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Item No. 14.1.3
Halifax Regional Council
June 5, 2018

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY: Brad Anguish, Acting Chief Administrative Officer

DATE: May 22, 2018

SUBJECT: **Proposed Interim Community Museums Grant Program: Administrative Order 2018-010-ADM**

ORIGIN

March 7, 2017 - Halifax Regional Council requested a staff report to develop an Administrative Order for an interim funding program for community museums, consistent with the request received from the ad-hoc community museum committee as outlined in Attachment C of the staff report dated February 1, 2017, and return it to Council for consideration.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter ("HRM Charter"), S.N.S. 2008, c.39

79(1) The 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,

(2) The Municipality shall publish annually a list of the organizations and grants or contributions made pursuant to clause (1)(av) in a newspaper circulating in the Municipality.

RECOMMENDATION

It is recommended that Halifax Regional Council adopt *Administrative Order 2018-010-ADM Respecting Interim Grants to Community Museums*, as set out in Attachment 3 of this report.

BACKGROUND

On April 5, 2016, a request to Regional Council for a staff report to consider an “interim agreement” with the Lake Charlotte Area Heritage Society to provide financial assistance for operating and special projects was defeated. In the alternative, Council referred the matter to the Community Planning and Economic Development Standing Committee (“CPED”). At their meeting of April 21, 2016, CPED tabled the original motion and approved an alternative motion requesting a staff report to identify options and opportunities for the creation of an annual funding program for “heritage organizations in HRM”. The report was to include an assessment and recommendations regarding a systematic, consultative and policy-driven approach to:

- capital, maintenance and operating costs related to municipally-owned facilities and collections operated by the municipality or by arms-length non-profits;
- periodic capital and/or annual operating costs of municipally-owned facilities and collections operated by arms-length non-profits; and
- any other funding for heritage programs that may be appropriate to consider as part of this approach.

Prior to a staff report to CPED addressing their motion of April 21, 2016, a presentation was made to the Standing Committee on December 16, 2016, on behalf of a self-named¹ Ad Hoc Community Museums Committee² (the “Ad Hoc Committee”), made up of self-identified community museums in HRM. The Ad Hoc Committee indicated they faced unspecified “financial challenges” and did not want to await completion of a proposed Culture and Heritage Priorities Plan (“CHPP”)³. The Ad Hoc Committee requested the creation of a municipal program to provide operating grants to community museums.

On February 16, 2017, a staff report to CPED recommended Regional Council consider HRM’s relationship to community museums, including facilities and collections owned and operated by HRM “and those that are fully independent”, be addressed under the CHPP. The recommendation was defeated⁴. Instead, CPED recommended that Council direct staff to: (1) develop a new Administrative Order for interim funding to community museums consistent with the request for interim annual operating assistance submitted by the Ad Hoc Committee on January 5, 2017, and (2) identify a funding source to enable the interim program to commence in fiscal year 2017⁵. Council approved the CPED recommendations at their meeting of March 7, 2017.

With respect to concern raised by the Ad Hoc Committee in regard to the lack of a designated institution representing the region’s Mi’kmaw heritage, staff understand that the provincial government serves in a stewardship role to maintain artefacts and documents held in public institutions while working with the Confederacy of Mainland Mi’kmaq and other Mi’kmaw organizations in the development of longer-term opportunities. It is essential that such discussions and plans foster self-representation and are sensitive to cultural differences in how cultural identity is acknowledged, preserved and presented. The absence of a community museum for Mi’kmaw culture and heritage does not preclude participation in the proposed *Interim Community Museums Grant Program*, or a variation thereof, at some future date.

DISCUSSION

The proposed Administrative Order is not an endorsement of the Ad Hoc Committee’s proposed funding formula: the rationale for this exclusion is provided in **Attachment 1** of this report. However, the proposed program is consistent with the Ad Hoc Committee’s request in terms of:

¹ The qualifier “self-named” indicates the Ad Hoc Committee is not an official HRM advisory committee.

² The Ad Hoc Committee comprised Lake Charlotte Area Heritage Society, Cole Harbour Rural Heritage Society, Citadel Army Museum, Africville Heritage Trust, and the Atlantic Canada Aviation Museum.

³ December 5, 2016, Community Planning & Economic Development Standing Committee.

⁴ Report to Community Planning & Economic Development Standing Committee meeting of February 16, 2017, Creation of Funding Program for Heritage Organizations, dated February 1, 2017.

⁵ March 2, 2017.

- an interim focus on community museums;
- a focus on social history;
- the provision of “interim assistance” to support the sustainability of community museums pending completion of a Culture and Heritage Priorities Plan;
- consideration for small community organizations with modest or nominal annual operating revenues (ie. under \$10,000); and
- the exclusion of organizations currently in receipt of operating assistance under a service or contribution agreement with HRM.

The introduction of an interim program of operating grants could easily be overwhelmed by demand if the target group is not clearly defined. It is anticipated that an open call for applications to the new program could elicit applications from organizations that own a collection of artefacts and/or static interpretive displays but do not meet the criteria of a museum (for example, an interpretive or visitor centre, an institutional collection, or an art gallery). The interim administrative order addresses this issue by making exclusions explicit and a clear focus on museums. Although the results of the Cultural and Heritage Priorities Plan cannot be anticipated, the proposed 3-year term of the interim program allows for consideration of Council's priorities and a transition period should the administrative order be repealed or substantively amended to reflect municipal priorities and/or budget capacity.

