



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

Item No. 9.1.1 (i)
Grants Committee
November 18, 2019

TO: Chair and Members of the Grants Committee

SUBMITTED BY: Original Signed
Jane Fraser, CFO/Director of Finance, Asset Management & ICT

Original Signed
Jerry Blackwood, A/Chief Administrative Officer

DATE: July 23, 2019

SUBJECT: Community Grants Program 2019: Referrals

SUPPLEMENTARY REPORT

ORIGIN

June 18, 2019 – Regional Council approved the Grants Committee recommendation to refer the applications from Akoma Holding Incorporated and MusGo Rider Cooperative Limited not recommended for funding to staff for further consideration pending receipt of the required financial and work progress reporting from the applicants; and

Approved a motion to amend the motion with the addition to refer the Banook Canoe Club's application back to staff for further consideration.

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; ...

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.

RECOMMENDATION

It is recommended that the HRM Grants Committee recommend that Regional Council approve:

1. A capital grant in the amount of \$4,760 to the MusGo Riders Cooperative Limited towards upgrades to the cooperative's new premises in Porter's Lake;
2. A capital grant in the amount of \$12,500 to the Banook Canoe Club to fully fund electrical upgrades to the clubhouse facility; and
3. A capital grant in the amount of \$16,000 to Akoma Holdings Incorporated towards the installation of an elevator in the former Nova Scotia Home for Coloured Children

at a combined total cost of \$33,260 from Operating Account M311-8004 Community Grants.

BACKGROUND

On June 10, 2019, the Grants Committee recommended Regional Council approve fifty-six (56) grants under the annual Community Grants program at a combined total cost of \$470,250 and refer Akoma Holdings Incorporated and MusGo Riders Cooperative Limited for further review. Typically, such requests are based on information unavailable during the standard review process. The rationale for referral is provided along with any additional documentation to guide a second review. Due to the withdrawal of one (1) applicant the number of awards was subsequently reduced to fifty-five (55). On June 18, 2019, Regional Council approved the committee's recommendation with one amendment, the referral of the Banook Canoe Club.

Following Council's decision, staff issued written notification to Akoma Holdings Incorporated, MusGo Riders Cooperative Limited, and the Banook Canoe Club of the referral and requested that additional documentation in support of the supplementary evaluation be submitted by Friday, July 11, 2019.

DISCUSSION

All recommendations were made within the context of program uptake and budget, including applicants in receipt of federal, provincial or municipal government funding. The value of recommended awards is a function of the balance remaining in Operating Account M311-8004.

DIVERSITY & INCLUSION

Tier 3

1. MusGo Rider Cooperative Limited – Musquodoboit Harbour – Project Grant/Facility Upgrades

In 2018, the cooperative purchased a former residence in Porter's Lake for use as an office with a meeting room. The property was acquired with a down-payment of \$80,000 from the cooperative and a 20-year loan from the Community Business Development Corporation (CBDC Bluewater)¹. The application to the 2019 Community Grants Program for a capital grant in the amount of \$14,250.27 was to fully fund two (2) elements: (i) upgrades to washrooms and the front entrance to enhance accessibility (\$13,127) and (ii) the purchase and installation of emergency lighting and exit signage including a minor electrical upgrade (\$1,123.02).

¹ The cooperative will pay pro-rated municipal taxes as of the date of ownership and it is anticipated they will make application to the 2020 municipal tax relief program.

The application stated that to be used for a non-residential purpose and secure an occupancy permit the facility has to be barrier-free and that the facility was "listed as a Comfort Centre with the Eastern Shore Joint Emergency Measures organization (ES-JEM)". The recommendation to decline funding was based on:

- an incomplete submission – a financial statement was not included;
- the application did not include written confirmation from HRM Fire & Emergency Services as a recognized municipal comfort centre and the facility rating (Guidebook, p.19); and
- consideration was also given to prior and current municipal funding including \$45,000 from the Community Grants Program (2016-2018), \$15,500 from the District Activity/Capital Fund (2016-2018), and operating assistance under the Rural Transit Grants Program.

On June 7, 2019, the applicant provided a copy of their 2018 financial statement and notification that they had applied to the Nova Scotia Department of Municipal Affairs: Community Access-Ability Program for a grant representing 66.6% of total project costs (\$7,602.39+HST). This funding was secured and the value of any HRM grant reduced to \$4,759.59 to complete the project. Although the applicant has requested full funding from government sources, the staff review has taken the recent property acquisition into account and the payment of full property tax in this fiscal year.

A grant in the amount of \$4,760 is recommended to fully fund the purchase and installation of emergency exit lighting/signage costing \$1,123.02 and a contribution of \$3,636.98 towards accessibility upgrades to enable issuance of a municipal occupancy permit.

