

Analyst Briefing Notes

Budget Committee

(February 10, 2009)

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Contacts: Alan, Cohen
Manager, Financial Planning
Tel: (416) 392-3740

Lili Vratonjic
Financial Planning Analyst
Financial Planning
Tel: (416) 397-4531

PART I: 2009 OPERATING BUDGET

Executive Summary

- The Association of Community Centres (AOCCs), which is made up of 10 community centres, provides programs and services to meet the diverse and changing needs of communities. The Program is committed to fostering a sense of community, promoting civic engagement, and enhancing the quality of life through the development, provision, and support of activities, services and programs responsive to local needs. The AOCCs receive administrative funding from the City of Toronto to support the delivery of programs and services.
- The Association of Community Centres is comprised of ten community centres:

519 Church Street Community Centre	Applegrove Community Complex
Cecil Street Community Centre	Central Eglinton Community Centre
Community Centre 55	Eastview Neighbourhood Community Centre
Harbourfront Community Centre	Ralph Thornton Community Centre
Scadding Court Community Centre	Swansea Town Hall Community Centre
- Continuing to maintain service levels without additional resources remains a top challenge for AOCCs since changing community demographics and increased demand for services require staff training and retention, volunteer management, fundraising efforts, as well as repairs and upkeep of equipment and furniture under cost pressures and rising cost of living.
- The administrative funding provided to AOCCs supports the following service objectives:
 - Providing a wide range of quality programs and services to meet residents' needs;
 - Maintaining a community base that is representative of the neighbourhood;
 - Providing opportunities for local residents to improve their communities; and
 - Providing and preserving community access to space.
- The 2009 Recommended Operating Budget provides \$6.994 million net in funding for administrative costs to support AOCCs strategic initiatives, and includes the following priority actions which address the overall program objectives and challenges:
 - Create/provide new programs that meet community requests and changing needs;
 - Identify service delivery partners to meet programming needs and expand funding options;
 - Continue to increase volunteer involvement; and
 - Increase membership and donor base via website, flyer, newspapers, and events
- For 2008, the AOCCs are projecting a year-end over-expenditure of \$0.123 million net, mainly attributable to a confidential employee relations matter. There is no impact on the 2009 Recommended Operating Budget, as this issue is resolved.

Table 1: 2009 Recommended Budget

(In \$000s)	2008		2009 Recomm'd Operating Budget			Change 2009 Recommended Operating Budget v. 2008 Apprvd. Budget		FY Incremental Outlook	
	2008 Appvd. Budget	2008 Projected Actual	2009 Recomm'd Base	2009 Rec. New /Enhanced	2009 Rec. Operating Budget			2010	2011
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	6,926.4	6,926.4	7,171.8	0.0	7,171.8	245.4	3.5	181.0	186.5
REVENUE	169.9	169.9	178.3	0.0	178.3	8.4	4.9	0.0	0.0
NET EXP.	6,756.5	6,756.5	6,993.5	0.0	6,993.5	237.0	3.5	181.0	186.5
Approved Positions	91.2	91.2	91.2	0.0	91.2	0.0	0.0	0.0	0.0

TARGET	6,621.4	6,621.4	
\$ Over / (Under) Program Target	372.2	372.2	
% Over / (Under) Program Target	5.6%	5.6%	

- The 2009 Recommended Operating Budget of \$6.993 million net is \$0.237 million or 3.5% higher than the 2008 Approved Operating Budget, and \$0.372 million or 5.6% higher than the 2009 target mainly due to staffing costs and increased audit fees.
- The 2009 Recommended Operating Budget of \$6.994 million net is fully comprised of base funding and does not include any funding for new/enhanced services. The 2009 Recommended Operating Budget maintains the same level of service as in 2008.
 - The 2010 and 2011 net increase of \$0.181 million and \$0.187 million respectively, is due to step and merit increases.
- The 2009 Recommended Operating Budget of \$6.993 million net incorporates the Program's key cost drivers including annualization of 2008 COLA, fringe benefit, merit and step increases, and non-discretionary expenditures that total \$0.276 million. These cost pressures are partially offset by the reversal of 2008 leap day costs, increase in user fees, and reversals of one-time renovation funding that total \$0.040 million. Any further reductions such as centre closures and/or staff eliminations, would significantly impact service delivery and the centre's ability to meet community needs.
- The 2009 Recommended Operating Budget supports increases in cost of living, merit, step, and other inflationary costs required to ensure continuous services provided to local residents. The 2009 Recommended Operating Budget provides AOCCs with administrative funding necessary to support the delivery of programs and services, respond to community requests and local needs, and improve quality of life. In addition, it also supports delivering services to vulnerable areas and at-risk youth. Specifically, the 2009 Recommended Operating Budget will provide administrative funding to support the following program-funded initiatives:
 - Involve 15 teens to participate in a youth engagement strategy at the Harbourfront Community Centre, to assist the Board of Management with a comprehensive review of services;

