



**STAFF REPORT
ACTION REQUIRED**

Budget Committee Request: Option to Offset Service Reductions to Programming at Community Centres and Student Nutrition Program as a Result of Final 2012 Assessment Growth

Date:	January 3, 2012
To:	Budget Committee
From:	City Manager Deputy City Manager and Chief Financial Officer
Wards:	All Wards
Reference Number:	P:\2012\Internal Services\Fp\Bc12003Fp (AFS15015)

SUMMARY

The purpose of this report is to respond to Budget Committee's request to eliminate \$2.1 million in service adjustments to programming at 12 Community Centres and; \$0.4 million in service adjustments to 58 Student Nutrition Programs from schools across the City.

These adjustments can be accommodated through the use of permanent sustainable additional revenues identified following an analysis of assessment data provided by the Municipal Property Assessment Corporation (MPAC) in December 2011. This analysis has determined that assessment growth that occurred in 2011 on taxable properties will be \$50.6 million in municipal taxation revenues for 2012 as compared to \$41.8 million included in the 2012 Recommended Operating Budget, an increase of \$8.8 million.

Staff are seeking authority to apply \$2.5 million of this additional revenue to offset the Community Centre and Student Nutrition program reductions and to apply the remaining \$6.3 million to reduce the one time revenue draw from the tax stabilization reserve.

RECOMMENDATIONS

The City Manager and the Deputy City Manager and Chief Financial Officer recommend that:

1. The 2012 recommended revenues within the Non-Program Budget for assessment growth be increased by \$8.8 million to \$50.6 million based on the 2011 assessment roll for the City of Toronto provided by MPAC in December 2011;
2. The recommended \$2.1 million in service adjustment savings and decreases of 72 positions within the 2012 Parks, Forestry and Recreation Operating Budget arising from the elimination of programming at the McNicoll Community Centre, The Elms, Fairmount Park Community Centre, John G. Althouse, Bloordale, Brown Community Centre, Keele Community Centre, James S. Bell Community Centre, Hillcrest Community Centre, Thistletown Community Centre, Earl Beatty Community Centre; and John English Community Centre be removed;
3. The recommended \$0.4 million in service adjustment savings within the 2012 CPIP Operating Budget, resulting from the elimination of 58 Student Nutrition Programs from schools across the City be removed; and
4. The 2012 recommended draw of \$83 million from the Tax Stabilization Reserve be reduced by \$6.3 million to \$76.7 million.

Financial Impact

The City-wide 2012 Recommended Operating Budget includes permanent service change savings of \$2.5 million and the reduction of 72 positions arising from the elimination of programming at 12 Community Centres and the elimination of 58 Student Nutrition Programs at schools across the City.

The 2012 Recommended Operating Budget also includes a one-time revenue draw from the Tax Stabilization Reserve of \$83 million.

Following an analysis of assessment data provided by MPAC in December 2011, staff have identified an additional \$8.8 million in taxation revenue based on assessment growth that occurred in 2011 on taxable properties.

If adopted, \$8.8 million in additional sustainable assessment growth revenues will be allocated towards:

- Eliminating \$2.1 million in recommended service change savings within the Parks, Forestry and Recreation Operating Budget for reductions to programming at 12 Community Centres;

- This will also result in an increase to the 2012 recommended positions for Parks, Forestry and Recreation from 4,160.4 to 4,232.4, reducing the recommended position reduction from 149.2 positions to 77.2 position reductions.
- Eliminating \$0.4 million in recommended service change savings within the CPIP Operating Budget for reductions to 58 Student Nutrition Programs at schools across the City; and
- A \$6.3 million reduction to 2012 withdrawals from the Tax Stabilization Reserve, which will reduce the reliance on one-time revenue sources and better position the City for the 2013 and future year budget processes.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Budget Committee at its meeting of December 13, 2011 directed staff to:

9. *Refer the following motions to staff for a report related to Community Centres, as well as the Student Nutrition Program, and be submitted to the Budget Committee on January 9, 2012, with potential sustainable offsets that could be used to eliminate these 2012 service adjustment.*
 - a. *That the Thistletown Community Centre be removed from the list of locations from which programming would be eliminated, subject to the corresponding offset to be provided by Councillor Crisanti.*
 - b. *That the motion regarding Thistletown Community Centre be amended by adding the following Community Centres to the list:*

McNicoll Community Centre, The Elms, Fairmount Park Community Centre, John G. Althouse, Bloordale, Brown Community Centre, Keele Community Centre, James S. Bell Community Centre, Hillcrest Community Centre, Thistletown Community Centre, Earl Beatty Community Centre; and John English Community Centre, subject to the corresponding offset to be provided by Councillor Mihevc.
10. *Request staff to give consideration to using the revenue generated from the recommendation on new fee for indoor and outdoor pools towards the Student Nutrition Program, and report thereon to the January 9, 2012 final wrap-up meeting of the Budget Committee.*

The 2012 Recommended Operating and Capital Budgets considered by Budget Committee on December 9, 2011 can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.BU20.1>

ISSUE BACKGROUND

In considering potential sustainable offsets of \$2.5 million to eliminate reductions to programming at Community Centres and the Student Nutrition Program, staff identified an additional \$8.8 million in taxation revenues following an analysis of assessment data provided by MPAC in December 2011. This analysis determined that assessment growth that occurred in 2011 on "taxable" properties will now total \$50.6 million in municipal taxation revenues for 2012.

The 2012 Recommended Operating budget was tabled to Budget Committee prior to the receipt of the final assessment roll that is delivered to the City by MPAC in December of each year. The 2012 Recommended Operating Budget includes an assessment growth provision of \$41.8 million. The difference of \$8.8 million in assessment growth revenue does not affect the 2011 surplus, however it does increase 2012 revenues, resulting in a decrease in the amount required to be withdrawn from the Tax Stabilization Reserve.

The original 2012 assessment growth estimate of \$41.8 million in additional revenues was in line with growth experienced in previous years of \$16.2 million in 2007; \$26.6 million in 2008; \$40.6 million in 2009; \$33.1 million in 2010; and \$45.0 million in 2011.

The 2011 increase was greater than previous years following the construction of large commercial towers within the downtown core. The 2012 estimate had been decreased based on a reduction in commercial growth expectations, however the assessment roll supplied by MPAC indicates significant increases in both residential and multi-residential growth offsetting reduced commercial increases.

COMMENTS

The recommended allocation of the additional \$8.8 million in growth assessment revenue will ensure the preservation of 58 Student Nutrition Program for schools across the City; programming at 12 Community Centres; and a \$6.3 million reduction to one-time unsustainable revenue sources, better positioning the City for the 2013 and future year budget processes.

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