



Date: January 3, 2001

**TO: Board Members - Parks and Recreation**  
**FROM: General Manager - Parks and Recreation**  
**SUBJECT: OPERATING BUDGET:  
2000 FINANCIAL STATEMENTS  
2001 BUDGET REQUEST**

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## INFORMATION REPORT

### PURPOSE

Periodical financial statements are submitted to ensure the Board is kept fully informed of the current expenditures and revenues in relation to the approved budget appropriation. This report also provides an update to the Board regarding the development of the 2001 Budget.

### DISCUSSION

#### A) 2000 Operating Budget

The following is a statement of operating expenditures as at December 31, 2000 (Cycle 12). Final accounting adjustments should be complete by May 2001:

Districts/Services	Dec 31 Year to Date Actual \$	(2) 2000 Projected Expenditures \$	(2) 2000 Net Budget \$	(2)-(1) Projected Surplus (Deficit) \$
Stanley District	6,656,677	7,115,097	7,748,974	633,877
Queen Elizabeth District	10,152,438	10,694,286	9,883,259	(811,027)
Vancouver East District	8,934,940	9,426,407	8,578,956	(847,451)
Planning and Operations	12,158,916	12,585,797	13,606,448	1,020,651
Corporate Services	2,025,994	2,101,499	2,725,363	623,864
<b>TOTAL</b>	<b>39,928,965</b>	<b>41,923,086</b>	<b>42,543,000</b>	<b>619,914</b>

As of December 31, 2000, the fiscal year has expired and 98.5 % of the budget has been expended. Expenditures are below budget, which is primarily attributable to the fall work stoppage; however, these cost savings have been reduced by previously explained revenue shortfalls due to wet weather in spring and higher than budgeted rate increases in natural gas and fuel.

These projections are based on the most current information available and represent a best estimate of the Park Board's final financial position for 2000. They do not include strike costs, as these are borne by the City. As well, the budget has been adjusted to include the 2% increase in salaries and fringe benefits for union staff. The results of this review are summarized as follows:

	\$	\$
1. Revenue shortfalls (including strike related losses)		(2,900,000)
Golf operations	(1,150,000)	
Ice Arenas	(700,000)	
Indoor Pools	(540,000)	
Fitness Centres	(190,000)	
VanDusen Gardens and Bloedel Conservatory	(170,000)	
Concession revenue, outdoor pools, miniature train, and Stanley Park shuttle	(150,000)	
2. Natural Gas Fuel Increases		(297,000)
Includes savings from reduced usage due to strike.		
3. Strike related savings		3,817,000
Salaries/Wages/Fringe Benefits	3,566,000	
Supplies	251,000	
<b>Total Projected Surplus</b>		<b>620,000</b>

Strike related revenue losses totaled \$2.6 million: \$1,000,000 in golf operations, \$700,000 for ice arenas, \$540,000 in pools, \$190,000 in fitness centres, and \$170,000 for VanDusen Gardens and Bloedel Conservatory. Revenue shortfalls not attributable to the strike accounted for a further \$300,000, including shortfalls in golf revenues, concessions, outdoor pool operations, the miniature train, the Stanley Park shuttle and some ice arenas. These shortfalls were mainly due to the wet spring weather, downward trends in public skating, and the unanticipated closure of two ice arenas for asbestos removal.

Exceptionally high rate increases in both natural gas (27%) and fuel (15%) were significantly higher than the funded 1% inflationary rate. The additional costs were \$297,000, which includes savings related to reduced usage during the strike. We requested funding adjustments to recognize these cost increases; however, we have agreed with the City Budget Office to fund the 2000 shortage from cost savings related to the strike. We are still requesting a base adjustment of \$600,000 in 2001 to address this ongoing problem.

Offsetting these shortfalls were the strike cost savings of \$3,817,000. Salaries, wages and fringe benefits savings accounted for approximately \$3,566,000, while savings in supply costs accounted for the remaining \$251,000. These figures are still subject to change, as refunds are processed, final payroll adjustments are made, and supply costs are allocated.

In summary, the projected year end operating financial position is a \$620,000 surplus, resulting from a projected deficit prior to the strike of \$587,000, and net strike savings of \$1,207,000.

B) 2001 Operating Budget

The process for development of the 2001 operating budget is well underway.

The additional funding required to maintain service at current levels totals \$3.4 million, broken down as outlined below:

Contract Settlements \$1.2 million  
Both CUPE 15 and CUPE 1004 reached settlements of 2%, 2% and 3% over the years 2000 - 2002. Given the increase of 2% for 2001 and the scope of the changes to enhance fringe benefits for auxiliary and temporary full time workers, an estimated increase of 2.25% results in an additional \$1.2 million.

Inflationary increases \$900,000  
Supplies increases are 1.5% as per city guidelines, resulting in a \$300,000 request. The remaining \$600,000 is for Fuel and Natural Gas price increases (\$300,000 for the shortage experienced in 2000 and \$300,000 to off-set anticipated further increases in 2001).

Fees and Charges \$300,000  
Base adjustments to remedy yearly shortfalls in revenues at ice arenas and concessions.

Added Basic \$1.0 million  
Annualized 2000 Added Basic Budget for Coal Harbour, Thunderbird, Ray Cam, Kensington, David Lam Park and Stanley Park totaling \$300,000. Added Basic Budget of \$700,000 for 2001 for Hastings Park, Street Tree Program, Arbutus Greenway, Grays Park and Cardero Park.

A budget proposal for all city departments was submitted to Council on December 12, which represents an increase of 5.5% over the 2000 budget. This proposal is higher than Council has approved in the past: their practice has been to hold increases to the level of inflation, which is anticipated to be 3% for Vancouver in 2001. Council requested staff to advise on options to reach a 0% budget increase. The Corporate Management Team along with the Budget office is reviewing all programs and services and preparing a list of alternatives and their impacts to services in order to achieve a 0% budget increase. Park Board staff will report back to the Board when Council has advised us of our 2001 budget target.

Prepared by:  
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