- Employ 60 youth at the Harbourfront Community Centre, who will gain direct community work experience;
- Develop a new art/media based children's entrepreneurial program, fully funded by a new corporate partner at the Harbourfront Community Centre;
- Assist nearly 900 low income clients with 2008 tax returns through the Income Tax Clinic at Central Eglinton Community Centre;
- Provide \$14,000 in camp subsidies to at-risk children at Central Eglinton Community Centre;
- Continue to serve over 1,000 local families in the Family Resource Centre at Central Eglinton Community Centre;
- Offer over 1,800 hours of ESL classroom teaching and over 2,100 hours of one-on-one ESL tutoring at Cecil Community Centre;
- Provide over 1,300 hours of supervised, children's programming to preschoolers and teenagers at Cecil Community Centre; and
- Serve over 2,200 individuals and provide work experience for 360 volunteers at Applegrove Community Centre.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Operating Budget for the Association of Community Centres of \$7.712 million gross and \$6.994 million net, comprised of the following services:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
519 Church Street	1,197.5	1,197.5
Applegrove	391.5	391.5
Cecil	656.3	656.3
Central Eglinton	577.5	577.5
Community Centre 55	679.3	679.3
Eastview Neighbourhood	522.3	522.3
Harbourfront	1,192.3	1,192.3
Ralph Thornton	677.4	638.0
Scadding Court	848.6	848.6
Swansea Town Hall	<u>429.1</u>	<u>290.2</u>
Total Program Budget	<u>7,171.7</u>	<u>6,993.5</u>

PART II: 3-YEAR SERVICE OVERVIEW AND PLAN

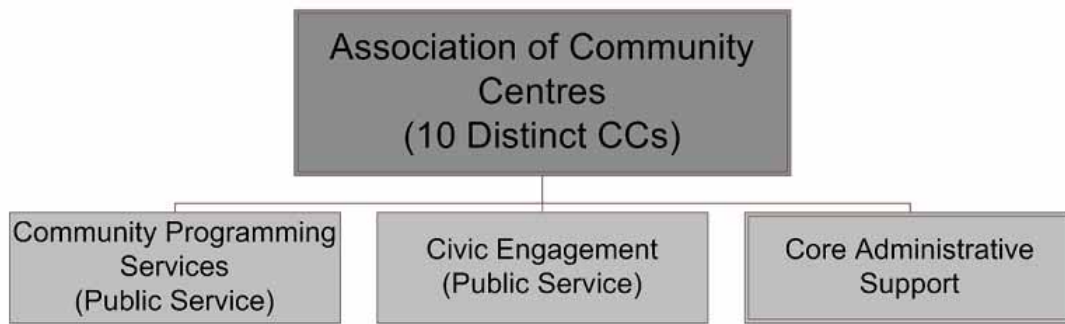
AOCCs provide community development initiatives which build capacity in the community by providing tools for people to help themselves. Services are far reaching and target all sectors of the community. AOCCs also provide a vehicle for the City to connect to the community especially to youth, recent immigrants, seniors, people living with disabilities, people with low incomes, and the homeless. Some programming examples include settlement services to newcomers to Canada, anti-violence programs, community festivals, after-school programs, computer courses, food programs, youth social programs, seniors programs, and drop-in centres for people with disabilities.

