
Halifax Regional Council
May 7th, 2002

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Jim Hobin, Chair, HRM Grants Committee

DATE: January 18th, 2002

SUBJECT: Community Grants Program: Capital Request - Cobequid Multi-Service Centre, 70 Memory Lane, Lower Sackville

ORIGIN

At the meeting of Regional Council, December 18th, 2001, representatives of the Cobequid Multi-Service Centre Foundation requested a capital grant of \$500,000 towards the construction of a new facility. The request asks for a payment schedule of \$100,000 each of 5 years, commencing in fiscal year 2002-2003. This matter was referred to the HRM Grants Committee for a recommendation.

RECOMMENDATION

HRM Grants Committee recommends the request be declined funding from the HRM Grants Program on the basis of the following rationale:

1. The direct provision of public medical facilities is the responsibility of the Nova Scotia Department of Health: Capital District Health Authority and the Federal Government;
2. The budget capacity and funding priorities of the HRM Grants Program;
3. The operating budget capacity, debt capacity, and funding priorities of the HRM 2002-2003 budget;
4. The Foundation's fundraising capacity.

BACKGROUND

At the time of amalgamation (1996) the Halifax Regional Municipality agreed to honour the capital pledge commitments made by former municipalities. These commitments were grouped into a *Capital Pledges Program* and administered under the HRM Grants Program. Under the former Town of Bedford (May 27, 1994) and the Municipality of Halifax County (April 13th, 1995) an initial pledge of \$150,000 was committed; \$75,000 from each municipality. The pledge was to be paid in installments: a payment of \$15,000 was made by the Town of Bedford in October, 1994 and a payment of \$25,000 was made by Halifax County in 1995. No further payments were made until 1996 under the HRM *Capital Pledges Program*. The final payment is due in 2002-2003 to complete the commitment. See Attachment 1 for schedule of payment details.

DISCUSSION

The Foundation has launched a "Getting Better Together- Cobequid Capital Campaign" for the construction of a new Cobequid Centre. The total cost of the project is \$23 million. The facility will accommodate a medical facility, community services, and employment services. Of the \$23 million total cost, \$17 million is for medical/health services, the balance of \$6 million for the social services and employment will be contributed by the respective government agencies (eg. Nova Scotia Community Services and Human Resources Development Canada). The request for \$500,000 is towards the medical/health amenities. Of the \$17 million, the Central District health Authority has committed \$13 million. The Foundation has committed to raise the balance of \$4 million.

In October, 2001, the Cobequid Capital Campaign received a payment from HRM of \$100,000 from the Sackville Landfill Compensation Fund which was approved by the North West Community Council August 26th, 1999. The grant was made subject to the location of the new facility within the Sackville community. Note: this grant was understood to represent "a portion of the community's share towards the new Cobequid Multi Service Centre".

Provincial Health Mandate:

Although HRM agreed to honor prior commitments under the Capital Pledges Program, inter-governmental relations and jurisdictional responsibilities have changed with service exchange and changes to the Municipal Government Act (1998). Staff advise caution is warranted in "blurring" the distinction between the municipal and provincial governments.

The responsibility for the capital costs of a new facility resides with the Capital District Health Authority. Indeed, the funding capacity exists at the provincial level and the Foundation's fundraising efforts will, in effect, reduce the Health Authority's obligations.

Grants Program Budget Capacity and Competing Priorities:

The *Capital Pledges Program* is due to retire in 2004. It is the recommendation of staff that these operating funds be re-directed (with regional Council's approval) to the *Community Grants Program*, inter-departmental programming (rent subsidies, grants), and to a proposed *Community Capital Reserve Fund* to assist new and existing non-profit facilities. Currently, the Grants Program is very limited in its ability to address requests from community-owned and operated facilities serving communities outside HRM's 'core' service area. HRM is also faced with the consequences of deferred maintenance and chronic under-capitalization of HRM-owned facilities leased to community groups.

Staff also anticipate a significant increase in requests for assistance from the *Tax Exemption for Non-Profit Organizations Program* in light of assessment increases and HRM-owned lease and facility management agreements.

