

**Item No. 10.5.1**  
**Halifax Regional Council**  
**March 22, 2011**

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

**SUBMITTED BY:** Original Signed  
Councillor Russell Walker, Chair, Grants Committee

**DATE:** March 7, 2011

**SUBJECT:** Community Grants Program: Proposed Amendments to Appeals Process  
and Sector Allocations

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**ORIGIN**

The March 7, 2011 Grants Committee meeting.

**RECOMMENDATION**

It is recommended that Halifax Regional Council approve that:

1. The Community Grants Program contingency for appeals be increased to 5% of the program's annual budget;
2. The Arts & Crafts sector allocation be reduced to \$75,000, effective April 1, 2011;
3. The program's appeals process be amended with respect to appeals initiated by elected officials as set out on page 3 and 4 of the Discussion section of the January 19, 2011 Supplementary Staff Report.

## **BACKGROUND**

See the Supplementary Report dated January 19, 2011.

## **DISCUSSION**

See the Supplementary Report dated January 19, 2011.

## **BUDGET IMPLICATIONS**

See the Supplementary Report dated January 19, 2011.

## **FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

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

## **COMMUNITY ENGAGEMENT**

See the Supplementary Report dated January 19, 2011.

## **ALTERNATIVES**

See the Supplementary Report dated January 19, 2011.

## **ATTACHMENTS**

1. Supplementary Report dated January 19, 2011.

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.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: [Chris Newson, Legislative Assistant, 490-6732]

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HRM Grants Committee  
March 7, 2011

TO: Chair and Members of HRM Grants Committee

Original Signed

SUBMITTED BY: \_\_\_\_\_  
Paul Dunphy, Director Community Development

DATE: January 19, 2011

SUBJECT: Community Grants Program: Proposed Amendments to Appeals  
Process and Sector Allocations

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### SUPPLEMENTARY REPORT

#### ORIGIN

September 14, 2009 – Information Report to Grants Committee appeals process for various programs. This report proposes changes to the *Community Grants Program* contingency and the process for assigning the program's budget across funding sectors.

Note: the proposed sector allocation values may be amended annually based on the program's budget.

#### RECOMMENDATION

It is recommended that the HRM Grants Committee recommend to Regional Council the approval of the following:

1. The *Community Grants Program* contingency for appeals be increased to 5% of the program's annual budget;
2. The Arts & Crafts sector allocation be reduced to \$75,000, effective April 1, 2011;
3. The program's appeals process be amended with respect to appeals initiated by elected officials as set out on page 3 and 4 of the Discussion section of this report.

## BACKGROUND

In 2009, staff were asked to prepare a report regarding the appeals process in relation to grant, tax, and discounted property transactions delivered under the Grants & Contributions portfolio. The report identified potential policy development or amendments. The following were proposed with respect to the *Community Grants Program*:

- Set in policy that a fixed % of the *Community Grants Program*'s annual budget allocation be retained as a contingency in the event of appeals.
- Establish a formal process to assign the value of a funding sector's budget allocation under the *Community Grants Program*.
- Amend the existing *Community Grants Program* appeals policy and procedures in relation to appeals that originate with elected officials.

## DISCUSSION

### 1. Appeals Contingency

The program's capacity for appeals fluctuates annually given the unpredictable value of any funds that remain in a sector's allocation following the staff and committee review. To ensure a minimum capacity to entertain eligible appeals a contingency amount is deducted from the program budget and is not allocated across funding sectors. In 2010-2011, for example, the contingency was \$10,700 or 2% of the program's total budget of \$500,700.

The value of any contingency for appeals should not be too high so as to maintain a merit-based program and to discourage "spending because it's there". On the other hand, the contingency should be commensurate with either the maximum or average value of awards. In the opinion of staff, the current 2% contingency may be too low given the number of capital grant requests. In the alternative, staff recommend the contingency increase to 5%. Using a % is preferable to a fixed dollar amount so as to accommodate any fluctuations in program budget.

- Staff recommend that the *Community Grants Program* contingency for appeals be set at 5% of the program's total annual budget.

### 2. Sector Allocations

Presently, the *Community Grants Program* has eight (8) funding sectors. Once the contingency for appeals has been deducted the balance of the program budget is assigned across the sectors. It is necessary to assign the budget so as to guide staff review team members of our capacity to fund requests. Any residual may be re-allocated to another sector that is heavily over-subscribed if there are eligible applications of sufficient merit.

To date, each sector has been allocated \$50,000 with the exception of Recreation & Leisure and Community History that have been allocated \$75,000, and the Arts & Crafts sector that received \$90,000. See: Attachment 1.

