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**Information Item 1
Grants Committee
September 11, 2023**

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Cathie O'Toole, Chief Administrative Officer

DATE: June 13, 2023

SUBJECT: HRM Community Grants Program: Fiscal 2023 Referrals

SUPPLEMENTARY REPORT

ORIGIN

June 6, 2023, Halifax Regional Council [Item 15.4.1].

MOVED by Deagle Gammon, seconded by Councillor Kent

THAT Halifax Regional Council:

1. Approve sixty (60) awards as detailed in Attachment 2 of the staff report dated May 17, 2023, for a combined total of \$473,275 from Operating Account M311-8004 Community Grants; and
2. Refer the following applications to the Administration for reconsideration:
 - a. Porter's Lake Community Services Association – Porter's Lake and return to Regional Council.

MOTION PUT AND PASSED

LEGISLATIVE AUTHORITY

- ***Halifax Regional Municipality Charter, SNS 2008, c 39***

Section 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.

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;

Recommendation on Page 2

- **Administrative Order 2022-005-ADM Community Grants Program Mandatory Final Report and Default Penalty**

44. The recipient of a grant shall submit a final report by the reporting deadline stated on the form provided by the Municipality, which shall include proof acceptable to the Municipality of expenditures funded using the grant.

45 (1). A grant recipient that fails to submit a final report by the stated deadline shall have its eligibility to apply for grants under this Administrative Order suspended for a term not to exceed three (3) consecutive years.

(2) An applicant may have their eligibility restored prior to the end of the term of suspension under subsection (1) upon the Municipality receiving the final report with proof to the satisfaction of the Municipality funded using the Municipality's grant.

(3) Where eligibility is restored pursuant to subsection (2), it will be effective for grant applications for the following fiscal year.

- **Administrative Order 2019-007-ADM Respecting Public Disclosure of Municipal Grants**
 - **Administrative Order 54 Respecting Procedures for the Development of Administrative Orders**

RECOMMENDATION

It is recommended that Halifax Regional Council decline the funding request from the Porters Lake Community Association in fiscal 2023.

BACKGROUND

In 2022, the Porter's Lake Community Association ("the Association") applied to the Community Grants Program for \$25,000 towards replacing the original roof shingles with a more expensive but more durable, metal roof costing \$33,500. Quotes provided. The Association's confirmed contribution was stated as \$8,350. As presented, HRM's funding represented 75% of the estimated cost and the Association's commitment was 25%. A Capital Grant in the amount of \$15,000 was approved with a holdback pending confirmation that the project could proceed given a difference of \$10,150. Subsections 44 and 45 of Administrative Order 2022-005-ADM require grant recipients submit a final report and proof of expenditures funded using a grant issued under the Community Grants Program, and the consequences for non-compliance. The Association's report on expenditures for the \$15,000 grant was due on or before March 31, 2023. The Association failed to meet this obligation and their application to the 2023 program was deemed ineligible for consideration in accordance with policy. Following publication of the May 25, 2023, Grants Committee meeting agenda, a final report dated May 25, 2023, was submitted by the Association indicating that the actual project cost was reduced by 50%, from \$33,500 to \$15,467.50. HRM's grant was spent in full representing 97% of actual costs and the Association's contribution was \$467.50 (3%).

This report addresses Regional Council's motion of June 6, 2023, which referred the Association's application to the 2023 program for a Capital Grant in the amount of \$25,000 towards a replacement tennis/pickleball court to staff for further review. For funding to be considered in this fiscal year, Regional Council would have to amend Administrative Order 2022-005-ADM with regard to the application of subsection 45 (3) of policy in 2023 under which eligibility would be restored next year (not in 2023).

EXECUTIVE SUMMARY

Staff recommend that policy be upheld with respect to applicants who have not met their obligation to account for the expenditure of public funds. Further, the commencement of construction suggests that the Association has confidence in their ability to complete the project in this fiscal and may elect to do so using investments, additional fundraising, or to phase the project as funds permit.

DISCUSSION

Policy Rationale: The new Administrative Order 2022-005-ADM was approved by Regional Council on December 13, 2022, and a new program guide published to help prospective applicants understand the program’s policies and procedures. To amend policy within six to nine months of implementation could result in unintended consequences that compromise the integrity of the program. For example, inconsistency in the application of policy can result in program participants’, or prospective applicants, having very different experiences depending upon which employee they interact with and the means or timing of notification of Council’s decision. Further, the program has a broad scope of participation resulting in significant differences in the capacity for self-representation.

Reporting Non-Compliance Policy Rationale: Section 44 of policy is intended to manage the risk of misrepresentation or misappropriation of public money. Section 45 incentivizes compliance by suspending eligibility for further funding for a minimum of one year. However, the duration of ineligibility cannot exceed three consecutive years so as to be reasonable, proportional to the scale of risk, and efficient to administer. To amend current policy to address an organization’s ineligibility (including causes other than non-reporting) could pose reputational risk to the Municipality if perceived as favouritism, especially when compared to those who have followed policies and procedures and do not receive funds.

