

# HALIFAX

P.O. Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

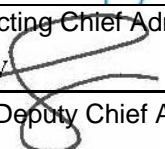
**Item No. 14.1.5**  
**Halifax Regional Council**  
**June 21, 2016**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed by 

**SUBMITTED BY:**

John Traves, Q.C. Acting Chief Administrative Officer

Original Signed by 

Jane Fraser, Acting Deputy Chief Administrative Officer

**DATE:** June 7, 2016

**SUBJECT:** Discovery Centre Funding Request

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## **ORIGIN**

January 26, 2016 Regional Council motion:

Moved by Councillor Adams, seconded by Councillor Walker that Halifax Regional Council:

Request a staff report on the request from the Discovery Centre for HRM to provide consecutive operational funding of \$145,000 for a three year period, as outlined in the attached letter dated October 30, 2015. **Motion Put and Passed Unanimously**

## **LEGISLATIVE AUTHORITY**

***Halifax Regional Municipality Charter*** Section 79(1)(av)(v): Halifax Regional Council may expend money required by the Municipality for...(av) a grant or contribution to ...(v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province.

## **RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Authorize payment of the accrued funding of \$145,000 to the Discovery Centre from the 2015-2016 fiscal year for meeting the terms and conditions as outlined in the executed 2014-2015 Contribution Agreement between HRM and The Discovery Centre;
2. Approve entering into a three-year Contribution Agreement with the Discovery Centre for the 2016-2017, 2017-2018, and 2018-2019 fiscal years with annual funding of \$145,000, subject to appropriation of funds by Regional Council through HRM's annual budgetary approval process; and
3. Direct the Acting Chief Administrative Officer, or his delegate, to negotiate and execute such a three-year Contribution Agreement on terms acceptable to the Acting Chief Administrative Officer.

## **BACKGROUND**

Established in 1985, the Discovery Centre is a registered not-for-profit organization. Discovery Centre's Board of Directors brings together leading members of the academic, public and corporate communities to share their time and talent. The organization's mission is to stimulate interest, enjoyment and understanding of science and technology through innovative and hands on experiences. The Centre has travelling and permanent exhibitions, science demonstrations, a digital planetarium, and science programming.

HRM has a longstanding history of supporting Discovery Centre. In 2000, the municipality waived \$170,000 in rental arrears owed to HRM by Discovery Centre. Operational funding support was also requested by Discovery Centre at the same time as the rental arrears waiver. Council approved operational funding, conditional on it being subject to an annual review during the budget process.

On March 18, 2014, Regional Council authorized a \$2M contribution to the Discovery Centre for capital costs relating to a purpose built facility in Block D of Nova Scotia Power's building on Lower Water Street. HRM is one of several partners providing cost sharing for this project. In addition to HRM's contribution, funding was provided through pledges from private donations and private sector funding, as well as funding from the Provincial and Federal governments. The funding was contingent on the fulfillment of the following conditions on the part of the Discovery Centre:

- Providing HRM with a facility management plan;
- Using the Capital funding provided by HRM solely for the construction of the Discovery Centre facility;
- Providing HRM with a copy of the 25 year lease agreement between Nova Scotia Power and the Discovery Centre;
- Providing HRM with satisfactory proof of having received \$6,000,000 in capital cost funding from the Provincial government and up to \$3,000,000 in capital cost funding from the Federal government.
- Providing HRM with a detailed plan for fundraising no less than \$7,500,000 in capital cost funding from the private sector for the Discovery Centre facility; and
- Providing HRM with design plans and cost estimates regarding the Nova Scotia Power building prior to the disbursement of any of HRM's capital cost contribution.

On March 14, 2014, Regional Council also directed staff to negotiate a contribution agreement between HRM and the Discovery Centre to facilitate the operating contribution of \$145,000 to the Discovery Centre. The contribution agreement outlined the terms and conditions, as well as the deliverables. The deliverables included (see Schedule A of Attachment B:)

- Benchmarking to gauge the effectiveness of marketing efforts
- Leveraging funding with other partners
- Expanding the outreach of its program
- Reports
- Business Plan, in consultation with HRM staff, aligned to municipal objectives.

A letter was received earlier in the year from the Discovery Centre (Attachment A) requesting an annual contribution from HRM for 2015/16 in the amount of \$145,000. On January 26, 2016, Regional Council requested a staff report on the request from the Discovery Centre for HRM to provide consecutive operational funding of \$145,000 for a three year period.

