



Date: January 6, 2011

TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: 2011 Operating Budget

RECOMMENDATION

THAT the Board approve the proposed 2011 Park Board Global Budget of \$55,625,906.

POLICY

There is no applicable policy

BACKGROUND

On November 30, 2010, Council considered and approved in principle the [2011 operating budget](#), pending public input on December 2, 2010. After hearing from the public on December 2, 2010, Council approved the [Park Board 2011 Global Operating Budget of \\$55,625,906](#) on December 14, 2010, which included increases for inflation, adjustments for service transfers relating to 311 and the Vancouver Services Review, and corporate adjustments to minimize tax increases.

On December 16, 2010, the Board approved a number of service reductions totaling \$730,000 as part of the 2011 operating budget process (See Appendix I for a copy of the approved reductions).

DISCUSSION

The Park Board Global Operating Budget has three components: Basic Budget, Added Basic Budget and New and Non-Recurring (NNR) Budget.

Components of the Global Budget

The 2011 operating budget represents the 2010 approved operating budget inflated to reflect 2011 dollar equivalents and adjustments for additional costs resulting from new or improved capital construction. Per the Global Budget Agreement, it also includes adjustments for any Council approved programs, including reduction initiatives.

The following table outlines the adjustments to the Park Board Global Budget for 2011:

Appendix I

2010 Net Operating Budget	\$60,003,230
Less: 2010 NNRs and one-time funding	(\$0)
Increase for Added Basic Budget:	
A provision for increased funding required as a result of new or expanded facilities which opened in 2010 or are opening in 2011	\$737,500
Inflation Adjustments:	
Salaries, wages and employee benefits	\$3,084,400
Supplies, Utilities, City Equipment and other adjustments	(\$521,819)
Revenue and recoveries (2.75%)	(\$1,065,900)
Transfers to other City Departments:	
311 Transfers (final transfer, brining the total over 3 years to \$)	(\$281,700)
Corporate adjustments to minimize tax increases:	
Revenue adjustments and known cost savings	(\$1,650,000)
Service reductions	(\$730,000)
Vancouver Services Review: Shared Services and process improvement budget transfers:	
Attendance Management	(\$513,929)
IT Service transfer to City IT group	(\$709,600)
Sanitation Service transfer to Engineering	(\$1,139,000)
Supply Chain Savings	(\$1,399,332)
Facilities Shared Services	(\$136,061)
Financial Shared Services	(\$51,883)
2011 Net Operating Budget	\$55,625,906
\$ Decrease from 2010 Net Operating Budget	(\$4,377,324)
% Decrease from 2010 Net Operating Budget	-7.3%

New and Non Recurring Budget (NNR)

Funding for new and non-recurring items, such as replacement of equipment or minor building maintenance or modification, is provided separately from the ongoing operating budget due to their “one-time” nature.

Under the Global Budget arrangement, the Park Board receives 37% of the City-wide NNR budget each year. While historically the city-wide NNR budget has been \$2 million, as part of the City-wide corporate adjustments used to minimize tax increases in 2010 and again in 2011, the city-wide NNR budget has been reduced to zero, resulting in no NNR funding for the Park Board.

Added Basic Budget

The Added Basic Budget represents the net new operating costs associated with new or expanded capital additions to the parks and recreation system. For 2011 a provisional budget totaling \$737,500 has been provided. Allocations from this funding for specific capital improvements will be reviewed by Park Board and City Budget staff in 2011.

Inflation Adjustments

The budget has been increased by almost \$3.1 million for cost increases resulting from collective agreements and inflationary adjustments for payroll costs. The inflation increase in the regular fulltime payroll budget has been offset by reductions in supply costs, utilities, and city equipment of over \$0.521 million and an increases expectation of revenue from fees and charges of \$1.066 million (or 2.75%).

Transfers to other City Departments

As part of this budget process \$281,700 has been transferred to the budget for 311 Services for the final transitional phase of the implementation to full 311 Service. The 311 Service approach was approved by the Board at its meeting on January 15, 2007 and is being implemented over a three year period starting in 2009.

Adjustments to minimize tax increases

As part of the budget development process all City departments and Board were asked to do a market review of revenues and to review budgets for potential cost savings in order to minimize tax increases. The Park Board contributed to minimizing the City's tax increase in two ways:

- by agreeing to make market revenue adjustments (increases to market rates, plus net new revenues for events, attractions, restaurants and new parking facilities) and
- by adjusting the budget to reflect known cost savings in 2011 resulting from actions initiated in 2010 (additional savings from the farmyard closure).

