



May 12, 2023

MEMO TO : Park Board Commissioners

FROM : Natalie Froehlich – Director of Financial Planning & Analysis, Vancouver Park Board

SUBJECT : **Financial Results for Q1 2023 – Board Briefing Memo**

Dear Commissioners,

The purpose of this memo is to provide you with a high level overview of the financial results for the first quarter of 2023.

Operating Results & Forecast

Park Board ended the first quarter with a positive budget surplus of \$2.0m. However, the Park Board is forecasting to be over budget by \$1.2m by year end. Staff will be working to identify potential cost savings or revenue opportunities in Q2 to return to a balanced forecast for the year. The table below summarizes the Q1 2023 operating results and forecast:

<i>(in millions)</i>	March YTD			Full Year Forecast		
	Actual	Budget	Variance	Q1 Forecast	Budget	Variance
Total Revenues	\$ 12.0	\$ 11.1	\$ 0.9	\$ 71.8	\$ 71.1	\$ 0.7
Total Expenditures & Transfers	\$ 33.4	\$ 34.4	\$ 1.0	\$ 156.8	\$ 154.8	\$ (1.9)
Net	\$ 45.4	\$ 45.5	\$ 2.0	\$ 228.6	\$ 225.9	\$ (1.2)

Operating Results

Park Board's year-to-date results at the end of Q1 2023 was a favourable budget of \$2.0m:

- Revenues higher than budget (+\$0.9m);
 - Mainly due to higher revenues from VanDusen, Bloedel, Parking and Golf; and
 - Partially offset by lower recreation revenues as a result of lower than budget admissions as well as lower than budget swim lesson revenues.
- Expenditures lower than budget (+\$1.0m);
 - Mainly due to reduced salaries and benefits from vacancies in recreation due to auxiliary staffing challenges, recruitment challenges in urban forestry and timing of expenditures on material, minor equipment and special projects.

Full Year Forecast

Forecasting in Q1 is challenging for Parks & Recreation as a large portion of both our revenues and expenses are impacted by the seasonality of our services. However, based on the current analysis, it is expected that Park Board will be in a budget deficit of \$1.2m:

- Revenues are expected to be higher than budget by \$0.7m mainly due to higher attractions, special events and parking revenue; partially offset by lower recreation revenue; and



- Expenditures are expected to be unfavourable to the budget by \$1.9m mainly due to unbudgeted cost escalations on materials (i.e. seed, fertilizer, pool chemicals, etc.) and higher than budget fleet lease charges.

Staff will need to review their budgets for the remainder of the year to find cost savings or revenue opportunities in order to bring this forecast back in line with budgets. Per the Operating Budget Policy, City departments are not able to end in a deficit position without appropriate authorization from City Manager and Council; and per the Vancouver Charter, the City is not able to end the fiscal year in a deficit position.

Capital Expenditures

In Q1 2023, Park Board spent \$2.9m in capital expenditures or 7% of total 2023 capital budget. Park Board is forecasting to spend \$28.2m by year end which is 71% of the total 2023 Capital Budget.

The table below summarizes the 2023 expense forecast:

Service Category	2023 Budget	2023 Forecast	\$ Variance (Budget vs Forecast)	YTD Actuals	% Budget Spent
Parks & public open space	39,176,504	27,985,558	11,190,946	2,892,824	7%
Community facilities	250,000	250,000	-	-	0%
Grand Total	39,426,504	28,235,558	11,190,946	2,892,824	7%

Lower capital expenditure is due to the following:

- Staff Capacity (both lack of resources and staff being redirected to work on emerging priorities);
- Third party infrastructure projects; and
- Supply chain issues.

During the first quarter, Park Board staff worked hard to secure funding and appropriate internal approvals on significant projects such as East Fraser Lands and Tatlow, which are expected to commence construction in Q2 and Q3 2023. In addition, leadership is focused on increasing staff capacity, and as such are confident that capital delivery will improve over the remainder of 2023.

Regards,

Natalie Froehlich, CPA CA
Director, Financial Planning and Analysis - Vancouver Board of Parks and Recreation

nf/jsl/jk

Copy to: PB Senior Leadership Team
PB Communications