Agenda – Executive Policy Committee – March 19, 2019

BUDGET REVIEW

Item No. 7 **Interim Universal Funding Formula (UFF) Continuation and Adjustments to 2017 and 2018 UFF Grants to Reflect Preliminary 2016 Statistics Canada Census Data**

COUNCIL DECISION:

On September 20, 2018, Council concurred in the recommendation of the Executive Policy Committee, which included the following recommendation:

3. That an increase to the 2019 UFF Grant of $82,229 be referred to the 2019 Operating Budget process for consideration to provide for a retroactive adjustment to the 2017 UFF Grants payable to community centres that experienced a population growth based on the preliminary results of the 2016 Statistics Canada Census Data.

DECISION MAKING HISTORY:

COUNCIL DECISION:

On September 20, 2018, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the City's continued use of the existing Universal Funding Formula, last approved by Council on December 14, 2011, be approved to provide funding to community centres and as a responsibilities framework until the comprehensive Universal Funding Formula Review is completed in 2019.

2. That an increase of $1,594 to the 2018 UFF Grant from $5,679,000 to $5,680,594 be approved, to be absorbed within the Community Services' approved 2018 operating budget, to provide an adjustment to the 2018 UFF Grants payable to community centres that experienced a population growth, based on the preliminary results of the 2016 Statistics Canada Census Data.

3. That an increase to the 2019 UFF Grant of $82,229 be referred to the 2019 Operating Budget process for consideration to provide for a retroactive adjustment to the 2017 UFF Grants payable to community centres that experienced a population growth based on the preliminary results of the 2016 Statistics Canada Census Data.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 12, 2018, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

Title: Interim Universal Funding Formula (UFF) Continuation and Adjustments to 2017 and 2018 UFF Grants to Reflect Preliminary 2016 Statistics Canada Census Data

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
P. de Graaf K. Lemoine	C. Fernandes	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

The Universal Funding Formula (UFF) was developed and approved by both Council and the membership of the General Council of Winnipeg Community Centres Inc. (GCWCC) in 1993. The funding formula components are heated square footage, population base, and number of outdoor rinks operating for each community centre. Actual changes in population, heated square footage, number of outdoor hockey rinks operating and inflation are adjusted annually where practical and funding is approved by Council.

Statistics Canada Census Population data is used to calculate the per capita component of the annual UFF grants. Community Centre population is revised when Statistics Canada Population Census data, specifically a specialized data subset for Winnipeg's custom geographies, becomes available. Once received, the Public Service completes a geography data validation review. The population base of each community centre is then updated and applied and used for UFF payment purposes in the funding year following the finalization of the data validation process.

While Statistics Canada has released the overall 2016 Census data, the specialized population data subset is not expected to be available until sometime between fall 2018 and winter 2019, at which time the geography data validation process will be completed. The per capita funding changes for each community centres' population would then be applied beginning with the 2020 funding year.

The 2011 Statistics Canada Census population for Winnipeg was 663,615. The 2016 overall Census data reports Winnipeg's 2016 population as 705,244, an increase of 41,629 (6.27%) since 2011.

In advance of receiving the 2016 specialized data subset, the Public Service has completed preliminary estimates of the 2016 population base for each community centre using the smallest

Census geographies that have populations available. Based on this data, 49 community centres have experienced population growth, with 14 community centres having experienced a population decline. Applying this data in 2018, would have resulted in an additional $83,113 paid to centres experiencing growth and $4,850 less paid to with centres experiencing a decline.

Given the significant population increase from 2011 to 2016, the Public Service would like to apply the preliminary population estimates to the 2018 funding year and release additional payments totaling $83,113 to those centres that experienced growth between 2011 and 2016. There would be no recovery from those centres with population decline. The $83,113 can be absorbed within the Department's 2018 approved operating budget with $81,519 available in the 2018 Council approved UFF Grant and $1,594 from operational savings. The 2018 UFF Grant budget would require a Council-approved increase of $1,594, funded from departmental operating accounts, to release the full amount of $83,113.

In addition, the Department recommends that the adjustment be applied retroactively to 2017 for these same community centres experiencing growth, resulting in additional payments totaling $82,229.

Once the finalized 2016 data is available in 2019, the revised per capita data will be used to determine the 2019 UFF per capita portion of the grant for all community centres.

In 2016, the Public Service and the GCWCC began a comprehensive review of the UFF and the associated Community Centres Responsibilities Document. This process involves engagement with the GCWCC, the five Community Centre District Boards, 63 community centre boards, and civic departments. It is anticipated that the review and resulting recommendations to Council will be completed in the third quarter of 2019 and effective in 2020.

