



MEMO

To: Regional District Board/Public
From: Justina Musgrave, Administrative Assistant
Subject: **LATE ITEMS – Feb 19th Special Budget Meeting**
Date: February 19, 2011

Attached are the late items for the February 19, 2011 Special Board meeting (Budget). Please insert them into your agenda package.

The late items are as follows:

- 7.4a Haida Gwaii Museum – Additional information to Item 7.4**
- 8.2 Joan Merrick, CAO – Administrative Services Allocation**

Thanks and enjoy your meeting!



LATE
(TEA)
7.4a

Haida Gwaii Museum Budget 2011

Museum's budget request for 2011 (line 4515)

Museum's request to the Regional District is for \$35,000, up \$5,000 from last year's 25% cut to \$30,000. Prior to 2010, the museum received \$40,000 from the SQCRD for 8 years.

Rationale for request of \$35,000

The museum's only sources of operating revenues to pay for heat, light, rent, bookkeeping services and janitorial (general overhead costs) are the Regional District's contribution (as per by-law) and an operating grant applied for each year from the Province of BC.

In 2010 the museum has been unable to meet its financial obligations as a tenant in the Haida Heritage Centre and still owes \$4,000 in rent to the Haida Heritage Centre for 2010.

The museum is open year round and offers public and educational programs to islands residents throughout the year, including school programs; artist workshops; visiting lecture series; archives research assistance to local residents, organizations and visiting researchers; local artist exhibitions and travelling exhibitions from other institutions. Cutting the museum's open hours and services is not an option as the monies received from the Province are contingent upon offering year-round services and open hours.

The museum houses a nationally significant collection of Haida art and is recognized worldwide for its collections, publications and exhibitions. The museum houses the largest and most comprehensive archive of historical photographs of islands communities and residents, manuscripts, publications etc. related to Haida Gwaii.

As a significant component in the new Haida Heritage Centre, the museum is a keystone attraction in the developing tourism industry on Haida Gwaii and needs the financial support to offer the interpretive and information services that other regional museums in the Province receive.

Explanation of significant line items in the budget

The museum applies to foundations and federal granting agencies for project monies. For example, the museum is receiving a total of \$124,000 in 2010/11 for the development of a publication and exhibition on the revival of the Haida language (lines 4425, 4430). These monies cannot be allocated to operating expenses but only to project expenses such as salaries, materials, printing costs, etc.

Although these monies contribute significantly to the quality and extent of the public programs the museum offers, they do not assist with overhead and operating costs.

Line 6214, 6215- Accumulated Surplus/ Deficit

Amounts designated in these 2 line items represent the financial position of the museum at year end- December 31st of each year). In 2010, the museum received project monies from Canadian Heritage for the Haida Language exhibition and publication during the last quarter and these were not expended in 2010. Therefore, the museum carries a surplus into 2011.

Line 6215 includes the value of the museum's gift shop inventory, approximately 85% of accumulated surplus.

Line #	Prior Year Actuals Jan/01/2008 Dec/31/2008	Last Year Actuals Jan/01/2009 Dec/31/2009	Current Year Projected Jan/01/2010 Dec/31/2010	Request Year Jan/01/2011 Dec/31/2011
4000 REVENUES				
4100 Earned Revenue				
4105 Producing admissions and box office from subscriptions / admissions membership or group admissions	28,070			
Yr2008 4105- museum collected credit card admissions transactions on behalf of Haida Heritage Centre				
Yr2009 4105- all admissions now retained by Haida Heritage Centre				
4145 Fees from workshops / classes / conferences / annual meetings / seminars / colloquia		2,205	300	800
4150 Revenue from associated school (gross)				
4155 Membership dues or fees (not eligible for a tax receipt)	1,700	2,260	2,000	2,000
4160 Sales, commissions and broadcasting (gross)	161,069	135,802	135,000	150,000
4170 Other earned revenues (Click here online or specify below in Excel)	1,980		12,500	9,800
Yr2008 4160- Gross sales revenue from giftshop; 4170- fees for research services from Burke Museum				
Yr2009 4160- Gross sales revenue from giftshop;				
Yr2010 4160- Gross sales revenue giftshop; 4170- fees for service HHC				
Yr2011 4160- Gross sales revenue giftshop; 4170- fees for service HHC				
4175 Total Earned Revenue	192,819	140,267	149,800	162,600
4300 Private Sector Revenue				
4305 Individual donations	3,799	9,000	5,000	8,000
4310 Corporate donations	5,000	9,960	3,000	4,000
4325 Foundation grants and donations	5,851	70,599	59,100	48,000
Yr2006 4325- received from Northern Trust, Gwaii Trust, Gwaii Forest Society, Coast Sustainability, ENP				
Yr2010 4325- received from VF, NTI, GT, CST				
Yr2011 4325- 2nd year of 2 yr VF commitment (20,000); 25,000- GT; 3,000- CST				
4345 Total Private Sector Revenue	14,650	83,559	67,100	60,000
4400 Public Sector Revenue				
4405 Federal public revenues				
4410 Canada Council for the Arts				
4420 * Project grants			3,000	12,000
4425 * Other Canada Council grants (Click here online or specify Book)	20,000		5,000	15,000
Yr2008 4425- Aboriginal publishing grant for dev't Haida Language				
Yr2010 4420- for dev't of Ulli Steilzer exhibit; 4425- 20,000 approved in Sept 2010 (5000)				
Yr2011 4420- Ulli exhibit; 4425- 20,000 approved-Sept 2010 (15000)				

