



Date: December 12, 2012

TO: Board Members - Vancouver Park Board
FROM: General Manager - Parks and Recreation
SUBJECT: 2013 Operating and Capital Budget

RECOMMENDATION

A. THAT the Board approve the 2013 Operating Budget of \$57,569,500, as approved by Council on December 11, 2012 and comprised of \$106,202,300 expenditures and \$48,632,800 revenues

B. THAT Park Board approve the 2013 Capital Budget (expenditure budget) as outlined in the attached Appendix A & B, in the amount of \$20.2 million

POLICY

There is no applicable Board policy relating to the budget or financial review.

The Park Board's three year Capital Plan and its annual Capital Budgets require Board and Council approval. Council approves the fiscal envelope for the Park Board's Capital Plan and its annual Capital Budgets. Within this fiscal envelope, the Board approves the allocation to individual projects and programs.

BACKGROUND

In order to balance the 2012 budget, Park Board staff identified a number of strategic initiatives that were approved by the Board in March of 2012. The 2012 Quarter 3 (Q3) forecast indicates that the initiatives are on track and the Park Board will deliver a balanced budget for 2012.

In creating the operating budget for 2013, additional financial pressures were then taken into consideration such as new programs and services like Hillcrest and Trout Lake Community Centres and Emery Barnes park (\$1.1 million). Similarly, increasing fixed expenses (\$1.3 million) such as bank charges (due to higher on-line recreation registrations) and an investment in new equipment (\$0.6 million operating lease increase primarily in Parks to allow for more efficient delivery of park maintenance services) were also considered.

Adjustments were also made to right size the golf revenue and expense budget based on actual results from the past three years. This allows for more accurate budget tracking and reporting throughout the year.

To balance the proposed 2013 operating budget, the Park Board's incremental 2013 expenses are proposed to be funded through a \$0.7 million increase in revenue, a \$2.4 million expense funding increase and continued value for money diligence and efficient delivery of services.

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In September 2011, Council approved the 2012-2014 Capital Plan in the amount of \$702 million. Of this amount, the City's 2013 annual capital budget is \$258.3 million of which \$20.2 million relates to Park Board specific items. The Park Board's annual capital plan continues to advance the work that was approved in Council and the Board in 2011.

At the December 11, 2013 Council meeting to approve the City's 2013 Operating and Capital budgets, Council approved \$3 million from the Emerging Priorities funding in the budget to be allocated to a new Park Board program for additions, improvements and upgrades to Park Board sport field facilities including additional washrooms and change rooms. The Mayor praised the Park Board and Park Board staff for the work they had done in 2012 to provide better services in parks and facilities during challenging economic times.

Transforming the City's Budget Process

The City has undergone a significant transformation with the annual budget process in preparing the 2013 budget for Council and Boards to approve. Amongst the major improvements, Council and the Boards are being presented with a single report for approval of both the 2013 Operating and Capital budget.

<https://council.vancouver.ca/20121204/documents/2013CapitalandOperatingBudget.pdf>

A substantial enhancement in building the budget has been the incorporation of Departmental/Board Service Plans and Key Performance Metrics as a step towards a results-based budget approach. Metrics allow Council, Boards and Vancouverites to see which services are performing well and which services may need attention to ensure that they provide good value while meeting City responsibilities. In prior years, the focus was primarily on budget for expenditures. Establishing connections between results and outcomes with the money spent in order to understand the value provided by the City has been a strategic shift in helping to establish the budget for 2013. Although this is our first year beginning the alignment of financial resources with performance, this approach will play a much greater role over time in developing the budget in future years.

Resulting from the work noted above, the City's budget report includes a comprehensive section on departmental/Board services, key performance metrics and annual budget comparison. Other reporting improvements include providing a greater level of detail on gross revenues and expenditures and highlights of major changes to the budget.

On March 5th, 2012, Vancouver City Council approved the 2012 operating budget. At that meeting, Council directed Staff to:

"...Report back, in advance of or concurrent to the initiation of the 2013 Budget process, on best practices in Canadian cities for budget process in relation to both robust public consultation and ensuring council members are adequately equipped to discharge their fiduciary responsibilities."

