



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

**Item No. 14.3.1**  
**Halifax Regional Council**  
**May 23, 2017**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed  
Councillor Bill Karsten, Chair, Audit and Finance Standing Committee

**DATE:** May 17, 2017

**SUBJECT:** Funding for Unbudgeted Grant — Parking Lot Reconstruction Maritime Conservatory of Performing Arts Society and Maritime Muslim Academy

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**ORIGIN**

Supplementary staff report to the Audit and Finance Standing Committee meeting of May 17, 2017.

**LEGISLATIVE AUTHORITY**

Section 8 of the Audit and Finance Standing Committee's Terms of Reference:

The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:

- (a) new programs or services not yet approved or funded;
- (b) programs or services that are being substantially altered;
- (c) proposed changes in any operating or project budget items;
- (d) the commitment of funds where there is insufficient approved budget;
- (e) new or increased capital projects not within the approved budget;
- (f) increases in project budget due to cost sharing; and
- (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

**RECOMMENDATION**

The Audit and Finance Standing Committee recommends Halifax Regional Council use the following as a funding source for the Grant for Parking Lot Reconstruction:

- (a) \$25,000 from the Capital District Funds, specifically
  - a. District 7 - \$5,000
  - b. District 8 - \$15,000,
  - c. District 9 - \$5,000; and,
- (b) \$99,195.11 from the Risk Reserve - General Contingency Reserve (Q421).

## **BACKGROUND**

At the April 19, 2017 Audit and Finance Standing Committee meeting, a staff report pertaining to this matter, dated March 3, 2017 was submitted and discussed. The staff report recommendation was to decline the grant request for \$124,195.11 towards private parking lot upgrades. The Standing Committee was split on whether to request a further staff report that would look at possible alternatives to assist the community group, or to approve the staff recommendation. In the interest of time, the Standing Committee determined it would be more effective to forward the staff report to Regional Council for consideration and debate. The Standing Committee passed a motion endorsing the staff recommendation, and forwarded the report to Regional Council.

## **DISCUSSION**

At the May 9, 2017 Regional Council meeting, Council defeated a motion to decline the request, and referred the Standing Committee's report back to the Committee with direction to recommend a funding source for a special grant for the amount requested.

The Audit and Finance Standing Committee met on May 17, 2017 and a supplementary staff report was submitted. The Standing Committee considered the report and expressed support for the staff recommendation; however, concern was expressed about depleting the uncommitted funds (\$39,195.11) from the Community Grants Program. Staff advised that there were sufficient funds in the Risk Reserve – General Contingency Reserve account to cover this amount, and the Standing Committee passed a motion endorsing the staff recommendation with an amendment that item (a) \$39,195.11 be funded from the Risk Reserve – General Contingency Reserve (Q421).

## **FINANCIAL IMPLICATIONS**

Refer to the attached supplementary staff report for financial implications.

## **RISK CONSIDERATION**

Refer to the attached supplementary staff report for risk consideration.

## **COMMUNITY ENGAGEMENT**

Not applicable

## **ENVIRONMENTAL IMPLICATIONS**

Not applicable.

## **ALTERNATIVES**

The attached supplementary staff report dated May 17, 2017 provides alternatives.

## **ATTACHMENTS**

Attachment 1: Supplementary staff report dated May 17, 2017.

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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.

Report Prepared by: Sheilagh Edmonds, Legislative Assistant 902.490.6520

P.O. Box 1749  
Halifax, Nova Scotia  
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**Item No.**  
**Audit and Finance Standing Committee**  
**May 17, 2017**

**TO:** Chair and Members of Audit and Finance Standing Committee

**SUBMITTED BY:** Original signed by:  
\_\_\_\_\_  
John Traves, Acting Chief Administrative Officer  
Original signed by:  
\_\_\_\_\_  
Amanda Whitewood, CFO/Director of Finance and Asset Management

**DATE:** May 11, 2017

**SUBJECT:** Funding for Unbudgeted Grant — Parking Lot Reconstruction - Maritime Conservatory of Performing Arts Society and Maritime Muslim Academy

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**SUPPLEMENTARY REPORT**

**ORIGIN**

September 6, 2016 — MOVED by Councillor Watts, seconded by Councillor Mason that Regional Council direct staff to prepare a report to the Audit and Finance Standing Committee in order to identify a funding source for a special grant for the parking lot reconstruction to the Maritime Conservatory of Performing Arts and Maritime Muslim Academy and make a recommendation to Regional Council.

