

HALIFAX

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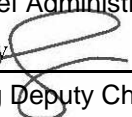
Item No. 14.1.11
Halifax Regional Council
November 22, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY:

Jacques Dubé, Chief Administrative Officer

Original Signed by 

Jane Fraser, Acting Deputy Chief Administrative Officer

DATE: November 21, 2016

SUBJECT: WE Day Atlantic 2016 Event Grant

ORIGIN

October 4, 2016 Regional Council Motion:

THAT Halifax Regional Council direct staff to prepare a report to the Audit and Finance Standing Committee in order to consider increased funding for WE Day Atlantic Canada 2016, and make a recommendation to Regional Council. MOTION PUT AND PASSED UNANIMOUSLY.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, Section 79 (1) The Council may expend money required by the Municipality... (av) a grant or contribution to

- (i) a society within the meaning of the *Children and Family Services Act*,
- (ii) a mental health clinic in receipt of financial assistance from Her Majesty in right of the Province,
- (iii) an exhibition held by an educational institution in the Municipality,
- (iv) a club, association or exhibition within the meaning of the *Agriculture and Marketing Act*,
- (v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province,
- (vi) a day care licensed under the *Day Care Act*,
- (vii) a registered Canadian charitable organization;

Administrative Order Number 2014-021-GOV: Respecting Regional Special Events Grants

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Waive the Rules of order to suspend the rules that the Audit and Finance Standing Committee approve this report and make a recommendation to Regional Council, as the Audit and Finance Standing Committee is not scheduled to meet until December 2016.
2. Approve an increase of \$27,500 for the 2016/17 event grant for WE Day Atlantic to be funded from the Community and Events Reserve, Q621; and
3. Direct staff to develop a multi-year, sustainable funding plan to maintain the funding level of \$65,000 in the 2017/18 budget planning process.

BACKGROUND

HRM administers two event grant administrative orders through which it provides funding to a variety of events. The Marketing Levy Special Events Reserve (MLSER) Program is funded from the hotel levy and provides grant funding to large scale special events that support tourism and business development. The Regional Special Events Program provides funding to organizations that plan events which further the municipality's community and cultural development.

We Day is an event initiative of WE Charity, an international charity and educational partner, that works with schools to implement the WE Act program to promote the spirit of volunteerism in the young. WE is a not for profit organization and has partnered with the Nova Scotia Department of Education and Early Childhood Education for this event.

WE Day Atlantic was first hosted in Atlantic Canada in 2013, and HRM was selected as the first site. WE Day Atlantic has chosen to return to HRM in each subsequent year including the upcoming November 2016 event. The event has been funded over the past 3 years from two sources; the MLSER and the Operating Surplus Reserve (Q328), and at varying levels of funding:

In 2013/14, Regional Council approved a grant in the amount of \$50,000 from MLSER.

In 2014/15, Regional Council again approved a grant of \$50,000 but then subsequently passed a motion to "Increase the \$50,000 event grant for the 2014 We Day Atlantic Event as approved by Regional Council on June 24, 2014 by \$20,000, a one-time increase only, for a total grant of \$70,000 towards the event with funds being allocated from the Operating Surplus Reserve, Q328".

In 2015/16, Regional Council approved a grant of \$65,000, again from the Operating Surplus Reserve.

At the May 25, 2016 meeting, the Grants Committee considered the staff report on Regional Special Events Grants, dated May 18, 2016. With the approval of the new event grant programs, the event is eligible for consideration under the Administrative Order (AO) on Regional Special Events and the application was directed to the Cultural Events & Showcases Program. Staff recommended an event grant of \$10,000 to WE Day Atlantic based upon the criteria as outlined in the AO. The staff report outlined that the proposed grant to WE Day Atlantic had been significantly reduced from previous years.

However, due to the late cancellation of an another festival that had been recommended for a grant of \$27,500, the Grants Committee chose to recommend an alternative to Regional Council which increased the total grant award for WE Day Atlantic from \$10,000 to \$37,500 for a period of three years. That recommendation to Regional Council committed the entire budget of \$200,000 for the Cultural Events and Showcases program until the 2019/20 fiscal year.

On May 31, 2016, Regional Council approved the Grants Committee recommendation to award an event grant of \$37,500 for WE Day Atlantic 2016 for a period of three years. Subsequently, on October 4, 2016, Regional Council passed a motion directing staff to prepare a report to consider increased funding for WE Day Atlantic Canada 2016.

