

**Minutes of Meeting
Finance Committee, Vancouver Park Board
2099 Beach Avenue, Vancouver**

DATE OF MEETING: May 29, 2006

ATTENDEES: Park Board Commissioners
Commissioner Marty Zlotnik, Committee Chair
Commissioner Ian Robertson
Commissioner Loretta Woodcock
Commissioner Spencer Herbert
Commissioner Heather Holden
Commissioner Korina Houghton

Park Board Staff

Anita Ho	Director, Corporate Services
Lori MacKay	Director, Vancouver East District
Piet Rutgers	Director, Planning and Operations
Cindy Mercer	Manager of Purchasing
Barbara Joughin	Committee Secretary

The meeting was called to order at 5:05 pm. The Agenda for the meeting was as follows:

1. Approval of April 10, 2006 Meeting Minutes
2. Ethical Purchasing Policy
3. 2006 Operating Budget – April 30, 2006
4. Capital Budget Update

1. Approval of April 10, 2006 Meeting Minutes:

The minutes of the April 10, 2006 meeting were approved as presented.

2. Ethical Purchasing Policy

Anita Ho told the Committee that the Park Board's Ethical Purchasing Policy (EPP) provides guidelines to be followed in the selection of suppliers of apparel items and fair trade agricultural products, including coffee. It aims to ensure that suppliers use fair labour practices that respect the human and civil rights of the people who produce these items. Council approved the EPP on February 17, 2005 and provided the Park Board with \$246,000 for increased costs and decreased revenues related to its implementation in 2005. The Park Board approved the implementation of the EPP on February 28, 2005. On April 6, 2006, Council withdrew funding for the implementation of the EPP in 2006. However, since the EPP is still in effect, any costs associated with its implementation impact the current budgets of affected City departments, including the Park Board, and reduced revenues from concession sales result in less money available to subsidize other Park Board services and programs.

Staff reviewed the Park Board's experience with the EPP since its implementation, including the purchase and sale of fair trade agricultural products at concessions and clubhouses, and uniforms.

While the impacts of implementing the EPP at the Park Board are not yet clearly understood after less than 12 months of applying the policy, the impacts appear to be small or neutral on clothing purchases. However, there is a significant impact from the purchase of fair trade food products due to the volume of sales and their higher cost than non-certified products. In 2005, concession sales were under budget by \$136,597, following two years of surplus revenues. Aside from customer choice, factors affecting concession sales include weather, economic issues, and changing trends.

Park Board staff recommended three amendments to the Ethical Purchasing Policy to address declining revenues and improve customer service while continuing to support its implementation, and requested that the Finance Committee recommend that the proposed amendments be approved by the Board on June 12, 2006.

Discussion

- A member of the Committee inquired about the rate of the inflationary increase at the time of the implementation of the EPP and staff replied that it was 2.75% on all items except labour.
- The fair trade products are and will continue to be clearly marked at the concessions. There are no marketing costs associated with the proposed amendments to the EPP.
- A Commissioner asked how the amendments will affect the Purchasing Department and staff said that they have been reviewed by both Purchasing and Revenue Services and will present no difficulties for either department.
- A member of the Committee requested information about the fulltime City of Vancouver EPP position, and staff said they will provide this information to the Committee.
- Staff will continue to examine the reasons for the decrease in 2005 concession revenues and to monitor the impact of the EPP on concession revenues in 2006.

Recommendation

The Finance Committee recommended that the Board approve amendments to the Ethical Purchasing Policy (EPP) to allow different treatments for products being sold to the public and those for internal use as follows:

- the EPP be used in all applicable contracts, but that it not be an overwhelming factor in the award;
- the Board allow non-certified agricultural products to be offered for sale so that the consumer has more choices; and
- the EPP be applied differently for products which are being resold to the public from those that are not.

Carried. (Commissioner Woodcock contrary).

3. 2006 Operating Budget – April 30, 2006

For the information of the Committee, Anita Ho reported the operating statements of the Park Board as at April 30, 2006 (32.9% of the year), and summarized revenues and expenditures.

In the first four months of 2006 the Park Board spent \$18,755,304 of a total budget of \$54,878,755, which at 34.2% is above budget for the year. Gross revenues are \$8,073,715 (23.2% of budget), and gross expenditures are \$26,829,020 (29.9% of budget). Compared to April levels in 2004 and 2005, 2006 revenues are higher than 2005, but lower than 2004. 2006

expenditures are higher than both 2004 and 2005 expenditures.

2006 revenues are lower than 2005 in the following areas: concessions, golf courses, and pitch and putt; areas with revenue increases are recreation, parking, marinas, and leases. Expenditures are higher than the same period in 2005, with the cost of utilities increasing by 5.6 %. Staff are reviewing the causes of utility increases in determine whether this is due to increased consumption or an increased rate.

Discussion

- Staff clarified that the receipt of 94.1% of Planning and Operations' projected revenues in this term is from lump sum payments for tree sales and funding for the West Nile Virus program.
- The group discussed the impacts of poor weather on golf course revenues, and staff noted that the most significant decline at McCleery Golf Course will be a focus for review.

4. Capital Budget Update

Anita Ho explained that the purpose of the Capital Budget update is to inform the Board of the financial status of active capital projects as at April 30, 2006. Piet Rutgers thanked John Brossard for preparing the report, and told the Committee that there is a total unexpended surplus of \$20.3 million in the capital budget, including \$7.6 million from 2000-2005 projects that are still open, and \$12.7 million for 2006 projects. He briefly reviewed details of interest and concern in projects under facility development, park development, major maintenance, land acquisition and planning, as well as overhead and debenture costs. Cost escalations related to construction and hard landscaping were noted as an important element of capital project budgets.

Discussion

- A member of the Committee requested that the budget summary and commentary be modified to show more accurately the relationship between project deficits and outstanding contributions.
- It was noted that contracting and other costs borne by external partners are not included in this budget summary.
- Staff explained that formulas are applied to allocate any surpluses when projects are completed and funds have been contributed by other partners.
- A Commissioner requested background information about the \$1 million in park acquisition and planning funds reserved for Marpole and staff explained this was a payment-in-lieu of park land at the Eburne lands from TransLink that is reserved for future park land in Marpole.

The Capital Budget update to December 31, 2005 will be brought to the Board on June 13, 2006 and to Council on June 14.

5. Next Meeting

The meeting was adjourned at 6:05 pm. The next Finance Committee meeting is scheduled for June 19, 2006 at 7:00 pm.