



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

Item No. 11.2.2
Halifax Regional Council
August 17, 2021

TO: Mayor Savage and Members of Halifax Regional Council

- Original Signed -

SUBMITTED BY: _____
Councillor Paul Russell, Chair, Audit and Finance Standing Committee

DATE: July 27, 2021

SUBJECT: **Funding Options for Merchant Validation Program**

ORIGIN

July 21, 2021 meeting of the Audit and Finance Standing Committee, Item 12.2.3:

MOVED by Councillor Cleary, seconded by Councillor Hendsbee

THAT the Audit and Finance Standing Committee recommend that Halifax Regional Council approve an increase to the Merchant Validation Program for a period of 3 months for a total 2021/22 operating budget of up to \$200,000, as detailed in the Financial Implications section of this report.

MOTION PUT AND PASSED.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

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

Subsection 35(2)(d)(i):

The Chief Administrative Officer may

(d) subject to policies adopted by Council

(i) make or authorize expenditures, and enter into contracts on behalf of the Municipality, for anything required for the Municipality where the amount of the expenditure is budgeted or within the amount determined by the Council by policy, and may delegate this authority to employees of the Municipality

Subsection 79A(2)

The Municipality may expend money provided for in an operating budget or capital budget for a purpose other than that set out in the operating budget or capital budget for that fiscal year if the expenditure does not affect the total of the amounts estimated for the operating budget and the capital budget

RECOMMENDATION ON PAGE 2

Subsection 93(1):

The Council shall make estimates of the sums that are required by the Municipality for the fiscal year

Subsection 120(6):

The Municipality may maintain other reserve funds for such purposes as the Council may determine

Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that Halifax Regional Council approve an increase to the Merchant Validation Program for a period of 3 months for a total 2021/22 operating budget of up to \$200,000, as detailed in the Financial Implications section of the July 15, 2021 staff report.

BACKGROUND

A staff recommendation report dated July 15, 2021 pertaining to a funding increase for the Merchant Validation Program was before the Audit and Finance Standing Committee for consideration at its July 21, 2021 meeting.

For further information, please refer to the attached staff recommendation report dated July 15, 2021 (Attachment 1).

DISCUSSION

The Audit and Finance Standing Committee considered the request and approved the recommendations as outlined in this report.

FINANCIAL IMPLICATIONS

Financial implications are outlined in the attached July 15, 2021 staff report.

RISK CONSIDERATION

Risk considerations are outlined in the attached July 15, 2021 staff report.

COMMUNITY ENGAGEMENT

The agenda, reports, and minutes of the Audit and Finance Standing Committee are posted on Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

Environmental implications are outlined in the attached July 15, 2021 staff report.

ALTERNATIVES

Alternatives are outlined in the attached July 15, 2021 staff report.

ATTACHMENTS

Attachment 1: Staff recommendation report dated July 15, 2021

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: Annie Sherry, Legislative Assistant, Office of the Municipal Clerk. 902.943.8741.



P.O. Box 1749
Halifax, Nova Scotia
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Attachment 1
Audit & Finance Standing Committee
July 21, 2021

TO: Chair and Members of Audit & Finance Standing Committee

- Original Signed -

SUBMITTED BY: _____
Victoria Horne, Acting Executive Director, Transportation and Public Works

- Original Signed -

Brad Anguish, Acting Chief Administrative Officer

DATE: July 15, 2021

SUBJECT: Funding options for merchant validation program

SUPPLEMENTARY REPORT

ORIGIN

June 8, 2021 Halifax Regional Council meeting, Item 11.1.1

MOVED by Councillor Mason, seconded by Councillor Stoddard

THAT Halifax Regional Council:

7. Request a supplemental report via Audit and Finance regarding funding a parking validation program via hotspot app for a period three months, and an option to extend an additional three months if conditions warrant and identify a funding source.

MOTION AS AMENDED PUT AND PASSED UNANIMOUSLY.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Regional Municipality Charter, R.S.N.S., 2008, c. 39
Subsection 35(2)(d)(i): The Chief Administrative Officer may

(d) subject to policies adopted by Council,

(i) make or authorize expenditures, and enter into contracts on behalf of the Municipality, for anything required for the Municipality where the amount of the expenditure is budgeted or within the amount determined by the Council by policy, and may delegate this authority to employees of the Municipality,

RECOMMENDATION ON PAGE 2

Subsection 79A(2) The Municipality may expend money provided for in an operating budget or capital budget for a purpose other than that set out in the operating budget or capital budget for that fiscal year if the expenditure does not affect the total of the amounts estimated for the operating budget and the capital budget.

Subsection 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year

Subsection 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine.

Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee recommend that Halifax Regional Council approve an increase to the Merchant Validation Program for a period of 3 months for a total 2021/22 operating budget of up to \$200,000, as detailed in the Financial Implications section of this report.

BACKGROUND

On June 8, 2021 staff presented several options for Regional Council consideration pertaining to business recovery programming and parking¹. One option considered and adopted was a pilot merchant validation program that saw HRM cover the costs of building and supporting a parking validation program for 200 businesses. A contract change order has been initiated with Precise Parklink to implement a merchant validation program. The program will cover the initial start-up costs and the first year of subscription fee for up to 200 businesses. Should businesses wish to continue with the service after the first year, they can renew their subscription with HotSpot for \$50 per year. Under the current model, merchants are responsible for covering the cost of the validated parking which is managed through the set up of a wallet with HotSpot, merchants can then validate parking for **HotSpot users only**. Business eligibility and selection process has been managed by the BIDs. The 200 subscriptions have been allocated across the five BIDS based on number of members and paid parking inventory within their respective districts.

This report explores the potential funding options should the Audit and Finance Standing Committee wish to proceed with a recommendation to fund such a program.

DISCUSSION

Staff has determined that authorization to fund parking validation through the Council approved merchant validation program can be found in subsection 79A(2) of the *Halifax Regional Municipality Charter*.

Due to the disparity in size, type and volume of customers for each business participating in the merchant validation program, it is challenging to determine a dollar amount without past trends. Instead, staff suggest a flat rate per business that participants can use as they see fit to validate parking for their customers. Staff propose a total investment of \$200,000 or \$1000 lump sum per participating businesses. While the motion asks for a program lasting 3 months with options to extend, staff instead suggest a one-time payment to each participating business to use as they see fit for the duration of the year. Should additional businesses

¹ <https://www.halifax.ca/sites/default/files/documents/city-hall/regional-council/210608rc11111.pdf>

register for the merchant validation program outside of the initial 200 previously directed by Council, the individual allocation to businesses would decrease. This amount in addition to that of the initial Council directed activities would see a total investment of almost \$400,000 in parking initiatives to support business recovery.

Individual wallets of the businesses would be loaded via the back-end merchant validation administration system by staff. Staff can see trends, monitor parking reimbursements and load wallets for participating vendors. Vendors can also load their own wallets above and beyond any initial investment from the Municipality at any time.

There are several potential concerns around equity in proceeding with subsidizing the parking for the merchant validation program:

1. As it stands there are only 200 merchants participating in the merchant validation program. Providing this supplemental funding of paying for parking validation will benefit some businesses over others.
2. Not all residents will benefit from the supplemented parking validation, only those who visit the participating businesses.
3. The merchant validation program is set up to validate HotSpot parking sessions only. Patrons using the pay station as a method of validation will not be eligible for validated parking- therefore limiting benefit to those with a mobile phone and data plans.

In summary, Council may wish to explore alternatives such as a smaller investment or redirecting funds to other initiatives.

FINANCIAL IMPLICATIONS

Operating efficiencies across Transportation and Public Works will be sought to offset the cost, as the 2021/22 Approved Operating Budget cannot accommodate the increase. Alternately, if sufficient operational savings cannot be achieved specifically within Transportation and Public Works, the increased cost will be offset using: Risk Reserves: General Contingency Reserve, Q421.

Budget Summary: General Contingency Reserve Q421

| | |
|---|---------------|
| Projected Net Available Balance, April 1/21 | \$ 19,701,862 |
| Withdrawal as per recommendation | \$ 200,000 |
| Net Available Balance | \$ 19,501,862 |

RISK CONSIDERATION

There is financial risk associated with this report. This program is an unbudgeted project but can be funded from reserves. Projected parking revenues are already reduced for this year given COVID-19 restrictions. The risks contemplated rate as low as they will be offset via marginal benefit to business recovery.

COMMUNITY ENGAGEMENT

No community engagement was conducted as a result of this supplementary report. However, engagement with the Business Improvement Districts was conducted for the original motion. Council received correspondence from Paul MacKinnon, CEO Downtown Halifax Business Commission on behalf of the five urban core BIDS requesting Council consider some form of funding of parking sessions via a merchant validation program.

ENVIRONMENTAL IMPLICATIONS

There are environmental implications associated with further promoting car culture and encouraging single occupant vehicle use in the core.

ALTERNATIVES

1. Audit and Finance Standing Committee recommend that Regional Council direct staff to allocate another amount other than \$200,000 for the merchant validation program.
2. Audit and Finance Standing Committee recommend that Regional Council not proceed with funding the parking sessions of the merchant validation program.

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: Victoria Horne, Director Parking Services 902.292.8434
