

Date: February 2, 2005



TO: Board Members - Parks and Recreation
FROM: General Manager – Parks and Recreation
**SUBJECT: Operating Statements for the Year Ended
December 31, 2004**

RECOMMENDATION

That the Board receive this report for information.

BACKGROUND

This report discusses the Board's preliminary 2004 Year End financial position. In the interest of prudent financial management, the Board is reviewing its operations at this time. The attached figures reflect the current financial situation, pending minor adjustments by the City of Vancouver or its external auditors. The City of Vancouver will provide official financial statements for 2004 some time in late spring.

DISCUSSION

The Park Board has a surplus for the year ending December 31, 2004 of \$630,000. Of this, \$392,000 is due to Utility and City Equipment costs being under budget; these budgets are fully funded from the City and accrue to the City's bottom line. The remaining surplus of \$238,000 represents the surplus under the Park Board's control and is 0.5% of the Board's \$52 million net budget.

At the end of 2004, Board revenues were \$228,000 above budget. Golf revenues at year end were \$634,000 under budget. Over the course of the year a number of marketing incentives (discounts, specials, etc.) were offered to the public in an effort to increase golf revenues. The driving ranges were \$50,000 under budget and the courses themselves were \$664,000 under budget, with Langara under by \$350,000, Fraserview under by \$170,000 and McCleery under by \$144,000. However, clubhouse revenues were \$60,000 above budget. Despite issues with golf revenues, overall Board revenues were greater than expected, with budget surpluses in revenues from leases, park operations, donations and especially recreation (\$587,000 above budget). For the recreation revenues, indoor pools were \$240,000 above budget and outdoor pools were \$262,000 above budget.

Gross expenses were \$402,000 under budget, although once the City's utility and equipment cost savings of \$392,000 are taken into account, the Board's expenses were \$10,000 under budget, on a gross budget of \$84.3 million.

Details of the Board's year end position and a comparison with 2003 results are attached as follows:

- Appendix I – Operating Statement for the year ended December 31, 2004, which provides a breakdown of Revenues and Expenditures by District
- Appendix II – 2004 Actual Gross Expenditure by Type
- Appendix III – 2004 Actual Revenues by Source
- Appendix IV – 2004 & 2003 Revenues and Expenditures by Program

As shown in Appendix II, consistent with previous years, the majority of expenditures (65%) were for salaries, wages and fringe benefits.

Appendix III provides a breakdown of Gross Revenue by source. As shown, 38% of revenues are raised through fees and charges. Golf and the Pitch & Putts continue to be the largest revenue generators, making up 12% of the Board's total revenues (or almost 1/3 of the total revenues raised through fees and charges). Recreation revenues account for 11% with other sources such as parking, concessions, marinas and major park programs generating between 2 and 4 % each. Funding from the City of Vancouver makes up the remaining 62%.

In comparing 2004 actual expenses and revenues to the 2003 actual results, a number of changes can be noted.

For Revenues, the overall increase in 2004 was \$934,000 or 3% more than 2003. Income generating operations increased by almost \$1 million or 5.1%, with the major increases in parking, golf, leases and donations revenues. Revenues from park operations were up \$230,000 or 8.1% with the majority coming from VanDusen and Stanley Park. Recreation revenues were down by \$282,000 or 3%, but this is attributable to decreases in indoor pool revenues (\$379,000) resulting from the closures at Renfrew and Killarney pools.

On the expense side, the overall increase in 2004 was \$2.3 million or 2.8% more than 2003. If we exclude spending on utilities and city equipment, the real increase in program spending is \$2.7 million. The increases result from increases in inflation (supplies and collective agreement increases), increases due to new capital expenditures (Added Basic) and new Board initiatives.

Excluding utilities and city equipment, the expenditures associated with income generating operations increased by \$615,000, with the largest increases coming from golf, concessions and parking. Expenditures on parks and operations increased by almost \$1.5 million, largely for buildings and plant maintenance for new facilities, equipment and parks such as Strathcona and George Wainborn parks, the False Creek Community Centre expansion, street trees, park amenities and equipment. Expenditures on recreation programs increased over 2003 by \$617,000. Of this, an increase of \$462,000 was for

Arts & Culture and Ranger programs. There was a decrease of \$398,000 for indoor pools (reflecting the closure of Renfrew and Killarney pools) and the majority of the remaining \$553,000 increase in expenditures was spent in community centres reflecting the expansion of False Creek and Kerrisdale Community Centre and expanded programmings in some community centres with Community Association's cost sharing included.

SUMMARY

The Board's surplus of \$630,000 is attributed largely to savings in utility and city equipment costs of \$392,000. The remaining \$238,000 surplus represents approximately ½ of 1% of the Board's net operating budget of \$52,070,905. There were a number of revenue related challenges in 2004, including issues with golf revenues, the increased revenue expectations from parking, the extended closure of two indoor pools, and continued work on the Reservoir at Queen Elizabeth Park, all of which were managed. The hot summer weather resulted in additional revenues from outdoor pools and the indoor pools remaining open were also able to generate more revenues to offset some of the revenue shortfall identified above.

On the expenditure side, the Board ended 2004 with expenditure savings of \$10,000. Challenges included managing the pool closures and the on-going redevelopment of the Queen Elizabeth reservoir, curtailing golf expenditures to alleviate reduced revenues and managing new and redeveloped parks (George Wainborn and Strathcona) and facilities (False Creek Community Centre). As well there was the implementation of new initiatives such as increased support for arts and culture, the park ranger program, planning, special events and district offices administration support.

While staff are pleased with the year end results, close monitoring of the budget will continue, in order to minimize potential service disruption and effectively allocate resources to meet emerging needs.

Prepared by:

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