

Date: October 15, 2009



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Council Report on 2010 Operating Budget Preliminary Estimates

RECOMMENDATION

THAT the Board receive this report for information

POLICY

There is no applicable policy.

BACKGROUND

Each year Council approves the City's annual operating budget, which includes a maximum level of funding to provide to the Vancouver Park Board. The Park Board then approves the allocation of this funding to various programs and services that it provides under its mandate.

DISCUSSION

Council's 2010 Preliminary Operating Budget Estimates have been tabled (see Appendix I for a copy of the Council Report) and will be discussed at the Council meeting on Tuesday, October 20, 2009. Council will direct staff to report back options to achieve a property tax increase of between 1.5% and 2.0%.

Preliminary Budget Position

The potential 2010 budget position indicates a shortfall of \$50.9 million and a potential property tax increase of 9.2%. The key drivers to the 2010 budget estimates are outlined as follows:

Budget Driver	\$ million	Property Tax Equivalent
Salary increases	26.7	4.8%
New facilities operating costs	5.4	1.0%
Capital Program	5.4	1.0%
Council approvals of new programs	2.1	0.4%
Reversal of 2009 temporary budget adjustments	14.3	2.6%

Budget Driver	\$ million	Property Tax Equivalent
Outside agency impact	4.5	0.8%
Revenue reductions	3.4	0.6%
Total Projected Increases before revenues	\$61.7	11.2%
4% revenue increase	(10.9)	(2.0%)
Preliminary Net Budget Gap	\$50.9	9.2%

The net budget shortfall of \$50.9 million includes an across the board 4% increase to be made in fees across all agencies of the city. As the Board funds approximately \$40 million of its budget from fees and charges, the Board will have to generate a further \$1.6 million in revenues (equivalent to a 4% increase in all fees) or adjust expenditures in order to balance the 2010 operating budget.

Process for Achieving a Balanced Budget for 2010

The recommended approach to achieving a balanced budget for 2010 involves a combination of strategies. These include continuing the temporary “bridging” initiatives implemented during 2009 for 2010 and the implementation of strategies identified in the Vancouver Services Review.

At Council’s direction, staff implemented temporary “bridging” initiatives to balance the 2009 budget. A number of these are recommended to be continued in 2010 until more permanent measures can be implemented. The bridging measures that impact the Park Board 2010 budget include:

- The hiring freeze implemented in 2009 will be continued for 2010; for Park Board, the amount of funding that was frozen in 2009 was \$1,175,000.
- The second year of the three year implementation of the 311 (totaling \$2.7 million for the whole city) is to be funded through department adjustments. For Park Board, the amount of budget to be transferred to the 311 office is \$357,100.
- The City has eliminated the 2010 NNR program. Per the global budget agreement, the Park Board receives 37% of this fund. While the total budget was originally set at \$2 million per year, for 2009 it was reduced to less than \$60,000, of which the Park Board received \$20,850. For 2010 no funds will be provided to any department.

Strategies identified during the Vancouver Service Review for long term solutions to the budget shortfalls are also being used to reduce the budget gap in 2010. As part of the Vancouver Service Review the Corporate Management Team (CMT) approved four areas to implement shared services: finance, facilities management, information technology, and supply chain. CMT are also proposing to implement a number of process improvements with financial benefits: an absentee management program, changes to time entry and pay advice processes, and elimination of the duplication of services in public works and sanitation. The Board’s operations will be impacted by the implementation of these processes in 2010.

Finally, to reduce the budget gap in order to reduce tax increases to 1.5% to 2.0%, staff are recommending the development of \$20 million worth of budget adjustments for the city as whole. Staff will use information collected during the Vancouver Services Review corporate prioritization exercise to develop budget adjustments. While the exact amount of adjustments to be allocated to the Park Board is not known at this time, this will impact the Board's park and recreation programs and services.

Public Consultation

The City 2010 budget consultation will involve a number of different program elements and combined with a number of public engagement objectives. The details of public consultation plan are outlined in Table 6 (Page 12) of the Council Report.

To assist in setting the fees and charges for 2010, the Board currently is conducting public consultation on its fees and charges. The Board will also continue to solicit public feedback on its 2010 budget priorities up to and beyond the Park Board approval of its 2010 budget.

SUMMARY

Once Council approves specific direction on the level of property tax increases, City staff will undertake a public consultation process and develop core service reductions to meet the remaining budget gap. Council will receive the results of the consultation in time for the final deliberations on the 2010 operating budget on December 1, 2009. The final estimate will be presented to Council on December 15, 2009. Once the 2010 operating budget is approved by Council, the Park Board will then approve the final allocation of the funding from Council.

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