1. Eligible Organizations

If an interim focus exclusively on community museums is accepted, it is necessary to define both (1) a ‘museum’ and (2) the criteria with which to distinguish the sub-group ‘community museum’ from similar heritage-related venues or programs. The International Council of Museums (“ICOM”) definition of a museum is generally accepted in Canada and contains characteristics and activities that have been used in the development of an operational definition for HRM's new grant program. ICOM defines a museum as:

“a non-profit permanent institution in the service of society and its development, open to the public, which acquires, conserves, researches, communicates and exhibits the tangible and intangible heritage of humanity and its environment for the purpose of education, study and enjoyment” (ICOM Statutes, 2007).

The organizations listed in the Ad Hoc Committee's funding proposal differ significantly in terms of: (1) existing monetary and indirect government operating assistance, (2) the scale of museum operations, (3) public access, and (4) research and educational programming. Despite these differences, there are key characteristics that have been used to develop the program's focus and target HRM's investment. Council could also limit eligibility to prioritize support for small to mid-size operations and exclude organizations with an average annual operating budget over a specified dollar value. This option is included as Alternative #1 in the Alternatives section of this report.

In accordance with Section 79 of the *HRM Charter*, program eligibility is restricted to registered non-profit and charitable organizations. Further, both the applicant organization and their community museum shall have operated continuously for three (3) consecutive years prior to the program's application deadline. Upon initial application to the program, applicants shall submit financial statements for the preceding three (3) years: this information provides baseline data from which to monitor recipient spending over the term of the interim program and will be used in a staff evaluation of the program's efficacy.

Organizations that do not meet the operating grant program's eligibility criteria may continue to apply to the *Community Grants Program* for project or capital grants. It is also recognized that some organizations may choose not to participate in the new program and instead continue to apply to the centralized *Community Grants Program* for project-specific funding.

2. Eligible Expenditures

The proposed purpose of funding is intended to:

- provide financial assistance to eligible non-profit and charitable organizations for core, recurring annual operating costs directly associated with museum operations to facilitate sustainability;
- assist local community museums in achieving and maintaining accepted standards of practice and the provision of a quality experience for visitors;
- realize tangible, incremental results that would not otherwise occur;
- recognize the role of volunteers; and
- minimize complexity, administrative costs, duplication or overlap.

A “core operating cost” is described in the draft administrative order. Priority is given to expenditures that if unpaid or disconnected could threaten the museum’s viability or severely disrupt operations and limit public access. Priority funding is intended to reduce the risk of facility closure, disruption to service, legal proceedings against the non-profit, and to protect the collection. Provision is also made for recurring operational expenditures related to collections management, facility operations, and marketing. Eligible applicants also have the option to apply for non-recurring special project funding to enhance museum programming or organizational capacity-building. Over the 3-year term of the administrative order recipients of a grant under the *Interim Community Museums Grant Program* remain eligible to apply for only capital grants under the *Community Grants Program*.⁶

Although municipal funding may be directed towards professional fees, casual/seasonal employees, or to extend part-time employment, funds shall not be directed to compensate full-time employment. This restriction is considered prudent given that the program is only interim and may be discontinued or substantively amended within three (3) years.

3. Heritage Incentives: Standards of Practice

Both the Canadian Museums Association (“CMA”) and the Association of Nova Scotia Museums (“ANSM”) endorse the development of priorities and standards for museums based on the significance of collections, management best practice, and sustainability. It is recommended that HRM’s operating grants encourage best practice while accommodating organizations in a developmental stage and those who elect to maintain the status quo.

The proposed program uses “tiers” to distinguish and incentivize community museums that have achieved recognition under the provincial *Museum Evaluation Program*. This program is a rigorous, impartial assessment of museum operations encompassing Governance, Management, Facility, Collection and Access to Information, Interpretation, Community Engagement, Marketing and Revenue Generation. The evaluation process includes a review of documentation and a site evaluation. Although completion of the evaluation process does not guarantee acceptance into the provincial *Community Museums Assistance Program*, museums seeking funding under this program must score a minimum of 50/100. To date, seven (7) community museums in HRM have achieved ‘accreditation’ and several have applied for admission to the *Museum Evaluation Program* in 2018.

Acceptance of this independent evaluation would realize a significant benefit to applicants that have already been subject to a comprehensive review and realize an efficiency in HRM’s evaluation process. To assist organizations seeking admission into the *Museum Evaluation Program* and those due for re-evaluation, costs associated with preparing for an evaluation are eligible operating expenditures. However, accreditation is not mandatory. Those organizations who elect not to participate in the *Museum Evaluation Program* are not disqualified from consideration but may have to provide a more substantive submission to confirm their status as a museum and the quality of visitor experience.

⁶ Capital grants of up to \$25,000 may be awarded towards the purchase of property, capital improvements to property owned by the applicant, or the purchase of large equipment valued over \$5,000 per item.