September 20, 2016 — MOVED by Councillor Watts, seconded by Councillor Karsten that Regional Council authorize the release of the Buy-Back Agreements for 6199 Chebucto Road and 6225 Chebucto Road in support and acknowledgement of the Maritime Conservatory of Performing Arts and the Maritime Muslim Academy's commitment to their programs and the capital improvements by the property owners that have been implemented and planned to date. Motion put and passed unanimously.

May 9, 2017 – MOVED that Halifax Regional Council refer the staff report dated April 20, 2017, Grant Request – Parking Lot Reconstruction Maritime Conservatory of Performing Arts Society and Maritime Muslim Academy, to the Audit and Finance Standing Committee for a supplemental staff report and a recommendation with respect to a funding source for a special grant for the amount requested.

## **LEGISLATIVE AUTHORITY**

HRM Charter, S.N.S 2008 c.39. 5.79

(1) *The Council may expend money required by the Municipality for:*

(av) *a grant or contribution to:*

(v) *any charitable, nursing, athletic, educational, environmental, cultural, community, fraternal, recreational, religious or social organization within the Province;*

Section 8, Schedule 2 of Administrative Order One, “*The Procedure of the Council*” states

“*The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:*

- (a) *new programs or services not yet approved or funded;*
- (b) *programs or services that are being substantially altered;*
- (c) *proposed changes in any operating or project budget items;*
- (d) *the commitment of funds where there is insufficient approved budget;*
- (e) *new or increased capital projects not within the approved budget;*
- (f) *increases in project budget due to cost sharing; and*
- (g) *the creation or modification of reserves and withdrawals not approved in the approved budget.”*

Administrative Order Number 2014-015 ADM respecting reserve funding strategies.  
Reserve Business Case, Risk Reserve – General Contingency Reserve, Q421

## **RECOMMENDATION**

It is recommended that the Audit and Finance Committee recommend that Regional Council use the following as a funding source for the Grant for Parking Lot Reconstruction:

- (a) \$39,195.11 in uncommitted funds from the Community Grants Program (M311-8004);
- (b) \$25,000 from the Capital District Funds, specifically
  - a. District 7 - \$5,000
  - b. District 8 - \$15,000,
  - c. District 9 - \$5,000; and,
- (c) \$60,000 from the Risk Reserve - General Contingency Reserve (Q421).

## **BACKGROUND**

In a letter to Regional Council dated August 19, 2016, the Maritime Conservatory of Performing Arts Society (“the Conservatory”) and the Maritime Muslim Academy (“the Muslim Academy”) requested a grant in the amount of \$124,195.11 representing one-third of the total estimated cost of \$342,585.35 net HST to repair and upgrade the shared parking lot at 6199 and 6225 Chebucto Road/2510 St. Matthias Street, Halifax. The project budget includes engineering design, drawings and tender documents costing \$18,006.25; construction and upgrades of \$314,769.70; and construction administration and inspection fees of \$9,809.40.

Municipal funding has been requested on the basis of:

- (i) public parking in relation to Chebucto Road Park;
- (ii) after-hours or off-road parking by neighbourhood residents under the winter parking ban;

- (iii) benefit to users of the Conservatory, Muslim Academy, the Ummah Masjid and Community Centre, facility tenants, and event attendees; and
- (iv) neighbourhood beautification.

On May 9, 2017 Regional Council approved providing the full grant and referred the issue back to Audit and Finance to determine where the funding should come from.

## **DISCUSSION**

As identified in the March 3, 2017 staff report, there is no existing or identifiable funding source for this particular grant. The 2017-18 and 2018-19 multi-year operating and capital budgets have only just been passed by Council and were closely scrutinized during that debate for available funds. While the Operating Budget is substantial, the fiscal year has only just started and it is too early to confirm whether there will be excess or insufficient funds in any area of operations. Likewise, the 2016-17 fiscal year is only just closing. Lastly, this request does not qualify under any of the existing HRM grant programs or reserves.