RECOMMENDATIONS

1. That Council approves the City's continued use of the existing Universal Funding Formula, last approved by Council on December 14, 2011 to provide funding to community centres and as a responsibilities framework until the comprehensive Universal Funding Formula Review is completed in 2019.

2. That Council approve an increase of $1,594 to the 2018 UFF Grant from $5,679,000 to $5,680,594, to be absorbed within the Community Services' approved 2018 operating budget, to provide an adjustment to the 2018 UFF Grants payable to community centres that experienced a population growth, based on the preliminary results of the 2016 Statistics Canada Census Data.

3. That an increase to the 2019 UFF Grant of $82,229 be referred to the 2019 Operating Budget process for consideration to provide for a retroactive adjustment to the 2017 UFF Grants payable to community centres that experienced a population growth based on the preliminary results of the 2016 Statistics Canada Census Data.

4. That the proper officers of the City be authorized to do all things necessary to implement the foregoing.

REASON FOR THE REPORT

On December 14, 2011, Council concurred with the recommendation of the Executive Policy Committee and adopted the following:

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

Council approval is required to continue to provide UFF grants to community centres until the 2017 UFF Review is complete.

Council approval is required to increase the 2018 Council approved UFF Grant and to provide retroactive grant payments.

IMPLICATIONS OF THE RECOMMENDATIONS

Should Council not approve the continued use of the existing UFF, approved by Council December 14, 2011, UFF grants to community centres will cease until the 2017 UFF Review is completed in the third quarter of 2019.

There is no financial impact with respect to Recommendation 2. The population increase from 2011 to 2016 for community centres that have experienced population growth when applied to the 2018 funding year results in $83,113 in additional grant payments. $81,519 is available within the 2018 UFF Grant budget due to changes in estimates resulting from a number of factors, including the number of outdoor rinks funded in the year. The additional $1,594 can be absorbed within the Department's 2018 operating budget.

2018 Adopted UFF Grant	2018 UFF Grants based on 2011 Census Data	2018 UFF Surplus	2018 Additional Grants to Adjust for 2016 Census Data	Increase to the 2018 UFF Grant Funded from Operations	2018 Amended UFF Grant
$5,679,000	$5,597,481	$81,519	$83,113	$1,594	$5,680,594

Additional mill rate support is required in 2019 to provide retroactive payments in the amount of $82,229 for the 2017 fiscal year should Council approve Recommendation 3.

HISTORY/DISCUSSION

The community centre volunteer model has been in place in Winnipeg since the 1950s, with the GCWCC formed in 1971, formalizing the manner in which volunteers and City staff support community centre operations.

Currently there are 63 community centres in Winnipeg, each of which is operated by a volunteer Board of Directors. Community centres are organized into five districts that align with the City's five Community Committees. Significant volunteer support is required to offer the majority of community centre programming and operations; for example, in 2017, there were 17,497 volunteers who gave over 1,260,000 hours of their time to community centres.

The purpose of community centres is to provide a broad range of recreation and leisure activities through the management and operation of the community centre facility and grounds for persons of all ages that reside within the centre's designated boundary area. Community centres are essential in creating safer, stronger neighbourhoods and they play a central role in shaping Winnipeg's youth while bringing neighbours together.

In 1993, the UFF was developed and approved by both Council and the membership of GCWCC to create an equitable funding framework for community centres. It was based on heated square footage of each community centre and the population base within the community centre's boundaries.

In 1998, Council approved that the UFF be based on population base, heated square footage and number of outdoor rinks.

On July 18, 2007, Council approved recommendations that the UFF and the Community Centres Responsibilities Document be adopted as acceptable standards to be in effect until the 2012 Universal Funding Formula Review; that the UFF envelope be increased by 5%; and that the Community Centre UFF be based on population base, heated square footage and number of outdoor rinks as approved in 1998.

On December 14, 2011, Council approved recommendations that the 2012 UFF and Community Centres Responsibilities document be adopted as acceptable standards to be in effect until the 2017 Universal Funding Formula Review; that the current UFF envelope be increased by 8.1%; that the UFF be based on $1.70 per capita, $3.10 per heated square footage, $5,250 for the first two rinks per site, and $2,625 for each additional rink per site; and that the UFF funding envelope be increased annually to include CPI. (Appendix A).

In 2016, the Public Service and the GCWCC began a comprehensive review of the UFF and the associated Community Centres Responsibilities Document. This process involves engagement with the GCWCC, five Community Centre District Boards, 63 community centre boards, and civic departments. It is anticipated that the review and resulting recommendations to Council will be completed in 2019 and effective in 2020.

