

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 
Jacques Dubé, Chief Administrative Officer

DATE: July 10, 2020

SUBJECT: **Community Grants Program 2020: Referrals**

SUPPLEMENTARY REPORT

ORIGIN

July 7, 2020 – Regional Council approval of forty-one (41) awards under the 2020 Community Grants Program and approved two (2) motions of referral:

That Halifax Regional Council refer #71 Sheet Harbour Chamber of Commerce application back to staff for reconsideration and a supplementary report; and

That Halifax Regional Council refer #65 Dartmouth Dragon Boat application back to staff for reconsideration and a supplementary report.

LEGISLATIVE AUTHORITY

HRM Charter, S.N.S 2008, c.39

Section 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 or capital budget or is otherwise authorized by the Municipality;

...

Section 79C (1) The Council shall adopt a policy that requires the Municipality to disclose to the public the recipients of grants made by the municipality and the amount of those grants.

(2) A policy adopted under subsection (1) must include the

(a) frequency and timing of disclosure;

(b) content to be included in a disclosure; and

(c) form in which the disclosure must be made.

(3) A policy adopted under subsection (1) may include any other matter that the Council considers necessary or reasonable to carry out effectively the intent and purpose of this policy.

HRM Grants Committee Terms of Reference. The duties of the HRM Grants Committee are to:

4.1 Advise Regional Council on all matters related to the allocation of grants, as defined by Regional Council.

- *Administrative Order 2020-009-ADM Respecting Recommendations for the Allocation of Grants and Withdrawals from Reserves During COVID-19.*

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Suspend the Rules of Procedure under Administrative Order One of the Procedures of the Council Administrative Order under Schedule 2 the Audit and Finance Standing Committee Terms of Reference;
2. Approve a grant of \$2,000 to the Dartmouth Dragon Boat Association towards the purchase of equipment; and
3. Approve a conditional capital grant in the amount of \$25,000 to the Sheet Harbour Chamber of Commerce towards the construction and installation of floating docks from Operating Account M311-8004 Community Grants.

BACKGROUND

The approval of awards under the Community Grants Program includes a referral process whereby a member of Regional Council may request, by motion, an application be referred to staff for further review. Such referrals may include applications not recommended for funding or reconsideration as to the value of an award or the terms and conditions of funding. Such motions are approved by a simple majority. Given that all applications have been evaluated using the information provided by the applicant and staff's due diligence referrals are strengthened if a rationale is provided.

DISCUSSION

65. Dartmouth Dragon Boat Association – Dartmouth – Project Grant/Equipment

The Association operates out of a building leased from HRM at less than market value located at Graham's Grove, Lake Banook. Operations are sustained by membership dues, a race league, HRM program fees, and fundraising. In 2020, the Association requested a grant of \$4,933.94 to fully fund the purchase of twenty-five (25) paddles and a custom paddle storage rack. The application was declined due to the lack of an explanation as to the need to purchase this equipment from sources outside Nova Scotia and Canada which increases the cost of shipping and incurs duty, or for the selection of higher-prices paddles:

- Twenty-five (25) *Kialoa Festival* paddles imported from the United States of America (\$3,050.44) plus shipping (\$333.50) for a total cost of \$3,383.94 or \$169.19 per paddle.
- A dragon boat paddle rack imported from Singapore costing \$1,050 plus \$500 shipping and duty for a total cost of \$1,550.

Following Council's motion of referral staff requested clarification with respect to the following:

- The necessity to import paddles from the United States rather than Canadian sources and the cost per paddle which were described in the application as for "recreational" programs.
- The need to import a paddle rack in preference to local sources.
- The lack of a cost-share.

The Association has confirmed the paddles are not just for recreational users and the model selected can be used by competitive crews in festivals. The more expensive carbon-fibre paddle was also selected for durability. The request for funds to purchase a storage rack was withdrawn based on (i) plans for a new building at Graham's Grove that may have suitable storage and (ii) the option to build using local suppliers/materials. The rationale for requesting full funding was based on a reduction in revenues due to COVID-19 restrictions: boats will now hold an 8-person crew not 20 as per 'normal' operations. Partial funding is recommended whereby HRM contributes \$100 per paddle and the Association either (a) contributes the balance to purchase higher priced carbon-fibre paddles, or (b) may elect to purchase a smaller quantity and phase additional inventory as funds permit¹.

A grant of \$2,000 is recommended towards the purchase of paddles to loan to dragon boat program and event participants.

