

**Minutes of Meeting of the Board of Parks and Recreation
Services & Budgets Committee Meeting
Held at the Vancouver Park Board Office on
Tuesday, July 20, 2010**

ATTENDEES: Park Board Commissioners

Loretta Woodcock, Chair
Aaron Jasper, Vice Chair
Ian Robertson
Constance Barnes
Sarah Blyth

Park Board Staff

Meg Elliott	Acting Director, Corporate Services
Peter Kuran	Acting General Manager
Octavio Silva	Manager of Business Development
Piet Rutgers	Director, Planning and Operations
Philip Josephs	Co-Acting Director, Stanley District
Hart Nijjar	Recorder

Delegations

- Emma Bolzner
- Christina Bolzner, Friends of the Bloedel
- Henry Hawthorne
- Vicky Earle, Friends of the Bloedel
- Sheryl Hamilton, Friends of the Bloedel
- John Coupar, Friends of the Bloedel
- Gerald McGuire
- Dr. Wally Thomas
- Stephen Bohus

The meeting was called to order at 6:30 pm, with the following agenda:

1. Approval of Minutes of June 15, 2010
2. Bloedel Update
3. June 2010 Operating Statement
4. Operating Budget Update

1. Approval of Minutes

The minutes of the meeting of the Services and Budgets Committee held on Tuesday, June 15, 2010 were adopted as circulated.

2. Bloedel Update

Staff provided the Committee with an update on the Request for Expressions of Interest (RFEOI) process for Bloedel Conservatory, a review of the short listed submissions, and next steps.

The RFEOI was released on January 29, 2010 and closed on April 30, 2010. In total, four submissions were received and evaluated against a set of criteria and two submissions were short listed for consideration. The first proposal was jointly submitted by the Friends of the Bloedel Association (FOBA) and VanDusen Botanical Garden Association (VBGA), and the second by LMTP Inc.

The first submission proposes to reinvigorate the Conservatory as an educational and botanical garden, which would be managed collaboratively by FOBA and VBGA, and would see the Conservatory integrated into VanDusen operations. The key business features and focus of the proposal are to grow business through increased attendance, gift shop revenues, and event rentals, establishment of a fundraising program, creation of new partnerships with organizations such as educational institutions and government, and the potential for some cost reduction. Financial projections indicate operations will break even or see a small surplus in 2011 and will be able to generate a surplus in 2012 and 2013. No immediate capital investment is planned.

The strengths of the first proposal are that it has the potential to eliminate the current operating deficit and provide a surplus in the future, it expands on the successful pre-existing relationship between VBGA and the Park Board, and will be supported by an experienced management and staff team. This proposal will also increase community education and interpretive programs and will likely be accepted by the public. The weaknesses of the proposal are that no immediate capital investment is planned and attention could be redirected away from VanDusen capital projects and operations.

The second submission proposes to develop the Conservatory's north plaza area, including construction of a three to four story multifunctional building. The new complex would have a ticketing and lobby area, gift shop, food service, an area for meetings and events, viewing area, educational programs, and the potential for other uses. The Conservatory itself would be operated by the Park Board and the new building would be operated by LMTP Inc. The key focus of this proposal is to reinvigorate the Conservatory by re-establishing QE Park as a true destination park that will increase visitor time in the park and make it a market/tourism driven destination. The proposal estimates a visitor increase of 100,000 annually due to the changes although additional analysis would be required to determine the overall financial impact of the proposal on the Park Board. LMTP Inc. would also provide a significant capital investment towards attraction renewal of approximately \$8 to \$10 million.

The strengths of the second proposal are that it has the potential to eliminate the current facility operating deficit and possibly contribute towards capital improvements. The proposal also provides needed attraction renewal and investment for both the

Conservatory and QE Park, and has the potential to generate incremental revenues from other park services and attractions. Weaknesses of this proposal include a longer timeframe for implementation, a complex solution with an increased risk profile, and the need for stakeholder buy-in and endorsement.