2023 Initial Application : The Association’s application to the 2023 Community Grants Program was received on February 28, 2023. A Capital Grant in the amount of \$25,000 was requested towards replacement tennis courts. The breakdown of project costs was as follows:

Removal of existing asphalt and replacement	\$102,074
Temporary fencing removal and reinstallation	\$ 10,000
Painting court lines	\$ 1,000
Contingency for cost overruns	\$ 6,926
Total	\$120,000

The identified project funding sources were:

NSCCT&H ¹	\$39,000	Unconfirmed	
ACOA ²	\$25,000	Unconfirmed	
HRM	\$25,000	Unconfirmed	Community Grants Program
HRM	\$10,000	Confirmed	District Capital Fund
Association	\$10,400	Confirmed/Unconfirmed ³	Fundraising
Association	\$10,000	Confirmed	Investments ⁴
Total	\$120,000		

The request was deemed ineligible for consideration because the applicant was in default of their reporting obligations for a \$15,000 Capital Grant issued in 2022.

¹ Nova Scotia Department of Communities, Culture, Tourism & Heritage: Facility Development Grant Program.

² Atlantic Canada Opportunities Agency.

³ As of February 27, 2022, the Association had raised \$5,500 of their \$10,400 goal.

⁴ The financial statement provided with the 2023 application shows a small operating deficit but investment holdings of \$45,060.

Revised 2023 Submission: Following Council's motion of referral, the Association sent a revised estimated project cost of \$89,338.42, a decrease of \$7,488 in projected costs and an update on funding sources as of June 7, 2023. The Association revised their grant request to \$23,174.01 to represent the "total remaining unfunded". Staff requested further clarification with respect to the change in project costs and any updated quotes, as applicable, and the reduction in the Association's cost-share. This information was received June 12, 2023.

A reduction in cost is attributed to the purchase of surface refinishing directly from the supplier, thereby avoiding a contractor mark-up previously incorporated in the demolition and asphalt replacement quote; this represents a saving of approximately \$9,000.

Removal of existing asphalt and replacement	\$44,880 + HST ^{note 1}
Acrylic surface/line painting (2 courts)	\$40,000 + HST ^{note 2}
Temporary fencing removal and reinstallation	\$10,000+ HST
Sub-Total	\$94,880
HST	\$14,232
Total	\$109,112

Notes:

1. The HST values have been calculated by staff and added to the projected costs listed above.
2. The quote for acrylic/colored surface finish noted that the product will be applied to new asphalt and therefore asphalt repair was not anticipated; this amount (\$4,500) has been deducted from the costs presented above by HRM staff.
3. A quote was not provided for fencing; this value is taken from the original submission and an assumption has been made that HST was not included but has been calculated by staff and included in the HST total of \$14,232.

Revised funding sources and status were as follows:

NSCCT&H	\$39,600	Confirmed	
ACOA	\$28,533.15	Confirmed	
HRM	\$10,000	Confirmed	District Capital Fund
Association	\$11,205.27	Confirmed	Fundraising as of June 2023
Total	\$ 89,338.42		

For clarification, the Association was asked to (a) explain why their initial contribution of \$20,400 comprising \$10,400 in fundraising and \$10,000 from investments had been reduced, and (b) confirm a construction start-date and anticipated project completion timeline. The Association stated they would prefer to reduce their contribution to the project and use the funds for other unspecified "potential program or building costs". The demolition of the existing tennis amenities commenced in June and is expected to be completed by September 2023. Any municipal funding in addition to the \$10,000 from the District Capital Fund would be used "to pay for part of the new courts and possibly the fencing depending on the timing of invoices".

FINANCIAL IMPLICATIONS

Community Grants Program budget 2023/24	\$500,000
Approved Awards (60)	(\$475,275)
Balance	\$24,725

RISK CONSIDERATION

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

The consistent application of policy upholds the integrity of the Community Grants Program. An amendment to subsection 45(3) of policy to enable further consideration of an applicant in default of their obligations could pose reputational risk to the Municipality. For example, in relation to other three groups disqualified for not fulfilling their reporting obligations or those groups who received and reported on a prior grant but not recommended for funding in this year's program⁵.

COMMUNITY ENGAGEMENT

No Community Engagement was required.

ENVIRONMENTAL IMPLICATIONS

No Environmental Implications were identified.

ALTERNATIVES

Halifax Regional Council could direct staff to prepare a supplementary recommendation report with draft amendments to Administrative Order 2022-005-ADM, including an analysis of risk, and any financial or administrative implications to accept the funding request from Porters Lake Community Association.

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, Finance & Asset Management 902.490.5469; Peter Greechan, Finance & Asset Management

⁵ Report to May 29, 2023, meeting of Grants Committee, HRM Community Grants Program: Fiscal 2023 – Recommended Awards, dated May 17, 2023, Attachment 4 [Item 9.1.1].