The AOCC Board model is a hybrid between a City board and an independent not-for-profit community-based organization. The core administration activities are treated like a City board and the program component is treated like an independent not-for-profit community-based organization. As a result of the corporate administrative restructuring in 2006, the AOCC Program has been functionally aligned with the Social Development, Finance and Administrative Division (SDFA) as the strategic directions outlined in the SDFA Strategy for the City relate directly to the Community Centres' activities.

The City funds defined core administrative costs: all salary and benefit; facility operation; and maintenance costs except those directly associated with a specific program. Core funding includes:

- salary and benefits of centre personnel involved in:
 - Administration;
 - Program and Volunteer Coordination;
 - Secretarial and Reception; and
 - Building Maintenance;
- materials and supplies required for centre administration and maintenance;
- furniture and equipment of general use to the centre; and
- purchased services such as utility costs, printing, photocopying, auditing and minor building repairs.

The goal of the AOCC is to provide the core organizational infrastructure, which supports delivery of programs and services, by managing and operating the facility and responding to community requests and local needs.

Program Map (Draft)**Service Challenges and Opportunities**

The AOCCs continue to face a number of challenges as they operate in diverse communities consisting of families living on low incomes, immigrants and newcomers, underemployment and families on social assistance.

The key issue for the AOCCs in 2009 and in the future, is to continue maintaining the level of service standards and performance in the face of increasing expectations and demand for service. The City funds 100% of the Centres' Core Administrations costs or approximately 50% of the total AOCC Operating Budget with the remaining funding coming from a combination of City and non-City grants and user fees. The City recovers any year-end surplus from core administration activities, and the Centres retain surpluses generated by program delivery. Also, the City covers deficits for core administration costs, but the Centres fund any deficits arising from programs. AOCCs are eligible to apply for City grants to fund program activities.

The AOCCs have thus far, managed to maintain the current level of programming and activities through fundraising, staff training, and networking with other organizations, however, this has presented an on-going challenge to meet their expectations without an increase in staffing and budget resources where required. Third party funding to the Community Centres is unpredictable, making planning for a 3-year horizon difficult.

The demand for resources required to achieve program goals and provide the same level of service as in past years presents challenges and opportunities that need to be addressed in light of the 2009 budget target which does not adequately cover key base budget pressures.

Over the years, Community Centres have experienced increased workload in payroll, administration, banking transactions, fund raising and registrations as a result of their engagement in new program initiatives, activities and events, and a growing clientele base. This has necessitated centres to request additional hours for administrative/relief coverage as well as volunteer co-ordinators in order to keep up with the increased service demand.

Each centre faces its own and unique challenges dependant on community demographics, centre location and size, and funding. Due to a growing client base, building and space limitations are creating a challenge, as are funding limitations due to donor fatigue. Meeting community needs remains a top challenge since changing community demographics and increased demand for services require staff training and retention, increased volunteer and fundraising efforts, as well as repairs and upkeep of equipment and furniture under growing cost pressures and rising cost of living.

Service Objectives

Over the next three years, AOCCs will focus on meeting the following service objectives:

- Providing a wide range of quality programs and services to meet residents' needs;
- Maintaining a community base that is representative of the neighbourhood;
- Providing opportunities for local residents to improve their communities; and
- Providing and preserving community access to space.

Priority Actions

The 2009 Recommended Operating Budget provides \$6.994 million net in funding for administrative costs to support AOCCs' strategic initiatives and overall program objectives. To address the challenge of meeting community needs and rising demands with limited resources, AOCCs will:

- Increase building space at The 519 Community Centre by 45% to provide additional community resources and programs and meet public demand. The net operating impact of the capital renovation is \$0.015 million in 2009;
- Evaluate program demand and create/provide new programs that meet community requests and changing needs;
- Identify service delivery partners to meet programming needs and expand funding options;
- Continue to increase volunteer involvement; and
- Increase membership and donor base via website, flyer, newspapers, and events

PART III: 2008 BUDGET VARIANCE ANALYSIS

Table 2: 2008 Budget Variance Review

	2007 Actuals	2008 Approved Budget	2008 Projected Actuals	2008 Apprvd. Budget vs Projected Actuals Variance	
(In \$000s)	\$	\$	\$	\$	% Unspent
GROSS EXP.	6,987.9	6,926.4	7,050.1	123.7	1.8
REVENUES	750.9	169.9	169.9	0.0	0.0
NET EXP.	6,237.0	6,756.5	6,880.2	123.7	1.8
Approved Positions	91.2	91.2	91.2	0.0	0.0

* Note: The above table is based on latest projections and differs from the 2008 September Variance Report

2008 Experience

Based on the latest estimates, the 2008 AOCC projection to year-end is \$6.880 million net, which is \$0.123 million or 1.8% over the 2008 Approved Budget. The variance is mainly attributed to a confidential employee relations matter.

