

# HALIFAX

P.O. Box 1749  
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Item No. 12.1.5  
Audit & Finance Standing Committee  
June 15, 2016

TO: Chair and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

John Travas, Q.C. Acting Chief Administrative Officer

Original Signed

Brad Anguish, Director Parks & Recreation

DATE: May 30, 2016

SUBJECT: Dartmouth Heritage Museum Society – Funding Source

## ORIGIN

March 2, 2016 Regional Council Motion:

Approve an increase to the management fee directed to the Dartmouth Heritage Museum Society from \$50,000 to \$100,000, contingent on the identification of an appropriate funding source and the approval of the same by the Audit and Finance Standing Committee.

## **MOTION PUT AND PASSED**

## LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, section 75

- (1) The Municipality may agree with any person for the provision of a service or a capital facility that the Municipality is authorized to provide.
- (2) An agreement made pursuant to subsection (1) may allow for the lease, operation or maintenance of the facility or provision of the service by a person...

Halifax Regional Municipality Charter, section 79

- (1) Council may expend money required by the Municipality for
  - (ai) public grounds, squares, halls, museums, parks, tourist information centres and community centres ...
  - (av) a grant or contribution to...
    - (v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province.

HRM Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; HRM Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality;

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HRM Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; HRM Charter, section 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 & Finance Standing Committee recommend that Regional Council approve an additional \$50,000 in funding for Dartmouth Heritage Museum Society for the 16/17 fiscal year funded from the Operating Surplus Reserve, Q328.

### **BACKGROUND**

HRM's artifact holdings have been managed through a decentralized process with responsibility for the majority of the holdings, found in the Dartmouth Collection and managed by the Dartmouth Heritage Museum Society. With Phase One of the HRM's Artifact Inventory and Conservation Project completed, and in the interest of moving the development of the municipal museum forward, the completion of Phase Two of the inventory work is needed.

As a result of the amount of time and work required to complete the required work, it is necessary to redefine and update the relationship between HRM and the Dartmouth Heritage Museum Society. As a result, at its March 22, 2016 meeting, Regional Council provided direction to staff to enter into a new interim management agreement with Dartmouth Heritage Museum Society (DHMS) for a three year period with an increase in the annual management fee from \$50,000 to \$100,000. Included in Regional Council's approval was direction to staff to identify an appropriate funding source and subsequent approval by the Audit & Finance Standing Committee.

### **DISCUSSION**

The approved 2016/17 Parks & Recreation Operating Budget includes the previously approved funding to Dartmouth Heritage Museum Society in the amount of \$50,000. With Regional Council's direction to increase the funding, additional in-year funding must be determined. Pursuant to the Committee's terms of reference, the funding source must be approved by the Audit & Finance Standing Committee prior to ratification by Regional Council.

With Regional Council's direction, funding from the 2015/16 surplus, which has been moved to the Operating Surplus Reserve, Q328, can be allocated to fund the increase to the management fee for the upcoming 2016/17 year. The additional funding would be accrued and provided to DHMS upon finalization of the new interim management agreement. With the direction outlined by Regional Council, staff will immediately reinstate negotiation with DHMS on the new interim management agreement. The existing management agreement, with the previous level of funding will remain in effect until the negotiation is completed. Therefore, staff will be able to provide DHMS with some funding while the negotiations are ongoing.

### **FINANCIAL IMPLICATIONS**

There is currently \$50,000 budgeted for the Dartmouth Heritage Museum Society for 2016/17 in Parks and Recreation cost centre C705. As it is too early in the current fiscal year to project any surplus within the Parks and Recreation operating budget, one-time funding can be sourced within the Operating Surplus Reserve, Q328 as follows:

**Budget Summary, Operating Surplus Reserve, Q328**

Balance in reserve at May 1, 2016	\$1,775,529
Commitments at May 1, 2016	\$( 285,647)
Anticipated Revenue to March 31/17 as at May 1	\$ 12,667
Withdrawal per recommendation	\$( 50,000)
Projected balance, March 31, 2017	\$1,452,548

In the two subsequent years of the interim agreement, the entire \$100,000 management fee will need to be identified through the normal operating budget approval process.

**Operating Surplus Reserve, Q328 (March 2014)** is a reserve created as required by the Provincial Municipal Financial Reporting Accounting Manual. The Financial Reporting Accounting Manual requires the Municipality to transfer its surplus funds at the end of the year to an Operating Reserve. If the Municipality ends the year in a surplus position, any portion of the surplus not allocated to other reserves would be transferred to this Reserve at year end. The business case for this reserve has not been developed and will be completed during the reserve review and brought to Council for their consideration. The approval of the recommendation can be accommodated within the reserve balance available in 2016/17.

**COMMUNITY ENGAGEMENT**

Staff has maintained active communication with the DHMS throughout the Artifact Inventory and Conservation Project process.

**ENVIRONMENTAL IMPLICATIONS**

As outlined in the original report to Regional Council, the warehouse space was deemed "safe" from mold exposure as per the All-Tech Environmental Services Ltd. Report.

**ALTERNATIVES**

Audit & Finance Standing Committee could recommend that staff be directed to find an alternate funding source for consideration by Regional Council.

**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.

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Financial Approval by:   
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