

Date: February 6, 2006



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
**SUBJECT: Operating Statement for the Year Ended
December 31, 2005**

RECOMMENDATION

That the Board receive this report for information

BACKGROUND

This report discusses the Board's preliminary 2005 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 2005 some time in late spring.

DISCUSSION

The Park Board has a surplus for the year ending December 31, 2005 of \$541,000. Of this, \$427,000 is due to utility and city equipment costs being under budget; these budgets are fully funded by the City and any surplus or deficit accrues to the City's bottom line. The remaining surplus of \$114,000 represents the surplus under the Park Board's control and is 0.2% of the Board's \$53 million net budget.

Details of the Board's year end position and a comparison with 2004 results are attached as follows:

- Appendix I – Operating Statement for the year ended December 31, 2005, which provides a breakdown of Revenues and Expenditures by District
- Appendix II – 2005 Actual Gross Expenditure by Type
- Appendix III – 2005 Actual Revenues by Source
- Appendix IV – 2005 & 2004 Revenues and Expenditures by Program

Revenues

As noted in Appendix I, Board revenues for 2005 were \$18,000 or 0.1% above budget. Variations from budget are explained below.

Golf revenues at year end were \$821,000 under budget. Throughout the year marketing incentives, such as discounts and specials were offered to the public in an effort to increase golf revenues, but none of the three courses were able to achieve budgeted revenue. Shortfalls at the three courses ranged from \$259,000 at Fraserview to \$293,000 at Langara. Other areas which fell short of budgeted revenue include concessions (\$136,600), parking (\$23,200), leases (\$21,300), and Bloedel Conservatory (\$405,200).

Revenues in the remaining areas were at budget or greater than expected. Recreation revenues accounted for the largest surplus, coming in at \$594,000 above budget. Virtually all recreation areas came in above budget, with the largest surpluses in indoor pools (\$166,000), special events & film (\$131,000), outdoor pools (\$123,000) and rinks (\$122,000).

Appendix III provides a breakdown of Gross Revenue by source. As shown, 38% of revenues are raised through fees and charges. Golf (including Pitch & Putts) is the largest generator of revenues, accounting for 12% or \$10 million of the Board's 2005 revenues. Recreation revenues contribute the next largest amount, at 11%. Together these two sources account for almost 60% of the revenue raised through fees and charges. Other sources such as parking, concessions, major park programs and marinas generate between 2 and 4% each. Funding from the City of Vancouver makes up the remaining 62%.

Gross Expenditures

Gross expenses were \$523,000 or 0.6% under budget. Once the utility and equipment cost savings of \$427,000 are taken into account (these are fully funded by the City and any surplus or deficit accrues to it), the Board's expenses were \$96,000 under budget, on a gross budget of \$86.6 million.

As shown in Appendix II, and in keeping with previous years, the majority of expenditures (68%) were for salaries, wages and fringe benefits.

Comparisons to 2004

Appendix IV compares 2005 actual expenses and revenues to the 2004 actual results. A number of changes are worth noting.

For revenues, the overall increase in 2005 was \$1,045,000 or 3.2% more than 2004. In general, there should be an increase in revenues from year to year, reflecting the inflationary increase in fees that the Board is required to generate (for 2005, this increase was 2.75%).

The sources of the increases in revenues are broken out as follows:

- \$289,000 in income generating operations – parking, pitch & putts, and marinas, were up, while concessions, leases and golf were down from last year;
- \$171,000 in park operations – Stanley Park and VanDusen were up, while Queen Elizabeth Park was down due to the continued issues with access to Bloedel conservatory;
- \$585,000 in recreation services – all areas save outdoor pools were up over last year, with the majority of additional revenues generated from indoor pools (due re-opening of Renfrew) and rinks (mostly due to more timely collection of revenues).

On the expense side, spending was up \$2.5 million or 3.0% more than 2004. The increases result from increases in inflation (supplies and collective agreement increases), increases due to new capital expenditures (Added Basic), and changes in programming or services. Of this \$2.5 million increase, \$2 million was spent on salaries, wages and fringe benefits and the remaining \$0.5 million on supplies and services.

These increases were for the following activities:

- \$710,000 in income generating operations – with the exception of concessions (whose food costs are tied specifically to revenues), spending was up in all areas, with golf courses loan payments accounting for over \$220,000 of the increase;
- \$789,000 in park operations – all areas were up, with the largest increases for Stanley Park and VanDusen (reflecting their revenue increases) and structures and irrigation maintenance;
- \$1,006,000 in recreation services – the majority of additional costs were for indoor pools (due re-opening of Renfrew) and community centres.

SUMMARY

The Board's surplus of \$541,000 is attributed largely to savings in utility and city equipment costs of \$427,000. The remaining \$114,000 surplus represents approximately 0.2% of the Board's net operating budget of \$53,443,216.

There were a number of revenue related challenges in 2005, including lower than budgeted revenues from golf, concessions, parking, leases, and Bloedel Conservatory. However, recreation revenues were above budget in all areas, and Stanley Park, VanDusen, the marinas, and our pitch & putts all managed to meet or exceed budgeted

revenues. The overall effect was that the Board was able to manage its revenue challenges and meet the revenue budget.

On the expenditure side, the Board ended 2005 with expenditure savings of \$104,000. Challenges included curtailing expenditures to alleviate reduced revenues, dealing with the extended closure of Renfrew and Killarney Pools, and managing new and redeveloped parks (George Wainborn and the Downtown Skateboard Park). As well there was the implementation of the Ethical Purchasing Policy.

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