

Date: March 14, 2007



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: 2007 Operating Budget

RECOMMENDATION

THAT the Board approve the 2007 Park Board Global Budget of \$55,809,900, including \$442,100 for Added Basic costs and one-time adjustments and the New and Non-Recurring (NNR) budget of \$296,000.

POLICY

There is no applicable policy.

BACKGROUND

On February 27, 2007, the City Director of Finance presented the 2007 Interim Operating Budget Report to City Council. At that meeting, Council approved a budget of \$55,469,700 for the Park Board, including \$442,100 for Added Basic and one time adjustments; this budget was approved subject to further Council adjustments in order to confine the property tax increase to 4%.

At the same meeting, in response to the Board's and the public's concerns and support for parks and recreation in the community, Council approved eliminating the Park Board ongoing base reduction of \$440,800 and approved a one-year reduction of \$105,800 for the Board's share of a city-wide increase in allocated turnover savings. This budget did not include funds for New and Non-recurring (NNR) items.

On March 13, 2007 City Council approved the 2007 Operating Budget, including the Park Board Global Budget of \$55,513,900 (inclusive of \$442,100 in Added Basic and one-time adjustments and a one-time turnover savings reduction of \$105,800). As well, a city wide budget for new and non-recurring expenses (NNRs) of \$800,000 was approved, of which \$296,000 (or 37%) is allocated to the Park Board. As a result, the Park Board Global Operating Budget for 2007 including NNR items totals \$55,809,900.

The 2007 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 2006 approved operating budgets (less NNR and temporary funding increases) inflated to reflect 2007 dollar equivalents. It also includes adjustments for any Council approved programs. In making adjustments to the Board's budget at the February 27, 2007 meeting, Council eliminated the Park Board reduction target of \$440,800.

The following table outlines the adjustments to the Park Board Basic Budget.

2006 Budget Net Operating Budget	\$54,880,255
Less: 2006 NNRs and temporary funding increases	(636,000)
2006 Basic Budget	\$54,244,255
Inflation Adjustments:	
Salaries, wages and employee benefits*	\$715,600
Supplies (2.00%) and other adjustments	505,245
Revenue and recoveries (2.75% / 2.25% where applicable)	(1,189,100)
City Equipment Rental	570,800
Utilities	80,800
Other adjustments:	
Active Communities Initiative (on-going funding)	\$100,000
Vancouver Sports Strategy (one-time funding)	\$150,000
Park Board share of city turnover savings increase (subject to annual review)	(105,800)
2007 Basic Budget	\$55,071,800
\$ Increase over 2006 Basic Budget	\$827,545
% Increase over 2006 Basic Budget	1.53%

* Currently collective agreements are under negotiation and estimated increases are not reflected in the Park Board operating budget.

During the development of the 2007 operating budget issues arose which will require funding for 2007 and beyond. The new lease agreement for Nat Bailey Stadium agrees to forgo \$75,000 in annual rental payments for each of the next five years. As well, Burrard Marina is subject to an annual water lot license fee from the False Creek Harbour Authority which has increased from \$25 to \$16,000, and will be applied retroactively; the impact of this increase on the 2007 budget is \$71,000. While the current operating budget is tight and requires careful monitoring to ensure the Board does not overspend, it is expected that these additional costs will be covered by the generation of additional revenues (from increased volumes of users and/or increased fees).

For 2007, other budget challenges include safety related requests for more Park Rangers and for defibrillators in recreation facilities. There is no identified source of funds to expand or implement these programs. The Ranger program has been expanded since the original pilot to include high use parks in all areas of the city and the benefit of the current levels of staff can be maximized by carefully evaluating where and when Rangers are deployed.

In examining the option to provide defibrillators in recreation facilities, the cost is significant (over \$300,000). To provide coverage only at indoor pools, the staff time to attend training and the cost of a medical director to oversee the program would be over \$50,000 annually. This cost does not include the purchase and replacement of equipment, the cost of providing training, or the wage premium that would need to be paid for staff with certification. Given the expense and the proximity of our facilities to alternative providers, such as hospitals and paramedics, and lack of funds, this program is not going to be implemented in 2007. The Board will continue to rely on outside emergency services providers such as health and fire services.

(2) Added Basic Budget

The Added Basic Budget represents net new operating costs associated with new or expanded capital additions to the parks and recreation system and one-year adjustments. For 2007 this amounts to \$442,100. Of this, \$317,100 is ongoing funding for costs associated with new or expanded capital additions to the budget. The ongoing cost adjustments include \$206,000, for wages and fringe benefits, and \$111,100 for related materials, equipment and supplies.

