



**STAFF REPORT
INFORMATION ONLY**

**Community Development and Recreation Committee
Service Level Recommendations - Estimated 2014
Budget Impact**

Date:	October 7, 2013
To:	City Council
From:	City Manager Deputy City Manager, Cluster A Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2013\Internal Services\Cfo\Cc13002Cfo (AFS #18486)

SUMMARY

At its meeting of July 16, 17, 18 and 19, 2013, Council, in consideration of item EX33.29 - Revised Budget Process for 2014, directed "that the review of divisional service levels and activities along with any Standing Committee recommendations be referred to the 2014 Budget process for consideration and to guide staff during the 2014 administrative budget review process."

At its meeting of September 18, 2013, Community Development and Recreation Committee received a service level presentation for City Programs reporting to it, including: Affordable Housing Office, Children's Services, Emergency Medical Services, Long Term Care Homes and Services, Office of Emergency Management, Recreation, Shelter Support and Housing, Social Development Finance and Administration, and Toronto Fire.

In consideration of the service level presentation, Community Development and Recreation Committee recommended that City Council direct the establishment of service levels in 6 City Programs. Staff have estimated the recommended service levels will have a full-year financial impact of \$70,899,000 net on the 2014 operating budget.

Financial Impact

The Community Development and Recreation Committee has recommended Council consider a number of service level adjustments for 2014. The following table identifies the financial impact for the 6 City Programs impacted.

Table 1

City Program	2014 Full-year net operating budget impact (\$'000s)
Affordable Housing Office	\$49,000.0
Children's Services	\$3,927.0
Parks Forestry and Recreation	\$11,175.0
Shelter Support and Housing Administration	\$1,487.0
Social Development Finance and Administration	\$1,010.0
Toronto Employment and Social Services	\$4,300.0
Total	\$70,899.0

Staff have estimated that the financial impact of the Community Development and Recreation Committee recommendations will result in a 2014 full-year net operating budget impact of \$70,899,000. It must be noted that the budgetary impact of these service level changes would result in an approximate property tax increase of 3% for residential properties and 1% for non-residential properties. Table 2 on pages 3 and 4 of this report provide the financial impact by service.

DECISION HISTORY

City Council on July 16, 17, 18 and 19, 2013, adopted the report (EX 33.29) titled "Revised Budget Process for 2014" which recommended that "City Council approve the review of divisional service levels and activities for City Programs at appropriate standing committees in September 2013 and that: a. the review of divisional service levels along with any standing committee recommendations be referred to the 2014 Budget process for consideration and to staff to guide staff during the 2014 administrative budget review process."

As directed by Council, staff provided a service level presentation to the Community Development and Recreation Committee, Item CD 23.10, at its meeting on September 18, 2013.

COMMENTS

The following chart provides a list of Community Development and Recreation Committee recommendations, the relevant City Program and the 2014 full-year net financial impact of the recommendation. Of the 12 recommendations 1 has no financial impact.

Table 2

Committee Recommendation	City Program	2014 Full-year Operating Net financial impact (\$'000s)
1.a) Drop in youth programs be expanded to include 10 new sites	Parks Forestry and Recreation	\$ 830.0
1.b) Priority Centre expansion to include the implementation of 17 new centres, as approved by City Council	Parks Forestry and Recreation	\$ 4,500.0
1.c) Implementation of the Swim to Survive Program	Parks Forestry and Recreation	\$ 1,045.0
1.d) Implementation of the Youth Leadership Program	Parks Forestry and Recreation	\$ 200.0
1.e) Actual bed nights as a percentage of capacity to never fall below the Council approved rate of 90%	Shelter Support and Housing Administration	\$ 1,487.0
1.f) Housing Stabilization Fund: the 2014 service level be maintained at 2013 service levels	Toronto Employment and Social Services	\$ 4,300.0
2.a) All leisure swim programs have the same level of service access as priority centre pools	Parks Forestry and Recreation	\$ 1,600.0
2.b) All priority centres have equitable hours of programming with no centre losing existing hours of programming	Parks Forestry and Recreation	\$ 3,000.0
2.c) 2014 service access for Welcome Policy users be maintained at 2013 levels	Parks Forestry and Recreation	No Impact