The proposed Administrative Order 2018-010-ADM has two (2) funding categories: (1) Operating Grant and (2) Project Grant:

1. Operating Grant

This category of award has three (3) funding streams:

- Tier I. Accredited Community Museums (up to a maximum of \$20,000): this sub-category comprises organizations that have completed the provincial *Museum Evaluation Program* and received a minimum score of 50/100. This sub-category recognizes and provides an incentive for local museums to adopt and maintain standards of best practice. Grants may vary in dollar value to recognize indirect government assistance, larger-scale operations, property ownership, the significance of the collection, and scope of educational programming. The combined value of municipal, provincial and federal *operating* funding shall not exceed 80%.

Organizations that relinquish accredited status or whose score falls below 50/100 may be re-assigned to Tier II in the following fiscal year.

- Tier II. Non-Accredited Community Museums (up to a maximum of \$15,000) – local museums whose annual average operating budget for the three (3) years immediately preceding application is over \$10,000 and who elect not to adopt formal standards of practice or are awaiting acceptance into the *Museum Evaluation Program*. Grants may vary in value to recognize indirect government assistance, property ownership, the significance of the collection, scope of educational programming and public access. The combined value of municipal, provincial and federal *operating* funding shall not exceed 80%.

Upon completion of the *Museum Evaluation Program*, an organization may make application to be moved into the Tier I Accredited Community Museum category in the following fiscal year.

- Tier III. Developmental Award (up to a maximum of \$5,000) – non-accredited small-scale community museums whose annual average operating budget for the three (3) years immediately preceding application is under \$10,000, limited hours of operation and/or scope of collection and related educational programming. Grants may vary in value to recognize indirect government assistance and public access. The combined value of municipal, provincial and federal operating funding shall not exceed 80%.

As total annual operating revenues increase, or accreditation completed with a minimum score of 50/100, an organization may make application to be moved into another category in the following fiscal year.

2. Project Grant

A project category has been included in the new program to:

- avoid duplication or overlap with the *Community Grants Program* (notably the Community History category);
- recognize that additional municipal support may reduce awards to community museums under the *Community Grants Program* in relation to applicants of comparable merit that are primarily self-funded⁷; and
- increase the capacity of the *Community Grants Program* to address applications from heritage-related non-profit organizations excluded under the proposed

⁷ The *Community Grants Program* considers government funding when evaluating applications of comparable merit and “preference may be given to applicants not in receipt of federal, provincial or municipal government funding” (Guidebook, p.16).

Administrative Order 2018-010 ADM.

Eligible organizations can apply to and receive funding from both categories. However, the project grant also serves to encourage community museums to seek innovative or collaborative hosting opportunities or projects that have the potential to positively impact revenue diversification.

- Regular Project Grant: An award up to a maximum of \$5,000 towards a non-recurring initiative to enhance programming or organizational capacity; or
- Special Project Grant: A one-time award of up to a maximum \$20,000 towards an exceptional opportunity with the potential to (i) attract provincial or national attention or (ii) the project’s scale of impact on museum operations is significant in terms of revenue and/or notoriety. For example, hosting a national touring exhibition that is expected to have broad public appeal and media coverage.

A project grant of up to \$5,000 falls within the range of awards issued under the Community Grants Program over a 5-year period (2013-2017) as shown below in Table 1.

Table 1. Community Grants Program: Community History Category Project Grants to ‘Community Museums’ (2013-2017)			
Year	Number of Project Grants	Combined Value of Project Grants	Range
2013	3	\$9,437	\$1,377-\$5,000
2014	1	\$1,500	\$1,500
2015	3	\$10,075	\$2,500-\$5,000
2016	2	\$3,200	\$1,200-\$2,000
2017	2	\$6,700	\$1,700-\$5,000

A threshold of \$5,000 is considered reasonable given that previous grants were often related to marketing, small equipment, minor repairs and such that are included in the proposed interim funding program for community museums. The addition of a higher threshold for “exceptional” projects aligns with incentives to enhance sustainability, the quality of visitor experience, and provides comparable consideration for larger community museums whose operating grant may be moderated to fall within the government funding threshold (80%).

4. Government Funding Threshold: Operating Funding

A limit on the total combined value of government operating funding – a “stacking” limit - is recommended so as to avoid duplication or overlap in government operating assistance. Organizations whose combined level of government operating assistance exceeds the ‘stacking’ threshold (80%)⁸ remain eligible to apply for a special project grant.

Notwithstanding that most community museums receive some degree of government operating assistance, most notably in relation to property tax, some organizations also receive significant government “in-kind” goods and services that reduce their annual operating expenses. Typically, the cash-equivalence of this indirect operating assistance is not quantified or included in an organization’s revenue statement. Applicants will be required to disclose this form of non-cash operating assistance. An overview of government funding to museums is included as **Attachment 2** of this report.

5. Multi-Year Operating Funding and Reporting Requirements

Given that the proposed program has an initial 3-year term, it is recommended that multi-year operating

⁸ This limit is consistent with the *Grants to Professional Arts Organizations Administrative Order 2014-007-ADM*.

grants be permitted subject to approval of HRM's annual budget. In the short-term (1 to 3 years) the predictability afforded by multi-year funding helps recipient organizations plan, eliminates annual fluctuations in the level of funding, and provides a tangible incentive in achieving or improving standards of practice. The recipient of a multi-year grant would be required to submit an annual financial statement and a brief progress report.

If approved, the program will publicize and implement an annual call for applications. This provision allows for project-specific grant requests, new applicants (those organizations that did not meet the initial 3-year threshold or previously declined), or movement between funding sub-categories.