71. Sheet Harbour Chamber of Commerce – Sheet Harbour – Capital Grant/Facility Development

The Sheet Harbour Chamber of Commerce ("the Chamber") is a registered society that represents the business interests of its membership and promotes business development in Sheet Harbour and vicinity. Operations are sustained primarily by course fees, a municipal less than market value lease and tax relief, government grants, and rental income. In 2020, a capital grant of \$25,000 was requested towards the construction and installation of floating docks as part of a larger economic development project to re-furbish a portion of a former fish processing plant and operate a marina in collaboration with Millbrook First Nations. The estimated cost of the total development project is \$380,663. A recommendation to decline was based on:

- only 16% of the estimated funding was confirmed at the time of application - the project appeared to be in the conceptual/design stage and an ability to complete the project was unconfirmed; and
- the Community Grants Program does not fund economic development therefore it is necessary to identify which element(s) align with the Recreation category's focus on support for facilities, programs, and services that promote physical fitness and opportunities for broad-based participation (affordability). Specifically, the priority outcomes include entry-level and developmental programs, facilities in under-served communities, and affordability.

Following Council's motion of deferral staff requested clarification with respect to the following:

- the civic address for the marina's location and confirmation of ownership or leasing;
- ownership of the floating dock (this is not a fixed asset and is removed/stored seasonally);
- name of federal and provincial funding programs; and
- confirmation of recreational use.

The Chamber has confirmed that the subject property is owned by the Millbrook First Nations, located in Sheet Harbour, and that a lease is to be executed between the two parties for a portion of the building and wharf. Regarding cost sharing, funding is anticipated from the Provincial Government. Confirmed and unconfirmed funding partners include:

Federal	ACOA	Innovative Communities Fund	\$186,506.20
Provincial	Develop NS	Working Waterfronts Strategy and Marine Visitation Plan	\$160,000
Chamber of Commerce			\$10,000 ²
Corporate Funders			\$2,100

¹ The Association might also investigate their eligibility under the *COVID-19 Emergency Support for Cultural, Heritage and Sport Organizations*. The application deadline is September 1, 2020. Details are posted online at: www.canada.ca.

² For the purpose of this review an amount of \$10,000 attributed to the Sheet Harbour Chamber of Commerce is taken to be a request for this amount from the 2020 *District Capital Fund* pending the outcome of the society's application to the Community Grants Program. If a capital grant of \$25,000 is approved HRM's combined funding towards floating docks represents ~21% of the estimated cost.

The Community Grants Program does not fund leasehold improvements (Guidebook, p.13) but because the docks are a temporary installation and removed annually, they are not considered fixed assets. However, a copy of a signed lease agreement is recommended to confirm the duration of access to that portion of the wharf that will accommodate the docks. The floating docks are estimated to cost \$163,163 (quotes provided). A grant of \$25,000 represents ~15% of the estimated cost. The Chamber has confirmed that although initially the docks will serve the pleasure craft and sailing community the intent is to include kayaking, paddle boarding and other recreational activities in the future. The docks will be owned by the Chamber and accessed over that portion of the wharf leased for the development and operation of a marina.

A conditional capital grant in the amount of \$25,000 is recommended towards the construction and installation of floating docks located at Church Point Road, Sheet Harbour, and confirmation of cost-sharing to complete the floating dock. A holdback is recommended pending the execution of a lease agreement between the Sheet Harbour Chamber of Commerce and the Millbrook First Nations for that portion of the wharf owned by the Millbrook First Nations that will accommodate floating docks for a marina and recreational users.

Note: Because the premises are to be leased from an unrelated third party (a First Nations government) future funding under the Community Grants Program may be restricted. Consultation in advance of any future funding submission to confirm the eligibility of a project and specific expenditures is advisable.

FINANCIAL IMPLICATIONS

Community Grants Program 2020 Budget M311-8004	\$500,000
Less Approved Awards (41) July 7, 2020	(\$370,804)
Less Proposed Awards (2)	(\$27,000)
Balance	\$102,196

RISK CONSIDERATION

Low. The primary risk associated with cash grants are representational (accuracy of information), financial misappropriation or loss, and reputational risk to the Municipality.

COMMUNITY ENGAGEMENT

For the purpose of the supplementary review the two (2) applicants, Sheet Harbour Chamber of Commerce and the Dartmouth Dragon Boat Association, were asked to provide additional written clarification July 9, 2020.

Due to the COVID-19 pandemic meetings of the HRM Grants Committee have been suspended.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

Regional Council could overturn a staff recommendation to awards a grant, amend the value of an award or the terms and conditions of funding.

ATTACHMENTS

None.

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 & ICT, 902.490.5469; Peter Greechan, Community Developer, Grants & Contribution, Finance, Asset Management & ICT 902.490.7310.