Committee Recommendation	City Program	2014 Full-year Operating Net financial impact (\$'000s)
3. The equity service standard for infant, toddler, pre-school groups be increased by 2% (268 spaces) Note: the recommendation noted 2% and 536 spaces which is 4%. An increase of 4% would have a financial impact of \$7,853,932.	Children's Services	\$ 3,927.0
4. Community Partnership and Investment Program service levels be set based on the assessed high priority applications meeting all program criteria in the 2013 review cycle	Social Development Finance and Administration	\$ 1,010.0
5. The 2013 target of 1641 affordable rental housing starts be maintained in 2014. Note: The 1,641 total would include new starts and affordable rental and ownership homes under development.	Affordable Housing Office	\$49,000.0
Total 2014 Full-year Operating Budget Impact		\$70,899.0

Appendix 1 provides additional information regarding the service level recommendations and associated financial impacts. Staff have provided their best estimates of financial impacts. If Council were to approve the service levels and the resources identified in this report at its October meeting, they would generally be implementable in 2014 at the full year costs identified in this report. If the service level recommendations are referred to the budget process, service level adjustments would not be made until budget approval and there for some costs may be reduced in 2014 but annualized in 2015.

CONCLUSION

In directing staff to provide service level presentations to Standing Committees, Council also directed that the recommendations be referred to the 2014 Budget process for consideration, and to staff to guide staff during the 2014 administrative budget review process. Community Development and Recreation chose to recommend service level adjustments for approval in advance of the Budget process and without condition or qualification such as "subject to the 2014 Budget process".

It is critical that all City programs be reviewed in a consistent manner and that Council have a complete picture of the City budget in order to ensure consistency, oversight and transparency.

Given the significant financial impact of the service level adjustments, it is staff's submission that Council should direct that the Community Development and Recreation Committee service level recommendations to the 2014 budget process as approved originally by Council in July.

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ATTACHMENTS

Appendix 1 - Community Development and Recreation Committee Service Level Recommendations – Divisional Summary and Net Operating Budget Impact: (\$'000s)

Appendix - 1

Community Development and Recreation Committee Service Level Recommendations – Divisional Summary and Net Operating Budget Impact: (\$'000s)

Affordable Housing Office (Recommendation 5):

The 2013 target of 1641 affordable rental housing starts be maintained in 2014: (\$49,000.0)

Should Council decide to maintain the 2013 service level of 1,641 affordable housing starts and homes under development in 2014, an additional 409 rental housing units would need to be funded either through advancing additional funding from the renewed federal/provincial Investment in Affordable Housing (IAH) 2014-2019 envelope or through the city's operating budget. The financial impact of an additional 409 affordable rental units would be approximately \$49 million based on a grant of \$120,000 per unit. This funding would be administered by the Affordable Housing Office and flowed as grants to third parties through Shelter Support and Housing Administration Division's operating budget.

In 2014, staff will report to Council on new IAH funding and the proposed allocation within the four program components. At that time, Council could decide to provide additional funding from this envelope to support the construction of new affordable rental housing in 2014 in an effort to maintain the Affordable Housing Office 2013 service level standard of 1,641 affordable housing starts and homes under development. This would mitigate the \$49,000,000 pressure identified in this report.

Children's Services (Recommendation 3):

The equity service standards for infant, toddler, pre-school groups be increased by 2% (268 spaces): (\$3,927.0)

Due to the limited number of fee subsidies, Toronto City Council approved the equitable distribution of available subsidies by assigning each City ward a share of the 24,264 full time fee subsidies based on the proportion of children in the ward who are living below the low-income cut-off (LICO). The spaces are then allocated by age, with a set percentage being assigned to each age group.

The cost to improve equity by 2% for each age group – based on average cost of age group is as follows:

Infant:	2% of the equity is 54 spaces at an average cost of \$18,943 = \$1,022,922
Toddler:	2% of equity is 92 spaces at an average cost of \$15,589 = \$1,434,188

Preschool: 2% of equity is 122 spaces at an average cost of \$12,048 = \$1,469,856

Total 268 spaces \$3,926,966

Cost in subsidies to improve equity by 2% (268 spaces) for infant, toddler, and preschool age groups combined is \$3,926,966. The wording of the committee recommendation noted 2% and 536 spaces. 536 spaces is a 4% increase with a financial impact of \$7,853,932.