RECREATION

Tier 2

2. Banook Canoe Club – Dartmouth – Capital Grant/Capital Improvement

The Club applied for a capital grant in the amount of \$25,000 towards the purchase and installation of three (3) heat pumps and electrical upgrades costing \$38,237.50 (HST included) for the society's clubhouse. The Club's contribution of \$13,237.50 was confirmed. The recommendation to decline funding was based on:

- the financial statement submitted indicated sufficient retained earnings to self-fund, possibly in combination with any energy efficiency rebate;
- the applicant did not demonstrate any non-municipal funding towards costs, an element that would have increased the merit of their application; and
- consideration was also given to prior and current municipal funding including \$8,500 from the Community Grants Program (2018), \$60,000 from the District Activity/Capital Fund (2016-2018), and full municipal tax relief (\$15,980 in 2019).

On July 19 the Club submitted an explanation as to why amortization was included as an expense², the Club is ineligible for an energy efficiency rebate because the project does not replace the facility's heating system with an electrical system³, and they have applied to the Nova Scotia Department of Communities, Culture & Heritage: Community Recreation Capital Grant Program for the replacement of the facility's front doors. Subsequent requests to the Halifax Foundation and masonic lodges have not realized any additional funding.

² The financial reporting is on an accrual basis not cash but did not include a statement of changes in financial position. The balance sheet indicates actual cash assets increased slightly over the prior year (2017) but are modest relative to a debt repayment obligation. The debt was acquired in 2011 for renovations to a structural beam, gymnasium flooring and basketball nets, new washrooms, siding, and canteen upgrades. The loan matures in 2021 but can be renegotiated for a further 5 year to 2026.

The following additional information was also provided:

- July 17, 2019 – electrical inspection report by Doucett Electrical Services indicated fire safety issues in relation to the current wiring and system overload. Replacement of the existing two-feed system with a single dedicated service, upgraded wiring, and outlet loading adjustments to meet building code standards are required.
- July 18, 2019 - correspondence from the heating system service technician retained by the Club, Ultramar Limited, confirms that one boiler is not functional and the other is nearing the end of its functionality (~40+ years old).

Overall, the financial information provided suggests that although earned revenues are robust, membership, program registration and fees essentially cover paid staff (wages and benefits) and bar/food sales, facility rentals, and fundraising cover core recurring operating costs. The absence of a capital reserve, or a robust capital fundraising campaign, represents risk in terms of an ability to adequately address preventive maintenance and facility repairs, both anticipated and unanticipated, and the risk of an over-reliance on government grant programs.

A grant towards electrical upgrades costing \$12,500 plus HST is recommended in accordance with the program's evaluation criteria which includes public safety (Guidebook, p. 8). Specifically, fire safety in relation to an overloaded and improperly designed electrical system.

A grant in the amount of \$12,500 is recommended towards electrical system upgrades to meet building code and address a documented fire safety hazard.

Grants and Contributions will invite representatives of the Banook Canoe Club to meet with respect to anticipated facility capital repairs and upgrades estimated to cost \$293,000 and any future application to the Community Grants Program.

LEISURE

Tier 2

For the purpose of this supplementary review the application from Akoma Holdings Incorporated was re-assigned from the History funding category to Leisure. Notwithstanding the cultural and historical significance of the former Nova Scotia Home for Colored Children building, the proposed development of the premises for "different events", commercial tenancy (a small restaurant or cafe, bed and breakfast, and sole proprietorships) and leisure activities for seniors, the nature of the expenditure/intended use was not a strong alignment with the History category's funding priorities. The Community Grants Program's focus is social, not economic development.

3. Akoma Holding Incorporated – Westphal – Capital Grant/Equipment

In 2019, the Akoma Holdings Inc, a registered society and Canadian charity, applied for a capital grant of \$25,000 towards the purchase and installation of an elevator (total estimated cost \$57,000+HST) in the former Home for Coloured Children ("the Home") which is being renovated as part of a larger long-term development project encompassing commercial, recreational and residential uses. Specifically, the applicant envisages re-use of the former Home for a small restaurant or cafe/bed and breakfast, small business tenancy, room rentals and assorted events.

The recommendation to decline funding was based on:

- what appeared to be a substantive change in intended use (commercial vs community) – in 2018 Akoma received a capital grant of \$25,000 under the Recreation & Leisure category towards

water/sewer infrastructure based on the intended use of the facility as a senior's complex with amenities for leisure and social programs, meeting rooms, and offices;

- a lack of alignment between the expenditure and the funding aims/priorities of the History category; and
- consideration was given to prior grants funding and discretionary municipal tax relief (the combined total value of tax relief in 2019 is estimated to be \$19,569 for three properties)⁴.