6. Capital Grant Eligibility

The proposed new program does not fund capital grants. Eligible applicants may continue to make application to the *Community Grants Program*. However, the *Community Grants Program* may give preference to applicants of comparable merit not in receipt of government funding.

7. Evaluation of Submissions

A recommendation report will be submitted annually to the HRM Grants Committee who then make a funding recommendation to Regional Council.

In the absence of a Culture and Heritage Priorities Plan it is not possible to determine the priority of community museums relative to other cultural or heritage-related organizations, programs and services. Neither can applicants be evaluated relative to any stated municipal priority outcomes in terms of community history versus subject-specific museum collections and programming. As such, applications for operating or special project grants will be evaluated using a standardized scoring matrix as shown below in Table 2 and Table 3.

Table 2. Evaluation Criteria and Weighted Scoring: Operating Grant		
Criteria	Description	Points
Funding Priority	Core recurring operating costs, standards of practice, safety of structure(s) and operating systems, significance and protection of the collection, collections management	40
Funding Impact	Direct incremental impact of municipal funding on museum operations or organizational capacity-building	30
Public Benefit	Public access to facility and/or collection, enrichment of educational programming	10
Self-Sufficiency	Reliance on volunteer labour, fundraising, earned revenues	20
TOTAL		100

Table 3. Evaluation Criteria and Weighted Score: Project Grant		
Criteria	Example	Points
Funding Impact	Expansion or enhancement of museum collection, exhibit, display, or interpretation	30
Strategic Opportunity	Capitalize on a non-recurring opportunity (eg. exhibit hosting), leverage funding or collaboration,	30
Public Benefit	Technology, community outreach, new program, demonstrates ability to sustain initiative	20
Capacity Building	Original research, developmental training for volunteers and/or staff, strategic planning or program evaluation to build organizational capacity, purchase of small equipment (under \$5,000 per item)	10
TOTAL		100

8. Program Review

Prior to a mandatory review of the administrative order (March 31, 2021), staff shall undertake an evaluation of the program’s effectiveness in realizing its stated goals. Namely, what incremental impact did municipal funding have on financial stability, standards of practice, public access, and the quality of programming?

FINANCIAL IMPLICATIONS

The approved 2018-19 operating budget has a budget of \$220,000 for the proposed community museums grant program in Fiscal Services account M310-8004.

RISK CONSIDERATION

Low. The only risk identified is reputational through the exclusion of funding for “heritage programs” and a focus exclusively on community museums.

COMMUNITY ENGAGEMENT

The new program would be publicized on HRM’s website and an open call for applications would be issued through an advertisement in the Municipal Notices section of the Chronicle-Herald.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

1. Regional Council could limit the inclusion of organizations in receipt of recurring annual operating funding from the municipal, provincial or federal government that exceeds a stated threshold. For example, museums with an average annual operating budget of \$500,000 or above. A threshold of \$500,000 is comparable to the Ad Hoc Committee’s funding formula which capped additional funding for organizations with an “annual operating budget” of \$600,000 (Option A) or \$530,000 (Option B).

This option would target HRM’s investment to maximize the incremental impact of funding (“more to those with less”) and foster adoption of best practice standards among smaller museums. This approach might be appropriate for an “interim” program and in relation to the program’s budget.

2. Regional Council could amend the proposed Administrative Order. If the changes are substantive a supplementary report may be required.

ATTACHMENTS

1. Background Information.
2. Government Funding to Museums in HRM.
3. Draft Administrative Order 2018-010-ADM.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, Finance & Asset Management
902.490.5469

Background Information

The Ad Hoc Committee on Community Museums proposed a funding formula based on an organization’s “annual operating budget”. In both funding options the value of a grant is calculated as a percentage of the budget in combination with (i) budget increments and (ii) a sliding percentage as shown below in Table A and Table B. The estimated cost of both options is under-stated: in the absence of financial information for some organizations were allocated \$0. These organizations, and others not listed, cannot be presumed ineligible for funding under HRM’s proposed Administrative Order.

Table A and Table B are for illustration purposes only: the names of proposed recipient organizations and any corresponding “allocation” of funds have been removed. Column 1 (Annual Operating Budget) and Column 2 (Percentage Assistance) are as stated in the Ad Hoc Committee’s proposal. Column 3 (Budget Increments) has been added to enable comparison between Option 1 and Option 2.

Ad Hoc Committee Funding Formula “Option A”.

Funding decreases from 20% to 10% incrementally and correlates with an organization’s total annual budget. The budget increments are standardized in increments of \$25,000 and funding decreases by 1% per increment. “Option A” caps the annual budget threshold at \$600,000 after which there is no 1% decrease and funding would remain fixed at 10%.

Table A. Ad hoc Committee: “Annual operating budget percentage assistance options”		
Option A – 20% declining to 10%		
Annual Operating Budget	Percentage Assistance	Budget Increments
\$0-\$25,000	20%	\$25,000
\$25,000-\$50,000	19%	
\$50,000-\$75,000	18%	
\$75,000-\$100,000	17%	
\$100,000-\$150,000	16%	\$50,000
\$150,000-\$200,000	15%	
\$200,000-\$250,000	14%	
\$250,000-\$300,000	13%	
\$300,000-\$400,000	12%	\$100,000
\$400,000-\$500,00	11%	
\$500,000-\$600,000	10%	

The “Option A” formula resulted in allocations ranging in value from \$1,000 to \$57,200. Essentially, those organizations with larger annual budgets would receive the most funding despite the sliding percentage scale. The estimated cost was \$220,035 but included allocations for only 14 organizations.

