May 24, 2024
SUBJECT:	**Work Program Update**		

RECOMMENDATION:
That Financial Planning Committee approve the proposed Work Program report [as presented or as amended], and forward it to Trust Council for approval.

CHIEF ADMINISTRATIVE OFFICER COMMENTS: FPC's work program should reflect the annual required activities of the Committee in addition to any directed special projects or other work.

1 PURPOSE:
To provide recommendations for amendments to Financial Planning Committee's Work Program.

2 BACKGROUND:
FPC has discretion to accept these recommended priorities or amend them to reflect alternative priorities.

3 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: None.
FINANCIAL: None.
POLICY: None.
IMPLEMENTATION/COMMUNICATIONS: None.
FIRST NATIONS: None.
OTHER: None.

4 RELEVANT POLICY: NA

5 ATTACHMENTS:
1. Current FPC Work Program – Active Projects
2. Proposed FPC Work Program – Active Projects

RESPONSE OPTIONS

Recommendation:
That Financial Planning Committee approve the proposed Work Program report [as presented or as amended], and forward it to Trust Council for approval.

Alternative: None identified.

Prepared By: Robert Barlow, Legislative Services Clerk
Reviewed By/Date: Director Administrative Services/May 24, 2024

Current Work Plan

Financial Planning Committee

1. *Finalize 2024/25 Budget and 5-year Financial Plan Bylaw*	Responsible	Dates
Prepare report to accompany Trust Council's 5-year Financial Plan Bylaw submission to the Minister of Municipal Affairs for approval	Julia Mobbs	Rec'd: 12-Mar-2024 Target: 31-Mar-2024

2. *Annual Financial Statements & Audit: Islands Trust and Islands Trust Conservancy*	Responsible	Dates
Underway: ·Audit planning with the appointed auditors, KPMG LLP. ·Audit Committee meeting with KPMG on February 21, 2024. Upcoming: ·Preparation of Islands Trust and Islands Trust Conservancy financial statements and audit packages. ·Audit fieldwork scheduled for May 2024. ·Audit Committee meeting on May 29, 2024 with KPMG LLP to present audit findings.	Julia Mobbs	Rec'd: 12-Mar-2024 Target: 31-May-2024

3. *Financial Policy Review*	Responsible	Dates
Continued review of select Trust Council financial policies based on feedback from initial reviews performed by the outgoing FPC: ·6.3.2 Special Property Tax Requisitions (TC directed) ·6.5.2 Budget Control and Adjustment Authority (EC directed) ·7.2.1 Trustee Remuneration (FPC directed)	David Marlor Julia Mobbs	Rec'd: 12-Mar-2024 Target: 06-Sep-2024

Proposed Work Plan

Print Date: May 24, 2024

Follow Up Action List

Active Projects Report

Financial Planning Committee

1. *Draft Budget Assumptions, Principles, Guidelines*	Responsible	Dates
Draft Budget 2025/26 Assumptions and Principles for Trust Council's review andapproval. Draft material for a Trust Council budget guidelines discussion.	Julia Mobbs	Rec'd: 29-May-2024 Target: 28-Aug-2024

2. *Budget 2025/26 Public Consultation: Planning*	Responsible	Dates
Discussion of the Public Consultation plan begins at FPC's August meeting each year. Review of planned consultation materials and engagement platforms will continue at FPC's January meeting prior to consultation initiation that same month.	Clare Frater	Rec'd: 29-May-2024 Target: 28-Aug-2024

3. *Financial Policy Review*	Responsible	Dates
Continued review of select Trust Council financial policies based on feedback from initial reviews performed by the outgoing FPC: ·6.3.2 Special Property Tax Requisitions (TC directed) ·6.5.2 Budget Control and Adjustment Authority (EC directed) ·7.2.1 Trustee Remuneration (FPC directed)	David Marlor Julia Mobbs	Rec'd: 12-Mar-2024 Target: 06-Sep-2024