

Date: March 25, 2009



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: 2009 Operating Budget Update

RECOMMENDATION

THAT the Board approve the proposed 2009 Park Board Global Budget of \$61,386,930 including the \$60,509,780 Basic Budget, \$856,300 for 2009 Added Basic costs and \$20,850 for 2009 New and Non-Recurring costs subject to Council approval on April 7, 2009.

POLICY

There is no applicable policy.

BACKGROUND

The Park Board's 2009 Operating Budget Interim estimate was prepared using the normal rules under the Global Budget methodology.

On February 3, 2009, the 2009 Interim Operating Budget Estimates Report was presented to City Council. At that meeting, Council received the report for information and postponed decision on approval until March 24, 2009, pending public input. The report recommended approval of a budget of \$62,845,700 for the Park Board, including \$856,300 for Added Basic and one-time adjustments (a further \$33,800 is held centrally for the new Mount Pleasant Community Centre which will be allocated to the Park Board upon the facility's opening). This report also included a separate request for Council's consideration for \$747,000 to fund the 2009 opening of the Hillcrest Aquatic Centre at the Vancouver Olympic and Paralympic Centre prior to the Olympic Games. As part of this budget, the Park Board agreed to reduce its Added Basic request by \$0.4 million and agreed to a \$0.3 million reduction as its share of the corporate adjustments.

At the same Council meeting, Council also passed a motion, directing the City Manager to "immediately take all necessary steps to produce a 2009 Operating Budget that will protect taxpayers and mitigate any compromise of key City services" and requesting that the City Manager "be asked to consider steps which may possibly include:

- review of all "projects" underway
- expedited implementation of shared services across all City departments, outside Boards (Parks and Recreation, Vancouver Public Library, Vancouver

Police, Vancouver Civic Theatres) and owned/controlled entities (Parking Corporation of Vancouver, Pacific National Exhibition)

- hiring freezes
- pay freezes
- triage and limiting of all external consultant engagements
- early retirement
- review and adjust City business activities to align with the City core mandate under the Vancouver Charter”

Council instructed the City Manager to “continue these efforts as necessary to limit future property tax increases in 2010 and 2011”.

On March 2, 2009, the Board approved budget initiatives totaling \$300,000 in order to meet the reduction target agreed to as part of the initial Interim Operating Report.

Throughout March 2009 Park Board and City staff worked closely to provide options to fulfill Council’s directive and on March 24, 2009, Council received an updated Interim Operating Budget report. It was approved in principle, subject to public input on the budget at meetings beginning on March 31.

The updated report recommends approval of a budget of \$61,366,080 for the Park Board, which includes:

- \$856,300 for Added Basic and one-time adjustments (and a further \$33,800 is held centrally for the new Mt Pleasant Community Centre which will be allocated to the Park Board upon the facility’s opening).
- \$1,179,000 in vacancy savings
- \$100,600 reduction for fuel for City Equipment (based on an estimated price drop of \$0.15/L)
- \$200,000 in savings from other sources
- \$75,400 transfer to Project 311 (Project approved by the Board at its meeting on January 15, 2007) for the 2009 implementation phase
- \$275,150 one-time reduction in 2009 New and Non-Recurring Budget (\$296,000 in 2008, \$20,850 in 2009)

The updated report no longer includes a request for \$747,000 to fund the 2009 opening of the Hillcrest Aquatic Centre at the Vancouver Olympic and Paralympic Centre prior to the Olympic Games.

On March 23, 2009 the Board approved the discontinuation of funding for the Stanley Park Shuttle service for 2009 to provide a further \$200,000 in savings for the updated 2009 budget reductions.

DISCUSSION

The Park Board Global Operating Budget has three components:

- 1) Basic Budget

- 2) Added Basic Budget
- 3) New and Non-Recurring (NNR) Budget

1) Basic Budget

The Basic Budget represents the 2008 approved operating budgets (less NNR and one-time funding) inflated to reflect 2009 dollar equivalents. It also includes adjustments for any Council approved programs, including reduction initiatives.

The following table outlines the adjustments to the Park Board Basic Budget.