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Staff engaged PricewaterhouseCoopers' (PwC) public sector practice to identify leading practices in public sector budgeting. Four key areas were summarized in the PWC report and staff are moving forward over the next few budget cycles with process changes aligned to these leading practices in the areas below:

1. Public Engagement
2. Budgeting for Results
3. Budget information for Council
4. Streamlining the budget process

The 2013 budget incorporates four major improvements to our budget process.

1. Budget Outlook report - The initial report to council in October provided Council with an outlook that set the parameters for the 2013 budget
2. Aligning Capital and Operating budgets - In previous years, these came to council separately in 2 reports at 2 different times. Aligning Capital and Operating budgets recognizes the financial and operational linkage between the two.
3. Public Friendly format for the Budget Outlook and Budget Reports - improves the understanding of the budget, its drivers and its components for the public
4. Service plans & performance metrics - The development of service plans and performance metrics enable better linkage between the City's strategies and plans with the financial resources to enable those plans.

The Parks and Recreation portion of the 2013 budget proposal presented to City Council on December 4th and approved by Council on December 11th, is included in this report as Appendix C.

Transforming our work at the Park Board

In 2012, the Park Board transformed the way it delivers its services from a geographic service model to a functional service model. Now, rather than dividing the city into three districts and having a senior director responsible for each district, the new structure is function based and has a senior director responsible for city-wide recreation, one for city-wide parks and one for revenue services (golf courses, parking, food service, donations, etc). This new service model allows for focussed leadership requiring less management, best practices in service areas and an ability to consistently measure our services and ensure value for money.

In addition, the Park Board approved a new Strategic Plan (framework illustrated below) that provides 4 high level directions, 9 goals and 27 objectives. The plan provides the Board with focus and specific actions required to achieve the desired objectives.

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2012 - 2018 Strategic Plan



Recreation

In the newly structured, city-wide, Recreation Services area, 2012 was a year of focus on the Board approved four recreation principles that advance the progress towards the strategic direction "Parks and Recreation for All":

- 1) Equity - "All Vancouver citizens have access to a core set of programs that lead to healthy living and ultimately to healthy communities."

Eg. Happy Hearts program growth as well as a universal skating lesson curriculum development.

- 2) Network of facilities - "A system that allows for a universal membership or other system to be used for all rinks, pools, fitness centres, and core programs across all community centres."

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Eg. Continued Flexipass (pass to access Park Board rinks, pools and fitness centres) sales growth. 2012 sales approximately 95,000 a 30% increase over 2008 sales figures.

- 3) Access for all - "A single financial assistance policy to ensure all residents have access to basic recreation programs and services that respects confidentiality."

Eg. Low income Access Card (LAC) usage for pools increased from \$322,000 in 2008 to 450,000 in 2012 or 40%. LAC usage for rinks increased from 3,100 in 2008 to 11,000 in 2012 or 254%.

- 4) Operational sustainability and accountability

"An operating relationship for community centres that is sustainable, accountable and transparent. A modern Community Centre Association Agreement that clearly describes roles and responsibilities."

Eg. Developing local, city and regional service planning to optimize Park Board facilities. This past summer, summer ice rink availability was consolidated at the new Hillcrest arena resulting in increased utilization and decreased costs.

Parks

In our Parks service area which provides for and maintains parks and green spaces for public use, 2012 focused on four areas, advancing progress on the strategic direction, "Excellence in Resource Management" and "Leader in Greening":

- 1) Standards development - Sustainable practices which balance perennials, annuals and other plant materials to enhance the beauty of our gardens, city wide.
- 2) Scheduling - Ensuring a city wide approach to scheduling park maintenance work, reducing travel time and increasing productivity.
- 3) Measuring what we do - Measuring our work to ensure we are always maximizing value for money.

Eg. Maintained grass cutting at downtown parks & class A sport fields - 2011 and 2012, 30 times each year. Increased grass cutting at neighbourhood parks from 13 (2011) to 15 (2012)

- 4) Best practices - Ensuring that we are utilizing best practices in the work we perform to maximize efficient delivery of service.

