Agenda – Executive Policy Committee – December 7, 2011

REPORTS

Item No. 8 General Council of Winnipeg Community Centres – Review of Community Centre Universal Funding Formula - City of Winnipeg and Community Centre Responsibilities Document

GENERAL COUNCIL OF WINNIPEG COMMUNITY CENTRES RECOMMENDATION:

That the 2012 UFF City of Winnipeg / Community Centres Responsibilities Document be adopted by Executive Policy Committee as acceptable standards to be in effect until the 2017 Universal Funding Formula Review.

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Council approves the recommendations put forward to Executive Policy Committee by General Council of Winnipeg Community Centres (GCWCC) in its October 18, 2011 Community Centre Universal Funding Formula (UFF) Review Report for 2012 – 2016, and refers the financial aspects of these recommendations to the operating budget process for review as outlined in recommendation 2.

2. That consideration of the following rate adjustments be made during operating budget deliberations:

    a) That an 8.1% cumulative CPI increase (for 2008 – 2012) be applied to the 2012 UFF which represents an increase of $368,715 over the 2011 Adopted Budget
    b) That the overall funding envelope for Community Centre Grants is subject to annual inflationary increases projected at 2% each year from 2013 to 2016, annually adjusted for actual CPI increases
    c) That in 2012 the UFF per capita grant be set at $1.70
    d) That in 2012 the UFF heated square footage be set at $3.10
    e) That in 2012 $5,250 be provided to community centres for the first two outdoor rinks per site
    f) That in 2012 $2,625 be provided to community centres for each additional outdoor rink per site

3. That all Public Service and/or GCWCC reports that identify expansions or capital improvements to a community centre provide a financial impact statement identifying the impact to the centre's annual UFF operating grant. Council approval of such projects shall result in an appropriation to the Department's budget to cover increases to the community centre operating grant as required by the Universal Funding Formula.

ADMINISTRATIVE REPORT

Title: **Community Centre Universal Funding Formula (UFF) Review 2012 - 2016**

Issue: The proposed 2012 – 2016 Community Centre Universal Funding Formula from General Council of Winnipeg Community Centres requires additional mill rate support.

Critical Path: Executive Policy Committee; Council

AUTHORIZATION

Author	Department Head	CFO	CAO
R. MacKinnon	C. Wightman	M Ruta CFO	D Joshi COO

RECOMMENDATIONS

1. That Council approves the recommendations put forward to Executive Policy Committee by General Council of Winnipeg Community Centres (GCWCC) in its October 18, 2011 Community Centre Universal Funding Formula (UFF) Review Report for 2012 – 2016, and refers the financial aspects of these recommendations to the operating budget process for review as outlined in recommendation 2.
2. That consideration of the following rate adjustments be made during operating budget deliberations:
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3. That all Public Service and/or GCWCC reports that identify expansions or capital improvements to a community centre provide a financial impact statement identifying the impact to the centre's annual UFF operating grant. Council approval of such projects shall result in an appropriation to the Department's budget to cover increases to the community centre operating grant as required by the Universal Funding Formula.

REASON FOR THE REPORT

This report has been prepared in response to GCWCC submitting a report to EPC on October 18, 2011 which is recommending changes to the UFF for 2012-2016. In accordance with Council policy, the Public Service and GCWCC are required to review the Community Centre Universal Funding Formula (UFF) and the Community Centre/City of Winnipeg Responsibilities Document every five years to ensure it remains responsive to the needs of Community Centres.

IMPLICATIONS OF THE RECOMMENDATIONS

General:

Approval of the Community Centre Universal Funding Formula Review and recommended increases to the funding envelope will provide funding for the Community Services Department to meet the intent of the proposed GCWCC recommendations.

The funding envelope is proposed to increase annually with inflation projected at 2% each year, with the budget being amended accordingly each year rather than once every 5 years thus minimizing the impact following the UFF formula's review cycle.

Actual changes in catchment area population, heated square footage and inflationary increased to the costs associated with general heated square footage, and increases/decreased in hockey pens will be annually adjusted where practical and where funding is approved by Council.

In addition to maintenance and administration requirements, the proposal further identifies programming responsibilities and incorporates minimum target hours of operation for Community Centres. The intent is to provide a stronger framework for program delivery and increase the use of Community Centres by ensuring facilities are open and accessible. GCWCC and the City will support and assist individual Centres to meet the targeted hours of operation.

The proposal also incorporates a revised formula by which the annual operating grants are calculated. The present funding formula allows for large funding disparities between facilities of equal size with similar programs and amenities due to the difference in size of the catchment areas. However, under the proposed formula, catchment population is still recognized but its impact is reduced to ensure that facilities of similar size and components are treated more equitably.

The revised formula is predicated upon three important caveats:

1. An 8.1% CPI increase (cumulative CPI since the last review cycle);
2. Recognizing that any changes to the current formula such as shifting the weighting of the various factors must stay within the increased envelope;
3. That any changes to the existing formula minimize negative financial impacts to any individual Community Centre.

Without the 8.1% increase, it is not possible to shift the formula as proposed.