2008 Budget Net Operating Budget	\$59,635,092
Less: 2008 NNRs and one-time funding	(\$441,097)
2008 Basic Budget	\$59,193,995
Inflation Adjustments:	
Salaries, wages and employee benefits	\$2,209,100
Supplies, Utilities, City Equipment and other adjustments	\$2,699,685
Fuel Estimate Adjustment	(\$100,600)
Revenue and recoveries	(\$1,738,000)
Transfers to other City Departments:	
311 Transfers (half year only – full year impact is \$150,800)	(\$75,400)
Corporate adjustments to minimize tax increases:	
Efficiencies	(\$300,000)
Vacancy Savings	(\$1,179,000)
Other Savings (discontinue funding for Shuttle Service)	(\$200,000)
2009 Basic Budget	\$60,509,780
\$ Increase over 2008 Basic Budget	\$1,315,785
% Increase over 2008 Basic Budget	2.2%

The budget has been increased by \$4.8 million for inflationary adjustments for salary costs, supply costs, utilities, and city equipment. This is offset by inflationary increases in fees and charges of \$1.7 million.

As part of this budget process \$75,400 has been transferred to the Project 311 office for the service starting in 2009 (the full year impact of this is \$150,800). Project 311 was approved by the Board at its meeting on January 15, 2007 and is being implemented over a three year period beginning in 2009. Starting June 15, 2009, calls to Bloedel Conservatory, the Board’s central office, Evans Yard and Street Tree Programs will be answered by Project 311 staff. Reflecting the transfer of services, three positions at the Park Board will be eliminated as part of the funding transfer to Project 311. Appendix I provides additional details of the 311 Project implementation plan and its impact on the Park Board.

Park Board’s agreed share of corporate adjustment to minimize property tax increases totals \$1,679,000. This includes \$300,000 in efficiency savings approved by the Board at

its March 2 meeting, \$1,179,000 in vacancy savings and a further \$200,000 savings from other sources. At the Board's meeting on March 23, 2009 it approved the discontinuation of funding for the Stanley Park Shuttle service to provide \$200,000 in other savings.

The total increase in the base budget for 2009 is 2.2%. The current operating budget is tight and requires careful monitoring to ensure the Board does not overspend as the budget has been reduced by \$1,679,000. As well, revenue will need to be monitored closely. As noted above, the 2009 revenue budget has been increased by \$1.7 million. Given the 2008 actual revenues were below budget by \$0.9 million, it will be challenging to achieve the \$2.6 million increase in actual revenues that are required to meet the 2009 budget, especially during a period of economic slowdown.

2) Added Basic Budget

The Added Basic Budget represents the net new operating costs associated with new or expanded capital additions to the parks and recreation system and other adjustments. For 2009 this budget totals \$856,300, with a further \$33,800 budgeted within City accounts for the opening of the new Mt Pleasant Community Centre at #1 Kingsway.

Of the \$856,300, \$326,300 is the 2009 funding for ongoing costs associated with new or expanded capital additions to the budget. In 2010 this amount will be increased by \$20,800 to reflect the full year cost of facilities that were completed part way through 2009.

Also included in this budget is \$194,500 for additional ongoing costs associated with a new security contract jointly awarded to the Park Board and City.

Finally, this budget also provides \$335,500 for one year for the increased costs associated with opening the new Vancouver Olympic Centre. Because the opening of this facility is complex with a number of stages due to the Olympic Games and construction schedules, the additional budget needed in 2010 to provide service at this facility will be reviewed as part of the 2010 budget building process.

Appendix II outlines the detailed budgets for the various projects.

3) New and Non Recurring Budget

Funding for new and non-recurring items, such as replacement of equipment or minor building maintenance or modification, is requested separately from the Basic Budget. 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 receives 37% of the City-wide NNR budget each year. Traditionally, the city-wide NNR budget has been \$2 million. For the last several years this has been reduced to \$800,000 as part of the corporate adjustments used to minimize the tax increases needed balance the budget. For 2009 the

total city-wide NNR budget has been reduced to \$56,350, of which the Board's share is \$20,850.

