

**SUBJECT: 1999 BUDGET**

***RECOMMENDATION***

***THAT the Board approve the 1999 Operating Budget Process described in this report.***

**POLICY**

On March 24, 1992 City Council adopted the principles of a global budget for the Park Board and approved a funding base for 1992. Under the global budgeting policy, Council delegated unlimited authority to the Board to transfer funds within the global operating budget. Also, Council agreed that the Board would have the option of generating new revenues in order to enhance its service levels. This arrangement includes the sharing of these revenues with 1/3 to the City and 2/3 to the Board.

**BACKGROUND**

City Council, when reviewing the 1998 preliminary budget estimates, instructed staff to develop a two year plan for managing budget and tax increases. Park Board staff initially developed a list of possible initiatives totaling over \$2 million. Subsequently, the Board submitted to the City a list of budget reduction proposals totaling \$1,285,916, consisting of a number of revenue generating proposals, efficiency improvement initiatives and service level reductions.

The budget eventually submitted to Council and approved included a City budget reduction target of \$2.8 million and recommended that no adjustments be made that would have an impact on encumbered positions or service levels. The Park Board's budget reduction target for 1998 was established at \$149,300.

The impact of the City process on the Board has been significant. The time line for budget development allowed little opportunity for discussion of options with staff and stakeholders and the Board recognized that in its motion submitting the initiatives to the City. There has been a resultant negative impact on staff and stakeholder relations.

Other departments of the City do not engage in the same public process as the Park Board and consequently can deal with hypothetical, changing budget figures and proposed initiatives without creating unnecessary concerns. This report suggests a process for dealing with future City budget exercises that will respond to the City process in a slightly different way which may avoid some of the fallout experienced in the 1998 process.

**DISCUSSION**

The Board's budget reduction target for 1999 is currently estimated at \$1,035,900. Council has directed all departments and boards to submit a plan to achieve these reductions during September, 1998.

At its May 11, 1998 meeting, the Board approved a Core Services Study. Ideally, the determination of core services would precede decision-making on the 1999 budget reduction exercise. Unfortunately, the time line for the completion of the Core Services Study will likely extend beyond the City's September budget deadline. Nevertheless, information collected during the early phases of the study may be used during the budget reduction exercise. In addition, it will also be possible to make adjustments or refinements to budgets as information from the Core Services Study becomes available.

## CONSULTATION PROCESS

The Core Services Study includes consultation with stakeholders and the public. Staff recommend expanding this process to include more intensive discussion with staff, partners and stakeholders to develop 1999 budget initiatives. Some of this consultation has begun with Recreation Division staff and Community Association Presidents.

The following is a proposed process.

### 1. Preparation of Background Material

A brief presentation, using both written and visual materials will be prepared describing the past and present budget constraints of the Board. It will identify on past budget reduction exercises, demands for service level increases and the results of the Core Services Study. It will identify methods of reducing net operating costs such as;

- Increased revenues
- Operating efficiencies
- Service level reductions
- Partnerships
- Program transfers
- Sponsorship, etc.

### 2. Consultative Workshops with Partner and Stakeholder Groups

The material described above will be used as the basis of discussions with partners and stakeholders at consultative meetings. The focus of the discussion will be as follows:

"Given that reductions in the operating budget must be made, how should these reductions be made?"

"What specific initiatives should the Board implement to achieve these reductions?"

The consultative workshops will be organized for the following groups:

- Staff
- Community Associations
- Field user groups
- Facility groups
- Special interest groups (e.g. poverty advocates, disability advocates, arts and cultural representatives, horticultural groups)

### 3. Recommendations to the Board

The results of these consultations will be presented in a report to the Board recommending a program of budget initiatives that will meet the fiscal target set for the Board for 1999.

### 4. Time Line

It is recommended that the above process be conducted in collaboration with the Core Services Study, completed before the end of 1998 and ready for implementation in January 1999. The time table of this recommended process should be made very clear to staff and stakeholders at the beginning of the process in order to avoid delays and to assure that reduction targets can be met

Consultation has already begun with some groups but much of the work will take place in the early fall.

The September budget report to the City will likely not be as detailed as was the 1998 report. In order to accommodate the needs of the City in assessing the impact of budget reductions on taxes, it is recommended that the Board provide general descriptions of the anticipated impacts of any budget reductions. Given the experience in the 1998 process, it is hoped that this approach will allow more in depth consultation and reduce what may be unnecessary anxiety.

## JUSTIFICATION

While it is important to provide budget reduction information to the City in September, it is also important for all parties to conduct a thorough and open process. Rationalizing service priorities is essentially the same process as determining core services. The proposed process will ensure a higher degree of public and stakeholder buy in and enhance the potential for success in fulfilling the budget target established by the City.

Prepared by:  
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