5165	Catalogues / documentation / publications		9,000		15,065		12,000		26,000
5170	Collections management		759						
5175	Education, audience development and outreach		10,569		2,437				25,000
5190	Other artistic program and services expenses (Click here online or specify below in Excel)		23,810		27,000		25,000		25,000
Yr2008	5110- Curator intern salary; 5125- part-time tech position; 5165- research, photography for HL Book; 5175- Ed programs research asst; 5180- students								
Yr2009	5110- 2 part-time curators; 5125- 1 jr technician contract; 5140- temporary exhibit, completion of new permanent exhibits; research, writing for HL Book; 5180- students								
Yr2010	5110- Visual Arts Curator; 2 part-time curators; 5125- contracts for HL exhibit; book; 5155- arts workshop; 5165- printing 2 publications; 5180- students								
Yr2011	5110-4 VA Curator; pt Curator; contracts HL exhibit; 5125-contracts HL exhibit; 5140-printing, sound tech for HL; print LII photos exhibit; 5165-ed/print HL; 5175- celebration; 51								
5195	Total Artistic Expenses		111,087		149,499		128,400		220,500
6200	Facility Operating Expenses								
6215	General facility expenses		14,607		12,961		9,000		15,000
5225	Rent or mortgage interest		29,818		24,000		24,000		24,000
5230	Other facility expenses (Click here online or specify below in Excel)		89,274		84,789		75,000		78,000
Yr2008	5320- cost of goods giftshop								
Yr2009	5320- cost of goods giftshop								
Yr2010	5320- cost of goods giftshop								
Yr2011	5320- cost of goods gs								
5235	Total Facility Operating Expenses		133,699		121,750		108,000		117,000
5300	Marketing and Communications Expenses								
5320	Advertising purchases		2,652		4,294		4,000		8,500
5330	Total Marketing and Communications Expenses		2,652		4,294		4,000		8,500
5500									
5505	Administrative salaries - permanent and temporary employees		73,577		61,776		61,750		61,750
5510	Administrative professional fees		4,000		17,003		18,000		18,000
5520	Other administrative expenses (Click here online or specify below in Excel)		4,999		5,309		5,650		5,000
Yr2008	5505- Director & other admin wages combined in 08; 5520- travel, bank charges and board expenses								
Yr2009	5510- new bookkeeper position and audit; 5520- travel, bank charges, board expenses								
Yr2010	5510- bookkeeper position, audit; 5520- travel, bank charges, board expenses								
Yr2011									
5525	Total Administration Expenses		82,576		84,088		85,400		84,750
5600	TOTAL EXPENSES (B)		330,014		359,621		325,800		430,760
6000	SURPLUS OR (DEFICIT)								
6100	Total revenues (A)		336,779		330,311		354,900		431,200
6105	Total expenses (B)		390,014		359,621		325,800		430,750
6110	Surplus or (deficit) for the year (A-B)		6,765		-29,310		28,500		450
6140	SURPLUS OR (DEFICIT) FOR THE YEAR (C)		6,765		-29,310		28,500		450