In addition to the growing problem in capitalization of community facilities, staff anticipate growing pressure for increased assistance to low-income homeowners faced with significant property tax increases. It is expected that the *Residential Tax Exemption Program* (rebates) and the *Residential Tax Deferral Program* will see an increase in applications in 2002-2003. Discussion is also underway regarding deferral options to assist homeowners with local improvement charges and the remediation of dangerous and unsightly premises: a budget allocation must be assigned. In conclusion, staff advise that any existing capacity within the Grants program portfolio be directed to property tax assistance, a community lease subsidy program, and grants to community-owned and operated facilities.

HRM Budget Capacity and Competing Priorities:

One alternate source of funding to the hospital's capital campaign would be financing through HRM's capital budget. In this context a contribution to a provincially-owned and operated facility would be prioritized relative to the municipality's mandated responsibilities in program and service delivery.

A capital contribution from operating is another possibility but there is no departmental link for health care facilities. A multi-year budget allocation would need to be made in the amount of \$100,000 starting in fiscal year 2002-2003.

Cobequid Foundation's Budget Capacity

The audited financial statement submitted by the Foundation indicates investment holdings and annual investment income. While staff acknowledge that a capital grant from the municipality would significantly decrease the Foundation's fund-raising responsibilities, annual revenues are sufficient to cover their commitment to the central Health District Authority. Admittedly, this could result in the diversion of a portion of the Foundation's annual contribution to operating expenses over the course of the campaign. nevertheless, the expansion will proceed even if there is any default or reduction in the Foundation's contribution to the project if declined a grant from HRM.

COMMUNITY IMPACTS

The work of the Foundation is an invaluable, highly visible, and competent support to the Cobequid Multi-Service Centre. The new, expanded facility will clearly benefit residents in the region in terms of enhanced access to medical services.

BUDGET IMPLICATIONS

If Regional Council wishes to proceed in support of the request, in full, an additional \$100,000 needs to be added to the Grants Program budget for each of % years, commencing 2003-2004. Or, alternately, \$100,000 will have to be re-directed from other programs within the Grants Program portfolio such as the *Community Grants Program* and/or the *Tax Exemption for Non-Profit Organizations Program*.

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 other relevant legislation.

ALTERNATIVES

1. The staff recommendation could be defeated and the capital request re-directed by Regional Council to the 2002-2003 operating budget deliberations and ranked relative to departmental requests.

This action is not recommended because it circumvents the business planning process. There is no departmental mandate in medical/health service delivery and such funds would be taken from other areas of our municipal operations.

2. The staff recommendation could be defeated and the capital request funded from a re-allocation of funds from within the Grants Program portfolio budget.

This action is not recommended because of the anticipated impact of assessment increases on HRM's tax subsidy programs (tax grants, rebates), the increase in capital grant requests from community-owned and operated facilities throughout the region, and competing priorities.

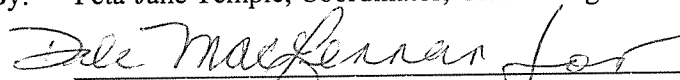
ATTACHMENTS

1. Schedule of payments by HRM to Cobequid Multi-Service Centre 1996-2003.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210 or Fax 490-4208.

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Approved By:



Bruce Fisher, Manager, Financial Planning, HRM Financial Services 490-4493

Attachment 1.

Payment Schedule for Cobequid Multi-Service Centre		
Year	Amount	Notes
Pre-Amalgamation Total Pledge	\$150,000	Bedford \$75,000 (May 27/94) County \$75,000 (April 13/95)
Total paid by former Municipalities	\$40,000	Bedford \$15,000 (October/94) County \$25,000 (May /95)
Sub-Total	\$40,000	
Total due from HRM under Capital Pledges Program	\$110,000	
1996-97	\$40,000	
1997-98	\$11,667	
1998-99	\$11,667	
1999-00	\$10,000	
2000-01	\$12,223	
2001-02	\$12,223	
2002-03	\$12,223	
Sub-Total	\$110,000	
Total Pledge	\$150,000	