After assessing operational needs and discussion with partners exploring ways to maximize use of the fund, staff establish priorities in allocating this funding to projects. Projects recommended for approval for 2009 will be provided to the Board once Council finalizes the 2009 Operating Budget.

SUMMARY

The Park Board Global Operating Budget for 2009 is \$61,386,930 including \$60,509,780 in base budget funds, \$856,300 for Added Basic and one-time adjustments and \$20,850 for New and Non-Recurring projects. Compared to the 2008 Operating Budget of \$59,635,092 this represents a total increase of \$1,671,838 or 2.8% over the 2008 net operating budget.

The 2009 Global Operating Budget provides for the Board to operate the new and expanded facilities while maintaining park and recreation services with minimal adjustments and allows Council to minimize tax increases. However, given the Board's revenue shortfall of \$0.9 million in 2008 and the revenue budget increase of \$1.7 million, the Board must generate \$2.6 million more in 2009 and this will be challenging during a period of economic uncertainty. Continual close monitoring of the budget will be required in order to ensure the target can be met.

Prepared by:

Corporate Services
Vancouver Board of Parks and Recreation
Vancouver, BC

311 is an easy to remember single point of access to municipal services. In other jurisdictions, the implementation of 311 has led to a dramatic improvement in the quality of citizen services for consistency of responses, ease of access and speed of service. It also provides tracking of information which allows department to manage resources and ensure timely responses. The City is implementing the 311 service in phases to ensure continuity of service.

Timeline	Activity
August 2008	New office set up at Spyglass
February 16, 2009	16 phones transfer to Project 311
June 2009	24 hour service begins; Service in languages other than English begins

Staffing

2009	28 FTE
2010-2011	additional 50 FTE

Operating Budget

Indirect costs such as IT, administration, telephone provider fees, translation services, facility are to be funded from the overall City operating budget. **Direct costs for call centre staff are to be funded from departmental allocations.**

Park Board transfers to Project 311 - \$714,200 over 3 years

2009

Call services transferred to 311:

Bloedel Conservatory, Central Office, Evans Yard, Street Tree Program

Funding transferred to 311:

\$75,400 for 6 months of services (full year impact is \$150,800)

Staffing impacts:

Reduction in auxiliary hours and deletion of 2-3 RFT CUPE 15 positions

2010

Call services transferred to 311:

Burrard Marina, Community Centres, District Offices, VanDusen

Funding transferred to 311:

\$281,700 for 6 months of services (full year impact is \$563,400)

Total transfer in 2010: \$357,100

(\$75,400 (annualization of 2009 phase) + \$281,700 (2010 phase))

Staffing impacts:

Reduction in auxiliary hours and deletion of 10-14 RFT CUPE 15 positions

2011

No additional services transferred to 311 & no additional staffing impacts

Funding transferred to 311: \$281,700 (annualization of 2010 phase)

Summary of 2009 Added Basic and Other Adjustments	Total Ongoing Approved Added Basic	Total Approved for 2009
Added Basic		
Southeast False Creek	\$31,000	\$23,300
Nelson Park	13,500	13,500
72nd & Osler	26,700	26,700
Capital Grass Field Upgrades	12,000	12,000
Site Furnishings and Amenities	17,000	17,000
Street Trees	82,000	82,000
Southeast False Creek	21,300	21,300
Killarney Rink	17,100	11,300
Trout Lake Rink	29,300	22,000
Other Facility Improvements	97,200	97,200
Total of Added Basic for New or Improved Facilities	\$347,100	\$326,300
Other Adjustments		
Security Contract cost increase beyond inflation	\$194,500	\$194,500
Vancouver Olympic Centre (2009 only approved. To be resubmitted as part of the 2010 budget development process)	0	335,500
Total of Other Adjustments	\$194,500	\$530,000
Total Added Basic and Other Adjustments	\$541,600	\$856,300
Added Basic not included in Park Board budget*		
New Mt Pleasant Community Centre at #1 Kingsway	\$75,500	\$33,800

* These funds have been budgeted within City accounts for the new Mt Pleasant Community Centre and will be allocated to the Park Board upon the facility's opening.