Together these adjustments resulted in a net reduction of \$1,650,000 for the Park Board budget for 2011.

The first round of tax-minimizing initiatives was insufficient to reduce the tax increase to a level acceptable to Council so departments and Board's were then assigned reduction targets and asked to evaluate non-core services that could reduced to generate budget savings. The Park Board's share of service reductions to minimize taxes total \$730,000. Specific initiatives to generate the required budget savings were approved by the Board at a special meeting on December 16, 2010 and are detailed in Appendix I. As part of that approval process staff have been requested to explore options to fund a \$100,000 budget gap and the implementation of a homeless shower program in three locations.

Staff are currently reviewing the inventory of available facilities that could support homeless shower programs. Based on experiences with a similar shower program at Kitsilano Community Centre, the costs associated with providing the program are estimated to be \$30,000 (once the specific program locations are determined costs for the program can be confirmed).

This brings the total funding gap for 2011 to an estimated \$130,000. One option to fund the gap would involve extending the amortization period of a loan, but this would increase interest costs and is not a preferred option.

At this point staff are recommending a temporary budget reduction for 2011 to fund the estimated \$130,000 gap, with the eventual permanent fund source to be determined as part of the larger organizational review and restructuring to take place over the next six months. The temporary source proposed is the annual reserve contribution to fund drainage improvements at Langara Golf Course. The current plan for these funds is to undertake a slit drainage program at Langara sometime in 2011 which is expected to cost approximately \$1.2 million. If the budget for the 2011 contribution is reduced by \$130,000 to \$554,400, the reserve will still have sufficient funds in 2011 to undertake the slit drainage program in the fall. Recognizing that this is not an ideal long term source of funds, it does provide time for the Park Board organizational review in 2011 and a permanent solution to be found for 2012.

Shared Services and Process Improvement Savings Target

In 2009 the City underwent a review of departments and services (the Vancouver Services Review) and began implementation of some changes in 2010. Included in the Park Board's budget for 2011 are reductions totaling \$3.950 million which reflect transfers of responsibility for some services to other departments and savings from the process improvements that have been implemented or will be during 2011.

SUMMARY

The Park Board 2011 Global Operating Budget approved by Council on December 14, 2010 is \$55,625,906. Compared to the 2010 Operating Budget of \$60,003,230 this represents a decrease of \$4,377,324 (or 7.3%). Of this reduction, \$4,231,505 (or 7.0%) reflects either service transfers to other city departments for 311, IT and Sanitation services or process improvement savings. The remaining changes total a net reduction of \$145,819 and include inflation adjustments, \$730,000 for service reductions approved by the Board on December 16 and an addition of \$737,500 for Added Basic.

The 2011 Global Operating Budget provides for the Board to operate the new and expanded facilities and allows Council to minimize tax increases. It includes a service reduction plan which maintains core services to help achieve this target.

To achieve a balanced budget at year end, continual close monitoring of the budget and timely corrective action will be required.

Prepared by:
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ME

RECOMMENDATION

THAT the Board approve 2011 budget reduction initiatives totaling \$730,000, as outlined in the table below

Description of Change		2011 Budget Savings	FTE Impact
Park Services Changes		\$400,000	
1	Eliminate Andy Livingstone Park night security	\$75,000	None
2	Reduction in flower and shrub beds by 10% in downtown core parks, Stanley Park, English Bay parks and at community centres throughout the city	\$75,000	1 RFT & 0.4 TFT CUPE 1004
3	Reduction in street tree pruning program.	\$100,000	1.0 TFT CUPE 1004
4	Eliminate mowing in 14% of the City's passive turf areas, concentrating on select larger parks	\$150,000	3 RFT CUPE 1004
Recreation Services Changes.		\$200,000	
5	Prioritize recreation services in areas which least impact the public: twin management responsibility at two community centres; reorganize facility cleaning; apply consistent staffing model for fitness centres run by Park Board; consolidate coordination work in centralized recreation area	\$200,000	1 RFT Exempt; 1 RFT CUPE 15 & 1.0 Auxiliary CUPE 15
Other Changes		\$130,000	
6	Explore other funding options for holding community based Board meetings	\$30,000	None
7	Staff to identify options to fund the resulting \$100,000 budget gap and a shower program in three locations	\$100,000	None
Totals		\$730,000	1 RFT Exempt 1 RFT & 1.0 Auxiliary CUPE 15 4 RFT & 1.4 TFT CUPE 1004