The objective of the RFEOI process was to find a way to continue to provide services at the Conservatory while fully covering all costs, as the conservatory budget was eliminated during the 2010 budget reduction process. The FOBA/VBGA proposal addresses the Park Board deficit in a short amount of time with a systematic and structured plan that is ambitious but achievable. The plan is also ready for immediate implementation. The LMTP Inc. proposal has a longer timeframe for implementation (approximately three to four years), will require significant stakeholder consultation, and staff believe it should be integrated into an overall QE park master plan process.

Staff are seeking direction from the Committee on which of the two options is preferred as staff can then initiate discussions with the preferred proponent on preliminary terms and conditions of a future agreement.

Discussion:

A member of the Committee inquired whether the food services proposed as part of the LMTP Inc. proposal are detailed. Staff noted that the proposal is currently not concrete and no specifics have been determined.

A member of the Committee asked staff whether they believe the FOBA/VBGA plan is achievable. Staff replied that the plan is reasonable and well structured and is considered to be achievable if it is executed as expected. One concern is that it may take longer for the Conservatory to break even than detailed in the plan.

A member of the Committee inquired whether staff have confirmed if there is need for immediate capital improvement or whether time can be allowed to raise funds. Staff replied that there is some need for capital improvement in the near future, however the required roof improvements can be delayed in the short term.

A member of the Committee inquired when the Conservatory last had a surplus and what the attendance numbers were at that time. Staff replied that 2000 was the last time the Conservatory had a surplus, during which time it had an attendance rate of 104,000 visitors. Comparatively, attendance was 80,000 in 2009 and 72,000 in 2008 but there has been an upward trend since 2007 when improvements to the Conservatory were completed.

The following delegations requested to speak to the Committee:

- Emma Bolzner
- Christina Bolzner, Friends of the Bloedel
- Henry Hawthorne
- Vicky Earle, Friends of the Bloedel

- Sheryl Hamilton, Friends of the Bloedel
- John Coupar, Friends of the Bloedel
- Gerald McGuire
- Dr. Wally Thomas
- Stephen Bohus

The following is a summary of the comments made by the foregoing delegations:

- The Bloedel Conservatory should remain a conservatory and rainforest
- Many school aged children enjoy the Conservatory and see it as an alternative to community centres
- Many families grew up enjoying the Conservatory and the original intention of the gift from Prentice Bloedel must be maintained
- The Conservatory has a calm environment that benefits people, communities, and the environment
- The FOBA/VBGA proposal has the potential to serve as an educational tool for teachers
- The Conservatory is an irreplaceable treasure
- The Conservatory could be promoted as a destination for seniors
- The Committee should accept the first proposal
- A floral conservatory is rare and should be saved – the VBGA would like to help save it
- VBGA can expand its expertise and resources to Bloedel
- FOBA will become a committee of the VanDusen Board with special responsibility for Bloedel which will also ease the communication process between the two partners and the Park Board
- The JOA with VBGA can be expanded to encompass the partnership with Bloedel
- The proposal presents a carefully considered business plan
- High stress levels negatively impact individuals but Bloedel can provide a calming green space and relaxing environment all year round
- FOBA has \$50,000 to contribute to implementing their plan and will put forward \$10,000 immediately, contingent on their proposal being accepted
- Some of the ideas to improve Bloedel include revolving displays, improved interpretation features, and better plant acquisition
- If the Board approves the FOBA/VBGA approval it will demonstrate its dedication to sustainability
- An orchid display will enhance the Conservatory and will be well cared for
- The Conservatory needs to have a better marketing plan

A member of the Committee asked Mr. Hawthorne, a former president of the VBGA whether FOBA will have representation on the VBGA Board. Mr. Hawthorne confirmed they will be represented by 3 members.

A member of the Committee asked Mr. Coupar whether, in his dealings with the architect of the roof at the Conservatory, he was could offer an opinion on what repairs might be needed on the roof. Mr. Coupar replied that no portion of the roof has corroded although

the plexiglass bubbles on the roof need attention. A capital campaign could be mounted to replace the panels as needed.