Additional capital investment would be required in some areas of the City to create physical child care spaces. These costs vary depending on the nature of construction, with the reconfiguration of existing space being significantly less costly than constructing new facilities.

Parks, Forestry and Recreation Division: (\$11,175.0)

Recommendation 1 a

Drop-in-youth program be expanded to include 10 new sites: (\$830.0)

As stated in the September 2013 Recreation Services for Youth Report, the cost of expanding five day per week youth lounges is projected to be \$73,000 annually for each Youth Lounge (with an additional \$10,000 required as a one-time start up cost for each location). In order to create ten additional youth lounges it would cost approximately \$830,000 including one-time start up costs of \$100,000.

PFR has been directed to explore the options for an expanded youth lounge model based on a St. Stephen's Community House proposal for Youth lounge expansions. This proposal estimates the cost of expanding ten youth lounges to be \$2 Million annually and includes the addition of full time permanent staff as well as a number of program costs such as transportation and snacks. Staff will be reporting on the feasibility of this option at the December 2013 Community Development and Recreation Committee meeting.

Recommendation 1 b

Priority Centre expansion to include the implementation of 17 new centres as approved by Council: (\$4,500.0)

Funding for 17 new Priority Centres, to be implemented during 2014 according to the 2006 census data, carries a projected Operating Budget impact of \$3.5 million gross and net in 2014 and an annualization of \$1.0 million gross and in 2015 for a total new annual cost of \$4.5 million gross and net. This increase would bring the number of Priority Centres from 23 to 40.

The net long term budget impact may be less as a result of a lower draw on Welcome Policy funding. This impact will not be known until the 2016 budget cycle, once the new

locations are implemented and after a full year of operation under the expanded Priority Centre model.

Recommendation 1 c

Implementation of the Swim to Service Program which is included in the approved Recreation Plan Implementation Strategy: (\$1,045.0)

Funding for an expanded Swim to Survive program , to be implemented in 2014, carries a projected Operating Budget impact of \$0.125 million gross and net in 2014, \$0.650 gross and net in 2015, and the annualization of \$0.270 million gross and net in 2016 for a total new annual cost of \$1.045 million gross and net. Alternative funding sources through the Lifesaving Society may reduce this estimate slightly.

The Swim to Survive program is currently delivered in partnership with the Toronto Catholic District School Board (TCDSB) to 5,300 students, approximately 95 per cent of all grade four students enrolled in the TCDSB. The Toronto District School Board (TDSB) directly delivers the Swim to Survive program to 2,600 students, approximately 16 per cent of all grade four students enrolled in the TDSB. The focus will be on expanding participation so that every grade four student in both school boards can participate in the program. To expand the program Parks, Forestry and Recreation will be meeting with both school boards, throughout 2013 to 2014, to develop and confirm a renewed partnership that will remove barriers to full enrolment including pool availability, transportation, scheduling and coordination of the program. The expansion will be phased in, with some minor expansion anticipated in 2014. It is anticipated that in 2015 approximately half of all grade 4 students will participate in the program with a full implementation in 2016. The net operating budget impact is anticipated to be \$0.125 million in 2014, \$0.650 million in 2015 and \$0.270 million in 2016 for a full annual cost of \$1.045 million.

Recommendation 1 d

Implementation of the Youth Leadership Program, which is included in the approved Recreation Service Plan timeline and implementation strategy: (\$200.0)

Development of the Youth Leadership Program model will have a projected operating budget impact of \$0.100 million gross and net in 2014 and \$0.100 million gross and net in 2015 for a total new annual cost of \$0.200 million. PFR will report back to Council in 2015 with a proposed youth leadership model and financial requirements to implement the program.