Audit & Finance Standing Committee

Regional Council's motion directed staff to "...prepare a report to the Audit and Finance Standing Committee to consider increased funding...". Pursuant to the terms of reference for the Audit & Finance Standing Committee, the request would normally be considered as an increased, unbudgeted request prior to consideration by Regional Council. However, the event is scheduled for November 30, 2016 and the Audit and Finance Standing Committee is not scheduled to meet until December. Regional Council can choose to consider the request directly and, as a result, this report has been submitted directly to Regional Council.

DISCUSSION

Regional Special Events Program

With the focus of the MLSER funded events being economic development and tourism, WE Day falls under the Regional Special Events program. As stated in the 2015 MLSER Staff report, *“based on current and past applications submitted for WE Day and the level of funding requested, it is clear that moving forward due to criteria and maximum grant levels the Regional Special Events Grants program will not yield the same level of funding that has been approved under the MLSER”*.

The 2016 WE Day application was directed to the Cultural Events & Showcases Program stream. This category was chosen as it provides an opportunity for the maximum grant award in this program (\$60,000). As an event that has unique characteristics when compared to others, many of the benefits of WE Day do not specifically align with the criteria of the program which supports arts and culture festivals that have a strong cultural content and programming and further the disciplines of literary, media, performing and visual arts. However, staff recommended an event grant of \$10,000 to WE Day Atlantic based on meeting two of the criteria as outlined in the AO which states: *a) enjoyment of unique experiences and b) exploration of own and other cultures*.

With requests for more than double the program capacity of \$200,000, provision of funding to WE Day Atlantic at the 2015 level (\$65,000) would have created a significant reduction in funding available to all other events in this category, most of which are annual, local events.

WE Day Commitment to Halifax

WE Day Atlantic has unique characteristics within its event model that incurs higher production costs associated with its delivery than those typically funded through the Regional Special Events program. However, it does not meet the criteria for a MLSER event.

Therefore, in order to develop a more effective level of sustainable funding for WE day staff requested that the organization commit to holding WE Day Atlantic for a period of three years in Halifax. The organization has stated, *“As discussed, WE Charity commits to hosting WE Day Atlantic for the next 3 years (2016-2018) with the intent to continue the event past those three years.”*

Funding Source Alternatives

The budget of \$200,000 for the Cultural Events and Showcases funding program is fully committed for the next three fiscal years (2016/17, 2017/18, and 2018/19), as per the May 31, 2016 Regional Council motion. As well, the budget for Community Events is fully committed from the Operating Budget as per the May 31, 2016, motion. The Special Events Advisory Committee (SEAC) has indicated that WE Day Atlantic does not meet the MLSER program criteria by increasing tourism, economic and media impacts. Therefore, the Committee has not recommended awarding of the grant from MLSER in the past two years. Regional Council has confirmed that recommendation, which has resulted in the event grant funded from the Operating Surplus.

Community and Events Reserve, Q621

On Sept. 20, 2016, Regional Council approved a report on “Long-term Fiscal Strategy Reserve Review – New Reserve Business Cases”. One of the new Reserves is the “Community and Events Reserve” (Q621) which combines and replaces four reserves: Q127 - Sustainable Community Reserve; Q138 - Community Facility Partnership; Q312 - Culture Development Reserve; and Q315 – Special Events Reserve (MLSER). The purpose of this new reserve is threefold:

- To provide funding to attract and host exceptional large-scale sporting and tourism events that create significant economic impacts, promote Halifax as a multi-experiential event destination and attract tourists to HRM for multiple day visits;
- To provide funding to community non-profit and public institutions in support of major capital initiatives by facilitating the development of significant community infrastructure in order to realize tangible cultural, sectoral and economic impacts on a national, provincial, regional or sectoral scale; and

- To provide funding to support the principles and objectives of the Cultural Plan and the HRM Public Art Policy.

The current 2016/17 event grant for WE Day Atlantic was funded out of the Culture Development Reserve (Q312). As noted, while an increased grant amount could have been considered under AO 2014-021-GOV: Respecting Regional Special Events Grants, the budget capacity was insufficient to support a higher amount. With the creation of the new reserve (Q621) which merged the previous reserves, additional capacity could be available.