Under the proposed Universal Funding Formula, the Community Services Department will require a funding envelope of $4,809,155 in 2012, representing an incremental increase over the 2011 Adopted budget ($4,440,440) of $368,715.

Financial:

The 2011 Adopted Budget (and 2012 – 2014 Projected Budgets) for Community Centre UFF payments is $4,440,440.

The 2012 – 2016 proposed Universal Funding Formula is calculated as follows:

a) $1.70 per person, $3.10 per heated square foot, $5,250 for the first two outdoor rinks per site and $2,625 for each additional outdoor rink per site.

b) 2006 Statistics Canada Census Population for all Community Centres of 623,455

c) Heated Square Footage of 976,454

d) 135 Primary Outdoor Rinks

e) 12 Secondary Outdoor Rinks

The proposed funding structure shifts the weighting of the grant as follows:

- The current $2.48/sq ft increases by 25% to $3.10/sq ft
- The current funding of $2.10/person decreases by 19% to $1.70/sq ft.
- Funding for outdoor rinks remains unchanged.

All 5 districts will see increases to operating grants and out of 66 Community Centres:

- 63 Centres see percentage increases between 0.1% to 14.8%
- The dollar value of the increases at individual Centres range from $60 to $21,607.
- 3 Centres see a percentage decrease: 0.3% (-$215), 1.1% (-$459) and 3.6% (-$2,373).

Under the proposed formula, the Community Services Department will require a Community Centre UFF funding envelope as follows:

	Proposed Community Centre UFF Grant	Incremental Increase over the 2011 Adopted Budget	Increase over Prior Year
2011 Adopted Budget	$4,440,440		
2012 Proposed UFF Budget	$4,809,155	$368,715	$368,715
2013 Proposed UFF Budget	$4,905,338	$464,898	$96,183
2014 Proposed UFF Budget	$5,003,445	$563,005	$98,107
2015 Proposed UFF Budget	$5,103,514	$663,074	$100,069
2016 Proposed UFF Budget	$5,205,584	$765,144	$102,070

HISTORY

The Universal Funding Formula (UFF) was developed in 1993 and approved by Council.

On July 18, 2007, Council adopted the Universal Funding Formula (UFF) City of Winnipeg/ Community Centres Responsibilities Document as acceptable standards to be in effect until the 2012 Universal Funding Formula Review, and in doing so, among other things, approved that the Community Centre envelope be increased by five percent (5%) retroactive to January 1, 2007. The five percent (5%) increase represented 50% of CPI from 2002 – 2007. In its report, the 2008 UFF Review Task Force acknowledged that an increase in funding was appropriate and allowed for a more detailed assessment of need in the Review to begin in less than 6 months.

As a result, the weighting of the components within the 2007 - 2011 Universal Funding Formula remained unchanged, resulting in component values of: $2.10 per person, $2.48 per heated square foot, $5,250 for the first two outdoor rinks per site and $2,625 for each additional outdoor rink per site.

The UFF component measurements for the funding envelope in 2007 - 2011 were: Population of 608,635; Heated Square Footage of 938,583; 122 Primary Outdoor Rinks and 35 Secondary Outdoor Rinks.

The 2011 UFF Review Committee has determined that a cumulative CPI increase is appropriate due to increased costs related to utilities, labour, and maintenance over the past five years since the last review cycle. Upon further review of the funding formula, the Review Committee also recognized the weighting of the 2007 – 2011 funding formula components allowed for large funding disparities between facilities of equal size with similar programs and amenities due to the difference in size of the catchment areas. It was determined a shift in the formula could occur while still remaining within the proposed CPI increase. The Review Committee also strived to ensure any changes to the formula minimized any negative financial impact to individual Community Centres.

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 25, 2011

Project Name: **First Year of Program** **2012**

Community Centre Universal Funding Formula (UFF) Review 2012 - 2016

	2012	2013	2014	2015	2016
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 4,809,155	$ 4,905,338	$ 5,003,445	$ 5,103,514	$ 5,205,584
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 4,809,155	$ 4,905,338	$ 5,003,445	$ 5,103,514	$ 5,205,584
Less: Existing Budget Amounts	4,440,440	4,440,440	4,440,440	4,440,440	4,440,440
Net Budget Adjustment Required	$ 368,715	$ 464,898	$ 563,005	$ 663,074	$ 765,144

Additional Comments: The 2011 Adopted Budget for the Universal Funding Formula to Community Centres is 4,440,440. The Projected 2012 - 2014 budget is currently at this same level. Based on GCWCC's proposed UFF formula for 2012 - 2016, including a projected 2% annual inflation beginning in 2013, the above operating budget adjustments will be required.

original signed by

Cindy Fernandes, CMA
Manager of Finance & Administration
Community Services Department

CONSULTATION

In preparing this report there was consultation with:

General Council of Winnipeg Community Centres

SUBMITTED BY

Department: Community Services
Division: Community Development and Recreation Services
Prepared by: RoseAnn MacKinnon and Sandra Sawatzky
Date: November 25, 2011
File No.


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