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Halifax Regional Council  
November 12th, 2002

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

**SUBMITTED BY:**   
Jim Hobin, Chair, HRM Grants Committee

**DATE:** September 12, 2002

**SUBJECT:** **Community Grants Program: Regional Trails Advisory Committee Request for Funding Increase 2003-2004**

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**ORIGIN**

At the meeting of Regional Council February 12, 2002, the Regional Trails Advisory Committee requested an increase in the value of grants awarded under the *HRM Community Grants Program* be increased from \$25,000 to \$100,000. This report makes recommendations regarding current and future funding of the regional trails system, commencing fiscal year 2003-2004.

**RECOMMENDATION**

It is recommended that Regional Council:

1. Decline a budget increase in the amount of \$75,000 for the *HRM Community Grants Program* in fiscal year 2003-2004.
2. Refer the issue of sustainable funding for the Regional Trails System to HRM Parks & Recreation.

## BACKGROUND

The request for an additional \$75,000 in annual grants funding presented on behalf of local volunteer trails groups by the Regional Trails Advisory Committee identified four general categories of expenditure:

- (i). *Administrative costs:*  
long-distance telephone, photocopy, postage, office supplies, office space rental, printing/binding, local transportation costs.
- (ii). *Liability insurance:*  
general liability, Directors and Officers liability, death and disability.
- (iii). *Cleaning and washroom supplies:*  
cleaning products, washroom paper products.
- (iv). *Marketing:*  
self-promotional brochures, maps, web site development.

The additional \$75,000, plus the present allocation of \$25,000 would be allocated proportionally among the Advisory Committee's membership. With the projected growth in the number of trails, it is estimated these funds would represent an annual award of \$5,000 per organization. In addition to their stated grant request, members of the Regional Trails Advisory Committee have expressed concern regarding the lack of provision for on-going trails maintenance funding once the capital-intensive construction phase is complete.

## DISCUSSION

The rationale for declining an additional \$75,000 in funding under the *Community Grants Program* is as follows:

### **1. A Contributions Program versus a Grant Program:**

Proliferation in the number of community non-profit organizations and volunteer groups cannot be controlled and any attempt to do so violates the right of free association. The Municipality does not have the financial capacity, nor the mandate, to provide on-going operating subsidies to community groups in an equitable manner. Hence, annual awards distributed under the *HRM Community Grants Program* are intended to be one-time or multi-year, project-specific grants. We cannot assume the responsibility for keeping others in business and to attempt to do so risks creating 'managed dependencies', sometimes in areas that exceed our mandate.

In preference to operating grants, staff of the Grants Program recommend that recognized members of the Regional Trails Advisory Committee be assisted through Facility Management Agreements with HRM Parks & Recreation and other government funding partners. Such contractual agreements are intended to protect the interests of both the general public and the trails groups volunteers. Arguably, the members of these trails groups are providing a service which replaces or supplements the role of HRM staff within a core service delivery area.

## **2. Liability Insurance:**

Insurance to protect the interests of volunteers should not be provided in the form of an annual grant. The HRM Grants Program has no jurisdictional authority over the construction, maintenance, or operation of these trails; we do not control the standards of care or the responsible conduct of volunteer groups and therefore should not be held liable either directly or indirectly for insurance costs.

Funding for annual insurance coverage could be included in a Facility Management Agreement and the cost shared among the Regional Trails System's government funding partners. Government staff would then be held accountable to oversee compliance with due diligence in accordance with the terms and conditions specified by the insurance agent(s).

## **3. Cleaning and Washroom Supplies:**

If a trail, or inter-connecting system of trails, walkways and boardwalks, is recognized as a type of recreational facility comparable to that of a playground, park, or sports facility then the operating costs should be considered in a similar manner. Who "owns" these trails facilities?

Presently, HRM-owned and operated facilities have an annual operating budget which covers cleaning and washroom supplies. HRM-owned and community operated facilities under either a lease or a Facility Management Agreement have several funding methods: (a) HRM pays capital and the non-profit group covers operating, (b) HRM provides an annual operating subsidy, or (c) the tenant pays for both capital and operating costs.

Trails do not generate direct revenues; there are no user-fees. HRM has advocated for the development of a trails system as integral to leisure and active lifestyles. Some peripheral benefit in terms of tourism has also been identified but these revenues are not collected by trails operators or HRM.

Given that, to date, most of the lands used for trails development are either owned by HRM or the Provincial Government<sup>1</sup> it seems reasonable to expect that the "owners" would provide financial assistance for their annual maintenance and operation. Both levels of government have a public duty to manage the value of the assets held in public trust. hence, staff of the Grants Program recommend that HRM and the Provincial Government negotiate a cost-shared agreement for the annual operation of the Regional Trails System. The terms and conditions of this contribution would be detailed in a Facility Management Agreement.

