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Item No. 2
Audit and Finance Standing Committee
February 19, 2020

TO: Chair and Members of Audit and Finance Standing Committee
Original Signed

SUBMITTED BY: _____
Jane Fraser, Director of Finance and Asset Management & ICT, CFO

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: November 20, 2019

SUBJECT: Municipal Funds Dispersed through Grants

INFORMATION REPORT

ORIGIN

January 22, 2018 Motion of Audit & Finance Standing Committee

THAT the Audit and Finance Standing Committee request a staff report outlining the total amount of Municipal funds expended on funding programs, grants, tax breaks, subsidies, donations and any in-kind financial support given to groups, organizations, and individuals annually for fiscal years 2014/15 to 2016/17 and conduct a jurisdictional scan to review this data alongside that of comparable municipalities.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S. 2008, c. 39

7A The purposes of the Municipality are to

- (a) provide good government;
- (b) provide services, facilities and other things that, in the opinion of the Council, are necessary or desirable for all or part of the Municipality; and
- (c) develop and maintain safe and viable communities.

79A (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if

- (a) The expenditure is included in the Municipality's operating budget of capital budget or is otherwise authorized by the Municipality;

Administrative Order One, Schedule 2: The Audit and Finance Standing Committee

4. The Audit and Finance Standing Committee shall:
- (f) review, as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the CAO and the Committee

BACKGROUND

In general, municipal “grants” are managed under formal, annually recurring programs that include eligibility criteria, a prescribed application format, funding thresholds, evaluation criteria, and reporting requirements. Typically, these programs issue a cash payment. Regional Council also approves contributions outside of annual grant programs, typically as a cash payment. The municipality also provides financial assistance through an array of ‘indirect’ means including: full or partial tax relief; less than market value property sales or leases which in some cases include the payment of capital or operating costs over-and-above a discount sale price or rental rate.

At present, donations, grants and contributions are managed through various municipal departments. They are responsible for the administration and review of their own grants and municipal assistance programs. Although most grant payments or financial concessions are to registered non-profit and charitable organizations there are exceptions enabled by legislation

DISCUSSION

The HRM Charter does not include a definition of “grant”. This term is commonly used to refer to a sum of money given by a government or other organization for a specific purpose. For the purpose of this report, the term “grant” has been interpreted to include:

- the transfer of money or assets to unrelated organizations wherein the recipient has no contractual obligation to the Municipality to provide assets, goods, or specific municipal services;
- the payment of capital or operating expenditures unrelated to the acquisition of municipal assets, or the delivery of a municipal program or service; and
- revenues forgone by the Municipality unrelated to the provision of a municipal program or service including municipal expenditures not recovered from the recipient of a less than market value property sale or lease.

Grants can be an effective tool to achieve specific outcomes whether it is to support alternative service delivery of municipal services, support community initiatives, or simply to provide sustainable funding for community organizations. Used properly grants can better leverage outcomes.

HRM operates grant programs through a combination of Administrative Orders and Council resolutions. The major programs include the Community Grants Program, Marketing Levy, Special Events Reserve Grants, Regional Special Event Grants, Grants to Professional Arts Organizations, Rural Transit, Seniors Snow Removal and Volunteer Search and Rescue. There are several other granting mechanisms as well as individual grants, and payments in kind. The municipality also provides financial assistance through an array of ‘indirect’ means including: full or partial tax relief; less than market value property sales or leases which in some cases also includes the payment of capital or operating costs.

In addition, Councillors have direct access to District Funds. The purpose of these funds is to provide a simple and responsive method of providing financial support to non-profit organizations in the community through discretionary grants provided by district councillors, and to supplement funds that are provided for in the Halifax Regional Municipality Operating and Capital Budgets. The expenditure of all such funds is

fully disclosed in the quarterly projections submitted to Regional Council through the Audit and Finance Committee.

Lastly, Council has the authority to award grants outside of a formal program, often through the use of a contribution agreement.

The table below summarizes total funding by type of funding assistance provided. The annual average amount from 2014/15 through 2016/17 is approximately \$12.6 million.

