

TO: Chair and Members of the HRM Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

Greg Keefe, Director of Finance & ICT/CFO

DATE: June 18, 2014

SUBJECT: **Lake Charlotte Area Heritage Society: Capital and Operating Funding Request**

SUPPLEMENTARY INFORMATION REPORT

ORIGIN

June 18, 2014 – Moved by Councillor McCluskey, seconded by Councillor Nicoll, that the Audit & Finance Standing Committee recommend that Regional Council:

1. Refer the Lake Charlotte Area Heritage Society's request for capital funding to staff to investigate additional funding options from other sources and report back to the Audit & Finance Standing Committee;
2. Decline the request for an annual operating subsidy.

LEGISLATIVE AUTHORITY

HRM Charter (2008) s.79(1)(av) respecting grants and contributions.

BACKGROUND

At their meeting of April 1, 2014, Regional Council requested a staff report in response to a letter from the Lake Charlotte Area Heritage Society dated March 3, 2014, requesting a capital grant in the amount of \$40,000 towards its Visitor Experience Enhancement Project and up to a maximum of \$45,000 annual operating support for the Eastern Shore Archives to match any annual operating funding provided by the Province to the Society..

DISCUSSION

Funding Context

Phase III of the Society's 5-year Visitor Experience Enhancement Project (2011 -2015) is estimated to cost a total of \$404,000 including HST. As a registered charity, the Society is eligible to apply for a partial rebate on HST and as such total net costs should be lower.

A majority of funding (\$210,550) has been sought from the federal government through ACOA. Typically, federal funding programs place a restriction on public funding as a percentage of total costs. In the case of the Visitor Experience Enhancement Project ACOA agreed to recognize a contribution from the Municipality as part of the "community contribution" that includes cash and an in-kind contribution from the Society. An itemized breakdown of funding sources and progress update as of June 16, 2014, is included as **Attachment 1** of this report.

The funding sources (cash) identified in the submission to the *Community Grants Program* are shown below:

- Federal government (ACOA) \$210,550 = 52%
- Provincial government (Assorted) \$144,950 = 36%
- **Municipal Government (Community Grants Program) \$25,000 = 6%**
- Lake Charlotte Heritage Society \$23,500 = 6%

In effect, a grant of \$40,000 would exceed the budgeted contribution from the Municipality and either (a) reduce the funding from other sources, (b) expand project scope, or (c) realize a project-specific 'surplus'. The applicant has since confirmed that the contribution request of \$40,000 includes the original grant request of \$25,000.

Community Grants Program

The Society applied for a capital grant of \$25,000 towards the Visitor Experience Enhancement Project from the *Community Grants Program*. A grant of \$16,000 has been approved. Council referred the application to the program's appeal process for consideration of the \$9,000 balance. The appeals report is due to the Grants Committee in September. Potential funding scenarios under the *Community Grants Program* include:

- If the appeal for a further \$9,000 is upheld by Council the \$25,000 contribution from the Municipality would be fulfilled as per the applicant's project budget;
- Council could direct that an additional \$15,000 be added to the \$25,000 grant for a total of \$40,000. This option would set precedence in making an award that exceeds the value of grant requested from the program;

District Capital Fund

If the release of federal and/or provincial funding is withheld, in full, pending confirmation of a contribution of \$25,000 from HRM, the Society could seek the balance of \$9,000 for a total of \$25,000 (or \$24,000 for a total of \$40,000) from Council's *District Capital Fund*. Because these awards are discretionary the decision-making process is quicker.

Culture & Heritage Reserve Q132

This reserve provides funding to assorted HRM initiatives intended to prepare/enhance heritage and cultural sites and is dependent on the timing and value of its source of funds in its capacity to respond to unsolicited funding requests.

Discretionary Award

Council could elect to provide a capital grant to supplement the \$16,000 previously awarded to the Society from the Operating Surplus Reserve Q328.

FINANCIAL IMPLICATIONS

The detailed financial implications of various options are discussed in this report. If additional funds are awarded to the Society outside of the *Community Grants Program* the appeal would be denied on the basis of duplicate funding.

ATTACHMENTS

1. Itemized Breakdown of Visitor Experience Enhancement Project Funding Requests as of June 18, 2014.

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 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead, Grants & Contributions, Finance & ICT 490-5469

Original Signed

Report Approved by: **Crystal Nowlan, Senior Financial Consultant Acting for:** Bruce Fisher, Manager
Financial Policy & Planning, Finance & ICT 490-4493

Attachment 1

Visitor Experience Enhancement Project

Expenses

Total project expense (cash) including all HST **\$404,000**

Funding Sources

• **Formally Approved and Project Component Complete**

NS Economic & Rural Development & Tourism \$15,300
Lake Charlotte Heritage Society \$5,400
\$20,700

• **Formally Approved**

Atlantic Canada Opportunities Agency \$210,550
NS Communities, Culture & Heritage: Heritage Property Program \$7,500
NS Communities, Culture & Heritage: One-Time Program \$10,000
NS Communities, Culture & Heritage: CJFI Program \$27,000
NS Economic & Rural Development & Tourism CED \$20,000
HRM: Community Grants Program \$16,000
Lake Charlotte Heritage Society \$13,898
\$304,948

• **Formal Application Submitted**

NS Communities, Culture & Heritage: Strategic Development Initiatives Program \$22,500
HRM: Community Grants Program (Appeal) \$9,000
NS Tourism Agency: Competitive Edge Program \$20,000
\$51,500*

• **Application in Progress**

NS Economic & Rural Development & Tourism CED **\$26,842***

*As of June 16, 2014, balance of funding unconfirmed is \$78,342 comprising \$69,342 from provincial government sources and \$9,000 from HRM.