

**SUBJECT: 1997 BASIC AND ADDED BASIC BUDGET**

**RECOMMENDATION:**

**THAT the Board approve the 1997 Basic and Added Basic Budgets as per Appendix I.**

**BACKGROUND**

The 1997 Preliminary Basic and Added Budget has been completed by staff using the normal rules under the global budget methodology as outlined below.

On March 24, 1992, Council adopted the principles of a global budget for the Park Board and approved a funding base for 1992. Under the global budgeting methodology, Council approves the base funding level early in February of each year. 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.

(a) Basic Budget - Once the Basic Budget (Preliminary) has been completed as outlined above, a detailed review is undertaken by City Finance and Park Board staffs. This review normally results in a few administrative adjustments with the submission being revised accordingly. This is normally the end of the process, with the budget being submitted to the Board for approval. However this year the Board was advised by Council that due to the \$17.2 million reduction in transfer payments from the Province that a reduction in departmental budgets would be necessary. Council undertook an extensive public process in order to obtain feedback on what service reductions would be acceptable, as well as what level of tax increase would be supported in order to retain services. At its meeting of February 4, 1997, Council approved several increases in revenue programs and also identified and approved the magnitude of individual departmental budget reductions.

The reduction allocated to Parks and Recreation amounted to \$700,000. Once the amount of the reduction was known, the Board held a public meeting in Council Chambers on February 13, 1997, in order to hear delegations on possible reductions that staff had proposed. Subsequently, at its regular meeting on February 17, 1997, the Board approved the specific expenditure

reductions and revenue increases to be included in its \$700,000 net base budget reduction. These reductions have been included in the 1997 Base Budget that is being recommended in this report.

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

(b) Added Basic - 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 Council along with the capital programs. Once the project is complete, these will become part of the basic budget.

(c) 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 block funding is established after Council has reviewed the preliminary budget and determined the level of total NNR funding for all departments that can be afforded for the year. Once this total is established Parks will receive its historical proportional share. A separate report will be submitted for consideration and approval by the Board in mid April, 1997.

(d) Supplemental Budget - These requests represent new and/or expanded programs and are increases in present service levels. The main source of funding for the supplemental request under the new Global Budget arrangements are:

- Reallocations of funding from existing programs, and/or
- Raising of new revenues.

The Board has been fully authorized by Council in both of these areas. Council has delegated unlimited authority to the

Board to transfer funds within the global operating budget. Also, 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 1997 there appears to be little opportunity for the Board to fund new initiative from new revenues.

## **DISCUSSION**

### Basic Budget

It is under the methodology outlined above that the 1997 Basic Budget was prepared. It represents the 1996 approved basic budget inflated to reflect 1997 dollar equivalents. It also includes the \$700,000 in budget reductions

previously approved by the Board.

The inflation rates used are those set by the City for all departments and are as follows:

Salaries	0.0%
Wages	0.0%
Supplies & Services	1.0%
Telephone	1.0%
Heating Gas	1.0%
Electricity	1.0%
City Vehicle Rental	3.0%

No increase has been included in this budget for salary or wages. The collective agreement expired on December 31, 1996, and negotiations are currently in progress.

Appendix I outlines the 1997 basic budget request based on the above. A more detailed breakdown of all expenses and revenues by division and program is included in Appendix IV. A complete budget document providing detailed expenditures and revenues by program will be placed in the Commissioners office for reference.

The increase in the 1997 Basic Budget Request over the 1996 approved budget (adjusted for inflation and the budget reduction program) amounts to \$288,500 (as per Appendix I attached). This increase is primarily attributable to the additional funding provided by the City to replace the Canada Assistance Plan grants which were discontinued as part of the Provincial Governments funding reduction. Previously the Board had received \$215,000 annually in C.A.P. grants for the Youth Workers program.

#### Added Basic Budget

As indicated previously the added basic items represent new operating costs associated with the Capital additions to the Parks system. In 1997 this amounts to \$258,700 for items described on Appendix II and its attachments. These requests have been reviewed with City finance officials and are approved for addition to the basic budget.

3. Supplemental Budget - in the amount of \$178,350. The requests for new and/or expanded services are outlined in Appendix III. As previously indicated it appears that there is no funding available in 1997 to implement any of these requests.

#### **JUSTIFICATION**

The Budget submission has been prepared in accordance with established City

budget guidelines and total funding requested is within the city's 1997 funding target for the Park Board.

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