The dollar value cited in the following recommendations may be amended subject to the program's annual budget:

- *Staff recommend that the Recreation & Leisure allocation remain at \$75,000 given the recurring volume of requests, the majority of which are capital requests, many of which originate in areas whose population is too small to support a public facility or from specialized facilities that are outside HRM's programming scope.*
- *Staff recommend that the Community History allocation remain at \$75,000 pending the proposed re-design of the Tax Exemption for Non-Profit Organizations Program.*

This sector receives a high volume of capital requests for registered heritage properties. However, under the current tax exemption program registered heritage properties have also received full tax exemption. The rationale for higher exemption was (a) the broad public benefit of heritage protection, and (b) the higher cost of authentic restoration. This approach has failed to demonstrate that a higher level of tax exemption results in enhanced standards of heritage property stewardship. The tax exempt status of registered heritage properties will be examined in a separate staff report. There may be a basis for rationalizing assistance between the two programs (grants/tax).

- *Staff recommend that for consistency and equity that the Arts & Crafts sector allocation be reduced from \$90,000 to \$75,000, effective 2011-2012.*

The higher allocation is largely a legacy with respect to the level of funding awarded to two major cultural organizations (Neptune Theatre and Symphony Nova Scotia) by the former City of Halifax (both groups) and former City of Dartmouth (Symphony). In 2010, both organizations were advised in writing that the maximum value of any award shall be consistent with *Community Grants Program* policy ie. >\$5,000 for a project grant or >\$25,000 for a capital grant. It should also be noted that much of the increase in applications to this sector are from professional arts groups, many of whom are also in receipt of recurring core funding from other levels of government.

Arguably, the net effect of the proposed reduction to the Arts & Crafts sector is to increase equitable access to funding across a broad spectrum of community arts initiatives in that under the previous \$90,000 allocation ~\$40,000 was assigned to two major cultural institutions (average of \$20,000 for programming) leaving \$50,000 for other applicants to the sector. Under the proposed scenario, there would be \$75,000 and any project-specific awards would be up to a maximum of \$5,000.

### 3. Appeals

The *Community Grants Program* appeals process is set out on page 35 of the program Guidebook. Appeals are only considered on the basis of new information unavailable to the applicant or reviewer at the time of application, or an error in fact or procedure during the review process. Applicants have two weeks to appeal as of date of notification.

The Grants Committee have expressed concern regarding appeals from elected officials. On occasion staff have followed up with an applicant based on an appeal by a councillor to find that the group was unaware of any appeal and had in effect accepted the Grants Committee's recommendation. To avoid embarrassment for any of the parties involved, staff recommend that existing policy be amended to include the following:

*Appeals that originate with elected officials shall:*

- (a) Be provided to the Grants Committee and/or Regional Council in writing;*
- (b) Failure to provide a written rationale or to make a verbal presentation to the Grants Committee in support of the appeal shall result in disqualification of the appeal;*
- (c) The official(s) making the appeal shall be responsible for notifying the applicant upon whose behalf they have made a formal appeal.*

### BUDGET IMPLICATIONS

None. The recommendations contained in this report have no immediate financial implications. If the budget for the program increases or decreases in a fiscal year the sector allocations would be adjusted accordingly.

### FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

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

### COMMUNITY ENGAGEMENT

Not applicable. The proposed policy amendments are subject to the approval of the Grants Committee and Regional Council.

### ALTERNATIVES

The Grants Committee may overturn or amend a staff recommendation.

### ATTACHMENTS

1. Community Grants Sector Allocations.

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A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> 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, Community Development 490-5469.

Original Signed

Report Approved by: Andrew Whittemore, Manager Community Relations & Cultural Affairs, Community Development

Original Signed

Financial Approval by: Cathie O'Toole, CGA, Director of Finance, 490-6308

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# Attachment 1

Comparison of Existing and Proposed Sector Allocations				
Existing Funding Sectors	Previous Allocation 2010	% of Program Budget*	Proposed Allocation 2011	% of Program Budget*
Environment	\$50,000	10%	\$50,000	10%
Recreation & Leisure	\$75,000	15%	\$75,000	15%
Affordable & Supportive Housing	\$50,000	10%	\$50,000	10%
Emergency Assistance	\$50,000	10%	\$50,000	10%
Neighbourhood Safety	\$50,000	10%	\$50,000	10%
Community Diversity	\$50,000	10%	\$50,000	10%
Community History	\$75,000	15%	\$75,000	15%
Arts & Crafts	\$90,000	18%	\$75,000	15%
Sub-Total	\$490,000	98%	\$475,000	95%
Contingency	\$10,700	2%	\$25,700	5%
Total	\$500,700	100%	\$500,700	100%