Eg. 4 new, self-propelled, rotary mowers with hydraulic, adjustable decks that allow for close cutting around trees and other obstacles allowing to cut more turf faster and better.

- 5) Green Operations - minimizing the Park Board's environmental footprint and creating greener spaces through expanding new park space and supporting plant conservation, landscape restoration, and local food production.

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Eg. Local Food assets Task Force - The Task Force was established by the Vancouver Park Board in May 2012, with a one year mandate to make recommendations and find opportunities to increase food assets in parks and facilities, and through capacity building and programs. This work will engage community partners and key stakeholders in Vancouver's local food community to collaboratively develop an action plan, as part of the City's coordinated efforts to strengthen the food system.

Eg. Leader in Greening Task Force - The task force was approved by the Park Board at its December 10th meeting and is to focus Park Board and community resources towards achieving one of its top 4 strategic directions, to be a "Leader in Greening".

Revenue Services

In the Revenue Services area, work continued to consolidate all non-recreation revenue in one area from the three former Districts under the "Excellence in Resource Management" strategic direction. This will allow for more efficient management of these services and contracts and an increased ability to identify new opportunities that not only add to the service being offered in Park Board facilities and parks but also to the revenue.

To this end, the first meeting of the Park Board's new Marketing and Business Development Advisory Committee was held in November 2012. This committee is composed of seven members that are appointed by the Board and represent a broad range of industry sectors that will assist the Park Board in identifying and assessing new marketing and business development opportunities, with the goal of improving parks and recreation services.

Two new Park Board business partnerships this year are the new restaurants that were opened (The Cactus Club in English Bay and the Tap & Barrel in the former Olympic Village) providing incremental revenue to the Park Board.

A detailed analysis of golf operations was also completed and presented to the Board. This comprehensive report will be useful in guiding the Board as it makes decisions around the operation in the future.

Plans for Improvement in 2013

As per the Park Board Strategic Plan, the Board will focus its efforts on five of the plan's key objectives for 2013. These are:

- 1.1 - Improved inclusivity and accessibility
- 2.1 - Proactive service planning and delivery
- 3.1 - Sustainable operations
- 6.2 - Improved communications and engagement
- 8.1 - Enhanced fiscal planning and management

1.1 - Improved Inclusivity and Accessibility and 2.1 - Proactive Service Planning and Delivery

Working in partnership with the Community Centre Associations, the Park Board will implement new ways to improve recreation services for all residents. Key components include:

- Expansion of the Leisure Access Card, which provides financial assistance to qualified residents at all community centres

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- Reducing membership barriers to all community centres in our network
- Introducing high-quality core activities system-wide, which aim to improve the health and social inclusion of residents
- Provide a new opportunity for participatory budgeting by residents via a \$1.0 million minor capital fund, overseen by our Community Centre Association partners across the City, to be used to enhance facilities and public spaces
- The long-awaited completion of the seawall connecting Coal Harbour to the Convention Centre will ensure full accessibility for residents and visitors

6.2 - Improved Communications and Engagement

Much of the work at the Park Board is best done when residents and users are fully engaged. Improvements will be made to ensure that we maximize this opportunity through the expanded use of online and digital tools. Working in partnership with the Public Engagement office, Park Board staff will continue to build on our commitment to listen to residents and embrace the voice of the public. Community Centre Associations will play a key role in representing the opinions and ideas of residents across Vancouver.

8.1 - Enhanced Fiscal Planning and Management and 3.1 Sustainable Operations

Park Board staff will introduce new tools for managing our financial resources and maximizing our revenue opportunities. Through responsible planning and use of business intelligence tools, staff will optimize our resources and the millions of dollars invested in community centres and park infrastructure. As service demand grows, the Park Board will develop creative partnerships with other groups such as the Vancouver School Board and the YMCA. These partnerships will ensure city-wide coordination and the most efficient use of public space and resources.

The Greenest City 2020 Action Plan recommends the creation of a city-wide Urban Forest Management Plan, recently affirmed by Park Board and Council motions. Development of the strategy will be a collaborative effort between City departments, external advisors, consultants, and the public.