## **DISCUSSION**

### **2015-16 Funding**

A component of this report is to formalize the continuation of financial support to the Discovery Centre. Although the March 18, 2014 Regional Council meeting discussed ongoing continuation of Discovery

Centre funding, the report and recommendations only directed the execution of a Contribution Agreement in the amount of \$145,000 for the 2014-2015 fiscal year. As a result, while \$145,000 was earmarked for the Discovery Centre in the 2015-2016 budget, the language in the March 18, 2014 report did not authorize HRM to provide funding beyond the 2014-2015 fiscal year.

The Discovery Centre submitted a formal request for the continuation of \$145,000 in operational support for the 2015-2016 fiscal year. In the letter dated October 30, 2015, Discovery Centre requested the annual contribution be payable in three equal installments prior to January 31, February 28, and March 31, 2016 (Attachment A).

The timeline and payment schedule proposed by the Discovery Centre is not feasible due to the requirement for additional direction from Regional Council. Therefore, staff has accrued the \$145,000 in funding designated for the 2015-2016 fiscal year. The funding would be able to be released in a one-time installment, if approved by Regional Council. The status of Discovery Centre's funding partners is summarized below:

	2014/15	2015/16
Federal	\$15,000	0
Provincial	\$220,000	\$220,000
HRM	\$145,000	TBD by Regional Council
Donors	\$400,341	\$455,982

\*Note: These amounts do not include revenues from admissions, memberships, programs, etc.

Since the executed contribution agreement did not outline terms for the funding beyond the 2014-15 fiscal year, it is recommended that Regional Council base the authorization of payment for 2015-2016 on the same terms and conditions of the 2014-2015 agreement (Attachment B).

Staff has reviewed and is satisfied that the 2015-2016 information received from the Discovery Centre fulfills all the requirements of the original Contribution Agreement. In particular, the key deliverables and measures outlined in Schedule A of the original Contribution Agreement were developed in consultation with HRM staff. They are aligned with HRMs 2011-2016 Economic Strategy and relate specifically to the areas of talent, brand and regional centre.

Reflected in Discovery Centre's annual report of activities between December 31, 2014 and December 31, 2015, the Centre highlights:

- 71,054 annual visits;
- 149 school visits;
- 21,500 *Science on the Road* participants across Nova Scotia; and
- 26 major funding partners contributing over \$5,000 to promote research and develop new opportunities for youth.

The above indicators, coupled with the Discovery Centre's 2015 audited financial statements, express strong community participation and a satisfactory financial position. Based on these low risk factors, staff recommends the 2015-2016 contribution funding be advanced by Regional Council without a new retroactive formal contribution agreement.

### **Three Year Agreement**

The opening of the New Discovery Centre, a \$18.5 million facility, located on Lower Water Street, is scheduled for December, 2016. The Discovery Centre has requested adjustment from an annual Contribution Agreement to a three-year Contribution Agreement towards operational expenses. The request reflects the need to further develop and refine the outcome measures based on the New Discovery Centre's operational plan and long-term growth projections. Discovery Centre's growth projections are a result of an economic impact assessment completed in July 2013 for the New Centre.

Amongst the findings of the report was a projected 45% increase in annual visitation in the new facility (115,000 vs. 80,000).

Staff recommends negotiating a three-year agreement for the 2016-2017, 2017-2018 and 2018-2019 fiscal years, with annual contributions of \$145,000, subject to appropriation of funds by Regional Council through HRM's annual budget approval process. If approved, staff would develop a Contribution Agreement to reflect the alignment of the New Discovery Centre's operations and deliverables with HRM priorities. Moving forward, the New Discovery Centre will utilize a point of sale system to capture more comprehensive data of their activities. This data will enable staff to establish refined outcome measures representative of the New Discovery Centre's activities and accurately demonstrate the impact in the community.

### **RISK CONSIDERATIONS**

There are no significant risks associated with the recommendations of this report. The risks considered rate low. Management and oversight of the proposed Contribution Agreement(s) will mitigate risk of potential financial and/or legal concerns.

### **FINANCIAL IMPLICATIONS**

Funding of \$145,000 for the Discovery Centre was included in the 2015/16 operating budget as well as the approved 2016/17 operating budget for Parks and Recreation, C705 – 8001. Future years funding will be subject to compliance with the Contribution Agreement (to be negotiated) and the annual budget approval process.

### **COMMUNITY ENGAGEMENT**

Community members make up the Discovery Centre Board of Directors.