Table One
Municipal Funds Dispersed through Grant Programs and Other Assistance

	2014-15	2015-16	2016-17
Community Grants Programs	382,625	374,387	432,751
Marketing Levy Special Events Reserve Grants	1,510,500	1,125,250	1,277,800
Regional Special Events Grants	n/a	35,000	369,600
Professional Arts Organizations	298,000	360,000	360,000
Ground Search & Rescue	138,500	137,500	140,000
Heritage Incentives ¹	69,029	124,808	129,505
Grants for Rural Transit	46,348	97,500	115,790
Halifax Explosion	0	138,407	76,480
District Activity Fund - Councillors	67,520	66,000	69,000
District Capital Fund - Councillors	1,038,262	1,327,063	1,017,445
Seniors Snow clearing	400,000	400,000	476,570
Halifax Regional Trails - Capital Funding Agreement (Capital Budget)	845,000	1,211,000	1,201,000
Sale of Surplus Properties below market value - Community Interest (A050)	<u>180,000</u>	<u>8,300</u>	<u>57,000</u>
Total Grant Programs - Non-Profits and Individuals	4,975,784	5,405,215	5,722,941
Barrington Street Heritage Incentives	123,986	120,106	120,463
BID Contribution Fund Grants	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>
Total Grant Programs to Business	230,986	227,106	227,463
Tax Relief for Non-Profits	3,033,315	3,331,640	3,726,694
Low Income Property Tax exemptions	1,355,705	1,276,300	1,200,575
Fire Protection Rate - Churches, Cemeteries, Others	<u>78,230</u>	<u>61,342</u>	<u>54,034</u>
Total Tax Relief Programs	4,467,250	4,669,282	4,981,303
Grants by Resolution of Regional Council:			
Discovery Centre	0	0	2,000,000
Engage Nova Scotia	0	0	50,000
Citadel Army Museum	0	0	25,000
Atlantic Agricultural Fall Fair	0	0	20,000
NS Archaeology Society	0	0	5,475
Navigator Outreach Program	0	0	45,000
Property Leases at less than market value (Attachment One)	1,297,850	1,240,468	1,238,756
Operating Grant - Discovery Centre	145,000	145,000	145,000
Operating Grant - Lake District Recreation Association	0	0	50,000
Grant in Kind (Repairs, Maintenance) - Crichton Community Centre S	38,650	29,270	40,290
Grant in Kind (Oil Bill) - Dartmouth Seniors Centre	<u>54,139</u>	<u>33,602</u>	<u>44,023</u>
Total Other Municipal Assistance	1,535,639	1,448,340	3,663,544
Total Grants Programs and Other Assistance	11,209,658	11,749,943	14,595,251

¹ Heritage Incentives Program includes assistance to business.

For the years 2014/15 and 2015/16 the total Municipal Funds dispersed through Grants and Funding Programs was \$11.2 million and \$11.7 million. In 2016/17 the total was \$14.6 million. The increase of \$2.9 million can be attributed primarily to the increase in contributions by resolution of Council. When those one-time items are removed, the major costs for grants and funding programs are through the Marketing Levy and Special Events Grants, District Capital Fund, Property Leases at less than market value, Halifax Regional Trails and Tax Relief. These items represent approximately 80% of total costs and the normalized annual average cost for the three years under review is \$11.8 million.

Comparing grants expenditures across Canadian cities is difficult due to the variation in reporting, service delivery and the lack of a standard definition of grants. There is no standardized reporting of grants or tax expenditures and the information for many cities is either not readily available or lacks clarity. HRM Financial staff reviewed audited financial statements for several peer cities but cannot confirm that the data is comparable. The data does show that Halifax has significantly higher grants than those cities, but only before adjusting for population size.

Table Two – Grants Expenditures (\$ millions)

Cities	2014	2015	2016
Kitchener	4.192	3.031	4.214
Victoria	5.60	6.420	6.019
St. John's	6.623	6.373	6.145
Halifax	11.209	11.749	14.595

**Table Three - Grants Expenditures
as a percent of Operating Budget**

Cities	2014	2015	2016
Kitchener	3.95%	2.80%	3.79%
Victoria	2.67%	2.96%	2.72%
St. John's	2.42%	2.29%	2.15%
Halifax	1.58%	1.66%	2.06%

There are a number of factors that may affect the comparability of the data:

- Some municipalities may not exempt non-profits from taxation, hence while grants may appear higher there may be an offsetting tax bill;
- Other municipalities provide grants to businesses while HRM is restricted from doing so. Hence grants to community groups could be comparable to HRM with the difference being grants to business;
- Different cities have responsibility for providing different types of municipal services;
- Some cities may provide a service through their own staff while others provide the service through grants to outside agencies;
- Halifax tends to be more dependent on tax revenues than most other cities. Hence other cities may be able to fund grants through sources other than simply raising tax levels.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from the information in this report.