Risk:

- (i) The Ad Hoc Committee’s list may have omitted an organization eligible for funding consideration under a municipal grant program.
- (ii) Eight (8) organizations named in the Ad Hoc Committee’s list did not have an “allocation” (expressed as a dollar value). This omission could be misconstrued to indicate ineligibility and could also negate the estimated cost of the program.
- (iii) The value of a grant based on an organization’s “total annual budget” might include, for example, non-recurring capital or project-specific grants and costs unrelated to the operation

- of a museum. Annual fluctuations in total revenues could result in a corresponding fluctuation in any municipal operational assistance.
- (iv) "Total annual budget" might exclude indirect government operating assistance that has significant dollar value and place non-profit property owners at a disadvantage relative to those organizations occupying government-owned property.
 - (v) The formula does not acknowledge or manage the risk of any funding duplication or overlap.
 - (vi) Smaller, self-sufficient organizations with a higher reliance on volunteers and self-generated funding may be disadvantaged relative to those with recurring government financial assistance.
 - (vi) In the absence of a maximum grant threshold the program could prove cost-prohibitive in the mid to long-term.

In summary, few community museums are "fully independent" but there is significant variance in the value of existing government assistance received. Although the Ad Hoc Committee's proposal allocated a higher percentage (20%) to organizations with smaller annual "budgets" the formula fails to recognize financial need and provides limited incentive to improve the visitor experience. An award of \$1,000, for example, could prove marginally effective and administratively inefficient for both the applicant and HRM's administration under a merit-based program.

Ad Hoc Committee Funding Formula "Option B"

Funding decreases from 20% to 5% incrementally and correlates with an organization's total annual budget. The budget increments are varied (ranging from \$10,000 to \$100,000) and funding decreases by 1% per increment. "Option B" caps the annual budget threshold at \$530,000 after which there is no 1% decrease and funding would remain fixed at 5%.

Table B. Ad hoc Committee: "Annual operating budget percentage assistance options"		
Option B – 20% declining to 5%		
Annual Operating Budget	Percentage Assistance	Budget Increments
\$0-\$25,000	20%	\$25,000
\$25,000-\$35,000	19%	\$10,000
\$35,000-\$50,000	18%	\$15,000
\$50,000-\$70,000	17%	\$20,000
\$70,000-\$95,000	16%	\$25,000
\$95,000-\$120,000	15%	
\$120,000-\$145,000	14%	
\$145,000-\$170,000	13%	
\$170,000-\$200,000	12%	\$30,000
\$200,000-\$235,000	11%	\$35,000
\$235,000-\$270,000	10%	
\$270,000-\$310,000	9%	\$40,000
\$310,000-\$350,000	8%	
\$350,000-\$430,000	7%	\$80,000
\$430,000-\$530,000	6%	\$100,000
\$530,000 plus	5%	

The "Option B" formula resulted in allocations ranging in value from \$1,000 to \$28,600. Essentially, those organizations with larger annual budget would receive the most funding despite the sliding percentage scale. The estimated cost was \$167,885 but included allocations for only 14 organizations. Risk: as noted under "Option A".

Government Funding to Museums in HRM

The federal government has the primary responsibility for federally-owned and operated museums such as the National Museums, National Historic Sites, and National Defense Museums¹. Presently, in Nova Scotia there is one (1) National Museum², one (1) Parks Canada administered museum site³, two (2) Nova Scotia Museum sites, and over one hundred and thirty (130) federally registered heritage properties. Heritage Canada is a major source of operating and project-specific funding to the museums sector, including community museums, primarily through the *Building Communities Through Arts & Heritage Program*, *Museum Assistance Program*, *Canada Cultural Investment Fund*, *Canada Cultural Spaces Fund*, and the *Canada Travelling Exhibitions Indemnification Program*. The Canadian Museum of History manages the *Virtual Museum of Canada* and provides expertise and resources to support the participation of smaller institutions. For example, the *Virtual Exhibits Program* and the *Community Memories Program*. Project-specific financial assistance is also available from assorted federal departments including Atlantic Canada Opportunities Agency, Citizenship Canada⁴, and Employment and Social Development Canada.⁵

The Nova Scotia Department of Communities, Culture and Heritage manages a portfolio of provincial museums and provides financial assistance to eligible community museums through two programs managed by the Nova Scotia Museum; the *Community Museum Assistance Program* (“CMAP”) and the *Nova Scotia Museum Research Grants* program. Currently, the CMAP has an annual budget of \$978,584 and sixty-seven participating museums of which seven (7) are located within the HRM. To qualify for funding consideration museums must demonstrate that they benefit the public through collections, facilities, information and programming. Continued eligibility is based on an assessment under the *Museum Evaluation Program* administered by the Association of Nova Scotia Museums. Participants in the program are evaluated every three (3) years, must maintain a minimum score of 50/100, and submit annual reporting. The smaller *Nova Scotia Museum Research Grants* program targets individual research projects in archaeology, marine, cultural and natural history. The Department also provides project-specific grants under the *Archival Development Program* (administered by the Council of Nova Scotia Archives) and the *Strategic Development Initiative*, both of which promote best practice and increased self-sufficiency, and manages sales tax rebates with Service Nova Scotia & Community Relations. Under this program owners of registered heritage property can apply for a rebate on the purchase of materials used for exterior restoration work. Community museums can access training opportunities through the Association of Nova Scotia Museums, a registered non-profit organization that advocates on behalf of the museum sector and encourages the development and adoption of best practices. The Association provides technical services to participating museums including mentorship, the *NovaMuse* collections website, and the *MuseFund* (an endowment program).

