

SUBJECT: 2000 Budget

RECOMMENDATION

THAT the Board approve the 2000 Basic Budget of \$39,384,100 as per Appendix I and the Added Basic Budget of \$1,353,400 as per Appendix II.
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BACKGROUND

The 2000 Preliminary Basic and Added Basic 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. 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:

- a. **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.
- b. **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. On April 20, 2000 when reviewing the 2000 Budget estimates, Council has approved reductions to NNR funding by \$300,000. At this time, we are not sure if the Park Board portion will be affected by this reduction. If it does, based on the past experience, the Park Board's portion of reduction can range from \$100,000 to \$200,000. A separate report will be submitted for consideration and approval by the Board before the end of May 2000.

c. **Supplemental Budget:** These requests represent new and/or expanded programs and have increases in present service levels. The main source of funding for the supplemental request 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 Council in both 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 2000, 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 2000 Basic Budget was prepared. It represents the 1999 approved Basic Budget inflated to reflect 2000 dollar equivalents. At this time, the collective agreements between the unions and the City are pending. Salaries/wages will be adjusted subsequent to contract settlements.

The inflation rates used are those set by the City for all departments are 1% for supplies and 1.5% for revenue.

The increase to the 2000 Basic Budget over the 1999 approved budget amounts to \$971,500. This increase is primarily attributable to the additional funding provided by the City to recognize:

- i. the general inflationary increases (1% for supplies and 1.5% for revenue);
- ii. specific expenditure increases beyond inflation level such as fuel, insurance, equipment charges and employee benefits;
- iii. annualized impact of 1999 added basic programs; and
- iv. salary cost increases due to position reclassifications.

[Appendix I](#) outlines the above adjustments and the 2000 Basic Budget.

On April 20, 2000, to manage budget and tax increases within 2.75%, Council has approved a number of reduction initiatives to City department budgets. There are two initiatives which will affect the Park Board budget:

- i. reduction to overtime funding by \$500,000 (Park Board's portion is \$3,500); and
- ii. reduction to the Park Board budget by \$100,000.

To minimize the impact to public services and to fulfill reduction requirements, staff recommend to achieve the reduction by prorating the \$100,000 among supplies and non-labour items. The \$100,000 reduction represents 0.25% of the net budget or 0.15% of the gross budget and its impact to services and programs should be minimal.

2. Added Basic Budget

As indicated previously, the Added Basic items represent new operating costs associated with the Capital additions to the Parks and Recreation system. In 2000, this amounts to \$1,353,400 for items described in [Appendix II](#). These requests have been reviewed with City finance officials and are approved for addition to the Basic Budget.

JUSTIFICATION

The Budget submission has been prepared in accordance with established City budget guidelines and total funding requested is within the City's 2000 funding target for the Park Board.

Prepared by:

Corporate Services Division
Board of Parks and Recreation
City of Vancouver