

RE: 1980 PROVISIONAL BUDGET

ITEM	SUPPLEMENTARY	19
MANAGER'S REPORT NO.		5
COUNCIL MEETING	1980 01 21	

RECOMMENDATIONS

1. THAT the Provisional Accountability Budget for 1980 be adopted as presented, conditional that:
 - (a) The provision for contribution to capital be increased by a minimum of \$1,500,000 up to a maximum of \$2,000,000 as circumstances warrant;
 - (b) The increase in general and debt tax levy, water and sewer charges collectively on the average home in Burnaby be no greater than 8%;
 - (c) The Manager be directed to make whatever cuts in the budget that may be necessary to bring this about and to institute immediate controls on expenditures to ensure that the cuts will become possible;
 - (d) A report be prepared as a guide to staff on the proportion of the operating budget that should be allocated to capital on a continuing basis; such a report to be submitted to Council in due course.

REPORT

1980 PROVISIONAL BUDGET

The Provisional Budget for 1980 as presented to Council at the inaugural meeting of 1979 December 03 is, of necessity, incomplete. Assessment data for 1980 was not on hand, nor had the amount of the Provincial unconditional grant been announced by the Province, nor was the operating surplus for 1979 available. The latter two items could be significantly large in amount and greatly affect the amount of revenue that must be levied in realty taxes if a viable budget is to be passed.

While the assessment totals for 1980 are now on hand (one mill equals \$662,253 as compared with \$622,265 in 1979), data concerning individual properties, from which a computer study as to the effect the tax levy required to balance the budget will have on the average home-owner, is still not available. Also, the Province still has not announced the amounts of unconditional grants to be given in 1980 and, of course, the surplus will not be known before the end of February.

These circumstances make it impossible for Council to establish at this time the total amount of the budget and the general and debt tax levies. The best that can be done is to establish guidelines.

Council, in informal Committee, went over individual budgets with Department heads on 1980 January 03, 10 and 16. As not all Aldermen were on hand for all meetings, no formal resolutions were passed. However, the concensus appears to be that the budget makes insufficient provision for the financing of capital projects in this period of high interest rates and that any increase in general and debt tax levies, water and sewer charges collectively found necessary to bring in a viable budget should be restricted to 8% on the average home in Burnaby, and that whatever cuts that may be necessary to bring this about should be made. Concern was expressed that the Engineer should begin planning and design work for traffic management projects and that funds be made available for Transportation Committee members to inspect facilities in major urban centres.

In the matter of an immediate start on traffic management projects, Council's attention is drawn to page 21 of the budget on which a provision of \$100,000 for this purpose is made, and to page 58 on which a contingency sum of \$300,000 for capital projects is provided. These sums should be adequate for this purpose until the Annual Budget is brought down and passed. In the meantime, Council need only appropriate the sums required for transportation management projects as they arise. Also on the same page is an operating contingency of \$200,000, a portion of which may be appropriated from time to time as required for the travelling expenses of the Transportation Committee.

Concern was expressed in Committee that the Annual Budget should contain a relatively constant proportion for capital. In this respect, a table is attached which breaks down the budget of Council accountabilities as shown on page 7 of the budget. This table shows the budget separated into operations, principal and interest payments, and contribution to capital. To come up with meaningful proportions of capital provisions in the budget on a continuing basis will require study.

The thrust for increasing the budgeted amount for contribution to capital from current funds as opposed to borrowing funds, results from a greater emphasis on the "pay-as-you-go" philosophy, and is deemed to be necessary under today's economic conditions.

The purpose of this report is to focus the concerns expressed by individual members of Council and to recommend the actions to be taken by Council in that regard.

As had been stated, the amounts of the Provincial unconditional grants and the surplus for 1979 are unknown and we have no way of determining the effect of tax increases on average home-owners at this time. Rather than use empirical numbers, and thus adjust the budget accordingly, it would be better that Council pass the budget as submitted, conditional that:

1. Provision for contribution to capital be increased, as circumstances permit, by a minimum of \$1,500,000 up to a maximum of \$2,000,000.
2. The increase in general and debt tax levy, water and sewer charges collectively on the average home be no greater than 8%.
3. The Manager be directed to make whatever cuts in the budget that may be necessary to bring this about and to institute immediate controls on expenditures to ensure that these cuts will become possible.

In implementing these recommendations, the Municipal Manager intends to again review the staffing requests, and to confirm the final staff needs at the time of the Annual Budget. It should be noted that the additional Parks and Recreation and Library facilities coming on stream in 1980 account for 18 out of the total of 21 staff projected for all departments. At the same time, the existing Municipal complement will be reduced by 11, so the net increase is projected to be 10. The positions will only be filled as needed during the year. For example, the Transportation Assistant proposed is required for the work associated with the implementation of the Transportation Plan, but the position will be held in abeyance until the Annual Budget is considered.

THE CORPORATION OF THE DISTRICT OF BURNABY
Summary of General Revenue Fund Accountabilities of Council

	<u>1979</u> <u>Recast</u>	<u>%</u>	<u>1980</u> <u>Provisional *</u>	<u>%</u>	<u>%</u> <u>Increase</u>
	\$		\$		
Operations	39,960,463	72.6	44,620,696	76.7	11.7
Principal and interest payments	8,502,948	15.5	9,154,669	15.7	7.7
Contribution to capital	6,566,822	11.9	4,440,617	7.6	(32.4)
	<u>55,030,233</u>	<u>100.0</u>	<u>58,215,982</u>	<u>100.0</u>	<u>5.8</u>

* as presented to Council 1979 December 03

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