The City of Winnipeg receives its Census data directly from Statistics Canada. Overall 2016 population data has been obtained; however, a specialized data subset (Winnipeg's custom geographies) is required to apply Census data to individual community centre boundaries and

has not yet been received. To determine the impact of the population increase on community centres, the Public Service has estimated the custom populations using the smallest Statistics Canada geographies that have populations available, then used City parcel dwelling unit counts from 2016 to allocate the population proportionately. As part of the upcoming Census geography validation process, these estimates still need to be compared to Statistics Canada's totals looking for any discrepancies in the population dispersal due to mismatches in geographies. The City anticipates receiving the data from Statistics Canada in the fall 2018 – winter 2019.

The overall retroactive UFF per capita impact based on the 2016 Statistics Canada data is as follows and detailed in Appendix B:

- The 2018 UFF per capita rate is $1.88, resulting in an overall increase to the UFF grants of $78,263 (41,629 citizens x $1.88 per capita). This is an increase of $83,113 for community centres that experienced growth, net of a decrease of $4,850 for those community centres that experienced population decline.
- The 2017 UFF per capita rate was $1.86, resulting in a net increase to the UFF grants of $77,430 (41,629 citizens x $1.86 per capita). This is an increase of $82,229 for community centres that experienced growth, net of a decrease of $4,799 for those community centres that experienced population decline.
- In order to mitigate financial hardship, The City of Winnipeg is not recommending a recovery of payments to community centres that experienced decreases in population for either 2017 or 2018 funding years.

Historically, UFF grant adjustments for population changes have been applied in the funding year subsequent to the completion of the geography validation process (i.e., the validation process for the 2011 Census year was finalized in 2015 and applied in the 2016 funding year). However, due to the significant increase in population, primarily in the areas of Waverley West, Sage Creek, and the Maples, the Public Service would like to provide an adjusted 2018 payment to those community centres that experienced population growth between 2011 and 2016 to be absorbed within the Department's 2018 operating budget. In addition, the Department recommends making a retroactive adjustment using 2016 Census data to the 2017 UFF with the required increased mill rate support referred to the 2019 Operating Budget process.

FINANCIAL IMPACT

Financial Impact Statement **Date:** September 5, 2018

Project Name: **First Year of Program** **2018**

Interim Universal Funding Formula Continuation and Adjustments to 2017 and 2018 UFF Grants to Reflect Preliminary 2016 Statistics Canada Census Data

	2018	2019	2020	2021	2022
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 5,680,594	$ 5,932,229			
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 5,680,594	$ 5,932,229	$ -	$ -	$ -
Less: Existing Budget Amounts	5,680,594	5,850,000			
Net Budget Adjustment Required	$ -	$ 82,229	$ -	$ -	$ -

Additional Comments: Direct costs represent the UFF Funding Grant including additional payments to community centres that experienced population growth as per the 2016 Statistics Canada Census. For 2018, the additional payments due to population growth total $83,113 and will be funded with projected 2018 UFF Grant surplus of $81,519 and other projected operational savings of $1,594. Council's approval is required to increase the 2018 UFF Grant from $5,679,000 to $5,680,594. The Department's 2019 - 2020 preliminary budget submission, based on the formula approved by Council December 14, 2011, includes an increase to the UFF Grant resulting from the net population increase. The Report recommendation to account for the population increase retroactively to 2017, with payments released in 2019, requires additional mill rate support of $82,229 in 2019.

Original signed by K. Lemoine
Kelly Lemoine, CPA, CA
Manager, Finance and Administrative Services
Community Services Department

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services (as to legal matters)
- General Council of Winnipeg Community Centres Inc.

OURWINNIPEG POLICY ALIGNMENT

01-3 PROSPERITY

Direction 1: Provide efficient and focused civic administration and governance

01-5 RECREATION

Direction 2: Work with community partners to provide services that are responsive to the community's recreation and leisure needs.

Direction 3: Directly provide, or facilitate through partnerships, equitable access to a base level of recreation, culture and leisure services for all Winnipeggers.

Direction 4: With community partners, participate as a leader in planning and delivering recreation and leisure services in Winnipeg.

Direction 5: Provide or facilitate community development and recreation opportunities for vulnerable youth.

Direction 6: Plan for sustainable and connected recreation and leisure infrastructure.

SUBMITTED BY

Department:	Community Services
Division:	Community Development and Recreation Services
Prepared by:	Peter de Graaf Manager of Community Development and Recreation Services and Kelly Lemoine Manager of Finance and Administrative Services
Date:	September 5, 2018
File:	CMS-2018-9

Appendix A Appendix B