

ITEM 14 (SUPPLEMENTARY)
MANAGER'S REPORT NO. 36
COUNCIL MEETING 1979 05 07

RE: BUDGETS
LETTER FROM BURNABY CHAMBER OF COMMERCE WHICH APPEARED
ON THE AGENDA FOR THE 1979 APRIL 30 MEETING OF COUNCIL
(ITEM 6(f))

Appearing on last week's agenda was a letter from Mr. James A. Gillis, President, Burnaby Chamber of Commerce, regarding Municipal budgets.

The following is a report from the Municipal Treasurer in this regard.

RECOMMENDATIONS:

1. THAT the recommendation of the Municipal Treasurer be adopted.
2. THAT copies of the letter from the Chamber of Commerce and this report be sent to the Parks & Recreation Commission.

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1979 May 04

TO: MUNICIPAL MANAGER
FROM: MUNICIPAL TREASURER
RE: BUDGETS

RECOMMENDATION

1. THAT a copy of this report be sent to Mr. James A. Gillis, President, Burnaby Chamber of Commerce, 10 - 6035 Sussex Avenue, Burnaby, B.C., V5H 3C1.

REPORT

The attached letter from the Burnaby Chamber of Commerce was received by Council on 1979 April 30. I have been asked for my comments on it.

Parks Budget

We have not been able to identify the figures shown in this part of the letter. However, they are reasonably close to factual. Burnaby recovers 39% of the total cost of operating its Parks and Recreation facilities. A report on the rationale behind the rate structure for use of parks facilities should more properly be obtained from the Parks and Recreation Commission. However, I would venture to say that the full cost of many of the programs sponsored by the Commission such as ski lessons, fine arts programs, etc., is recovered from users, and that the rates chargeable for the use of facilities are dictated somewhat by what is being charged in nearby municipalities. In any event, an annual review is made by the Commission of all rates and revenue sources and rates are increased annually at about the rate of inflation.

Capital Budget

The Chamber of Commerce is recommending a pay-as-you-go program of financing capital works, presumably to the exclusion of borrowing. Where this is possible, this has been the policy of Council for many years. The Water Utility generates enough revenue to pay for extensions to the system. Expansions of the Sewer Utility are made from borrowed money repaid with 25¢ dollars (caused by the receipt of Provincial Sewerage Facility Assistance grants), a system of finance not open to the Water Utility. Storm sewers are financed by borrowing. Other projects are financed by appropriations from the annual budget, either on a one-shot basis or by accumulations of appropriations over a period of years. Also, whenever a sizeable surplus appears in the annual budget Council has invariably appropriated most of same for capital purposes. However, if large scale projects arise which must be undertaken in a time frame in which enough money cannot be accumulated for this purpose, then the money must be borrowed, and except for water and sanitary and storm sewers, requires approval of the electorate.

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To finance a portion of the cost of the Eastburn and Northeast Burnaby Recreation complexes, it was necessary for Council to pass by-laws to borrow \$1,764,067, repayable over five years. However, in the interim Council has found it possible to apply \$982,652 in surplus funds from the 1978 budget to reduce the amount to be borrowed, and if a surplus occurs in the 1979 budget it may not be necessary to borrow at all.

Over the years, Burnaby has followed a pay-as-you-go policy to the extent possible in the financing of capital works. The amount of money for this purpose that can be generated by the annual budget is limited and if needs are greater, the difference must be made up by borrowing. For this reason, in past years large sums of money have been borrowed for parks and recreation, sanitary and storm sewers.

The Chamber of Commerce is urging Council to draft legislation which will ensure that the \$2.8 million that was in reserve for major roads be retained for this purpose.

To ensure that this and other reserves for capital purposes would be retained for the purposes they have been established, Council in adopting the annual budget for 1979 adopted the following resolution:

"THAT the Category 4 reserves, less the 1979 C.I.P. requirements therefrom, be transferred to the Corporation's Reserve for Capital Expenditures, Machinery and Equipment."

This reserve was established by by-law in 1978 pursuant to Section 301 of the Municipal Act.

Mention is made by the Chamber of Commerce of zero base budgeting. This concept is under review and steps are being taken to implement the principles involved, hopefully with the 1980 budget.