## **4. Marketing:**

Assistance in the direct-to-consumer marketing of the Regional Trails System could be provided through HRM Tourism, Culture & Heritage and Nova Scotia Tourism, Culture & Heritage. Assistance with to-the-trade tourism marketing can be provided through Destinations Halifax (the new Destinations Marketing Organization funded through the hotel tax) using existing business and media networks and materials. A coordinated approach to marketing could be coordinated through the Regional Trails staff funded by HRM and the HRDA.

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<sup>1</sup> A small portion of lands are federally owned and there are a few private lands accessed using an easement.

## 5. Annual Maintenance

Although annual maintenance costs have not been identified in the request for an increase in grant allocation, at a meeting with members of the Regional Trails Advisory Committee, September 9<sup>th</sup>, 2002, staff of the Grants Program were advised that there is, to date, no formal allocation of funding specifically for this purpose. Volunteers are concerned that they will be expected to fund-raise to cover these on-going capital costs.

The Regional Trails Project Report (1997), developed by the Halifax Regional Development Agency for HRM, noted that the responsibility and funding for the on-going maintenance of trails had not been established (p.13). It appears this lack of clarity persists. Further, the report projected that annual maintenance costs of a trail is 8-10% of the initial capital cost to install the trail.

If Regional Council and staff are in agreement that the current and future maintenance of the Regional Trails System in HRM is not the exclusive or even predominantly the responsibility of community volunteers, the project's government funding partners should make provision for their proportional share. A Regional Trails Reserve account could, for example, be established under HRM Parks & Recreation to set aside 10% of HRM's capital construction costs contribution against future repairs. This 10% could be either identified separately or included within the approved annual capital budget expenditure.

## COMMUNITY IMPACTS

Recognition and consistent support for the efforts of local volunteer groups in the development and on-going operation of a Regional Trails System in HRM.

## BUDGET IMPLICATIONS

If approved, the Grants Committee recommendation has no budget impact for the *Community Grants Program* in 2003-2004.

## 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. Regional Council could defeat the recommendations of this report and request a \$75,000 increase in the *Community Grants Program* budget during the 2003-2004 budget debate.

This action is not recommended because it is counter to the process underway to transition the *Community Grants Program* away from contributions towards project-specific requests. This change has been initiated by staff of the Grants Program to address public complaints regarding equitable access to

assistance. To provide annual operating subsidies to trails groups is likely to prompt similar requests from other non-profit sectors.

Operating subsidies (in effect a contributions program) would be more appropriately placed within a departmental operating budget as a recognized program. Using this approach, staff are held accountable for the expenditure of public funds, service standards, and an evaluation of "public" benefit.

Other alternatives for consideration could be brought forward through the regular business planning and budget process by HRM department staff, such as but not limited to:

2. An Operating budget increase of \$100,000 under HRM Parks & Recreation, Recreation Facilities, for annual Facility Management Agreements with local trails groups.

Service contracts would identify the respective roles and responsibilities of the parties for costs associated with the construction, maintenance, and operation of trails in HRM. The funds are allocated from the General Tax Rate based on the scope and duration of public benefit. HRM's contribution could also be used to leverage cost-sharing with other government partners. If this option were approved, the \$25,000 presently allocated under the *Community Grants Program*, Property Development and Community Facilities Sector, would be re-distributed to other sectors of the program.

This action is recommended. Volunteer trails groups do not hold title to the properties over which trails are constructed. Grants awarded under the Property Development and Community Facilities sector are intended for community-owned and operated amenities, not government or private land holdings.

This budgetary provision would also recognize the Regional Trails System as a priority project for HRM in recreational facilities and programming, while providing appropriate and consistent support to local volunteers. The risk to HRM is that frustrated or disillusioned volunteers will abandon these projects due to the time commitment and unrealistic fund-raising expectations.

3. A one-time grant of \$100,000 to establish a Regional Trails Trust Fund the principal of which is to be held in perpetuity.

The Trust Fund would be managed and administered independent of the Municipality by a charitable Society registered under the Income Tax Act (eg. HRM Regional Trails System Society) for the purpose of generating sufficient annual interest to support the administrative costs of local volunteer trails groups. HRM's start-up contribution could be used to leverage contributions from other levels of government, foundations, the private sector, and individual donors.

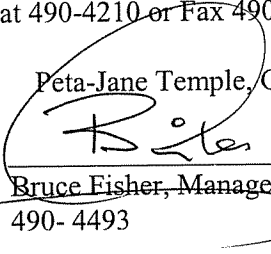
ATTACHMENTS

1. Review of Budget Expenditures, Community Trails Groups, 2002-2003.
2. Correspondence to HRM Grants Program from HRM Regional Trails Advisory Committee

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.

