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Halifax Regional Council
May 9, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Cathie O'Toole, A/Director of Finance

DATE: April 27, 2006

SUBJECT: **District Capital Funds and Building Communities Fund 2006/07**
Advance Approval

INFORMATION REPORT

ORIGIN

- Staff response to concerns regarding the District Capital Funds and Discretionary Activity Funds policy limitations.
- April 11, 2006 Council motion to approve advanced funding for Councillor District Capital and Building Communities Funds for 2006/07.

BACKGROUND

The 2005/06 budget included Councillor District Capital funds in the amount of \$920,000 and Building Communities funds totalling \$575,000. At the April 11, 2006 Council meeting, Council approved advanced funding for these same amounts in 2006/07.

There are three funds available for Councillors to allocate to community initiatives:

Discretionary Activity Fund - (\$3,000 annually per Councillor) Past practice has been that donations made from the Discretionary Activity Fund were to community groups, usually not-for-profit organizations. The Discretionary Activity fund is deemed to be inadequate by Councillors to meet their needs in supporting local community groups and activities.

Councillor District Capital - (\$40,000 annually per Councillor) The District Capital Fund policy identifies that District Capital funds “are to be used to purchase, build or develop capital structures that are of a municipal nature that benefit the district in which the expenditure was made.” The intended use of these funds were therefore to address capital projects (e.g., playgrounds, parks, minor street/sidewalk enhancements) within each district that would not otherwise be on the capital priority list for HRM. In recent years, Finance has been receiving requests from Councillors to use the District Capital funds to support initiatives that are more appropriately funded through the Discretionary Activity fund as outlined in the policy.

Building Communities Fund - This was a new fund created in the 2005/06 budget year as a result of Councillors indicating a need for more funding to support community initiatives. The intended use was for parks and playgrounds, with budgets allocated to each Community Council on the basis of \$25,000 per Councillor to administer. Guidelines have not been formalized for the approval process related to expenditures from the Building Communities Fund.

DISCUSSION

Concerns have been expressed by Councillors and staff regarding the availability and current use of budgeted dollars in the support of community activities. As part of the 2006/07 budget process, staff will be bringing forward a Council report which will include a revised policy and recommendations for the administration of all three Funds through the Community Councils. For district capital funds, the status quo will apply until a revised policy is brought forward and approved by Council. Expenditures from the Building Communities Fund should be approved by Community Council.

The potential benefits of the policy revisions include:

- ease of administration for Council and staff
- enhanced fiduciary responsibility
- enhanced transparency

- enhanced ability to leverage and pool funds toward larger initiatives within a community council area

BUDGET IMPLICATIONS

There are no budget implications.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

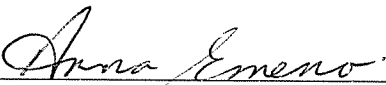
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ATTACHMENTS

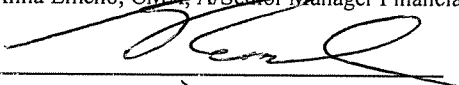
Council motion April 11, 2006

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

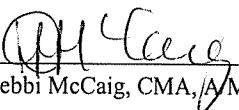
Report Prepared by :


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Report Approved by:


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Extract from Halifax Regional Council Minutes of April 11, 2006

11.1 Deputy Mayor Walker - 2006/2007 Proposed Advanced Funding Approval - Councillor District Capital and District Community Allocation Funds

MOVED by Deputy Mayor Walker, seconded by Councillor Murphy, that Council approve advanced funding for the Councillor District Capital Fund, the Discretionary Funds and Building Communities Capital Fund to allow community projects funded from these accounts to be completed in a timely manner.
MOTION PUT AND PASSED UNANIMOUSLY.