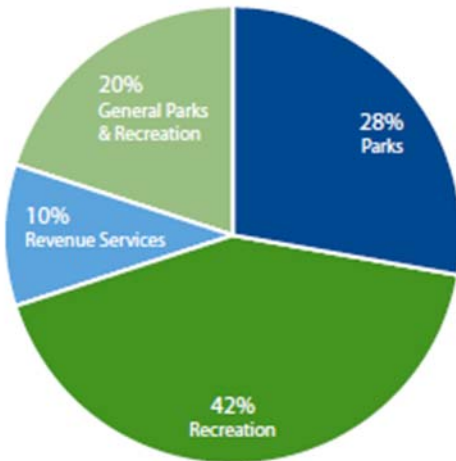
DISCUSSION

This report provides the details for the 2013 Park Board budget, represented in the new functional service structure implemented in 2012. It also provides the details for the 2013 Capital Budget.

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Operating Budget

2013 Operating Expenditures - Parks & Recreation



Department Budget Changes				
Major Category	Proposed Budget 2013	Approved Budget 2012	Net Change (\$)	Net Change (%)
Revenues				
Parks	\$ 3.1	\$ 2.7	\$ 0.4	14.8%
Recreation	19.7	18.2	1.5	8.2%
Revenue Services	25.5	27.0	(1.5)	-5.6%
General Parks & Recreation	0.3	0.0	0.3	100.0%
Total Revenues	\$ 48.6	\$ 47.9	\$ 0.7	1.5%
Expenses				
Parks	\$ 30.0	\$ 29.3	\$ 0.7	2.4%
Recreation	44.2	41.4	2.8	6.8%
Revenue Services	11.0	12.1	(1.1)	-9.1%
General Parks & Recreation	21.0	21.0	0.0	0.0%
Total Expenditures	\$ 106.2	\$ 103.8	\$ 2.4	2.3%
Net Operating Budget	\$ 57.6	\$ 55.9	\$ 1.7	3.0%

Explanation of Changes: Revenue

The proposed 2013 revenue budget increased by \$0.7 million or 1.6% compared with 2012.

The key drivers for the increase in revenue are in Recreation, with an increased number of visitors at the Hillcrest Centre, Trout Lake Community Centre, and VanDusen Botanical Garden (\$1.5 million). A number of strategic initiatives, including the opening of the Cactus Club at

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English Bay and the Tap & Barrel at Creekside Community Centre, are expected to increase revenues by \$0.8 million.

Fee increases were approved by the Board in September 2012, with an impact of \$1.0 million in revenues. The budget for golf operations has been reduced (both revenue and expenses) to reflect trends over several years and better align to expected revenues.

Explanation of Changes: Expenses

The 2013 expense budget increased by \$2.4 million or 2.3% compared with 2012. The key drivers are funding for increased service levels at new and larger facilities, conversion to greener operations, and inflation. This is offset by lower golf expenses and efficiencies generated through the City's ongoing transformational shared service initiatives.

Additional operating budget (\$0.6 million) supports increased service levels at new and larger facilities such as Hillcrest Centre and Trout Lake Community Centre.

The Park Board is committed to greening its fleet and has initiated a fleet and equipment replacement program to increase operational efficiencies (\$0.6 million). Budget was made available (over \$0.3 million) for maintenance costs associated with LEED-certified facilities and for lifecycle costs associated with increased tree planting (1,100 trees planned in 2013).

Fixed costs such as hydro, gas, insurance, and rent are subject to annual inflationary increases and the budget includes a total of \$0.4 million to cover expected increases. In addition, budgets for bank and credit card charges were adjusted to reflect increased usage as the public takes advantage of online registration through our new website. Changes for wages and benefits are also incorporated into the budget, including increases for the recently settled CUPE 15 agreement.

These increases are partially offset by ongoing efficiencies generated during 2012 by the transformation projects.

2013 Capital Budget

Details of the 2013 Capital Plan are included as Appendix A & B.