Funding Requests outside Event Granting Framework

While WE Day Atlantic provides many unique opportunities to youth and the nature of the event is beneficial for HRM, increasing the funding levels outside the granting framework process approved by Council presents a challenge. The process sets out a consistent framework for assessing and awarding events through measurable outcomes, and it is by adhering to this set of criteria that the process is successful. Consideration of and adjustments to funding levels outside the framework is in direct conflict to the process that was approved by Council and creates precedent concern. This action opens the possibility of other events requesting additional funding or changes to other parts of the programs.

However, two points for consideration that support an increase outside the granting framework in this instance must be noted.

1. In discussion with the co-founder of We Charity staff were told, *“it has been difficult to raise sufficient funding (from the private sector specifically) and, as a result, we rely on the very generous support of the City”*. In addition to challenges from private sector funding, to date, there has been no commitment for provincial funding for the upcoming event. In order to retain the robust scope and scale of experience for the young people in Atlantic Canada an increase to the grant will ensure diminished corporate sponsorship does not result in a reduced program; and;
2. WE Day Atlantic has been previously recognized and committed to by Regional Council as an important initiative that enhances the Municipality’s investment in youth programing and engagement. The event carries many benefits celebrating youth and volunteerism and provides a unique opportunity for schools across Atlantic Canada to engage in socially relevant topics, such as global climate change, clean water initiatives, anti-cyber bullying, and mental health challenges in teens.

As suggested there have been challenges each year aligning WE Day to sustainable funding levels either due to budget restrictions or program suitability. Therefore, it is recommended that staff be directed to develop a sustainable funding plan for the event for future years that enables HRM to support the event and maintains the integrity of the event grant framework. The funding plan would be presented for Regional Council’s consideration as part of the 2017/18 budget process. The objective of the funding plan would be to stabilize the funding challenges that have been of concern for WE Charity and Regional Council and have resulted in requests for additional funding for the event each year.

FINANCIAL IMPLICATIONS

The additional event grant would be an unbudgeted withdrawal from the Community/Events Reserve (Q621). With the approval of the 2016/17 budget, the funding is available in the Community and Events Reserve (Q621).

Budget Summary: Opportunity Reserves – Community and Events Reserve, Q621

Balance in Reserve, at September 30, 2016	\$ 2,492,419
Pending Revenue to March 31, 2017	\$ 636,003
Pending Withdrawals/Commitments	<u>\$(2,472,178)</u>
Projected net available balance, March 31, 2017	\$ 656,244

Opportunity Reserve – Community and Events Reserve, Q621

This reserve is to receive funds from an annual transfer of the Provincial Hotel Sales Tax (Marketing Levy; transfers from fiscal services, amounts transferred as approved by Council, and may be withdrawn for the Marketing Levy grant program, cultural and heritage projects, significant community infrastructure and public art. As stated in the report, the reserve, when merged, included funds from the old Marketing Levy Reserve, Q315 and the Cultural Reserve, Q312, as well as 2 other reserves. As this item does not qualify for “marketing levy funds”, any amounts within the \$656,244 that represent “marketing levy funding’ is not to be used for this requested increase of cultural showcase event costs. The amount transferred from the other 2 reserves was \$712,636, and it is these funds that would be utilized to fund the increase of \$27,500 to the Showcase Program for this increased event grant to WE Day Atlantic 2016.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. The risks considered rate Low. To reach this conclusion, consideration was given to financial and reputational risk.

COMMUNITY ENGAGEMENT

The 2016 grant award of \$37,500 to WE Day Atlantic was recommended by The Grants Committee. The meetings are open to public attendance. The Grants Committee is comprised of one elected member from each Community Council, a Chair appointed from the membership of the Audit and Finance Standing Committee and six (6) members of the public. The agenda, minutes, and reports for the Grants Committee are posted on the HRM website.

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

- Alternative 1: Regional Council could maintain the level of the 2015/16 Event Grant in the amount of \$37,500 for WE Day Atlantic for a period of three years under the Regional Special Event Grant program budget.
- Alternative 2: Regional Council could increase or decrease the recommended grant award, with any required funding being allocated from the Community and Events Reserve (Q621), pending capacity.
- Alternative 3: Regional Council could choose to not direct staff to determine a sustainable funding stream for the event and instead fund an additional Event Grant in the amount of \$27,500 for WE Day Atlantic from the 2017/18 and 2018/19 Community and Events Reserve (Q621), pending the approval of the 2017/18 and 2018/19 budgets.

ATTACHMENTS

None.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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