### **ENVIRONMENTAL IMPLICATIONS**

No environmental implications.

### **ALTERNATIVES**

- Alternative 1: Regional Council could choose to not authorize payment of \$145,000 in funding for the Discovery Centre for fiscal 2015-2016.
- Alternative 2: Regional Council could choose not to direct staff to negotiate a three-year Contribution Agreement (2016-2019) with annual installments of \$145,000.
- Alternative 3: Regional Council could direct staff to work with Discovery Centre to negotiate a Contribution Agreement with different terms.

### **ATTACHMENTS**

- Attachment A: Letter from the Discovery Centre dated October 30, 2015
- Attachment B: Executed Contribution Agreement 2014-2015 Operating Expenses

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Jenny White, Partnership Coordinator, Program Support Services, 902.490.1214

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# Discovery Centre

Nova Scotia's Hands-On Science Centre

Michael Ryan  
Manager Facility Partnerships  
Parks and Recreation  
Halifax, NS B3J 3A5

October 30, 2015

Dear Michael:

First, let me thank you and your team for HRM's continued commitment to The Discovery Centre. We applaud HRM's focus on youth engagement, promoting an innovative culture, economic development, and supporting families across the region

Discovery Centre would like to request it's annual contribution for 2015/2016 of \$145,000 payable in three equal installments before January 31<sup>st</sup>, 2016, February 28th, 2016, and March 31st, 2016. We will supply invoices upon receipt of the executed agreement.

The Discovery Centre had a very successful 2014-2015 year and set a record breaking pace other than the winter March break period. The Centre is in a strong financial position and has met or exceeded outcomes. The Centre is also transitioning to its new \$20m facility from July to October 2016. Construction is well underway, on schedule and on budget.

The current contribution agreement was not executed until October 16<sup>th</sup>, 2014, as it was the first such agreement between HRM and TDC. As such, the Discovery Centre did not have a full year in which to fully develop, measure, and refine outcomes. I would like to request that we update the agreement and use this current fiscal year 2014-2015 as the base year.

We would like to work with your team to re-work some of the deliverables in the agreement, as the measures need to be updated to reflect transition activities to the *New Discovery Centre*. Attached is all the information you require for this year including our annual report and budget.

We would also like to discuss a three-year operating agreement which will offer a much better measuring period given the nature of Discovery Centre's operations and its transition to the new facility next year.

Yours very truly,

Original signed  


Dov Bercovici  
President & CEO

**1593 Barrington Street Halifax, NS B3J 1Z7**

# **Contribution Agreement 2014-2015 Operating Expenses**

**Between:**

**HALIFAX REGIONAL MUNICIPALITY**

**And**

**THE DISCOVERY CENTRE**

THIS CONTRIBUTION AGREEMENT made the 15<sup>th</sup> day of October, 2014

BETWEEN:

**HALIFAX REGIONAL MUNICIPALITY ("HRM")**, a statutory body corporate duly incorporated under the laws of the Province of Nova Scotia.

-and-

**THE DISCOVERY CENTRE ("TDC")**, a society incorporated under the laws of the Province of Nova Scotia

**WHEREAS** sections 79(1)(av)(v) and 79 (1)(av)(vii) of the HRM Charter permit HRM to provide a grant or a contribution to a number of different organizations, including "educational organizations" and "charitable organizations", as well as a "registered Canadian charitable organization";

**AND WHEREAS** TDC is registered as a society under the Societies Act of Nova Scotia, is registered as a charitable organization with the Canada Revenue Agency, and is also considered an educational organization for the purposes of the HRM Charter;

**AND WHEREAS** HRM has provided TDC with an annual financial contribution towards its operating expenses since the year 2000 without any formal agreement in place;

**AND WHEREAS** on March 18, 2014 HRM Regional Council approved a \$145,000 financial contribution to TDC towards its operating expenses for the 2014-2015 fiscal year, subject to the negotiation and execution of a formal contribution agreement;

**NOW, THEREFORE** the parties hereto covenant and agree as follows:

## **SECTION ONE DEFINITIONS**

### **Section 1.01 Definitions**

- a) **"Agreement"** means this contribution agreement (including all attached schedules) as it may be amended from time to time.
- b) **"Contribution Amount"** means the amount to be paid by HRM to TDC in accordance with section 2.01 of this Agreement.

c) **"Fiscal Year"** means the annual period ending on March 31, 2015;

d) **"HRM"** means Halifax Regional Municipality;

## **SECTION TWO CONTRIBUTION OF FUNDS**

### **Section 2.01 Amount of Contribution**

- a) HRM shall make a contribution to TDC in the amount of one-hundred-forty-five-thousand Dollars (\$145,000) (the "Contribution Amount") to be used by TDC towards its operating expenses incurred during the Fiscal Year, and for no other purpose.
- b) TDC acknowledges and agrees that the Contribution Amount is a firm-fixed amount and that HRM is in no way responsible for TDC's actual operating expenses or any operating losses incurred by TDC.