Municipalities across Nova Scotia have assorted assistance programs for non-profit and charitable organizations that vary in scale and cost. Typically, municipalities in Nova Scotia provide discretionary tax assistance, less than market value leases, or small project-specific grants. Due to its population base and corresponding tax revenues, HRM has funded a broad spectrum of community museums including one-time capital funding to Pier 21 and the Africville Museum, capital and project-specific grants under the *Community Grants Program* and the *District Activity/Capital Fund*, event grants, and recurring annual tax relief under the *Tax Relief to Non-Profit Organizations Program*. In 2015-16, two (2) community museums, Army Museum Halifax Citadel and the Fort Sackville Foundation, received project grants under the *Halifax Explosion 100th Anniversary Grants Program*.

¹ Of the four (4) National Defense Museums in Nova Scotia, two (2) are located in HRM: Maritime Command Museum (Halifax) and Shearwater Aviation Museum (Shearwater).

² Canadian Museum of Immigration at Pier 21.

³ Halifax Citadel.

⁴ *Cultural Access Pass* provides access to 1,200 cultural institutions for new Canadian citizens following their citizenship ceremony.

⁵ For example, *Canada Summer Jobs*, *Apprenticeship Incentive Grants*, and *Young Canada Works*.

**ADMINISTRATIVE ORDER NUMBER 2018-010-ADM
RESPECTING INTERIM GRANTS TO COMMUNITY MUSEUMS**

BE IT RESOLVED AS AN ADMINISTRATIVE ORDER of the Council of the Halifax Regional Municipality under the authority of the *Halifax Regional Municipality Charter*, as follows:

Short Title

1. This Administrative Order may be known as the *Interim Community Museums Grants Program* Administrative Order.

Interpretation

2. In this Administrative Order,

(a) “applicant” means a community museum organization applying for funding under this Administrative Order;

(b) “Council” means the Council of the Halifax Regional Municipality;

(c) “core recurring operating expenses” means those annual expenditures directly associated with the operation of a museum, including utility payments, property tax, insurance, and rent or mortgage payments;

(d) “fiscal year” means the year commencing on April 1 and ending on March 31;

(e) “registered non-profit organization” includes:

(i) society incorporated pursuant to the *Societies Act*, R.S.N.S 1989, c.435, as amended;

(ii) a not-for-profit corporation incorporated pursuant to the *Canada Not-for-Profit Corporations Act*, S.C 2009, c.23, or

(iii) a non-profit organization otherwise incorporated pursuant to an Act of the Nova Scotia Legislature;

(f) “Municipality” means the Halifax Regional Municipality;

(g) “museum” means a permanent facility, open to the public, that acquires, conserves, researches, communicates and exhibits the tangible and intangible heritage of humanity and its environment for the purpose of education, study and enjoyment;

(h) “a community museum” means a museum that reflects either the community where the museum is located, or a specialized theme; and

(i) “registered charitable organization” means a charity incorporated under the Income Tax Act, R.S.C., 1985, c. 1 (5th Supp.).

Purpose and Objectives

3. The purpose of this Administrative Order is to provide interim grants to eligible community museums located within the geographic boundary of the Halifax Regional Municipality to support core museum operations and build organizational capacity in achieving and maintaining accepted standards of practice, pending the completion of the Municipality’s Culture and Heritage Priorities Plan.

Grants Available

4. There is hereby established a grant program to provide operational support to eligible community museums.
5. (1) Subject to annual budgetary approval, grants may be made available through this grant program for a term of three fiscal years: 2018-19, 2019-20, and 2020-21.
 - (2) Council may, by resolution, extend the term of the grant program for additional fiscal years.
6. There are two funding categories:
 - (a) operating grant: supports core recurring operating expenses directly related to the operation of a community museum in the Halifax Regional Municipality; and
 - (b) project grant: supports a non-recurring project that enhances educational programming, public access, or organizational capacity building.
7. (1) Operating grants are available at three levels:
 - (a) Tier I: available to an accredited community museum, up to a maximum of \$20,000 per fiscal year;
 - (b) Tier II: available to a non-accredited community museum with yearly operating expenditures averaging more than \$10,000 over the three (3) years immediately preceding application to the program, up to a maximum of \$15,000 per fiscal year; and
 - (c) Tier III: a developmental award available to a non-accredited community museum with yearly operating expenditures averaging \$10,000 or less over the three (3) years immediately preceding application to the program, up to a maximum of \$5,000 per fiscal year.
8. Combined municipal, provincial and federal operating funding, including operating funding received from this program, shall not exceed 80% of total operating revenues for annual administrative and core museum program costs.
9. Operating grants may provide up to a three (3) year funding commitment, subject to annual budgetary approval by Regional Council.
10. (1) Project grants are available at two levels:
 - (a) regular project grant: a maximum award of up to \$5,000.00 per fiscal year per eligible applicant; and
 - (b) special project grant: a one-time maximum award of up to \$20,000.00 per eligible applicant to support an exceptional opportunity with the potential to:
 - (i) attract provincial or national attention; or
 - (ii) significantly increase the organization's revenue or notoriety.
- (2) Preference for regular project grants may be given to organizations ineligible for operating grants under section 8.
11. Organizations may make application to, and receive funding from, both funding categories.

