

Date: April 20, 2006



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: 2006 Operating Budget

RECOMMENDATION

THAT the Board approve the Park Board Global Budget of \$54,878,800, including \$956,800 for Added Basic costs and one-time adjustments and the New and Non-Recurring (NNR) budget of \$370,000.

BACKGROUND

On April 6, 2006, the City Director of Finance presented the 2006 Interim Operating Budget Report to City Council. At that meeting, Council approved an operating budget of \$55,230,800 for the Park Board, including \$1,320,300 for inflation and \$956,800 for Added Basic and one time adjustments; this budget was approved subject to further Council adjustments. This budget did not include funds for new and non-recurring items.

At the same meeting, as part of Council's initiatives to confine property tax increases, the following reductions to the Board's budget were also approved: reduction of \$400,000 to be achieved through efficiencies, reduction of \$246,000 in Council funding for the implementation of the Ethical Purchasing policy, reduction of \$63,000 for the Board's share of a city-wide increase in allocated turnover savings, and reduction of \$13,000 in Council funding for the Park Board's graffiti management program.

On April 20, City Council approved the 2006 Operating Budget, including the Park Board Global budget of \$54,508,800 (inclusive of \$956,800 in Added Basic and one-time adjustments). As well, a city wide budget for new and non-recurring expenses (NNRs) of \$1,000,000 was approved, of which \$370,000 (or 37%) is allocated to the Park Board. As a result, the Park Board Global Operating Budget for 2006 including NNR items totals \$54,878,800.

The 2006 Operating Budget was prepared using the normal rules under the Global Budget methodology.

DISCUSSION

The Park Board Global Operating Budget has three components:

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

(1) Basic Budget

The Basic Budget represents the 2005 approved basic and added basic budgets inflated to reflect 2006 dollar equivalents. It also includes adjustments for any Council approved programs. The following table outlines the adjustments to the Park Board Basic Budget:

2005 Basic Budget	\$52,720,420
Inflation Adjustments:	
Salaries, wages and employee benefits	1,254,600
Supplies (2.00%) and other adjustments	494,734
Revenue and recoveries (2.75% / 2.25% where applicable)	(1,158,350)
Equipment	344,700
Utilities (Natural Gas and Steam Heat; all others \$0)	384,700
Other adjustments:	
Council reduction to be achieved through efficiencies	(400,000)
Council funding for Ethical Purchasing policy implementation	(246,000)
Park Board share of city-wide turnover savings increase	(63,000)
Council funding for Park Board graffiti removal program	(13,000)
2006 Basic Budget	\$53,552,100
\$ Increase over 2005 Basic Budget	\$831,680
% Increase over 2005 Basic Budget	1.6%

In making adjustments to the Board's budget at the April 6, 2006 meeting, Council reduced the Park Board reduction target of \$1.8 million to \$400,000. Council gave specific direction to the Board when making this change: that the Board not increase its revenue budget to achieve the reductions, but achieve them through efficiencies. This approach is in agreement with the Board's goals to minimize impacts to residents and support active healthy living by reducing barriers which may discourage the use of parks and recreation services.

At the Finance Committee meeting on April 10, 2006, the Committee reviewed a staff proposal to implement the required reductions through efficiencies and recommended it for Board approval. The proposal is attached in Appendix I. The principals adopted in development of the budget initiatives focused on minimizing impacts to customer service, improving efficiencies, and protecting core services and staff; at the same time, evaluations were made to ensure the Board's ability to actually achieve the required savings.

As noted above, Council eliminated funding for the Ethical Purchasing Policy implementation. This policy was piloted in 2005. Staff are evaluating the Board's 2005 experience and will report back to the Board in June on options to allow the Board to uphold ethical purchasing principals, while balancing customer service and budgetary impacts.

(2) Added Basic Budget

The Added Basic Budget represents net new operating costs associated with capital additions to the parks and recreation system and one-year adjustments. For 2006 this amounts to \$956,800. Of this, \$629,300 is ongoing funding for costs associated with capital additions to the budget and revenue adjustments of \$650,400 from the new Killarney Pool. The ongoing cost adjustments include \$1,071,000 for wages and fringe benefits (representing \$743,500 for CUPE 15 & \$327,500 for CUPE 1004 positions), \$116,500 for related materials, equipment and supplies, and \$92,200 for additional utilities.

This budget also provides one year net adjustments of \$327,500 for Bloedel Conservatory reduced revenue and expenses (due to the ongoing water reservoir construction project and RAV construction) and \$200,000 for emergency repairs to the Vivian Creek culvert at Fraserview Golf Course.

Appendix II outlines the detailed budgets for the various projects and adjustments.

(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 37% of the City wide NNR budget each year. For 2006 the city wide budget is \$1,000,000, of which the Board's share is \$370,000. The Board establishes its own priorities in allocating this funding to projects as per the City criteria for allocation. Appendix III outlines the projects recommended for approval for 2006.

SUMMARY

The Park Board Global Operating Budget for 2006 is \$54,878,800 including \$53,552,100 in base budget funds, \$956,800 for added basic and one-time adjustments and \$370,000 for new and non-recurring projects. This represents a total increase of \$1,435,584 or 2.7% over the 2005 net operating budget. The Global Operating Budget allows the Board to maintain the current level of park and recreation services with minimal adjustments.

Prepared by:
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