### **Section 2.02 Payment Schedule**

- a) Subject to the terms and conditions of this Agreement and subject to receipt of quarterly invoices from TDC, HRM shall pay the Contribution Amount to TDC in four (4) equal installments of thirty-six-thousand-two-hundred-fifty Dollars (\$36,250) on or prior to April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>, and January 1<sup>st</sup> respectively.

### **Section 2.03 Restrictions**

- a) No portion of the Contribution Amount is to be used for the payment of goods or services that are unrelated to the operation of TDC.
- b) The Contribution Amount may be applied to TDC's programming, operating and marketing/promotion expenses.
- c) TDC agrees that the Contribution Amount shall be used to achieve the outcomes described in Schedule "A" of this Agreement.
- d) No portion of the Contribution Amount shall be paid to employees, volunteers, officers or directors of TDC (i.e., salary, wage, stipend, honorarium, gift, or commission).



- e) The Contribution Amount is to be fully used by TDC during the Fiscal Year, and no portion of the Contribution Amount may be saved or rolled over by TDC into the following year. Any unused portion of the Contribution Amount shall be returned by TDC to HRM at the end of the Fiscal Year.
- f) HRM may cease providing and/or cancel its provision of the Contribution Amount (or any portion thereof) without notice if in HRM's sole opinion TDC breaches any term or condition of this Agreement, including but not limited to the failure of TDC to achieve the outcomes described in Schedule "A".

### **SECTION THREE FINANCES, RECORDS AND INFORMATION SERVICES**

#### **Section 3.01 Registry of Joint Stocks**

- a) TDC shall maintain active status as a Society pursuant to the Societies Act.

#### **Section 3.02 Accounting Records**

- a) TDC shall maintain a complete and proper set of accounting records following the Generally Accepted Accounting Principles as established from time to time by the Canadian Institute of Chartered Accountants.

#### **Section 3.03 Municipal Audit**

- a) HRM shall have the right, at its own expense, and with reasonable notice, to audit or examine the books of account and records maintained by TDC pursuant to this agreement and the right to make copies thereof and take extracts therefrom.

#### **Section 3.04 Annual Reports**

- a) TDC shall provide audited financial statements to HRM no later than June 30, 2015.
- b) TDC shall provide a business plan and budget to HRM no later than June 30, 2015.
- c) TDC understands and agrees that HRM may use any and all of the above-referenced reports in its consideration of any future funding requests from TDC.

## **SECTION FOUR LIABILITY AND INDEMNITY**

### **Section 4.01 Risk**

- a) TDC agrees to supply at its sole cost and expense all staff, equipment and resources necessary to operate TDC.

### **Section 4.02 Indemnification**

- a) TDC agrees that it will, from time to time, and at all times hereafter, well and truly save, keep harmless and fully indemnify HRM, its successors and assigns, from and against all actions, claims and demands whatsoever which may be brought against or made upon HRM and against all loss, liability, judgments, claims, costs, demands or expenses which HRM may sustain or suffer, resulting from or arising out of TDC's operations or out of HRM's contribution of the Contribution Amount to TDC.

## **SECTION FIVE GENERAL PROVISIONS**

### **Section 5.01 Notices**

- a) All notices, demands, requests, approvals or other communication of any kind which the parties may be required or may desire to serve on each other in connection with this Agreement shall be delivered by registered mail to:

**Halifax Regional Municipality**

Attention: Denise Schofield, Manager of Regional Recreation & Culture  
P.O. Box 1749  
Halifax, NS B3J 3A5

**The Discovery Centre**

Attention: Mr. Dov Bercovici, President  
Discovery Centre  
1593 Barrington Street  
Halifax, Nova Scotia, B3J 1Z7

- b) Except in the event of a postal service strike or lockout (in which event the parties hereto agree to temporarily utilize other reasonable methods of communicating any notices), service of any notice or demand so made by registered mail shall be deemed complete on the date of actual delivery as shown by the registry receipt or at the expiration of the seventh business day

after the date of mailing, whichever is earlier in time. Either party may from time to time, by notice in writing served upon the other party as aforesaid, designate a different mailing address or different additional persons to which all such notices or demand are thereafter to be addressed.