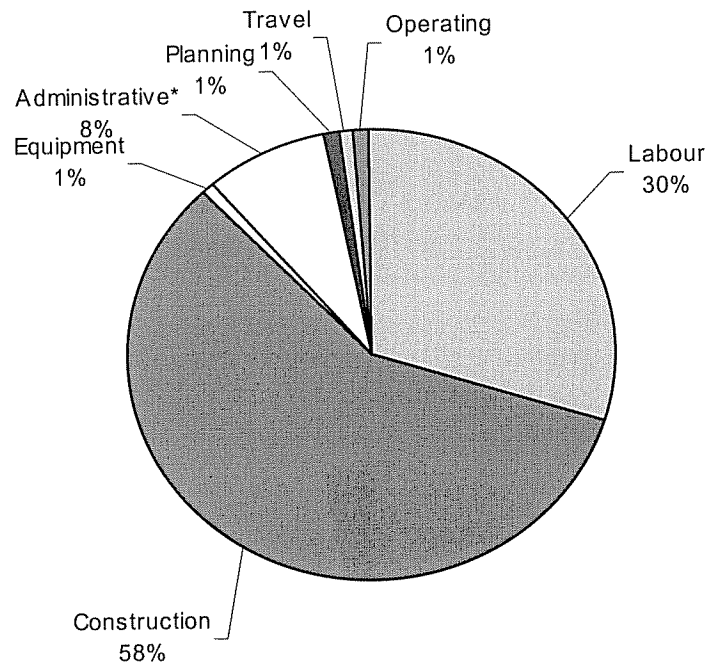
Report Prepared By: Peta-Jane Temple, Grants Coordinator 490-5469

Approved By:

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

**Attachment 1.**

**Approximate Distribution of Funding: Regional Trails**



Note: the distribution of funds for 2002 is only an approximation given that trails groups do not use a standardized reporting format for projected budget expenditures or actuals. The above data is based on information provided by 10 local trails groups in their application to the Community Grants Program 2002-2003. The assignment of expenditures or budget figures to a cost category is a discretionary allocation by Grants Program staff for illustrative purposes only.

\* Administration includes marketing, office supplies, office rental and insurance.

Peta J Temple  
Community Grants Program  
Halifax Regional Municipality

Dear Ms. Temple:

In preparation for our presentation to the HRM community grants committee, we are sending you the following outline of our rationale for requesting more funds from the HRM community grants committee.

The need for an integrated and interconnecting trail system was identified as a priority for community economic development by the communities surveyed in 1996 by the Halifax Regional Development Agency. An HRM Regional plan was developed and it was decided that the trails would be planned, constructed and managed according to the community development model.

HRTAT (Halifax Regional Trails Advisory Team) now represents 16 community trail groups. Most of the trails are at various stages of planning and development. A couple of trails are actually moving into the management stages.

As you will note from the presentation, the groups are making the Regional Trails dream a reality. The Regional Trails Team started with five community trail groups in 1998 and the number has expanded to 16 this year. With assistance from HRTAT, HRDA, HRM and provincial and federal funders the groups are securing significant funds to build the trails.

Always excluded in the capital budgets by other funders (N.S. Sport and Recreation, Tourism & Culture, ACOA etc) are the funds for all incidental expenditures that the community groups must shoulder to effectively manage the development of the trails. The following are some points to explain the kind of expenses community groups must cover to make their trail projects get off the ground. Without sources to pay for these administrative costs, it is virtually impossible for the trail projects to proceed and the other funding dollars to be spent.:

- long distance telephone
- photocopy, postage, office supplies, office space, computer costs- ink cartridge, toner
- costs of preparing multiple funding proposals
- project map development
- simple promotional materials like brochures
- web site development
- transportation costs especially for the trails being developed in remote parts of the municipality
- simple maintenance materials- toilet paper, cleaners
- liability insurance

The HRTAT has appreciated the assistance received in the past from the community grants committee. We know that you are well aware of community needs along these lines because you



endorse the community development model in the HRM business plan. Since the Halifax Regional Trails Advisory Team continues to grow , we are requesting an increase in the community grants allocation for trails from \$25,000 to \$100,000. Assuming that the team will grow in 2002 to 20 or more community groups this would provide about \$5,000.00 to each group. Community groups will be able to maintain the momentum and continue to develop HRM's much needed and beautiful trail system.

We are looking forward to making this presentation on behalf of HRTAT on February 11, 2002

Sincerely,

Don Ambler  
HRTAT Chair

Jessie DeBaie  
HRTAT Vice Chair