



August 31, 2023

MEMO TO : Park Board Commissioners
FROM : Natalie Froehlich, Director Financial Planning & Analysis
SUBJECT : **Q2 2023 Financial Update**

Dear Commissioners,

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

Operating Results and Forecast

Park Board ended the first half of the year with a positive budget surplus of \$2.1M and is forecasting to end the 2023 fiscal year with a positive budget variance of \$0.2M. The table below summarizes the June year-to-date operating results and forecast.

<i>(in millions)</i>	June YTD			Full Year Forecast		
	Actual	Budget	Variance	Forecast	Budget	Variance
Total Revenues	\$ 33.2	\$ 31.1	\$ 2.1	\$ 77.3	\$ 71.2	\$ 6.1
Total Expenditures & Transfers	\$ 72.2	\$ 72.2	\$ (0.0)	\$ 158.8	\$ 154.9	\$ (3.9)
Net	\$ (39.0)	\$ (41.1)	\$ 2.1	\$ (81.5)	\$ (83.7)	\$ 2.3
				One-Time Approved Expense	\$	(2.1)
					\$	0.2

Operating Results

Park Board's year-to-date results at the end of June 2023 was favourable to budget by \$2.1M.

- Revenues higher than budget (+\$2.1M)
 - Mainly due to higher revenues from VanDusen, Bloedel, Parking and Golf (A further breakdown of the Business Services Revenue can be found in Appendix A)
 - Partially offset by lower recreation revenues as a result of lower than budget admissions and lower than budget swim lesson revenues
- Expenditures are on budget
 - Mainly due to reduced salaries from vacancies in recreation due to auxiliary staffing challenges, recruitment challenges in urban forestry, partially offset by higher spend on Park Rangers and higher direct costs related to increased revenues.



Full Year Forecast

Park Board is forecasting to end the 2023 fiscal year with a \$0.2M surplus

- Revenues are expected to be higher than budget by \$6.1M mainly due to continued higher attractions, parking and golf revenues; partially offset by lower recreation revenues
- Expenditures are expected to be unfavourable to budget by \$3.9M mainly due to unbudgeted cost escalations on fuel and materials, unbudgeted fleet lease charges and higher direct costs related to forecast increase revenue.
- One-time Approved Expense:
 - Park Board has been approved to spend \$2.1M of one-time expenses against the 2023 forecast budget surplus in order to address the risk within Stanley Park as it relates to the Hemlock Looper Moth. This is the first phase of a multi-year project.

Capital Expenditures

As of June 30, 2023 Park Board spent \$10.5M or 27% of the total 2023 capital budget.

Highlights of 2023 capital delivery to date include:

Completed (or Substantially Completed) Projects:

- Stanley Park temporary bike lane removal substantially complete per Board direction
- Completion of two playground renewals (at West Point Grey and Champlain Heights Parks)

Newly Initiated Delivery Projects:

- Initiated construction of South Kinross and Promontory Parks in East Fraser Lands
- Initiated construction of Tatlow Stream Daylighting project
- Implemented sports court improvements at Stanley, Jericho, Heather, and Champlain Heights Parks

New Park Board Approved Plans:

- Completed concept plans for two new Dog Off Leash Areas (OLA's) and one high use OLA renewal (Board approved)
- Completed concept plan for a new park at Main and 7th (Board approved)
- Completed concept plan for Collingwood Park renewal (Board approved)
- Received Board and Council approval for "PPEP-C" to accelerate park amenity construction implementation

Administration:

- Recruited three Park Board Project Engineers to advance infrastructure assets capital delivery

Park Board is forecasting to spend \$20M by year end which is 51% of the total 2023 capital budget.



The table below summarizes the 2023 capital expense forecast.

<i>(in millions)</i>	June YTD		Full Year Forecast			
	Actual	% Budget Spent	Forecast	Budget	Variance	% Forecast Spent
Parks & Open Spaces	10.5	27%	19.9	39.2	19.3	51%
Community Facilities	0.0	16%	0.1	0.3	0.2	40%
	\$ 10.5	27%	\$ 20.0	\$ 39.4	\$ 19.5	51%

The main reasons for the lower than anticipated budget capital expenditure is due to the following:

- Staff capacity issues, including:
 - Staff vacancies on the park development team (30% vacancies through Q2); and
 - work on emerging priorities – such as the Stanley Park bike lane and sports fields
- Third party infrastructure projects (including work associated with the Greater Vancouver Water District’s Water Supply Tunnel Project in Stanley Park)
- Continued Supply chain issues – high demand for construction contracts and delays in production and deliveries of supplies.

Staff are actively recruiting to fill vacant positions and exploring alternate capital project delivery methods to improve timelines.

If Commissioners have any questions about the Q2 Finance Update please enquire through the General Manager’s office.

Regards,

Natalie Froehlich
Director – Financial Planning and Analysis

NF/VT

Copy to: PB Leadership Team
PB Communications



Appendix A:
Business Services June YTD Revenues

Business Services is having a very strong year thus far and is the main reason for our revenue surplus. The table below shows a breakdown of the Business Services June Year to Date (YTD) Revenues.

<i>(in millions)</i>	June YTD		
	Actual	Budget	Variance
Golf	\$ 7.7	\$ 7.1	\$ 0.6
Van Dusen & Bloedel	\$ 2.8	\$ 1.9	\$ 1.0
Stanley Park Train	\$ -	\$ 0.1	\$ (0.1)
Leases	\$ 1.9	\$ 1.9	\$ -
Parking	\$ 5.1	\$ 3.8	\$ 1.3
Marinas	\$ 1.9	\$ 1.8	\$ 0.1
Concessions	\$ 1.2	\$ 1.0	\$ 0.2
Business Development	\$ 1.2	\$ 1.1	\$ 0.1
Net	\$ 6.5	\$ 6.0	\$ 3.1