Staff also recommended that representatives of the society be invited to meet staff to confirm funding received to date, work completed, a schedule of work pending, and to confirm the intended use of the premises.

Further to Council's referral, the society was asked to provide clarification with respect to the intended use of the building, a progress report on funding and work completed to date.

- The projected cost for the project is \$2,500,000 and will be addressed in phases as finances permit.
- Phase 1, the building's exterior envelope, is expected to be completed in the summer of 2019 and includes foundation, footings, replacement roof, windows, exterior doors, siding, and the installation of an elevator shaft.
- To date, a total of \$1,485,000 has been secured: \$750,000 on the society's line of credit; \$400,000 from investments cashed; \$250,000 from ACOA: Canada 150 Program; \$50,000 from HRSDC⁵ for accessibility; \$10,000 from the Nova Scotia Department of Municipal Affairs: Community Access-Ability Program; and \$25,000 from HRM's Community Grants Program towards water infrastructure upgrades.
- A projected balance of \$1,500,000 is required to complete renovation of the Home.

The staff review also included consultation with HRM Planning & Development staff with respect to current zoning and permitted use(s)⁶.

- Akoma's proposal is not enabled under existing planning policy. A significant portion of the subject property, including the former Nova Scotia Home for Colored Children, is designated Urban Reserve (UR). This zoning designation was applied to the subject property and abutting properties due to the high cost of providing central water/sewer services to the area and to protect the lands for future development serviced by municipal infrastructure. Akoma has applied to HRM for amendments to the Cole Harbour/Westphal Municipal Planning Strategy ("MPS") and Land Use By-law ("LUB") to enable a mixed-use development. The redevelopment presents an opportunity to appropriately adapt the building for a use that is compatible with the cultural and historical significance of the building and planning staff recommended Council consider re-zoning a portion of the site⁷. Council initiated the MPS and LUB amendment planning process on October 2, 2018.

⁴ In 2019 Akoma will pay \$7,792 in tax.

⁵ Human Resources & Social Development Canada (now called Employment & Social Development Canada).

⁶ Report to Regional Council meeting of October 2, 2018, Case 21875: Municipal Planning Strategy amendments for the former Nova Scotia Home for Coloured Children in Westphal, dated August 29, 2018.

⁷ Staff advised that it is premature to consider re-zoning the entire site at this time because the entire development (including recreational amenities, institutional uses, affordable housing, and an educational facility as currently proposed) is expected to take 10 years or more and future development of the property should be explored comprehensively during the upcoming Regional Plan review.

Akoma is currently working on their concept plan and supporting technical studies for staff review and presentation to the broader community.

Funding is recommended based on the applicant's demonstrated investment and the proportional share of non-municipal funds. A meeting with society representatives and municipal planning staff is considered advantageous in relation to any future application to the Community Grants Program and the tax relief implications of redevelopment (ie. for-profit occupancy is not covered by HRM's tax relief program).

A capital grant in the amount of \$16,000 is recommended towards the purchase and installation of an elevator.

Should re-zoning be delayed, or the funds cannot be expensed and reported on or before March 31, 2020, there is the option to permit a carry-forward of up to 12 months (to March 31, 2021)⁸.

FINANCIAL IMPLICATIONS

Community Grants Program 2019 Budget M311-8004	\$500,000
Less Proposed Awards (55 awards)	(\$466,650) ¹
Balance as of June 3, 2019	\$ 33,350
Less Proposed Awards (3)	(\$ 33,260)
Balance	\$ 90

1. The original staff recommendation was amended due to the withdrawal of St. Michael's Church in anticipation of the building's pending closure (the recommended award of \$3,600 is included in the balance remaining as of June 3, 2019).

RISK CONSIDERATION

The primary risks associated with cash grants are representation (accuracy of information), financial misappropriation or loss, and reputational risk to the Municipality. The risk is considered low given internal controls, monitoring and reporting.

COMMUNITY ENGAGEMENT

Information regarding program eligibility, application timelines, applicant scoring, and previous awards are posted on the municipality's web site. Printed materials are also available from all Customer Contact Centres and the Corporate Call Centre. Public participation on the Grants Committee is convened through the office of the Municipal Clerk.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

⁸ In the event of a carry-forward eligibility for further funding under the Community Grants Program may be suspended.

ALTERNATIVES

The Grants Committee could make a different recommendation to Regional Council with respect to a particular grant application or amend the value of an award or the proposed terms and conditions recommended for funding. If amended, the rationale is provided in the Committee's report attached to this staff report and forwarded to Regional Council for consideration.

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 & Contributions