The March 3, 2017 staff report did identify several possibilities of funding, namely the District Capital Funds and the Community Grants Program. In the case of the District Capital Fund, three individual Councillors have indicated they will support a total of \$25,000 in funding. In the case of the Community Grants Program, the grants awards have not been formally approved by Council, although the Grants Committee has met to evaluate the requests. Based on the work to date, there may be \$40,000 to \$45,000 remaining in funds once all individual grants are recommended to Council. Council can re-direct 39,195.11 from this budget without seriously affecting the program. This would leave a small amount of funds for any referral from Council back to the Grants Committee.

This funds \$64,195.11 and leaves \$60,000 remaining to allow for the parking lot reconstruction grant. The Operating Budget has only just been approved; making it difficult to identify where there might be excess funds that can be reallocated that will not impact service. There are two main options:

The first option involves capital projects. As the grant is being supported due to its relationship to the Chebucto Road Park, it may be appropriate to look within the funding allocated for parks in 2017-18. Park Recapitalization (CP000002) is a capital budget account that has been allocated \$2.45M in 2017-18 to replace/upgrade 33 playgrounds throughout various districts to ensure they are safe and functional. This account cannot be directly used to fund the grant. However, Council can reduce the capital account by \$60,000 and re-direct \$60,000 in capital from operating funding (used to pay for the capital budget) towards the grant. As the Grant is being approved due to its connection to a HRM park, this would appear to be an appropriate source of funding. However, this would result in the removal or delay of an approved capital playground project(s) that has not already been tendered or has leveraged funding.

The second option is to use the General Contingency Reserve (Q421). The General Contingency Reserve receives any operating surplus for past years and can be used to fund operating costs, offset deficits and provide for operating and capital initiatives. Its current net available balance projected to March 31, 2018 is \$837,588. As it may not always have an ongoing balance, it is appropriate to use it for one-time items such as this grant, but not for recurring expenses.

As planning is already underway for the 2017 construction season, staff feel it is more prudent to use this reserve, in order to not impact the capital plan.

### **FINANCIAL IMPLICATIONS**

Funds can be made immediately available for the requested amount from

- (a) \$39,195.11 from the Community Grants Program (M311-8004);
- (b) \$25,000 from the Capital District Funds:
  - a. District 7 - \$5,000
  - b. District 8 - \$15,000,
  - c. District 9 - \$5,000; and,
- (c) \$60,000 from the General Contingency Reserve (Q421).

### **Budget Summary, Risk Reserve – General Contingency Reserve, Q421**

Balance in Reserve, March 31, 2017	\$1,069,457
Projected revenue to March 31, 2018 (interest)	\$ 3,131
Commitments to March 31, 2018	<u>\$( 235,000)</u>
Projected net available balance, March 31, 2018	\$ 837,588
Withdrawal per recommendation	<u>\$( 60,000)</u>
Revised projected balance, March 31, 2018	\$ 777,588

**Risk Reserve** – General Contingency Reserve is to receive the annual operating surplus the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual, and can be used to fund operating costs, offset deficits, or fund new operating and/or capital expenditures.

### **RISK CONSIDERATION**

Low risk. Funds are available in the recommended areas.

### **COMMUNITY ENGAGEMENT**

Not applicable

### **ENVIRONMENTAL IMPLICATIONS**

Not applicable.

### **ALTERNATIVES**

In addition to the two main options in this report, Regional Council has several additional options that it may choose to consider:

- Individual Councillors could direct additional funds from their Council District Funds;
- The Community Grants budget could be reduced by a further amount. This would require the Grants Committee to revisit its evaluations and reduce the awards that it had intended to recommend to Council; and
- Funds could be withdrawn from a reserve through a special motion of Council that overrides the business case.

**ATTACHMENTS**

None

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

Report Prepared by: Bruce Fisher, MPA, CPA CMA, Manager of Financial Policy and Planning, 902.490.4493

Financial Approval by: Amanda Whitewood, CFO/Director of Finance & Asset Management, 902.490.6308

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