



March 17, 2004

**TO: Board Members - Parks and Recreation**  
**FROM: Finance Committee - Parks and Recreation**  
**SUBJECT: 2004 Operating Budget**

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## **RECOMMENDATION**

**THAT the Board approve:**

**(A) the Park Board Global Budget of \$48,853,900, including \$493,800 for added basic costs and one-time adjustments and the New and Non-Recurring (NNR) budget of \$462,500**

**(B) budget initiatives (as outlined on Appendix 3) of \$659,100, for public consultation**

**(C) that staff report back to the Board on April 19, 2004 with the results of public consultation on the initiatives**

## **BACKGROUND**

On March 8, 2004, the Board was informed of the 2004 Operating Budget - Interim Estimates (made up of the Basic and Added Basic Budgets). This budget was prepared using the normal rules under the Global Budget methodology. The Park Board's 2004 Operating Budget is \$48,853,900, including \$493,800 for added basic costs and one-time adjustments for Bloedel Conservatory (resulting from the water reservoir construction project) and Killarney Pool (resulting from closure for demolition/construction of a new building).

On March 9, 2004, the City Director of Finance presented the 2004 Operating Budget Interim Report to City Council. City Council approved a property tax increase of 2.93% to reach a balanced budget. City Council also approved the Park Board Global Budget of \$49,003,900, including \$493,800 in added basic costs, less \$63,000 in turnover savings and \$87,000 in efficiencies. As well, the city wide NNR budget was approved, which includes \$462,500 for Park Board.

## DISCUSSION

The Park Board Global Budget is made up of three components:

- (1) Basic budget
- (2) Added Basic budget
- (3) New and Non-Recurring budget

### (1) Basic Budget

The Basic Budget represents the 2003 approved Basic Budget inflated to reflect 2004 dollar equivalents. Salaries, wages and benefits have not been adjusted at this time for 2003 and 2004 costs. They are pending the conclusion of contract negotiations and at that time the budget will be amended to reflect the settlement. Non labour costs (such as supplies), fees and charges have been adjusted for inflation. The following outlines the adjustments to the Park Board Basic Budget:

2003 Basic Budget	\$47,362,800
Adjustments:	
Inflation -	
Salaries, wages (due to classification changes) and employee benefits	607,200
Supplies and other costs (2.00%)	397,753
Revenue and recoveries (2.75% / 2.00% where applicable)	(808,416)
Other adjustments:	
Equipment	411,100
Natural Gas	250,975
Insurance adjustment	116,388
2003 added basic programs annualized in 2004	22,300
2004 Basic Budget	\$48,360,100
\$ Increase over 2003 Basic Budget	\$997,300
% Increase over 2003 Basic Budget	2.10%

The 2.1% increase does not include salaries, wages or fringe benefits resulting from contract settlements. For 2003 the settlement budget totals \$683,300 for collective agreements that are already resolved. Staff are continuing to work with the City to finalize the 2004 budget for CUPE 1004, Exempt and Foremen, while CUPE 15 is still outstanding for both 2003 and 2004.

## **(2) Added Basic Budget**

The Added Basic budget represents new operating costs associated with capital additions to the parks and recreation system. For 2004 this amounts to \$493,800. This budget includes \$263,650 for wages and fringe benefits, which represents 10,200 additional hours for CUPE 1004 Operations Worker II positions, \$14,200 for city equipment, and \$96,950 for related materials and supplies. There are also one time adjustments of \$170,000 for Bloedel Conservatory revenue reduction (due to the ongoing water reservoir construction project) and \$51,000 for Killarney Pool cost savings (fall closure). Appendix 1 outlines the annualized amount in 2004 and operating costs of 2004 new facilities.

## **(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 a block of NNR funding each year. For 2004 this amount is \$462,500. The Board establishes its own priorities in allocating this funding to projects as per the City criteria for allocation. Appendix 2 outlines the projects recommended for approval for 2004. In some cases, projects approved in 2003, that were not completed, have been included to complete the financing of the project.

## **Budget Initiatives**

A number of initiatives require funding from within the operating budget. These include:

- Park Board’s \$87,000 share of the City’s \$1 million efficiency improvement
- Park Board’s \$63,000 share of the City’s additional \$500,000 turnover savings
- MS Office licence fees
- Adjustment of Golf Operations net contribution to other Park Board programs to reflect recent revenues.
- Adding a full time Planner II position to the Planning and Operations Division
- Increasing the supervision of contracts and programs in Arts Programs

- Expanding the Park Ranger program, currently operating in the Stanley District, to the Queen Elizabeth and Vancouver East Districts on a limited basis.
- Providing relief for the administrative positions in the Queen Elizabeth and Vancouver East district offices.
- Providing additional support for Special Events, Festivals and Community Outreach Programs.

A detailed outline of the proposed initiatives, their rationale, funding impacts for 2004 and beyond, and potential sources of funds are included in Appendix 3. The proposed initiatives would create 1 regular full time CUPE 15 position, delete 1 regular full time CUPE 15 position, increase hours to 4 CUPE 15 regular part time positions, and provide approximately 4200 hours for CUPE 15 auxiliary positions.

While some of these initiatives have identified partial funding sources, the remainder have no current source of funds. The following proposals, which are also detailed in Appendix 3, would provide the necessary funding:

1. Increase the Stanley Park hourly parking rate from \$1.00 per 45 minutes to \$2.00 per hour from April 1 to September 30. In 2004, this change would take effect May 1, 2004.
2. Increase the parking rates at Jericho beach effective May 1 - September 30.
3. New contractual arrangements for the restaurant tenant at Coal Harbour Park.
4. Increase low cost swim and skate rates for Adult patrons from \$1 to \$2 effective May 1, 2004. Child, youth and senior rates would remain at \$1.
5. Internal efficiencies

With the exception of (3), which was previously approved by the Board after public input, the Board is requested to approve these initiatives for public consultation on their implementation.

## **SUMMARY**

The Park Board Global Budget for 2004 is \$48,853,900, including \$493,800 for added basic and the other one-time adjustments. This represents a 3.15% increase over the 2003 net operating budget and provides the same level of services as previously approved in 2003. This is an estimate of current operating services and programs and does not include general salary adjustments pending the conclusion of contract negotiations and analysis of their impact on the Park Board.

The Park Board 2004 Gross Operating Budget, not including NNRs, is \$81,309,600. It is funded from two sources: \$48,853,900 (60%) from the City of Vancouver and \$32,455,700 (40%) from user fees and charges. It is a very tight budget which requires continued monitoring and prompt corrective action, as there is limited flexibility with 66% of total costs for staff, and 45% of supply costs in infrastructure operations. In any year season variations, changing trends, and market competition can adversely impact the budget.

The proposed initiatives reflect public needs and priorities of the Park Board's operations. These initiatives have been reviewed and are recommended by the Finance Committee to support programs which have expanded over time. The funding proposed to support these initiatives reflect careful consideration of their effects, balanced against the need for expanded services. The public consultation process will ensure that the Board's objectives are met while providing a forum for those who may be impacted by these decisions.

Staff will continue to closely monitor the budget and will work with the Board through the Finance Committee to ensure that prompt corrective action will be taken if required. We will continue to keep stakeholders updated with current information regarding the budget process and financial position and will provide opportunities for new ideas to increase positive options for the Board's fiscal management.

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