

**Item No. 10.1.2**  
**Halifax Regional Council**  
**February 28, 2012**

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

Original signed

**SUBMITTED BY:**

Richard Butts, Chief Administrative Officer

Original signed

Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** January 6, 2012

**SUBJECT:** Halifax Forum Operating Subsidy

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**ORIGIN**

- January 23, 2011, Request from the General Manager of the Halifax Forum for payment of the 2011/12 operating subsidy.

**RECOMMENDATION**

It is recommended that Halifax Regional Council approve the operating subsidy in the amount of \$102,800 to the Halifax Forum Community Association funded from account M310-8001 Other Fiscal Services –Transfer to Other Agencies, as per the budget implications section of this report.

## **BACKGROUND**

In 2006/07 and 2007/08, the Halifax Forum experienced operating deficits. In 2008/09, HRM Senior Management committed to providing an operating subsidy of \$246,000 to address immediate financial needs as a result of increased costs incurred due to changes in the prior CUPE collective agreement that were not accounted for in their budget. The subsidy consisted of: \$148,000 for 2006/07 and 2007/08 which was paid towards the accumulated operating deficit, and \$98,000 for 2008/09 which was paid as required.

In response to the General Manager's letter of February 2009, a letter was sent from the CAO confirming that the subsidy amount would be included in the draft 2009/10 HRM Operating Budget and recommended to Council for approval. Beyond the approval of the budget, a separate staff recommendation report was not submitted to Council regarding the subsidy. However, consistent with past practice, where a subsidy was included in the approved budget, staff released the funds and a subsidy of \$98,000 was paid to the Halifax Forum in 2009/10.

For the 2010/11 budget, the previous subsidy amount was increased by the cumulative percentage increase outlined in the new CUPE collective agreement. This increased the subsidy amount to \$102,800 which was presented in the budget in the same manner, and paid to the Halifax Forum after the approval of the budget by Regional Council.

The following table shows the net operating results since 2006/07 including the 2011/12 budget.

### **Halifax Forum**

	Actuals					Budget
(in thousands of dollars)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Annual Operating Deficit*	(\$294)	(\$140)	(\$4)	(\$82)	(\$199)	(\$103)
HRM Operating Subsidy	\$66	\$82	\$98	\$98	\$103	\$103
Net Annual (Deficit)/Surplus after subsidy	(\$228)	(\$58)	\$94	\$16	(\$96)	\$0

\*after net capital and debt servicing

\*\*the operating subsidy started in 2008/09 but the \$246k provided included retroactive amounts to be applied against prior deficits, from fiscals 2006/07 and 2007/08 (\$66k and \$82k, respectively)

## **DISCUSSION**

The Halifax Forum budget for 2011/12 included an operating deficit of \$102,800 and therefore a \$102,800 subsidy was budgeted in HRM's 2011/12 Budget in account M310-8001 Other Fiscal Services – Transfer to Other Agencies, which was approved by Regional Council.

The General Manager of the Forum has requested payment of the subsidy. Third quarter financial results for the Forum reflect an operating deficit of \$64,400 before net capital and debt servicing and without the subsidy being received. Staff recommend Regional Council approve

the 2011/12 operating subsidy in the amount of \$102,800 to be paid to the Halifax Forum.

It should be noted that on November 8, 2011, Regional Council approved a motion regarding Multi-District Facilities that “no new subsidies or significant changes to existing subsidies be approved with a term of more than one year”. Where there is no change being recommended to the existing subsidy to Halifax Forum, Council’s motion does not impact staff’s ability to process payment of the subsidy.

### **BUDGET IMPLICATIONS**

The \$102,800 operating subsidy has been budgeted for in HRM’s 2011/12 Budget and therefore can be accommodated in M310-8001 Other Fiscal Services - Transfer to Outside Agencies. There is no net impact to the operating budget.

### **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**

N/A

### **ALTERNATIVES**

Regional Council could choose not to approve the operating subsidy. This is not recommended as the subsidy has effectively been in place since 2006 and was budgeted to offset the 2011/12 operating deficit for the Halifax Forum.

### **ATTACHMENTS**

None.

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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.

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