In closing, I might say that I believe that the Chamber of Commerce is well aware of what is stated in this report and that the purpose of the letter is to commend Council on its good fiscal management.

N. Bohan
FOR. MUNICIPAL TREASURER

BM:gw
Attach.

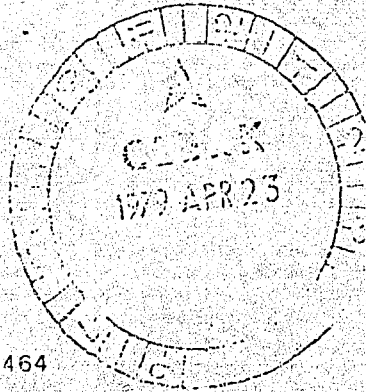
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CORRESPONDENCE AND PETITIONS
Regular Council Meeting
1979 April 30

Burnaby
CHAMBER OF COMMERCE

10 - 6035 SUSSEX AVENUE, BURNABY, B.C. V5H 3C1 Telephone 437-8464

April 19, 1979



The Mayor and Aldermen
The Corporation of the District of Burnaby
4949 Canada Way
Burnaby, British Columbia V5G 1M2

Dear Sirs and Madam

The Burnaby Chamber of Commerce congratulates Burnaby Council for holding this years budget increase to 2.7%.

We feel that the intent of the budget was one of fiscal responsibility. There were, of course, some areas that we were disappointed with but there were also some points that we were pleased to see implemented.

Specifically we commend Council for the adoption of the "pay as you go" philosophy. We would urge that Council continue this policy by limiting capital borrowing to short term periods of not longer than 5 years, unless there is a major change in the cost of financing.

We also applaud the adoption of "zero base budgeting" in three departments. We urge Council to pursue the concept of "zero base budgeting" for all departments as soon as it is practical.

Two of the areas that concern us are:

1. Parks Budget

The operation of the Municipalities parks, rinks and swimming pools are generating a loss of \$601,252.00. This figure does not include supervision costs or any allowances for overhead.

We fully appreciate that facilities such as swimming pools and skating rinks will not be fully self-supporting. It is part of the function of these facilities that they be made available to school children, instructional groups, etc. at minimal cost and to all citizens at reasonable cost.

The C.G. Brown and Bonsor Pool, however, had combined losses of almost a 1/4 million dollars. Contrasted with this the Burnaby Mountain Golf Course showed a profit of \$78,360.00 and the Central Park Pitch & Putt had a profit of \$4,659.00.

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CHAMBER OF COMMERCE

10 - 6035 SUSSEX AVENUE, BURNABY, B.C. V5H 3C1 Telephone 437-8464

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The Mayor and Aldermen
April 19, 1979

We feel that the pools, ice rinks, and tennis courts could be made more self-supporting while still making available affordable recreation.

We suggest that charges for all park facilities be reviewed in order to keep up with today's expectations of cost entrance to the public. There could be different rate structures for different user groups -- for example school children should not pay the same rate as a businessmen's swimming session. Perhaps I should also point out that we feel the businessmen's rate should be higher.

2. Capital Budget

The only funds in the Capital Budget for the construction of major roads are for the Kincaid Carlton improvement -- a needed road to serve Burnaby General Hospital. Outside of a few dollars for property acquisition and some design work, there is no allocation for any other major roads in this budget.

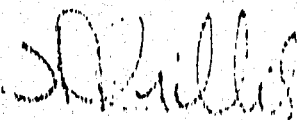
We note that we are presently allocating 8.311 mills to finance the debt levy and approximately 6 mills to capital funds. We would suggest that as the debt reduces (as it will under the "Pay as you go" philosophy) Council should take the mills allocated to debt levy and apply them to Capital Projects -- specifically needed major roads.

We also sincerely hope that at the time of the recast budget any anticipated surplus will be placed in reserve for major roads.

We would further urge Council to draft legislation which will ensure that the 2.8 million dollars that was in reserve for major roads last year be saved for that purpose.

Overall we feel that the budget is good and we commend you and your staff for your efforts. We further hope that you will give consideration to the points we have commented on when considering next year's budget.

Sincerely,



James A. Gillis, President
Burnaby Chamber of Commerce

JAG/las