

Decision Note

Prepared for: Board of Directors

Date: June 6, 2012

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Topic: (B) Future State Falling Program Funding

Decision Requested:

The Program Committee recommends that the Board of Directors approves:

- 1) Increasing funding by an additional \$350,000 to support the proposed future state “Falling Program Sustainability Plan”.
- 2) Obtaining the funding by maintaining the \$150 faller fee and be prepared to increase the Rate Group “DR” levy by up to \$350,000.
- 3) Accessing unrestricted funds up to \$350,000 to support the increased funding required for future state falling program across the 2013 work year. Note: where to draw the funds for 2014 will be re-evaluated in Q3, 2013.

Background:

At the May 16, 2012 Program Committee meeting, staff presented a report with options and recommendations for the future sustainability of the falling program. The plan has been presented for approval to the BoD in a separate decision note, (Note “A”).

The future sustainability of the falling program plan includes certified faller data tracking, enhanced quality assurance, onsite support, faller remedial training and falling supervisor certification. Resources to support the proposed plan may include increased salaried staff, consultants, contractor support or some combination of the above.

The Committee deliberated over the material presented in the note and supported making a recommendation to the BoD to maintain the \$150 faller fee and increase funding up to \$350,000 to support the future state falling program plan. The Committee also directed staff to review available financial resources through under spent projects, accounts, un-restricted funds and re-allocation of program dollars before approaching WorkSafeBC to increase the levy in rate group “DR”.

Council staff have reviewed available financial resources and have found that there is some room within the 2012 budget and previously restricted funds in falling to support starting to implement the “Falling Program Sustainability Plan” in Q3 of this year. An initial review of cash flow and unrestricted funds showed that the Council is in a positive cash position and that there are enough available resources that an HSA draw increase would not be required for 2013.

Council staff are recommending that we fund the 2012 implementation of the Falling Sustainability Plan through existing 2012 program dollars and redirect some program activity dollars from the (PAR) Program Activity Reserve, Faller Initiative Funding, and carry over dollars from 2011 program activities that were put into a reserve. For 2013, staff are recommending that the increased falling program draw of \$350,000 be supported out of the unrestricted funds and then be re-evaluate in Q3 of 2013 as to the functionality of the program and possible funding increase to the HSA budget. A summary overview of available funds and resources will be provided at the BoD meeting.



Considerations:

- **The \$150 Fee Issue** - Part of the existing proposed funding includes keeping the \$150 annual faller fee and an HSA levy increase of \$350,000. The projected annual revenue from the fee is approximately \$330,000. If the faller fee was to be eliminated, that revenue would need to be obtained through a different source.
 - **The cost of falling training courses** – The existing budget assumes a cost recovery policy for all Council training. Staff recommends maintaining the current cost recovery policy, while assisting industry associations in attracting funding to help cover or supplement the course fees.
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Optional Reading

Original Funding Options Presented to the Program Committee

Options to fund the program with proposed enhancements:

- A) Maintain the annual faller fee of \$150.00, plus increase the levy to rate group DR by up to \$350,000. The current levy would need to be increased by approximately \$0.05 per hundred dollars of payroll.
- B) Remove the faller fee and assess an increased levy to rate group DR. Under this option, the current faller fee of \$330,000, plus the costs of the program enhancements of \$350,000 (totaling \$680,000) would be assessed against rate group DR. The levy would need to be increased by approximately \$0.09 per hundred dollars of payroll.
- C) Remove the faller fee and assess a levy to the specific falling Classification Unit. Under this option, the current faller fee revenue of \$330,000 plus the costs of the program enhancements of \$350,000 would be levied to the Manual Tree Falling Classification Unit at a cost of approximately \$2.35 per hundred dollars of payroll (based on 2011 Assessable Payroll of \$28,925,000). Under this option, the Base Rate for the Classification Unit would increase from \$8.95 per \$100 of assessable payroll, (2012 Rate) to approximately \$11.13 per \$100 of assessable payroll.
- D) Increase the faller fee to cover the costs of the proposed program changes. Under this option, the faller will continue to pay their annual \$150 fee plus the costs of the changes for a total annual amount of \$680,000. Based on the current assumptions the faller fee would have to increase to approximately \$310 per faller to cover the program enhancements.

