

ITEM 13
MANAGER'S REPORT NO. 28
COUNCIL MEETING 1983 04 18

RE: PLANNING CHALLENGE STATEMENT FOR 1984 PROVISIONAL BUDGET

MUNICIPAL MANAGER'S RECOMMENDATION:

1. *THAT the Manager's Challenge Statement attached be approved by the Municipal Council for use in the 1983/84 Performance Planning Process.*

REPORT

One of the integral parts of the municipal Performance Planning and Measurement process in planning for both management and budget purposes is the utilization of "Challenge Statements". The Challenge Statement, as a key part of the planning process, sets out a number of areas to be carefully considered by managers at all levels in the organization as they go through the objective setting process.

The purpose of the Challenge Statement is to do what the words imply; to challenge the staff to come up with ways and means of doing a better job with limited resources. The challenge allows for the process of dialogue amongst the Council, the Management Committee, and the staff of the organization, to discover the most effective and efficient means of meeting our objectives.

The attached draft Challenge Statement is one which sets out the rather difficult circumstances which we face in 1984, as we enter our second performance planning and measurement cycle. It will be necessary for Council to give careful consideration to it, since it does indeed guide the planning process which will follow in the weeks and months to come. In that vein, any additions or changes which members of Council wish to put forward would be most welcome.

It is recommended that the Manager's Challenge Statement attached be approved by the Municipal Council for use in the 1983/84 Performance Planning and Measurement process.

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1983 April 14.

TO: Management Committee
FROM: Municipal Manager

Re: PLANNING CHALLENGE STATEMENT FOR 1984 PROVISIONAL BUDGET

Most economists are predicting that 1983 will be a year of very modest growth - the real growth is not expected to exceed 2%. Our national and local inflation rates have turned down, and one can sense a feeling of cautious optimism in the country. Unfortunately, we are influenced by the whole world around us, and we are affected by the international scene, so we cannot turn the economy in isolation of others.

Most Canadian businesses will need at least another two years before they have the liquidity to finance cautious increases in spending. In the meantime, our unemployment rates have reached a level where we must all be concerned with job security. On the other hand, with dropping interest rates, there is strong evidence on the horizon of a recovery in the consumer goods area.

The Provincial Revenue Sharing grants for 1984 will in all likelihood be less than they were in 1983, as the present formula under which they are calculated is affected by the revenues the Province receives from the previous fiscal year as related to the fiscal year in which the grant is actually made. This means that unless the formula is changed, we can expect the 1984 grant to reflect the general economy of the 1982 and 1983 calendar years. This grant is a significant part of our budget. After considering the elimination of the Human Resources per capita charge, the value of the Revenue Sharing grant has effectively decreased from a high point in 1981 of \$8,034,050 (net) to \$5,695,754 in 1983.

The growth in new construction which provides an annual infusion into our tax assessment base will be less in 1984 than it was for 1983, as we will start to feel the impact of the lower construction

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values from 1983.

The Corporate Challenge for 1984

Through a tremendous team effort we have been able to control our expenditures for 1983. We did that with confidence and with resolution, but not without difficulty. What then is the challenge before us for 1984? It is to maintain control over our budget for the coming year, and at the same time to attempt to maintain the job security of our employees. Our responsible approach to budgetting in the past will stand us in good stead in the pressure situation we see before us.

This continued pressure may very well mean a further reduction in service in some areas, as tough as that might sound. We cannot at this very critical time allow ourselves to be wooed into a false feeling of security and permit expansion of our services. Our target will still be restraint, but with cautious optimism on the horizon, we will be able to see an end in sight. We have done very well to reach this point and to be still in the shape that we are.

The Major Issues for 1984

The major issues that need to be addressed in 1984 are much the same as they were in 1983

- Implementation of the Transportation Plan.
- Development of basic housing which calls into play the questions of density and land use.
- Relocation by the GVRD of our solid waste disposal site, which will greatly increase our costs for this service.
- Begin to develop a comprehensive Management Information System for the municipality, and consider the needed upgrading of our present financial computer.
- Maintain a responsible administration in Burnaby's local government.

Last year you were asked a series of questions that were to guide you in the development of your budgets. Those questions are still pertinent:

Do we really need to provide at this time all of the services we do provide?

Do we need to provide them at the level we do?

Is there a better way to provide them?

Can the public be more self-sufficient?

Can we be more productive?

Are we making the optimum use of the talents of our staff?

Are we encouraging innovative thinking in our staff?

Can we reduce the number of rules and regulations to which we have grown accustomed?

Do we have a firm objective in mind when setting the departmental budgets?

What would happen if we suddenly stopped doing some of the things we do?

Municipal Manager's Challenge

My challenge then to you is to:

- Plan for a budget that calls for an increase of no more than 5% in the tax levy for 1984.
- Develop firmer objectives for many of our Decision Units.
- Increase our emphasis on monitoring and measuring the effectiveness of all of our programs and services, by concentrating on a smaller number of performance measures which are significant and useful to managers.
- Not lose sight of innovation and creativity as we plan for 1984; those ideas which cost more in the short run, but save in the long run, should be put forward for consideration at least.

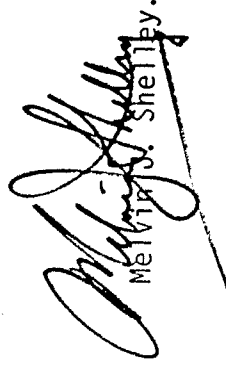
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- Attempt to maintain job security of our employees, by making any necessary staff reductions through attrition.
- Maintain the 1982 level of property tax load distribution among the assessment classes.

How will we meet this challenge? That is a question you must answer. It will mean at the very least that no additional services or staff can be added in 1984. It is projected that in order to ensure that the increase for 1984 is no greater than 5%, you will in fact need to reduce your 1983 net tax draw for operations only, excluding capital budget and fiscal items, by a minimum of 3%. The reduction may well result from a combination of reduced operating expenditures and new sources of revenue. Capital budget items as well as fiscal items such as debt will be considered separately at a later time. It will be necessary for us to look at reductions in all departments and in all areas of the operating budget.

We need to recognize from the outset that some departments will have more difficulty than others in meeting that target, and therefore some departments may need to be under more restraint than others if we are to collectively reach that target in total for the municipality. We will also have unforeseen contingencies to face as we prepare the 1984 Provisional Budget, and we need to compensate and to allow for them. Priorities therefore will need to be set before we will be able to finalize the presentation of the Provisional Budget to the Municipal Council.

The decisions we will need to make will indeed be difficult, because we will be working in an era of uncertainty and unrest, as well as working on the budget when much needed information is simply not available. If any municipality can accomplish this task, we can. We can do whatever we set our minds to do.


Melvin J. Shelley

