Agenda – Council – December 12, 2019

Report – Executive Policy Committee – December 3, 2019

Item No. 4 Community Centre Universal Funding Formula Review

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 3, 2019, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the proposed City of Winnipeg / General Council of Winnipeg Community Centres / Community Centres Universal Funding Formula and attached (Appendix A) Responsibilities Document be adopted and in effect from January 1, 2020 for the duration of ten (10) years, unless a review is initiated sooner by either GCWCC or the City, providing one year's written notification.

2. That the Universal Funding Formula has the following parameters:

    A. The (UFF) is based on the heated square footage of individual community centre facilities as per City of Winnipeg measurements. The UFF operating grant is intended to cover utilities (natural gas, electricity, water/sewer, telephone/internet/cable), repairs and maintenance, janitorial supplies, snow removal, and, where possible other operating expenses.

    B. Indoor arena/soccer complexes/fieldhouses are funded for heated areas which include dressing rooms, foyers, canteens, offices, and washrooms. The UFF does not fund indoor ice/soccer/fieldhouse surfaces, bleachers, mechanical and Zamboni rooms that solely service indoor ice/soccer/fieldhouse operations as these specialized assets have revenue generating capacity.

    C. "Third Party Exclusive Use Areas/Dedicated One-Purpose Areas" are not funded under UFF.

    D. Any future increases to the per capita funding component of the UFF will be based on receipt of new Statistics Canada Census data, tailored specifically to community centre catchment areas.

3. That 2020 Community Centre UFF be approved, based on the specialized community centre index of 2.42% with resulting rates of $1.95 per capita, $3.57 per heated square footage, $6,050 for the first two rinks per site, and $3,025 for each additional rink per site, to be adjusted annually for inflation each year thereafter. The UFF funding envelope will be increased annually by the Public Service by the greater of CPI or the specialized community centre index.

Report – Executive Policy Committee – December 3, 2019

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

4. That a one-time retroactive UFF payment adjustment to community centres totaling $102,975 for 2018 and 2019 be approved.

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

Report – Executive Policy Committee – December 3, 2019

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 3, 2019, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

Title: Community Centre Universal Funding Formula Review

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
P. Skutnik	C. Fernandes	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

Community centres receive an annual operating grant, referred to as the Universal Funding Formula (UFF), from the City of Winnipeg. The funding formula components include:

- heated square footage of individual community centre facilities;
- population base of each centre's catchment boundary; and
- the number of outdoor hockey rinks operating for each community centre.

Changes in heated square footage, number of outdoor hockey rinks operating, and inflationary costs are adjusted annually, where practical, and funding is approved by Council.

The General Council of Winnipeg Community Centres Inc. (GCWCC), together with the Public Service, has completed a comprehensive review of the formula portion of the UFF and the associated City of Winnipeg, GCWCC, Community Centre Responsibilities Document (Appendix A), which outlines each party's responsibilities related to the UFF.

The UFF review committee, comprised of the Public Service, GCWCC, and community centre membership, are recommending no changes to the actual formula components and only minor changes to the responsibilities document. In 2011, Council approved use of the Consumer Price Index (CPI), which is a broad measure of the cost of living in Canada, (averaging 1.4% for the past two years) for annual UFF increase adjustments. The UFF review committee and the community centre membership unanimously recommended a shift to a more accurate and reflective annual inflationary index tailored specifically to community centre operations, averaging 2.3% for 2018 and 2019, increasing to 2.42% for 2020.

This specialized index was developed in consultation with civic financial and economic representatives and includes the following goods and services, which community centre representatives have indicated comprise the bulk of their operating costs related to the UFF:

- Repairs and Maintenance
- Hydro (electricity and natural gas)
- Water/Sewer rates
- Snow removal

- Custodial
- Phone/Internet/Cable

The UFF review committee also endorsed a request to be made for a one-time retroactive UFF adjustment to centres for the past two years totaling $102,975 (which is the cumulative difference in UFF, utilizing the specialized community centre index as compared to CPI for 2018 and 2019). The Public Service concurs with this recommendation as presented and can absorb this one-time payment within the Community Services Department's 2019 approved operating budget with $102,975 available in the 2019 Council approved UFF Grant.

Going forward, the UFF review committee also proposed that CPI will continue to be used as a minimum inflationary index; in years where the specialized community centre annual inflationary index outpaces CPI, the specialized community centre index would be utilized as a basis for the annual UFF funding adjustment.

RECOMMENDATIONS

1. That the proposed City of Winnipeg / General Council of Winnipeg Community Centres / Community Centres Universal Funding Formula and attached (Appendix A) Responsibilities Document be adopted and in effect from January 1, 2020 for the duration of ten (10) years, unless a review is initiated sooner by either GCWCC or the City, providing one year's written notification.