6205	Accumulated surplus or (deficit), beginning of year		56,988		63,753		34,443		62,943
6210	Surplus or (deficit) for the year (C)		6,765		-29,310		28,500		450
6215	ACCUMULATED SURPLUS OR (DEFICIT), END OF YEAR		63,753		34,443		62,943		63,393
STATEMENT OF FINANCIAL POSITION / BALANCE SHEET (INFORMATION FROM FINANCIAL STATEMENTS - ACTUALS ONLY)									
6265	Assets								
6260	Current assets		135,170		129,498				
6265	Capital / fixed assets		100,711		105,689				
6275	Total Assets		235,881		235,187				
6280	Liabilities and net assets								
6285	Liabilities								
6290	Current liabilities		6,850		6,190				
6300	Total Liabilities		6,850		6,190				
6305	Net Assets								
6310	Unrestricted net assets		107,690		102,670				
6320	Internally designated or restricted funds		20,600		20,638				
6340	Total Net Assets		128,290		123,308				
6345	Total Liabilities and Net Assets		135,170		129,498				
6355	Working capital		128,280		123,308				

CAPE
ITEM
8.2



BOARD REPORT – SPECIAL MEETING (BUDGET)

DATE: February 19, 2011
FROM: Joan Merrick, Chief Administrative Officer
SUBJECT: Administrative Services Allocation

RECOMMENDATIONS:

THAT the Board approves the allocation model as presented in this report for the 2011 Budget and suggest alternatives to address those services without the ability to contribute (see the Implementation section of this report).

REASON FOR REPORT:

The purpose of this report is to provide an alternative for recovering administrative costs throughout the various Regional District services.

BACKGROUND:

The local government act specifies that "all cost incurred by a regional district in relation to a service, including the cost of administration attributable to the service, are part of the costs of that service." (Section 803.1)

Therefore it is important to establish a system of recovering administration costs directly related to each service.

An administrative recovery model should have the following characteristics:

- a) Fairness - services should pay for the administrative services they consume;
- b) Transparency - it should be clear what administrative services a service pays for and the amount for those services;
- c) Consistent and equitable application;
- d) Application of generally accepted accounting principles;
- e) Ease of administration;

- f) Easily understood by the Board, administration and service participants.

Regional Districts that have numerous services tend to have a measure of equity built into the allocation models based on the volume and number of recoveries made. For the SQCRD which has a limited number of services developing a model that meets the above characteristics is difficult. In addition, there is limited historical information on which to base estimates of the relativity of certain costs to various services.

Notwithstanding the above, staff have looked at the largest costs (staffing) for the SQCRD as a starting point for developing a model.

The proposed model (see attachment 1) allocates the CAO, Treasurer and clerical staff based on the estimated percentage of time spent for each significant service within the RD. At present these percentages are merely estimates and should be refined over time as more information to support the allocation is gathered.

The second component of the model is to assign a nominal cost to other services that have not been allocated a portion of staff time (i.e.: grant functions and projects). This is to recognize that all services receive some administrative support but it may be limited or change for year to year. To address this staff allocated a five percent recovery for all grants (example: the NPC would pay support service costs of \$4,200 based on a grant of \$84,000).

The final component of the model is to assess a set amount for projects or other small functions. This amount may be arbitrary but given the lack of a definitive measure on which to base the allocation staff feel it is a reasonable alternative.

If the following principles are applied the resulting allocation is as shown in attachment 2. Attachment 3 shows the change between services from the old model to the new model. Attachment 4 shows the old allocation broken out by participating area based on 2011 assessment ratios.

Finally attachment 5 shows the allocation by participating area based on the new model and the resulting shift between areas. It is important to note that staff undertook to develop a model without regard for the cost to an individual participating area. This was done so that the model would present a logical, systematic and fair distribution without being swayed by the impact on different areas.

COST AND BUDGET IMPLICATIONS:

In summary, the proposed new model would represent an overall shift from municipal participants to rural area participants of \$7,356. The change by area is as follows:

			Impact per \$100,000 of assessed value for a resident
Prince Rupert	\$15,207	less	-\$1.01
Port Edward	\$802	more	+\$1.04
Masset	\$2,700	more	+\$3.23
Port Clements	\$1,135	more	+\$3.13
Queen Charlotte Village	\$3,215	more	+\$3.21
Area A	\$2,749	less	-\$4.65
Area C	\$471	less	-\$2.00
Area D	\$1,280	less	+\$0.94
Area E	\$9,295	more	+\$12.54

IMPLEMENTATION:

Staff feel that this is a reasonable start to defining the allocation method; further refinement over time is required and the method should be reviewed annually as part of the budget discussion. However this model does present some challenges as not all of the services allocated admin costs are in a position to contribute. For example: North Pacific Cannery and Sandspit Firehall are both at the current taxation limit; as well Sandspit community hall and Dodge Cove Water are one time projects funded by grants which may not allow for administration costs to be absorbed.

CONCLUSION:

Staff support this allocation model and suggest that it continue to be developed and refined over the next few years.

