



Date: May 1, 2001

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
SUBJECT: 2001 BUDGET

RECOMMENDATION

THAT the Board approve the 2001 Operating Budget of \$45,704,200, made up of:

- (1) Basic Budget of \$44,371,300 (as per Appendix 1);**
- (2) Added Basic Budget of \$673,000 (as per Appendix 2), and;**
- (3) New and Non-Recurring (NNR) Budget of \$660,000 (as per Appendix 3).**

BACKGROUND

The 2001 Preliminary Operating Budget (made up of the Basic, Added Basic and New and Non-Recurring Budgets) has been completed by staff using the normal rules under the Global Budget methodology as outlined below.

On March 24, 1992, the City Council adopted the principles of a global budget for the Park Board and approved a funding base for 1992. The 1992 base took into consideration the basic operating revenues and expenditures that supported the current levels of programming and services offered by the Board. Having established this first global base budget for 1992, the intent was that in subsequent years the Park Board would receive inflationary adjustments consistent with those made available to other departments. For example, the City will continue to provide for the cost of salaries associated with established positions and will adjust the base for the cost of negotiated salary, wage and fringe benefit increases. In addition, the Board is entitled to the same inflation rates on other operating costs that are generally provided in the budgeting process. The above process establishes the Basic Budget each year.

In addition under the new Global Budget arrangement, the remainder of the budget is established as follows:

- **Added Basic Budget:** These are primarily new costs associated with new parks and facilities which have been added under the Capital Construction program. These new operating costs are normally identified as part of the Capital Budget submission and are approved by the City Council along with the capital programs. Once the project is complete, these costs will become part of the Basic Budget.
- **New and Non-Recurring Budget:** Funding for new or replacement furniture and equipment

is requested separately from the Basic Budget. This is due to the fact that these expenditures are "one time" costs and, therefore, should not be included in the ongoing Basic Budget. Under the Global Budget arrangement, the Park Board will receive a block of funding each year. The Board will then establish its own priorities in allocating this funding to individual NNR projects. The City Council has reviewed the preliminary budget and determined the level of total NNR funding for all departments that can be afforded for the year.

- **Supplemental Budget:** These requests represent new and/or expanded programs and have increases above present service levels. The main source of funding for the supplemental budget under the new Global Budget arrangements are:
 - relocations of funding from existing programs; and/or
 - raising of new revenues

The Board has been fully authorized by the City Council in all these areas. The City Council has delegated unlimited authority to the Board to transfer funds within the global operating budget. Also, the City Council has agreed that the Board will 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 City and 2/3 to the Board. In regard to 2001, there appears to be little opportunity for the Board to fund new initiatives from new revenues.

DISCUSSION

1. Basic Budget

It is under the methodology outlined above that the 2001 Basic Budget was prepared. It represents the 2000 approved Basic Budget inflated to reflect 2001 dollar equivalents. Salaries and wages have been adjusted by approximately 2% as a result of contract settlements.

The inflation rates used are those set by the City for all departments and are 1.5% for supplies and other costs, and 2% for revenue and recoveries.

The increase to the 2001 Basic Budget over the 2000 approved budget amounts to \$3,729,900. This increase is primarily attributable to the additional funding provided by the City to recognize:

- the general inflation increases (2% for salaries and benefits, 1.5% for supplies and 2% for revenue);
- specific expenditure increases beyond inflation level such as fuel, insurance and natural gas;
- the budget reduction target allocated by the City Council.

To manage budget and tax increases within 3%, the City Council approved budget reductions to City departments and Park Board. The reduction allocated to the Park Board is \$330,000.

To minimize the impact to public services and to fulfill reduction requirements of \$330,000, the Board approved \$180,000 increase in parking revenue in Stanley Park and reduction of \$150,000 among supplies and non-labour items on the Board meeting of April 9, 2001.

Appendix 1 outlines the above adjustments and the 2001 Basic Budget.

2. **Added Basic Budget**

As indicated previously, the Added Basic items represent new operating costs associated with capital additions to the Parks and Recreation system. The annualized impact of the 2000 added basic programs (programs/services implemented during 2000) in 2001 is \$300,700. The operating costs associated with new recreation and parks facilities in 2001 amount to \$372,300. These requests have been reviewed with City finance officials and are approved for addition to the Basic Budget. Appendix 2 outlines the annualized amount in 2001 and operating costs of 2001 new facilities.

3. **New and Non-Recurring (NNR) Budget**

The City has now allocated the total NNR funding for 2001. Based on the Board's historical share, the Park Board 2001 level has been established at \$660,000. This compares to the \$580,000 (due to the City Council's decision to reduce NNR funding by \$300,000) that we received in 2000 and \$700,000 in 1999. Staff have reviewed this allocation in relation to the total City NNR funding and are satisfied that the Board has been treated equitably. A summary by District/Service of the 2001 NNR recommendation is as follows:

	2001 <u>Recommended</u>
Corporate Service	\$ 40,300
Planning and Operations Service	68,600
Stanley District	127,600
Queen Elizabeth District	148,400
VanEast District	132,100
City-Wide	143,000
TOTAL	\$ 660,000

Staff have reviewed the projects originally submitted and prioritized these items within the funding level allocated. Appendix 3 provides details of all the 2001 NNR projects being recommended by staff.

Appendix 4 outlines a comparison of revenue budget between 2000 and 2001. The 2001 revenue budget has been increased by 7.3% mainly due to increases in funding from the City of Vancouver.

Appendix 5 outlines budget allocations in expenditures for 2000 and 2001. Overall, expenditure budget has been increased by \$5 million. The increases are mainly for salaries and wages and benefits (\$2.6 million) and utilities (\$1.9 million in fuel and natural gas).

Appendix 6 outlines net expenditures budget allocation by District/Services within the Park Board organization structure. Due to the exceptionally high increases in fuel and natural gas, increase in salaries/wages and additional operating costs from new capital projects, District budgets have increased by 11-12%. The 20% increase in Board/Corporate Services is mainly for utilities and insurance cost increases.

CONCLUSION

The Budget submission has been prepared in accordance with established City budget guidelines and total budget is within the City's 2001 approved allocation for the Park Board.

The allocation of the Park Board's share of the total NNR funding for the City is equitable and represents our historical proportionate share (36% of total City NNR budgets) as agreed to under the Global Budget arrangements.

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