2. That the Universal Funding Formula has the following parameters:
    A. The (UFF) is based on the heated square footage of individual community centre facilities as per City of Winnipeg measurements. The UFF operating grant is intended to cover utilities (natural gas, electricity, water/sewer, telephone/internet/cable), repairs and maintenance, janitorial supplies, snow removal, and, where possible other operating expenses.
    B. Indoor arena/soccer complexes/fieldhouses are funded for heated areas which include dressing rooms, foyers, canteens, offices, and washrooms. The UFF does not fund indoor ice/soccer/fieldhouse surfaces, bleachers, mechanical and Zamboni rooms that solely service indoor ice/soccer/fieldhouse operations as these specialized assets have revenue generating capacity.
    C. "Third Party Exclusive Use Areas/Dedicated One-Purpose Areas" are not funded under UFF.
    D. Any future increases to the per capita funding component of the UFF will be based on receipt of new Statistics Canada Census data, tailored specifically to community centre catchment areas.

3. That Council approve the 2020 Community Centre UFF, based on the specialized community centre index of 2.42% with resulting rates of $1.95 per capita, $3.57 per heated square footage, $6,050 for the first two rinks per site, and $3,025 for each additional rink per site, to be adjusted annually for inflation each year thereafter. The UFF funding envelope will be increased annually by the Public Service by the greater of CPI or the specialized community centre index.

4. That Council approve a one-time retroactive UFF payment adjustment to community centres totaling $102,975 for 2018 and 2019.

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

REASON FOR THE REPORT

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.

IMPLICATIONS OF THE RECOMMENDATIONS

If Council does not approve the continued use of the UFF, community centres will not receive annual operating funding, making it impossible for centres to meet their financial obligations. This would adversely impact the continuity of community centre operations and service levels to the citizens of Winnipeg.

Recommendations 1, 2, and 3 may have financial implications contingent upon future inflationary increases and Statistics Canada Census information.

The Department's 2020 – 2023 preliminary budget includes an increase to the UFF Grant for 2020 of 2.4% (CPI) or $6.075 million. The specialized community centre index inflationary rate is 2.42%. If approved, Recommendation 3 would require the minimum inflationary increase for 2020 be 2.42%. The additional cost of the 0.02% inflationary rate difference is negligible. No additional mill rate support is required. The years 2021 – 2023 have been increased by an estimated inflationary rate of 2.0%. Financial implications for these years are contingent upon future inflationary increases and potentially may require additional mill rate support.

With respect to recommendation 4, the one-time retroactive UFF payment adjustment to community centres totaling $102,975 for 2018 and 2019 can be absorbed within the Department's 2019 approved operating budget with $102,975 available in the 2019 Council approved UFF.

HISTORY/DISCUSSION

The community centre volunteer model has been in place since the 1950s. The GCWCC was formed in 1971, wherein volunteers and City staff played supportive roles in community centre operations. Currently there are 63 City of Winnipeg-owned community centres in Winnipeg, each of which is independently incorporated and operated by a volunteer Board of Directors. Significant volunteer support is required to offer the majority of community centre programming and operations.

Community centres are essential in creating safer, stronger neighbourhoods and they play a central role in shaping Winnipeg's youth while bringing neighbours together. The purpose of a community centre 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 play a vital role in fulfilling the City's mandate in the provision of recreation facilities, recreation programs, and leisure services to the citizens of Winnipeg.

Community centres receive an annual operating grant (UFF) from the City of Winnipeg. The UFF was developed and approved by both Council and the membership of the GCWCC in 1993. In concert with funding for outdoor rinks and per capita amounts, the UFF provides funding to each community centre to help cover utilities (natural gas, electricity, water, telephone), maintenance, janitorial supplies and, where possible, other operating expenses. Council approval of the UFF is required for community centres to receive annual funding to address operating costs. The UFF directly impacts the fiscal capacity and the continuity of community centre operations and service levels to the citizens of Winnipeg.

Historically, the Public Service and the GCWCC review the UFF and associated responsibilities as required, to ensure they are fair, equitable, measurable, and responsive to both the needs of community centres and the City. It is GCWCC's role to ensure individual Community Centre membership interests are represented during the collaborative review process with the Public Service.

The last comprehensive UFF review completed by the GCWCC and the Public Service occurred in 2011, and has been in effect since that time. Please refer to Appendix C for a listing of the UFF rates from 2012 to 2019.

An extensive review of the UFF was undertaken in 2018-2019, with a review committee consisting of the Public Service, GCWCC, and district community centre board representatives. The district board representatives were from community centres varying in size, scale, amenities, and operations, and were tasked to represent the global interests of centres as well as to ensure that their area community centres were fully apprised of the status of the review.

Community centres were encouraged to submit any comments and suggestions back to their representative to ensure that the review committee could take their concerns and feedback into consideration. The review also included:

- In-depth engagement with affected Public Service partners and stakeholders
- a GCWCC led membership survey requesting feedback on priority issues related to UFF and associated responsibilities document
- multiple community centre district updates and engagement.
- numerous UFF review committee meetings
- community centre district presentations on the UFF review committee's final proposals; and
- culminating in a unanimous endorsement vote by the community centre membership

In keeping with the fair, equitable, and measurable premise of the UFF, the review committee recommended no changes to the fundamental components of the formula, however they endorsed a change to the annual inflationary index and a request for a one-time retroactive UFF adjustment to centres for the past two years totaling $102,975 (which is the cumulative difference in UFF, utilizing the specialized community centre index as compared to CPI for 2018 and 2019). The committee's rationale for a one time retroactive adjustment was that the specialized community centre index was more indicative of their operating costs. The committee also concurred with minor changes to the responsibilities document which outlines each party's responsibilities related to the UFF. A summary of these changes includes:

- Minor formatting and sequencing changes for a more logical flow, clarity, and grouping of like responsibilities.
- The GCWCC has been added as a party to the UFF responsibilities document in relation to their direct UFF roles and the recently executed Management Agreement with the City, whereby GCWCC's role is to strengthen and optimize the community centre model in the City of Winnipeg.
- Community Centre Grounds Maintenance has been removed and will now be located in the Community Centre Accountability Manual (which is a detailed operational reference guide for Community Centres, slated for review in 2020). However, the Knockdown Rink section, formerly an appendix of the Accountability Manual, has been incorporated into the new Responsibilities Document.
- Specific positions have been added with respect to the responsibilities for clarification and accountability.
- Monthly and Annual Financial Accountability timelines have been changed (extended) to allow a more realistic timeline for community centre board approvals.
- Under the activity of Constitutions and By-Laws (Community Centre Responsibility) there was an addition of information for clarification (i.e., asking that any changes to past reviews be identified).
- Under the activity of Programming there were some minor changes to refine and clarify roles.

Throughout the extensive UFF review engagement with individual centres, the consistent feedback was that community centres are not currently being funded adequately, placing undue financial hardship on the volunteer model. In light of this feedback and consistent increases in operating costs, regulatory and reporting requirements, a specialized community centre index, that can be reviewed and calculated annually, was developed via consultation with the UFF review committee, the GCWCC, the community centre membership, and the Public Service, including financial and economic representatives. The specialized community centre index includes the following goods and services calculated at rates specific to Manitoba*:

- Repairs and Maintenance
- Hydro (electricity and natural gas)
- Water/Sewer rates
- Snow removal
- Custodial
- Phone/Internet/Cable

* *Except Water and Sewer rates, which are calculated at rates specific to Winnipeg*

The committee developed and is proposing the use of this more reflective annual inflationary index tailored specifically to community centre operations. This would also afford the opportunity to refine the index as required, based on future changes related to the community centre operational model. Although the UFF committee received a wide variety of feedback from various community centres via survey's, district engagement, and individual centre contact, the Committee proposed that only issues that were systemic and reflective of the overall community centre UFF model be addressed through this review process.

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 1, 2019

Project Name: **First Year of Program** **2019**

Community Centre Universal Funding Formula Review

	2019	2020	2021	2022	2023
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	$ 102,975	$ 6,075,000	$ 6,197,000	$ 6,321,000	$ 6,448,000
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 102,975	$ 6,075,000	$ 6,197,000	$ 6,321,000	$ 6,448,000
Less: Existing Budget Amounts	102,975	6,075,000	6,197,000	6,321,000	6,448,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Direct costs represent the UFF Funding Grant with 2019 being a request for a one-time retroactive UFF adjustment to centres for the past two years totaling $102,975. Sufficient funding is available in the Community Services Department's 2019 approved operating budget with $102,975 available in the 2019 Council approved UFF Grant.

The Department's 2020 - 2023 preliminary budget submission, based on the formula approved by Council December 14, 2011, includes an increase to the UFF Grant of CPI (2.4%) in 2020 and 2.0% for 2021-2023. For 2020 the specialized Community Centre index/basket inflationary rate is 2.42%. Recommendation 3 of the report would require the minimum inflationary increase for 2020 be 2.42%. The additional cost of the 0.02% inflationary rate difference is negligible. No additional mill rate support is required.

The years 2021 – 2023 have been increased by an estimated inflationary rate of 2.0%. Financial implications for these years are contingent upon future inflationary increases and potentially may require additional mill rate support.

"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:

- General Council of Winnipeg Community Centres
- Legal Services Department (as to legal issues)
- Public Works Department – Parks & Open Space Division
- Planning Property and Development Department – Municipal Accommodations Division
- Corporate Finance Department – Risk Management Division
- Chief Administrative Office– Infrastructure Planning Division

OURWINNIPEG POLICY ALIGNMENT

01-1 City Building

Create Complete Communities - The daily necessities of life should be within reach, with options for accessing services, amenities and resources like grocery stores, banks and restaurants, together with community centres, schools and day care centres.

01-2 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.

Direction 6: Plan for sustainable and connected recreation and leisure infrastructure.
Enabling Strategy - Deliver community and neighbourhood-managed recreation services by maintaining ongoing support for developing community centres with public, not-for-profit and private partners.

01-3 PROSPERITY

Direction 1: Provide efficient and focused civic administration and governance

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

n/a

SUBMITTED BY

Department: Community Services
Division: Community Development
Prepared by: P. Skutnik, Administrative Coordinator
Date: November 18, 2019,
File No: CMS-2019-22

Attachments:

Appendix A: Universal Funding Formula Responsibilities Document.

Appendix B: General Council of Winnipeg Community Centres Universal Funding Formula Endorsement

Appendix C: 2012 - 2019 Universal Funding Formula Rates