Eligibility

12. To be eligible for consideration for a grant pursuant to this Administrative Order, the applicant:
 - (a) shall be a registered non-profit community, cultural, educational or recreational organization, or a registered charitable organization;
 - (b) shall be located within the geographic boundary of HRM;
 - (c) shall have been registered as a non-profit community, cultural, educational or recreational organization, or charity and operated a community museum for a minimum of three (3) consecutive years;
 - (d) shall be an operator of a community museum that meets the eligibility criteria set out in section 13;
 - (e) shall have legal title to the collection it houses in its museum on a permanent basis; and
 - (f) shall own, lease or license the property that the museum occupies, with a minimum of three (3) years remaining in any lease or license agreement as of the date of the application.
13. To be eligible as a community museum under this Administrative Order, the museum shall:
 - (a) be open to the public a minimum of three (3) months per year, and publicize its hours of operation to the general public;
 - (b) maintain separate financial records covering museum operations, as distinct from any other activities of the applicant; and
 - (c) maintain accurate records of museum use.
14. To be eligible for consideration for a grant as an accredited community museum, the applicant must have received accreditation from the Association of Nova Scotia Museums *Museum Evaluation Program* and attained a minimum score of 50/100 and provide proof thereof with their application.
15. Applicants who are currently party to a funding agreement with HRM are ineligible for funding under this Administrative Order.
16. For greater certainty, the following are ineligible for consideration for funding under this Administrative Order:
 - (a) federal, provincial, municipal, institutional, corporate and private museums;
 - (b) virtual museums;
 - (c) linguistic or heritage societies that do not own a collection;
 - (d) broad-based cultural or membership-based advocacy organizations;
 - (e) stand-alone archives;
 - (f) libraries;
 - (g) art galleries; or
 - (h) interpretive centres that do not meet the criteria of a museum in terms of the depth or significance of the collection, exhibit development, engagement in research and related educational programming.

Application Requirements

17. There is one intake period per fiscal year. The intake period and application deadline will be established by staff and advertised on the application form and associated materials and the HRM website.
18. All applications must be received by mail or drop-off to:
 - (a) by mail: Interim Community Museums Grant Program
Finance & Asset Management, Halifax Regional Municipality
PO Box 1749, Halifax, Nova Scotia
B3J 3A5
 - (b) by courier or in-person drop-off to any HRM Customer Service Centre as listed on the official application form, Attention: Community Museums Grant Program, Halifax Regional Municipality.
19. Late or incomplete applications will not be reviewed or considered.
20. For an initial application for a grant, an applicant must provide:
 - (a) a complete application form signed by two members of the Board of Directors;
 - (b) itemized financial statement for the previous three (3) years of operation with expenditures directly associated with museum operations clearly separated from any other function of the applicant;
 - (c) proof of non-profit or charitable status in good standing as of the date of application;
 - (d) articles of incorporation, including mission statement;
 - (e) a statement identifying any other municipal, provincial or federal government funding including indirect or in-kind assistance with documentation to support the monetary value of assistance or a clear description of same;
 - (f) proof of ownership of the property, or a copy of lease or license agreement as applicable;
 - (g) a signed statement attesting to the ownership of the collection; and
 - (h) documentation to verify accreditation and score under the *Museum Evaluation Program* as applicable.
21. (1) A community museum that is receiving an operating grant may make a subsequent application to change the level of operating grant received, based on a change in status.
 - (2) For an application for a change in the level of operating grant, an applicant must provide with its annual report pursuant to section 34, one of the following:
 - (a) to transition from Tier II to Tier I, proof of accreditation from the Nova Scotia Museum *Museums Evaluation Program*, including the date of accreditation and score; or
 - (b) to transition from Tier III to Tier II, itemized financial statement demonstrating that the applicant has generated revenues in excess of \$10,000 in each of the preceding three (3) years.

Eligible and Ineligible Expenses

22. (1) Operating grants may be used to pay the following expenses directly associated with the operation of the community museum:
 - (a) core recurring operating expenses including:

(i) insurance, including general liability, property, business interruption/loss of earnings, commercial vehicle, Directors and Officers' liability, tenant insurance, intellectual property/identity theft, and additional contents insurance;

(ii) rent or mortgage payments;

(iii) snow and ice control;

(iv) real property taxes;

(v) fire prevention and emergency measures;

(vi) utilities; and

(b) any of the following additional expenses:

(i) telecommunications, including telephone and internet service charges, including web site hosting and domain fees;

(ii) collections management including professional conservation assessment and treatment;

(iii) archival materials and storage equipment;

(iv) professional fees for the preparation of an annual audited financial statement or internal audit;

(v) remuneration to a seasonal or temporary employee, including a residency, apprenticeship or internship;

(vi) preventive maintenance and repairs including mandatory or warranty inspections and servicing, water/septic tests;

(vii) expenditures related to the applicant's participation in or preparation for assessment under the provincial *Museums Evaluation Program* as applicable, including re-evaluation;

(viii) marketing;

(ix) janitorial and sanitary supplies; and

(x) office supplies.