COMMUNITY ENGAGEMENT

Not applicable. This is an Information Report only.

ATTACHMENTS

Attachment One – Property Leases at less Than Market Value

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: Jean Myatt, Senor Financial Consultant, Phone 902.579.7341

Attachment One
Property Leases at less Than Market Value

	2014-15	2015-16	2016-17
211 NS - 21 Mount Hope Avenue	18,750	18,750	18,750
Abenaki Canoe Club - 22A Swanton Drive	33,999	33,999	33,999
Association for Special Needs - 82 Cobblestone Lane	2,099	2,099	2,099
Bedford Leisure Club & Bedford Lawn Bowls - 1800 Bedford Highway	71,399	71,399	71,399
Bedford Sackville Learning Network Society - 409 Glendale Drive (Sackville Sports Stadium)	642	642	642
Canadian Mental Health Authority - 2786 Agricola Street	12,954	-	-
Canadian Sports Centre Atlantic - 26 Thomass Raddall Drive, Halifax, NS	23,444	23,444	23,444
Canoe Kayak Canada: Atlantic Division - 34 Boathouse Lane	10,050	10,050	10,050
Dartmouth Daycare Centre - 28 Caledonia Road	4,199	4,199	4,199
Dartmouth Dragon Boat Association - Grahams Grove	2,999	2,999	2,999
Dartmouth Lawn Bowling Club - 2 Mount Hope Avenue	7,799	7,799	7,799
Ecology Action Centre - Bike Again Program - 2786 Agricola Street	3,600	-	-
Fort Sackville Foundation - 15 Fort Sackville Road (Scott Manor House) and 31 N John Gorham La	58,775	58,775	58,775
Halifax Alta Gymnastics Club - 3360 Barnstead Lane (formerly 6957 Bayers Road)	35,900	35,900	35,900
Halifax City Soccer Club - 3380 Barnstead Lane	4,248	-	-
Halifax Junior Bengal Lancers - 1690 Bell Road	106,117	106,117	106,117
Halifax Rowing Club - 1641 Fairfield Rd. (St. Mary's Boat Club)	13,320	13,320	13,320
Homes for Independent Living - 2505 Oxford Street	46,433	46,433	46,433
Independent Living Nova Scotia - 2786 Agricola Street	13,392	-	-
Kinap Athletic Club - 181 Greenough Drive	13,185	13,185	13,185
Kinsmen Club of Dartmouth - 30 Caledonia Road	6,851	1,713	-
Knights of Columbus Council 1097 - 2786 Agricola Street	8,400	-	-
Lakeshore Curling Club - 409 Glendale Drive (Sackville Sports Stadium)	153,780	153,780	153,780
Lions Club of Sackville - 101 Beaverbank Road, Lot AB	73,815	73,815	73,815
Manna for Health - Food Bank - 2786 Agricola Street	900	-	-
Mooseland and Area Community Association - 4032 Mooseland Road	13,139	13,139	13,139
North Harbour Housing Cooperative Limited - 3589-3635 Lynch Street	89,999	89,999	89,999
North Star Rowing Club - 20 & 24 Boathouse Lane (Oakwood House)	66,255	66,255	66,255
Northern Lights Senior's Club - 2786 Agricola Street	8,750	-	-
Orenda Canoe Club - 3170 Highway #7	6,299	6,299	6,299
Rocky Road Housing Cooperative Ltd. - 3640-3667 Lynch Street	89,999	89,999	89,999
Sackville Kinsmen Club - 71 First Lake Drive (Kinsmen Park)	15,699	15,699	15,699
Senobe Aquatic Club - 6 Nowlan Street	29,999	29,999	29,999
Shakespeare by the Sea Theatre Society - 5480 Point Pleasant Drive	23,390	23,390	23,390
Soccer Nova Scotia Training Centre Inc & Soccer Nova Scotia - 210 Thomas Raddall Avenue	77,900	77,900	77,900
South End Community Day Care Centre - 5594 Morris Street	35,655	35,655	35,655
Spencer House Seniors Centre - 5596 Morris Street	27,720	27,720	27,720
St. Mary's Lawn Bowls - Fairfield Road	59,999	59,999	59,999
Torrington Residents Assoc. - 70 Navigation Way (formerly 70 Torrington Drive)	17,499	17,499	17,499
Wanderers Lawn Bowls - 5759 Sackville Street	8,499	8,499	8,499
Total	1,297,850	1,240,468	1,238,756