Impact of 2008 Operating Variance on the 2009 Recommended Budget

There is no impact of the 2008 Operating Variance on the 2009 Recommended Budget as the confidential employee matter issue has been resolved.

PART IV: 2009 RECOMMENDED BASE BUDGET

Table 3: 2009 Recommended Base Budget

	2008 Appvd. Budget	2009 Recommended Base	Change 2009 Recommended Base v. 2008 Appvd. Budget		FY Incremental Outlook	
					2010	2011
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	6,926.4	7,171.8	245.4	3.5	181.0	186.5
REVENUE	169.9	178.3	8.4	4.9	0.0	0.0
NET EXP.	6,756.5	6,993.5	237.0	3.5	181.0	186.5
Approved Positions	91.2	91.2	0.0	0.0	0.0	0.0
NET TARGET		6,621.4				
\$ Over / (Under) Program Target		372.2				
% Over / (Under) Program Target		5.6%				

2009 Recommended Base Budget

- The 2009 Recommended Base Budget expenditures of \$7.172 million (gross), is \$0.245 million or 3.5% higher than the 2008 Approved Operating Budget and \$0.372 million or 5.6% higher than the 2009 target. The increase in gross expenditures includes annualized impact of 2008 COLA, merit, step, and fringe benefit cost increases, and non-labour inflationary increases.
- The 2009 Recommended Base Budget revenues of \$0.178 million are \$0.008 million higher than the 2008 Approved Operating Budget. The increase reflects the implementation of higher user fees at Swansea Town Hall.
- The 2009 Recommended Base Budget of \$6.993 million net is 5.6% or \$0.372 million over the 2009 target, while maintaining the same level of service in 2009.
- The 2009 Recommended Operating Budget provides funding for base budget pressures of administrative costs to support AOCCs.
- The 2009 Recommended Operating Budget results in no changes to the 2008 approved staffing complement.

2009 Key Cost Drivers and Reduction Strategies

The 2009 Recommended Base Budget provides funding for the following key cost drivers:

- Salary increases of \$0.190 million net. This results from 2008 COLA annualization, merit/step increases, and fringe benefit increases.
- Non-labour inflationary increases of \$0.058 million net including audit fee increases of \$0.026 million
- These pressures are offset by savings arising from reversal of 2008 leap day costs, increased user fees, and one time funding adjustments totaling \$0.011 million net

There are no recommended service level reductions as achieving the target for 2009 would result in significant service level impacts. Budget pressures in 2009 are driven solely by staffing costs and inflation, which are not controlled directly by Centres. Any significant reductions would be derived from reduction options such as centre closures and/or staff eliminations, which would greatly impact service delivery and the centre's ability to meet community needs.

2010 and 2011 Outlook: Net Incremental Impact

The net incremental impact of \$0.181 million in 2010 and an additional \$0.187 million in 2011 represents increases in staffing costs mainly for step and merit increases. The Outlook does not include a provision for COLA, as the increase is subject to future negotiations.

The 2010 and 2011 Outlooks do not take into account a number of anticipated pressures as well as revenues, driven by inflation and future collective agreement negotiations.

Funding forecasted in 2010 and 2011 Outlooks will strive to provide the same level of services as in 2009.

PART V: RECOMMENDED NEW SERVICE PRIORITY ACTIONS

There are no new/enhanced service priority actions being recommended for 2009.