Commissioner Blyth left the meeting at this time.

A member of the Committee asked staff how attendance is faring compared to the same time last year and staff replied that it has increased by 43%.

The Committee thanked the delegations for their comments and FOBA/VBGA for the hard work on their proposal. The Committee expressed support for the FOBA/VBGA proposal and endorsed it going before the Board for approval in September. Staff will begin working with FOBA and VBGA on details of the proposal immediately.

3. June 2010 Operating Statement

Staff presented information on the June 2010 Operating Statement.

In terms of revenue, many programs were able to bring in more actual revenue compared to June 2009. Areas that faced a decrease in actual revenue included parking, concessions, destination parks, and neighbourhood parks and beaches. The decrease in parking revenue was expected due to a significant increase in parking tax this year, and the decrease in the other three areas can be partially attributed to poor weather. On the whole, actual revenue has increased by \$1,537,000 compared to June 2009. Despite this increase, the Board has generated the same amount of its revenue budget (46%) as it had by June 2009. Although there have been fluctuations in actual revenue by program, the Board is in good shape going into the critical summer months which will significantly impact the Board's ability to meet budget targets.

Gross expenses were down in June 2010 by \$32,000 as compared to last year and the Board has spent less of the 2010 budget in this area to this point. By June 2009, the Board had spent 48% of its budget, whereas at the end of June 2010, the Board had spent 47%, a 1% decrease. Gross expenses are up in payroll by \$1.01 million, but down in supplies, services and transfers, utilities and city equipment compared to the same period last year. The year to date gross expense total is down \$0.03 million. Significant expense changes between 2009 and 2010 include a decrease in transfer payments for golf by over \$1 million (as the golf course loan payment was completed in 2009). Issues which may impact the expense budget include the fact that savings in utility and city equipment cannot be used to offset over expenditures on payroll, supplies, services or transfers.

In comparing programs which generate net revenues, the same amount of net revenue is not being generated from parking, marinas, or concessions, although net revenue from golf and pitch & putts, and restaurants and leases has increased. Total net expenses have decreased by \$1,569,000 compared to the same period last year. In terms of the portion of the budget used for net expenses, the Board has used 47% of its allotted 2010 budget, compared to 49% at the same period last year, a decrease of 2%.

In summary, revenue has increased by \$1.54 million, gross expenses have decreased by \$0.03 million, and net expenses have decreased by \$1.57 million. This can be attributed to a lack of snow impacts and repair issues which increased costs and reduced revenues in early 2009. As well, the previously mentioned lack of golf loan payment in 2010 contributed to decreased expenses. Issues which may impact the 2010 budget include the HST (which was implemented July 1), the start-up of Hillcrest Pool and Creekside Community Centre, updated plans for Bloedel Conservatory (which were discussed at this meeting) and the Stanley Park Farmyard (which will be discussed by the Board in September), impacts from the rollout of city-wide shared services, and facility closures for renovations at Renfrew and Trout Lake.

Donation program revenues have increased significantly since March and the year to date closing balance is \$2,899,000, an increase of \$201,000 compared to the 2010 opening balance. The majority of the funds in the Stanley Park restoration fund are being spent on the Forestry Management Plan and no new donations have been received which is not unusual as the program is winding down.

4. Operating Budget Update

Staff provided an update on the 2011 budget process. Currently, staff are working on preliminary estimates and will continue to do so until the end of August. Staff will come to the Committee for direction on fees and charges on September 21 and will then hold consultations on fees and charges throughout September and October. The preliminary 2011 Budget Report will go before Council on October 19 and next steps will be determined by the Services and Budgets Committee on the same day. The 2011 fees and charges will go before the Board for approval on November 15. The City will conduct consultations throughout November and discuss the results on November 30. After the City budget process has been completed, the final 2011 Budget Report will go before Council for approval on December 14 and the Board will be presented with 2011 budget for approval in January 2011.

The meeting adjourned at 8:55 pm.

Meg Elliott
Acting Director, Corporate Services

Commissioner Loretta Woodcock
Chair