Administrative Support Allocation

	CAO	D/Treasurer	AR clerk	AP / Payroll/ Admin
Administration / Gen Governmc	60%	50.0%		39%
Electoral	20%	15.0%		15%
Rural Planning	5%	2.0%		2%
Reg Recycling	5%	15.0%	20%	21%
ISWAC	5%	15.0%	75%	21%
Reg Waste Man Feasibility				
QCI Recreation	1%	1.0%		1%
Mainland Recreation				
PR Regional Archives				
North Pacific Cannery				
Haida Gwaii Museum				
Van Island Reg. Library				
Sandspit Fire				
Sandspit Water	4%	2.0%	5%	1%
Econ Dev				
Sandspit Community Hall				
Dodge Cove Water				
Oona River Telephone				
MM Debt				
Gas Tax				
Landfill Closure				
	100%	100.0%	100%	100%

Attachment 1

Administrative Support Allocation

	CAO	D/Treasurer	3rd Position	AR clerk	AP / Payroll/ Admin	General	Total
	140,875	103,500	89,108	56,229	56,229	37,400	483,341
Electoral	28,175	15,525	-	-	8,434	-	52,134
Rural Planning	7,044	2,070	-	-	1,125	-	10,238
Reg Recycling	7,044	15,525	-	11,246	11,808	-	45,623
ISWAC	7,044	15,525	-	42,172	11,808	-	76,549
Reg Waste Man	-	-	-	-	-	500	500
Feasibility	-	-	-	-	-	250	250
OCI Recreation	1,409	1,035	-	-	562	2,150	5,156
Mainland Recreation	-	-	-	-	-	400	400
PR Regional Archives	-	-	-	-	-	3,500	3,500
North Pacific Cannery	-	-	-	-	-	4,200	4,200
Haida Gwaii Museum	-	-	-	-	-	2,550	2,550
Van Island Reg. Library	-	-	-	-	-	2,600	2,600
Sandspit Fire	-	-	-	-	-	1,250	1,250
Sandspit Water	5,635	2,070	-	2,811	562	-	11,079
Econ Dev	-	-	-	-	-	3,500	3,500
Sandspit Community Hall	-	-	-	-	-	6,000	6,000
Dodge Cove Water	-	-	-	-	-	10,000	10,000
Oona River Telephone	-	-	-	-	-	500	500
MM Debt	-	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-	-
Landfill Closure	-	-	-	-	-	-	-
	56,350	51,750	-	56,229	34,300	37,400	236,029
Administration / Gen Governme	84,525	51,750	89,108	-	21,929.31	-	247,312
	140,875	103,500	89,108	56,229	56,229	37,400	483,341

Attachment 2

Administrative Support Allocation

	2010 Model	New Model	Change
Electoral	53,000	52,134	(866)
Rural Planning		-	
Reg Recycling	24,000	10,238	(13,762)
ISWAC	32,000	45,623	13,623
	47,000	76,549	29,549
Reg Waste Man	-	-	-
Feasibility	-	500	500
	-	250	250
QCI Recreation	2,661	-	-
Mainland Recreation	-	5,156	2,495
PR Regional Archives	-	400	400
North Pacific Cannery	-	3,500	3,500
Haida Gwaii Museum	-	4,200	4,200
Van Island Reg. Library	-	2,550	2,550
Sandspit Fire	-	2,600	2,600
Sandspit Fire	252	1,250	998
Sandspit Water	9,600	11,079	1,479
Econ Dev	-	3,500	3,500
Sandspit Community Hall	-	-	-
Dodge Cove Water	-	6,000	6,000
Oona River Telephone	10,000	10,000	-
MM Debt	-	500	500
Gas Tax	-	-	-
Landfill Closure	-	-	-
	12,000	-	(12,000)
	<u>190,513</u>	<u>236,029</u>	<u>45,516</u>
Administration / Gen Government	-	-	-
	292,828	247,312	(45,516)
	<u>483,341</u>	<u>483,341</u>	<u>-</u>