(2) Preference may be given to support core recurring operating expenses.

(3) Expenses associated with on-site retail operations may be considered if:

(a) they are integral to the visitor experience;

(b) the product is linked to the museum's interpretive theme(s); and

(c) the revenues generated are directed to support museum operations.

23. (1) Project grants may be used to pay for expenses associated with non-recurring initiatives, including:

(a) exhibit hosting or development;

(b) staff or volunteer training in museum practice;

- (c) community-based research or self-publishing;
 - (d) independent professional services for any of the following: design and/or fabrication fees, legal fees, strategic planning, building condition and lifecycle planning, building conservation report, energy, safety or accessibility audit, environmental assessment, program evaluation, or an appraisal of an artefact or building for insurance or conservation purposes; and
 - (e) defined programs or services.
- (2) Expenses not included in this section may be considered on a case-by-case basis.
24. Grants shall not be used for the following purposes:
- (a) expenditures unrelated to the operation of a community museum, its programs or services;
 - (b) remuneration to a member or officer of the applicant's Board of Directors;
 - (c) salaries and wages, benefits, mandatory contributions or employment-related benefits to full and part-time employees, except as outlined in section 22(1)(b)(v);
 - (d) consulting fees to a member of staff or member of the Board of Directors;
 - (e) debt retirement other than a mortgage;
 - (f) investments or savings;
 - (g) awards or prizes, banquets, dinners, receptions, souvenirs, personal gifts, or donations;
 - (h) scholarships or bursaries;
 - (i) the purchase of goods for resale;
 - (j) furnishings and interior décor, except where associated with exhibits or museum programming;
 - (k) fundraising;
 - (l) lease, insurance, registration, inspection, repairs or maintenance of a private vehicle; or
 - (m) retroactive expenditures or pre-payment of expenditures for goods and services to be utilized in the following fiscal year.

Application Evaluation

25. The following criteria shall be used to evaluate applications for Council's consideration:
- (a) the incremental impact of municipal funding;
 - (b) the extent of public access;
 - (c) the significance of the collection;
 - (d) the applicant's demonstrated standards of practice, including completion of the *Museum Evaluation Program* or formal application to or acceptance into the program as applicable;
 - (e) confirmation of property ownership, lease or license agreement, or letter of agreement and the terms attached thereto;

- (f) all municipal, provincial and federal government funding, including any indirect or in-kind assistance to museum operations;
- (g) the proportional cost of museum operations as distinct from unrelated or ancillary programs and services;
- (h) reliance on volunteer labour and self-directed fundraising and/or earned revenues;
- (i) financial stewardship as demonstrated through the submission of itemized financial statements; and
- (j) outstanding obligations of the applicant to the municipality, including overdue reporting as part of a grant program, tax or rent arrears, and any other amounts owed to the municipality.

Application Review Process

- 26. Applications shall be reviewed by staff and a recommendation report submitted to the HRM Grants Committee, for recommendation to Regional Council.
- 27. Applicants will be notified promptly if their application is ineligible.
- 28. Final approval of all applications for a grant, and the amount thereof, is a decision of Council at its sole discretion.
- 29. Approval of grants is conditional upon Council's approval of the annual program budget.
- 30. Owing to limited funds, not all eligible applicants may receive funding.
- 31. Notification of the decision of Council will be communicated to applicants.

Conditions of Approval and Payment of Grants

- 32. Grant monies will be dispersed in full upon approval of the application.
- 33. (1) The recipient of a multi-year operating grant shall provide an annual report to the municipality that includes the prior year's financial statement and a brief summary of expenses and/or activities supported by the municipality's grant, including a description of the impact of the municipality's grant on the museum and the collection, within 30 days of the date stated in the award notification letter.

(2) Failure to submit a report as required by subsection (1) will result in suspension of eligibility pending receipt of reporting, and may result in the reduction of the amount of any subsequent grant, proportionate to the duration of the default.
- 34. The recipient of a project grant shall provide a report to the municipality by March 31 of the end of the fiscal year for which the grant is awarded. The criteria for reporting includes:
 - (a) total project costs;
 - (b) proof of expenditures; and
 - (c) a description of the final project, including confirmation of the project's commencement and information on the completeness of the project.
- 35. In the event that the operations of the applicant cease or are diminished, or should a project, in part or in whole, not be completed as described in the application, applicants must notify the municipality and may be required to repay the grant.

Review

36. Prior to the expiration of the term of this grant program, the Director of Finance may provide a report and recommendations to Regional Council to consider repeal, continuation, or amendment in accordance with the municipality's proposed Culture and Heritage Priorities Plan.

General

37. Nothing in this Administrative Order shall be interpreted to limit or otherwise prescribe Council's general discretion to provide grants under the *Halifax Regional Municipality Charter*.

Done and passed in Council this XX day of XXXXXXXX, 2018.

Mike Savage, Mayor

Kevin Arjoon, Municipal Clerk

I, Kevin Arjoon, Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above noted Administrative Order was passed at a meeting of the Halifax Regional Council held on [month], [day], [year].

Kevin Arjoon, Municipal Clerk