Notable Capital Projects

*In addition to the notable Capital projects listed below, at the December 11 Council meeting, Council approved \$3 million from the Emerging Priorities funding in the budget to be allocated to a new Park Board program for additions, improvements and upgrades to Park Board sport field facilities including additional washrooms and change rooms.

Project Name	Spent as of Dec 31, 2012 (Forecast)	2013 Budget	Future Years	Total Project (\$ dollars)
Kensington Community Hall	0.1	1.5	2.0	3.6*
Trillium Synthetic Turf	4.5	1.1	0	5.6

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Fields and Park				
New street trees and replacement of existing street trees	1.1	1.0	ongoing, annual program funding	ongoing, annual program funding
Bloedel Conservatory	0	1.0	0	1.0
Kits Beach Tennis Courts	0.1	0.7	0	0.8
Main and 18th Mini Park	0.4	0.1	0	0.5
Jericho Pier	0.1	0.3	0	0.3
Burrard Marina Infrastructure	0	0.1	0	0.1

*Includes funding for design and initial construction.

Kensington Community Hall

The existing Kensington Community Hall building is to be replaced by a larger facility and will include childcare facilities for 69 children, multi-purpose programming space, a family support centre, and a pottery studio. The projected building area is approximately 11,400 square feet.

Trillium Synthetic Turf Fields and Park

In 2011, two new synthetic turf field facilities, which include accessible washrooms, opened for play at Trillium Park. The final portion of this project is the passive park to the north of the fields. The Park Board approved the concept plan for this portion of the park in 2012 and construction is to begin in the spring of 2013.

Street Tree Planting

The Street Tree Planting program includes the planting of trees on street boulevards currently without trees, and the replacement of existing trees that have declined in health and are at risk of becoming a safety hazard.

Bloedel Conservatory

In this phase of the Bloedel Conservatory capital project, approximately half of the existing acrylic roof panels will be replaced.

Kits Beach Tennis Courts

The Kits Beach Tennis Courts will be fully renovated. The project, including public consultation, is scheduled to be completed by fall 2013.

Park at Main and 18th Avenue

The 0.089 hectare (0.22 acre) park at Main and 18th Avenue will provide a key urban linkage between the Mount Pleasant and Riley Park neighbourhoods. The park, which is under construction, will consist of an urban plaza with passive seating and contemplative spaces. The planting of new trees will contribute to Vancouver's urban greening goals.

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Jericho Pier

After the demolition of the Jericho marginal wharf and restoration of the beach and upland park area, the Jericho Pier will be repaired and restored to provide safer access for pedestrians and boaters.

Burrard Marina

An investment in the infrastructure at Burrard Marina will enhance access for that boating community.

Total Capital Budget by Service Category (Details in Appendix A & B)

Service Category	2013 Capital Budget Expenditures (000's)		
	Previously Approved Projects	2013 New Projects	Total
Community Facilities	\$2,778	\$4,617	\$7,395
Parks and Open Spaces	\$4,674	\$8,144	\$12,818
Total	\$7,452	\$12,761	\$20,213

Service Category	2013 Capital Budget Funding (000's)		
	2013 New Funding Required	2013 Expenditures	Future Years Expenditure
Community Facilities	\$6,617	\$4,617	\$2,000
Parks and Open Spaces	\$8,144	\$8,144	\$0
Total	\$14,761	\$12,761	\$2,000

SUMMARY

The purpose of this report is to present the Operating Budget final estimates of revenue and expenditures for 2013 to the Park Board for approval; and to request Board approval of the 2013 Capital Budget which includes new Capital programs/projects and associated funding requests, and 2013 capital expenditures for continuing (carry forward) programs/projects.

The Operating Budget for 2013 is a balanced budget that takes into consideration the results of the 2012 Q3 forecast as well as the costs of new programs and services and increased fixed expenses. Both Operating and Capital budgets are focused to support the strategic directions, goals and objectives of the Board's 2012-2018 Strategic Plan that was the result of an extensive public and staff consultation.

Prepared by:

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Appendix C - 2013 OPERATING BUDGET

(pages 110-117 from the "City of Vancouver 2013 Capital and Operating Budget - For Consideration by Council on December 4, 2012" document)