This is related to the funding for the development only of a Youth Leadership Program model as outlined in the Recreation Service Plan. Actions for the implementation of this proposal include, hiring of staff, identification of research partners and review of best-practices related to positive youth development. While this case focuses on the development of the Youth Leadership Program model, a subsequent business case will be

submitted in 2015 for the implementation and operation of the program. The Recreation Service Plan and subsequent Implementation Strategy, both approved by Council speak to the development of the program only, this work has not yet commenced and there is no projection as to the what the actual program costs may be upon implementation.

Recommendation 2 a

All leisure swim programs have the same levels of service access as priority centre pools: (\$1,600.0)

At Priority Centres, leisure and lane swim programs are currently free for all ages. In order to achieve the same level of service access at all pools, as those in Priority Centres, it is estimated that the financial impact will be \$0.6 million for children and youth and an additional \$1.0 million for adults and seniors. If new Priority Centres were added which have pools less funding would be needed for this.

Recommendation 2 b

All priority centres have equitable hours of programming with no centre losing existing hour of programming: \$3,000.0)

PFR will be reporting to the Community Development and Recreation Committee in December 2013 with expanded Priority Centre locations. This report will discuss minimum requirements for Priority Centre programming, including capacity and hours, to be applied to all current and future Priority Centres. Initial analysis indicates a financial impact range of \$1.0 million to \$3.0 million for 2014. A more in depth review is in progress is not yet available and will be reported to the Community Development and Recreation Committee in December 2013.

Recommendation 2 c

2014 service access for Welcome Policy users be maintained at 2013 levels: (no impact)

PFR has sufficient budget for 2014 to be able to absorb the increased individual dollar cap index in 2014. However, going forward the welcome policy individual subsidy dollar cap and the overall welcome policy subsidy allocation will need to be indexed to the annual increase in user fees related to community recreation programs. This will be reported to the Community Development and Recreation Committee in November 2013.

Shelter Support, Housing Administration Division (Recommendation 1 e):

Hostel Services – Actual bed nights as a percentage of capacity to never fall below the Council approved rate of 90%: (1,487.0)

An increase of 30,441 bed nights would extend the activation of flex bed usage, allowing the flex beds to be used throughout the entire year. The estimated costs associated with the beds would be \$1.487 million gross and net.

This proposal increases purchased shelter bednights by 3.3% from 2013 volumes. The increase helps to bring the 2014 estimated volumes closer to the experience of 2013. Overall, SSHA is estimating occupancy to be 1.433 million bednights which is 90% of capacity.

Provincial funding for Hostel Services is provided through the Community Homelessness Prevention Initiative (CHPI), which is a fixed amount given annually to the City. The Provincial funding does not move with any volume changes. Therefore, when an increase in demand arises it is up to the City to address the incremental costs.

Social Development, Finance and Administration (Recommendation 4):

Community Partnership and Investment Program service levels be set based on the assessed high priority applications meeting all program criteria in the 2013 review cycle: (\$1,010.0)

In 2013, 43 programs (new and enhanced requests) at a value of \$850,000 and 6 projects at a value of \$160,000 were assessed as high priority applications meeting all program criteria. This service level recommendation would require additional funding of \$1,010,000 in order to achieve the recommended service level.

Toronto Employment and Social Services (Recommendation 1 f):

Housing Stabilization Fund – The 2014 service levels be maintained at 2013 service levels (\$4,300.0):

In response to the elimination of the Community Start-Up and Maintenance Benefit (CSUMB) and the consolidation of housing programs into the Community Homelessness Prevention Initiative (CHPI), City Council directed TESS and SSHA to implement a Housing Stabilization Fund (HSF) effective January 2013. Using CHPI funding and consistent with the objectives of that program, HSF provides resources to prevent evictions and assist Ontario Works (OW) and Ontario Disability Support Program (ODSP) clients to obtain housing, retain their housing or relocate to more appropriate or affordable accommodation. However, it should be noted that this fund has fewer resources and a funding cap, in contrast to the open-ended, cost-shared nature of CSUMB.

HSF funding for 2013 is \$32.2 million gross/\$1.5 million net, which includes \$6.8 million gross/\$0 net in one-time provincial funding. In 2014 this one-time provincial funding is reduced to \$2.5 million gross/\$0 net. As a result, to maintain 2014 HSF service levels at the same level as in 2013, the City would be required to provide an additional \$4.3 million gross/net.