

Date: May 24, 2006



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Operating Statement as at April 30, 2006

RECOMMENDATION

THAT the Board receive this report for information.

BACKGROUND

Periodic financial statements are submitted to ensure that the Board is kept fully informed of the current expenditures and revenues in relation to the approved budget appropriation.

DISCUSSION

As of April 30, 2006, the Park Board has spent \$18,755,304 of a total budget of \$54,878,755. By comparison, at the end of April 2005 and April 2004 net expenditures were 34.0% and 33.4% of budget respectively (see Appendix I for further details). Weather in the Spring of 2004 was exceptionally nice, whereas 2005 and 2006 were relatively wet. Staff have reviewed the Board's finances and the result of the review is summarized below.

Revenues

Gross revenues are currently \$8,073,715 or 23.2% of budget. This is above the April 2005 level of 22.5% but below the April 2004 level of 23.8%. It is expected that revenues will be lower at this time of year since the majority of revenues are collected over the summer.

Income-oriented operations are generating similar revenues to the same period in 2005. Compared to 2005, lower than anticipated revenues have been experienced in concessions, golf courses, and pitch & putts; areas with revenue increases are parking, marinas and leases. Overall, the Board's income-oriented programs have earned \$100,000 more than in the same period last year which translates to an increase of 0.2%.

While it is still early to make concrete predictions, concession revenues are expected to recover and expenses are being contained, so that at year end the net effect should be negligible, depending on weather and tourism impacts. Golf revenues are currently \$275,000 below expectations at 16.2% of budget, which compares to 17.5% of budget for the same period last year. Rounds to the end of April are behind 2005 by 4.1% and behind our four year average by 7.0%. This general downward trend is consistent with overall participation trends across the country and in the U.S. Strategies to mitigate the revenue shortfall are in effect and include: customer service initiatives such as the web-based booking system, maximizing available tee times by ensuring clubs finish within allotted time periods and by piloting earlier tee times (by half an hour) for June, promoting tournaments and special events, taking advantage of alternative course and facility uses such as film shoots, and cost containment to reduce expenses. Staff will continue with current approaches, monitor the situation, and inform the Board of any changes.

Revenues from recreation are up a total of \$531,000 (at 35.2% for 2006 compared to 34.7% in 2005). Indoor pool revenue is up from last year, reflecting the opening of Killarney pool; however, total revenue from all indoor pools is down 2.3% compared to budget in the same period in 2005 (37.4% of budget for April 2006 compared to 39.7% for 2005). Revenue from fitness centres, rinks and other recreation revenues have improved compared to last year.

Revenues from operations in parks are down slightly (\$15,000).

While it is early to make predictions, it is anticipated that overall the Board will experience a shortfall in revenue of as much as \$300,000 at year end. At this time it is difficult to accurately predict the extent of the shortfall as it is dependant on activities and weather in the summer months. Steps are being taken to address issues and contain related costs in areas of concern.

Expenditures

Gross expenditures are currently \$26,829,020, which is below budget at 29.9%. However, this is slightly higher than both the April 2005 level of 29.6% and the April 2004 level of 29.7%. For the Park Board as a whole, expenditures on payroll and city equipment are at or below last year's percentage spent levels for the same period. Expenditures on utilities are up by 5.6%, while supplies and other costs are 1.5% above last year's levels. Reviews are being conducted to identify the causes of utility increases in order to mitigate any budget shortfalls. As well, the impact of increased fuel prices is being monitored although increases were anticipated and budgets were increased as much as 27% in some areas.

Expenditures on income-oriented programs are below budget at 27.4% but are up compared to 26.2% in April 2005. Spending has increased compared to last year for parking (due to changes in agreements), marinas (due to increased utilities) and administrative areas (due to one-time expenses). Golf and pitch & putt spending was relatively unchanged while concessions expenses are down (reflecting lower sales revenues). Given that revenues from income operations are comparable to last year, staff are implementing cost containment measures in order to achieve a balanced budget (as detailed above).

Expenditures on recreation programs are comparable to last year's levels, with increases in utilities and supplies costs offset by savings in payroll and city equipment. In general increases in costs for community centres, rinks and specialty recreation programs have been almost completely offset by reductions in pools and fitness centres.

Spending on park maintenance is down slightly from last year. City equipment, supplies and utilities are all at or up from last year's levels, but there have been savings in payroll costs which reflect the reduced outdoor work required due to the cool weather.

SUMMARY

Overall, net expenditures to the end of April are 34.2% of budget which is slightly higher than the 34.0% of budget for April 2005 and 33.4% of budget for April 2004. The Board anticipates a shortfall in revenues and an offsetting savings in gross expenditures, with the net result at year end being a balanced budget. Staff are committed to balancing the budget by the end of the fiscal year and are closely monitoring both revenues and expenditures. Cost containment initiatives not affecting service levels have been and will continue to be implemented. Staff will report back to the Board with the result of the August operating statement, including recommendations on further measures if necessary.

This projection is based on the most current information available and represents a best estimate of the Park Board's financial position to December 31, 2006.

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