

RE: PLANNING CHALLENGE STATEMENT FOR 1985 OPERATING BUDGET

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the Manager's Challenge Statement attached be approved by the Municipal Council for use in the 1984/85 Performance Planning and Measurement Process.

R E P O R T

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 continue to face for 1985, as we enter our third Performance Planning and Measurement cycle. It will be necessary for Council to give careful consideration to it, since it does indeed guide the planning and budgeting processes 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 1984/85 Performance Planning and Measurement process. The Statement has been discussed and approved by the members of the Management Committee.

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1984 May 25.

PLANNING CHALLENGE STATEMENT

1985 OPERATING BUDGET

We were able to meet our budget objective for 1984 as a result of a thorough understanding of what we wanted to do and a commitment by all those involved in the budget process -- a process that has been developed and refined over the years.

Our Canadian economy has continued to slow down from the initial rate of recovery to a more moderate pace. At present we are experiencing an upturn in inflation, a slowing of consumer demand, higher interest rates and a sluggishness in the economy which most economists feel will continue through 1984 and into 1985. In short, the recovery stage is likely to continue for the next several months at least. At present, the recovery in B. C. appears to be slower than in other parts of Canada.

The rate of real growth in Gross National Product in 1985 is still expected to be modest, and to be slightly less than in 1984. Predictions range from 3% to 4%. There is presently, however, a weakness in capital investment and real disposable income that will have a large impact on these figures. The predictions are based on a continuing policy of high real interest rates, and continuing high unemployment rates. The inflation rate for 1985 is predicted to be in the order of 5%.

Provincial Revenue Sharing grants represent a relatively large proportion of the revenues in our budget. Because this grant formula is based on the provincial general economy of the two previous years, and recognizing the level of the economy for 1983 and 1984, the 1985 grant will in all likelihood be even less than it was in 1984. The value of this grant has decreased from a high point in 1981 of \$8,034,050 to \$5,133,115 in 1984.

The growth in revenue from taxes in 1984 from new 1983 construction is estimated to be \$1.5 million. New construction values are expected to be approximately the same in 1984 resulting in a similar growth for 1985. However, the Assessment Act was amended during 1984, changing the Assessment Roll completion date from December 31 to September 30 of each year. As a result, for 1985 we will lose the taxable value of new construction for the last three months of 1984, and in effect, this will probably mean that the growth in tax revenue from new construction will only be approximately \$1 million. This change only affects the 1985 taxation year.

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The Corporate Challenge for 1985

Through a team effort we must maintain control over our budget for the coming year, and at the same time attempt to maintain the job security of our employees. This continued pressure will mean that we will need to look at some further reduction in services, as tough as that might sound. It has become obvious that restraint is not a short term situation, but that it will continue over a longer term than was originally anticipated. We are not looking so much to a "recovery", which implies going back relatively quickly to where we were 2 to 3 years ago, but rather we now look to a "new way" of life which reflects a more cautious approach to providing levels of service and services in the near future. As was noted last year, we have done very well to have reached this point and still be in the shape that we are.

The Major Issues for 1985

The major issues that need to be addressed in 1985 are much the same as they were in 1984

- Implementation of the Strategic Plan for the Management of Information, including the upgrading of our computers.
- Implementation of the Transportation Plan.
- Implementation of the results of the Residential Neighbourhood Study which will call into play the questions of density and land use.
- Implementation of the master plan resulting from the Lower Mainland Refuse Project.
- Maintain responsible administration in Burnaby's local government.

We should ask the following questions as we prepare the 1985 Pro-
visional Budget:

1. Are we monitoring the delivery of all of our services?
2. Can our performance in the delivery of services be improved?
3. Are all the services we provide still needed?
4. Would a lesser level of service still substantially meet citizen needs in any of our programs?
5. How can we make better utilization of our computer facilities?
6. Can we be more innovative in our day to day work?
7. Are we managing our time effectively?

Municipal Manager'S Challenge

My challenge then to you is to:

- Plan for a budget that calls for an increase of no more than 6% in the tax levy for 1985.
- Refine the performance measures we have.
- Continue to search for better performance measures.
- Concentrate on being more innovative.
- Learn to make better use of our computer facilities.

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How will we meet this challenge? That is a question you must answer. It is projected that in order to ensure that the increase for 1985 is no greater than 6%, you will in fact need to reduce your 1984 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.

Some departments, as is usual, will have more difficulty than others in meeting the target, and therefore some departments may need to give more than others so that we can collectively as a team meet that target. I am confident that you will meet the challenge, as difficult as that might be.

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