PART VI: ISSUES FOR DISCUSSION**2009 Budget Issues****2009 Recommended Operating Budget vs. Guideline**

The Association of Community Centres' 2009 Recommended Operating Budget of \$6.993 million net, represents an increase of 5.6% or \$0.372 million over the 2009 target for the Program. Below is a table summarizing increases over target by each Centre:

AOCC - 2009 Recommended Budget Comparison to Target				
Centre	2009 Net Budget Target (\$000's)	2009 Recommended Net Operating Budget (\$000's)	Variance	
			\$	%
519 Church St	1,106.5	1,197.5	91.0	8.2%
Applegrove	368.1	391.6	23.5	6.4%
Cecil	633.0	656.3	23.3	3.7%
Central Eglinton	550.4	577.5	27.1	4.9%
Centre 55	637.3	679.3	42.0	6.6%
Eastview Neighbourhood	496.8	522.3	25.5	5.1%
Harbourfront	1,124.3	1,192.3	68.1	6.1%
Ralph Thornton	600.4	638.0	37.5	6.2%
Scadding Court	818.2	848.6	30.4	3.7%
Swansea Town Hall	286.5	290.2	3.7	1.3%
	6,621.4	6,993.5	372.1	5.6%

Achieving target for 2009 and future years without impacting core service program delivery and overall public service, is very difficult to achieve. Budget pressures in 2009 are mostly a result of increased staffing costs and inflationary factors, which are not directly controlled by centres. In addition to the increased salary costs and inflationary factors, each centre also has higher audit fees in 2009. The 2009 Recommended Operating Budget also funds the operating impact of the capital renovation and building size increase at The 519 Community Centre.

As a means to offset budget pressures, reduction options have been reviewed but are not recommended due to service level implications. Any significant reductions would be derived from centre closures and/or staff eliminations, which would greatly impact service delivery and the centre's ability to meet community needs.

Appendix A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
(\$000's)		\$	\$	\$	\$	\$
2008 Approved Operating Budget	91.2	6,930.7	169.9	6,760.8	0.0	0.0
In-year approvals and technical adjustments		(4.3)		(4.3)	0.0	0.0
2008 Approved Operating Budget	91.2	6,926.4	169.9	6,756.5	0.0	0.0
Prior year impacts		132.0	0.0	132.0		
Zero base items						
Economic factors		72.0	8.4	63.6	181.0	186.5
Adjusted Base Budget	91.2	7,130.4	178.3	6,952.1	181.0	186.5
Other base changes		41.4	0.0	41.4		
Base revenue changes		0.0	0.0	0.0		
Recommended Base Adjustments:						
Other base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
Total Recommended Base Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
2009 Recommended Base Budget	91.2	7,171.8	178.3	6,993.5	181.0	186.5
2009 Program Operating Target	N/A	N/A	N/A	6,621.4		
% Over (Under) Program Target				5.6		
% Over (Under) 2008 Approved Budget				3.5		

Appendix D

Program Summary by Expenditure Category

	2008 Approved Budget	2008 Projected Actuals	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	5,840.3	5,893.2	6,034.6	194.3	3.3%	6,215.7	6,402.2
Materials and Supplies	445.1	452.1	527.8	82.7	18.6%	527.7	527.7
Equipment	14.7	14.7	(0.1)	(14.8)	(100.7%)	0.0	0.0
Services & Rents	604.4	564.4	587.6	(16.8)	(2.8%)	587.6	587.6
Contributions to Capital	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contributions to Reserve/Res Funds	21.8	25.2	21.9	0.1	0.4%	21.9	21.9
Other Expenditures	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Interdivisional Charges	0.0	0.0	0.0	0.0	n/a	0.0	0.0
TOTAL GROSS EXPENDITURES	6,926.4	6,949.6	7,171.8	245.5	3.5%	7,352.9	7,539.3
Interdivisional Recoveries	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Provincial Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Federal Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Other Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
User Fees & Donations	163.3	163.3	169.0	5.7	3.5%	169.0	169.0
Transfers from Capital Fund	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contribution from Reserve Funds	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contribution from Reserve	0.0	0.0	0.0	0.0	n/a	9.3	9.3
Sundry Revenues	6.6	6.6	9.3	2.7	40.9%		
TOTAL REVENUE	169.9	169.9	178.3	8.4	4.9%	178.3	178.3
TOTAL NET EXPENDITURES	6,756.5	6,779.7	6,993.5	237.1	3.5%	7,174.6	7,361.0
APPROVED POSITIONS	91.2	91.2	91.2	0.0	0.0%	91.2	91.2