Attachment 3

Administrative Support Alloc

allocation with old model

	PR	PE	Mazell	PfClements	QCIV	A	C	D	E	Total
Electrical	-	-	-	-	-	19,711	4,256	24,938	13,425	53,000
Rural Planning	-	-	-	-	-	-	-	-	-	-
Rog Recycling	26,826	1,472	-	-	-	4,850	1,027	11,143	6,079	24,000
ISWAC	-	-	9,118	3,948	11,022	1,152	468	-	-	32,000
Rog Waste Man	-	-	-	-	-	-	-	14,829	8,584	47,000
Feasibility	-	-	-	-	-	-	-	-	-	-
OCI Recreation	-	-	516	224	624	-	-	840	458	2,001
Mainland Recreation	-	-	-	-	-	-	-	-	-	-
PR Regional Archives	-	-	-	-	-	-	-	-	-	-
North Pacific Cemetery	-	-	-	-	-	-	-	-	-	-
Halle Crest Museum	-	-	-	-	-	-	-	-	-	-
Van Island Reg. Library	-	-	-	-	-	-	-	-	-	-
Sandspit Fire	-	-	-	-	-	-	-	-	252	252
Sandspit Water	-	-	-	-	-	-	-	-	8,600	8,600
Evans Dev	-	-	-	-	-	-	-	-	-	-
Sandspit Community Hall	-	-	-	-	-	-	-	-	-	-
Dodge Cove Water	-	-	-	-	-	10,990	-	-	-	10,990
Dona River Telephone	-	-	-	-	-	-	-	-	-	-
MI Debt	-	-	-	-	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-	-	-	-	-
Landfill Closure	-	-	3,211	1,608	2,737	-	-	3,885	2,558	17,000
	<u>26,826</u>	<u>1,472</u>	<u>11,845</u>	<u>5,177</u>	<u>14,382</u>	<u>20,714</u>	<u>6,051</u>	<u>40,349</u>	<u>24,665</u>	<u>196,013</u>
Administration / Gen Govern	210,543	10,035	11,713	4,678	14,055	8,199	3,221	19,034	10,240	292,828
	<u>239,471</u>	<u>12,307</u>	<u>23,558</u>	<u>10,155</u>	<u>28,438</u>	<u>32,913</u>	<u>9,852</u>	<u>74,433</u>	<u>60,214</u>	<u>489,341</u>

Attachment 4

Administrative Support Alloc

Allocation with New model

	PR	PE	Masset	PVClemen	QCV	A	C	D	E	Total
Administration / Gen Governm	-	-	-	-	-	-	-	-	-	-
Electoral	-	-	-	-	-	10,536	4,186	24,706	13,206	52,134
Rural Planning	-	-	-	-	-	2,069	822	4,754	2,593	10,216
Reg Recycling	41,243	2,099	-	-	-	1,642	635	-	-	45,623
ISWAC	-	-	14,850	6,430	17,951	-	-	24,151	13,186	76,549
Reg Waste Man	360	19	20	9	24	14	6	33	18	500
Feasibility	-	-	-	-	-	51	20	116	63	250
OCI Recreation	-	-	1,000	433	1,209	-	-	1,627	667	5,156
Mainland Recreation	-	-	-	-	-	200	200	-	-	400
PR Regional Archives	3,164	161	-	-	-	126	48	-	-	3,500
North Pacific Cannery	1,680	1,660	-	-	-	601	239	-	-	4,200
Haida Gwaii Museum	-	-	495	214	598	-	-	805	439	2,550
Van Island Reg. Library	-	-	-	-	-	-	-	1,682	918	2,600
Sandspit Fire	-	-	-	-	-	-	-	-	1,250	1,250
Sandspit Water	-	-	-	-	-	-	-	-	11,079	11,079
Econ Dev	-	-	-	-	-	-	-	2,265	1,236	3,500
Sandspit Community Hall	-	-	-	-	-	-	-	-	6,000	6,000
Dodge Cove Water	-	-	-	-	-	10,000	-	-	-	10,000
Cousa River Telephone	-	-	-	-	-	-	500	-	-	500
MM Debt	-	-	-	-	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-	-	-	-	-
Landfill Closure	-	-	-	-	-	-	-	-	-	-
	<u>46,446</u>	<u>3,358</u>	<u>16,365</u>	<u>7,086</u>	<u>19,762</u>	<u>25,239</u>	<u>6,651</u>	<u>69,636</u>	<u>55,653</u>	<u>236,029</u>
Administration / Gen Governm	177,818	9,151	9,892	4,204	11,871	6,925	2,720	16,975	8,656	247,312
	<u>224,264</u>	<u>13,109</u>	<u>25,258</u>	<u>11,290</u>	<u>31,633</u>	<u>32,164</u>	<u>6,302</u>	<u>76,713</u>	<u>69,509</u>	<u>483,341</u>
Change in funding	(15,207)	802	2,700	1,135	3,215	(2,749)	(471)	1,280	5,295	-
		7,356 reduction to municipalities								
		(7,356) increase to Rural areas								

Attachment 5