This budget also provides one year net adjustments of \$125,000 for Bloedel Conservatory reduced revenue and expenses, due to the park construction project and Canada Line construction.

Appendix I outlines the detailed budgets for the various projects.

(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 2007 the city wide budget is \$800,000, of which the Board’s share is \$296,000. The Board establishes its own priorities in allocating this funding to projects and Appendix II outlines the projects recommended for approval for 2007.

SUMMARY

The Park Board Global Operating Budget for 2007 is \$55,809,900 including \$55,071,800 in base budget funds, \$442,100 for Added Basic and one-time adjustments and \$296,000 for New and Non-recurring projects. This represents a total increase of \$929,645 or 1.7% over the 2006 net operating budget. The Global Operating Budget allows the Board to operate the new and expanded facilities and maintain the current level of park and recreation services with minimal adjustments.

Prepared by:

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Appendix I

2007 Added Basic, including one-time adjustments

Project	Total Approved	Total Approved for 2007
Park Development		
Yaletown	\$26,700	\$26,700
Osler Park	27,300	27,300
Pt Grey Artificial Field	5,100	5,100
Site Furnishing & Amenities	47,400	47,400
QE Park Reservoir Security	25,000	25,000
Facility Development		
Sunset Community Centre*	\$142,700	\$90,000
Other Facility Improvements	6,600	6,600
Street Trees	\$89,000	\$89,000
Added Basic Total	\$369,800	\$317,100
One-year adjustment for Bloedel Conservatory (decreased revenue and expenses due to Canada Line construction)	\$125,000	\$125,000
Other Adjustment Total	\$125,000	\$125,000
Added Basic and One-time funding adjustments	\$494,800	\$442,100

* Sunset Community Centre is due to open May 1, 2007 – funding for 2007 has been reduced by \$52,700 to reflect 4 months without expenses; full funding of \$142,700 will be allocated to the Park Board for 2008.

Appendix II

2007 New and Non-Recurring Funds (NNRs)

Item	2007 Budget
Purchase 3 disaster response radios - ECOMM, Evans, 2099 Beach	\$5,000
Kensington Pool - chemical storage room - cost shared P&O & VE	15,000
Kits Beach Raft - construction - cost shared P&O & QE	17,500
VanDusen – water conservation	35,000
Planning & Operations NNR Subtotal	\$72,500
Beaches, Outdoor Pools - row boat replacement	\$6,600
Roundhouse CC - parking lot security system upgrade	15,000
West End CC - construction of skate cubbies	3,000
Kits Beach Raft - construction - cost shared P&O & QE	17,500
Park Board wide construction of concrete pads for 2 & 4 yd bins - upgrade to improve safety and extend lifecycle	16,000
Brockton Oval - construction of facility to store irrigation pipe	8,000
Sutcliffe Park - upgrade irrigation system to improve pedestrian and cyclist safety and reduce costs.	6,000
Stanley District NNR Subtotal	\$72,100
Park Board wide purchase of preschool skate program equipment	\$6,000
Kitsilano Fitness Centre - 37 floor mats	10,000
Marpole CC – replace fitness centre lobby flooring with more durable, easier to clean surface	3,000
Dunbar CC - installation of donated basketball glass backboards	2,500
PT Grey Artificial Turf field - purchase of artificial turf groomer	10,000
Sunset CC grounds - purchase of smaller self-propelled rotary mower and utility trailer needed for grounds reconfiguration	9,000
QE District Office - purchase of meeting room table	1,200
Queen Elizabeth District NNR Subtotal	\$41,700
Kensington Pool – chemical storage room - cost shared P&O & VE	\$10,000
Renfrew Ravine – construction of a cedar rail fence to protect park users	30,000
Kensington CC – radio system purchase for staff safety re: office layout	4,600
Killarney Pool - electric door openers for pool will improve humidity, air quality & public access	4,500
Hastings CC - improve air quality and circulation in programmers office	4,500
Strathcona CC - replace bathroom sink counters	5,000
Vancouver East District NNR Subtotal	\$58,600
Park Board wide safe upgrade &/or replacement	\$25,000
Park Board wide furniture, fixtures, equipment upgrade/replacement	26,100
Corporate Services NNR Subtotal	\$51,100
Park Board Grand Total	\$296,000