#### **Section 5.02 Confidentiality**

- a) TDC acknowledges that this Agreement is a public document and that any information, document, or record, in any form, provided to HRM by TDC pursuant to this Agreement may be subject to disclosure in accordance with Part XX of the Municipal Government Act ("Freedom of Information and Protection of Privacy").

#### **Section 5.03 Governing Law**

- a) This agreement shall be governed by and interpreted in accordance with the laws of Nova Scotia.
- b) The parties hereby attorn to the exclusive jurisdiction of the courts of Nova Scotia to resolve any disputes arising out of this Agreement.

TDC covenants that it has the full power and authority to enter into, and has taken all necessary measures to authorize the execution of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the day and year first above written.

SIGNED In the presence of:

**THE DISCOVERY CENTRE**

Original signed  
[Redacted signature]

Witness

Original signed  
[Redacted signature]

Witness

Original signed  
[Redacted signature]

Date Signed

Original signed  
[Redacted signature]

Name: [Redacted]  
Title: [Redacted]

Original signed  
[Redacted signature]

Name: [Redacted]  
Title: [Redacted]

**HALIFAX REGIONAL MUNICIPALITY**

Original signed  
[Redacted signature]

Witness

Original signed  
[Redacted signature]

Witness

Original signed  
[Redacted signature]

Mike Savage, Mayor

Original signed  
[Redacted signature]

Cathy Mellett, Municipal Clerk

Oct 15/2014  
Date Signed

**Schedule A – Outcomes**

**[To Be Inserted]**

Schedule A- Contribution Agreement Deliverables (Discovery Centre)

	Key Deliverables	Measures
<p><b>1.0 Benchmarking</b></p>	<p>In conjunction with partners, develop efficiency metrics and outcomes to gauge the effectiveness of Discovery Centres marketing efforts.</p>	<ul style="list-style-type: none"> <li>• With the Municipality, to further develop and refine outcome measures</li> <li>• Source periodic best practices research on benchmark centres that engage in innovative and hands on experiences to stimulate interest, enjoyment and understanding of science and technology</li> <li>• 1% increase in annual visitation</li> <li>• 1 % increase in visits by children aged 0-3 years</li> <li>• 1 % increase in visits by youth aged 10-20 years</li> <li>• 1 % increase in visits by Grades P-9 school groups</li> <li>• 1 % increase in visits by Grades 10-12 school groups</li> </ul>
<p><b>2.0 Leverage Funding</b></p>	<p>Leverage the Municipality's investment in The Discovery Centre by partnering with the private sector and other levels of government to fund The Discovery Centre activities</p>	<ul style="list-style-type: none"> <li>• Leverage the Municipality's grant by partnering with the private sector and the federal/provincial government.</li> </ul>

		<ul style="list-style-type: none"> <li>• Create or enhance an existing partnership with a view to supporting municipal economic development objectives.</li> <li>• Priority will be organizations which have mandates to attract new business; secure more research investments; and more visitors to Halifax. Partnerships to be explored/enhanced with Trade Centre Limited, Destination Halifax, Greater Halifax Partnership, Universities, Halifax Library and other Museums/ Public venues and the private sector.</li> </ul>
<p><b>3.0 Program Outreach</b></p>	<p>Expansion of Catchment Area to increase outreach to Halifax communities</p>	<ul style="list-style-type: none"> <li>• Deliver "Science on the Road Program" ensure most residents have access to the Discovery Centre at local community centres, local school and accessible venues</li> <li>• 1 % increase in bookings (rural and urban areas)</li> <li>• 1 % increase in participants (rural and urban areas)</li> </ul>
<p><b>4.0 Reports</b></p>	<p>Submission to HRM required reports as per the Contribution Agreement</p>	<ul style="list-style-type: none"> <li>• Annual report on activities and outcomes of the contribution agreement</li> <li>• Audited financial statements no later than June 30<sup>th</sup></li> </ul>

<b>5.0 Business Plan</b>	In conjunction with Municipal staff and following the Municipality's business-planning time frame, produce an annual business plan and budget	<ul style="list-style-type: none"><li>• Produce Annual business plan and budget</li></ul>
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