



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 14.2.4
Halifax Regional Council
October 31, 2017

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed
Councillor Bill Karsten, Chair, Audit and Finance Standing Committee

DATE: October 19, 2017

SUBJECT: WE Day Atlantic Funding Source Confirmation

ORIGIN

Staff report submitted to the October 18, 2017 meeting of the Audit and Finance Standing Committee.

LEGISLATIVE AUTHORITY

Sec. 21 of the Halifax Regional Municipality Charter RE Standing, Special, and Advisory Committees.

Sec. 8 of the Audit and Finance Standing Committee's Terms of Reference:

"The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:

- (a) new programs or services not yet approved or funded;
- (b) programs or services that are being substantially altered;
- (c) proposed changes in any operating or project budget items;
- (d) the commitment of funds where there is insufficient approved budget;
- (e) new or increased capital projects not within the approved budget;
- (f) increases in project budget due to cost sharing; and
- (g) the creation or modification of reserves and withdrawals not approved in the approved budget."

RECOMMENDATION

The Audit and Finance Standing Committee recommends Halifax Regional Council

1. Approve funding in the amount of \$27,500 from the General Contingency Reserve, Q421, for 2017/18 to maintain the total grant amount of \$65,000 for WE Day Atlantic; and
2. Approve funding in the amount of \$27,500 from the General Contingency Reserve, Q421, for 2018/19 to maintain the total grant amount of \$65,000 for WE Day Atlantic.

BACKGROUND

A staff report in regard to WE Day Atlantic Funding Source Confirmation was submitted to the October 18, 2017 meeting of the Audit and Finance Standing Committee.

DISCUSSION

The Standing Committee considered the report and passed a motion endorsing the staff recommendation.

FINANCIAL IMPLICATIONS

Outlined in the attached staff report dated October 4, 2017.

RISK CONSIDERATION

Outlined in the attached staff report dated October 4, 2017.

COMMUNITY ENGAGEMENT

The Audit & Finance Standing Committee meetings are open to public attendance, a live webcast is provided of the meeting, and members of the public are invited to address the Committee for up to five minutes at the end of each meeting during the Public Participation portion of the meeting. The agenda, reports, minutes, and meeting video of the Audit & Finance Standing Committee are posted on Halifax.ca

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

The Standing Committee did not provide alternatives.

ATTACHMENTS

Attachment 1: Staff report dated October 4, 2017.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Sheilagh Edmonds, Legislative Assistant, Municipal Clerk's Office, 902.490.6520



P.O. Box 1749
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Item No.
Audit and Finance Committee
October 18, 2017

TO: Chair and Members of the Audit and Finance Committee

SUBMITTED BY: Original Signed

Jacques Dubé, Chief Administrative Officer

Original Signed

Brad Anguish, Director, Parks & Recreation

DATE: October 4, 2017

SUBJECT: **WE Day Atlantic Funding Source Confirmation**

ORIGIN

November 22, 2016, Regional Council motion that Halifax Regional Council:

1. Waive the Rules of order to suspend the rules that the Audit and Finance Standing Committee approve the staff report dated November 21, 2016, and make a recommendation to Regional Council, as the Audit and Finance Standing Committee is not scheduled to meet until December 2016;
2. Approve an increase of \$27,500 for the 2016/17 event grant for WE Day Atlantic to be funded from the Community and Events Reserve, Q621; and
3. Direct staff to develop a multi-year, sustainable funding plan to maintain the funding level of \$65,000 in the 2017/18 budget planning process.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, 79 (1) The Council may expend money required by the Municipality for (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, (vii) a registered Canadian charitable organization;

Administrative Order Number 2014-021-GOV: Respecting Regional Special Events Grants

RECOMMENDATION

It is recommended that the Audit and Finance Committee recommend that Halifax Regional Council:

1. Approve funding in the amount of \$27,500 from the General Contingency Reserve, Q421, for 2017/18 to maintain the total grant amount of \$65,000 for WE Day Atlantic; and
2. Approve funding in the amount of \$27,500 from the General Contingency Reserve, Q421, for 2018/19 to maintain the total grant amount of \$65,000 for WE Day Atlantic.

BACKGROUND

WE Day is an event initiative of WE Charity, an international charity and educational partner, that works with schools to implement the WE Act program to promote the spirit of volunteerism in youth. WE Charity is a not for profit organization and partners with the Nova Scotia Department of Education and Early Childhood Education to deliver the event.

WE Day Atlantic was first hosted in Atlantic Canada in 2013, and Halifax was selected as the location. WE Day Atlantic has returned to Halifax in each subsequent year including the upcoming November 2017 event. The event has been funded over the past 3 years from two sources; initially through the Marketing Levy Special Events Reserve (MLSER) and then through the Operating Surplus Reserve (Q328). Awards have been granted at various levels of funding:

- In 2013/14, Regional Council approved a grant in the amount of \$50,000 from the MLSER.
- In 2014/15, Regional Council approved a grant of \$50,000 but then subsequently passed a motion to "Increase the \$50,000 event grant for the 2014 WE Day Atlantic Event as approved by Regional Council on June 24, 2014 by \$20,000, a one-time increase only, for a total grant of \$70,000 towards the event with funds being allocated from the Operating Surplus Reserve (Q328).
- In 2015/16, Regional Council approved a grant of \$65,000, again from the Operating Surplus Reserve (Q328).
- On May 31, 2016, Regional Council approved a grant of \$37,500 for WE Day Atlantic 2016 for a period of three years (2016/17, 2017/18 and 2018/19) through the Cultural Events and Showcases program. Subsequently, on November 22, 2016, Regional Council passed a motion to increase the 2016/17 event grant to \$65,000 from the Community and Events Reserve (Q621) and directed staff to develop a multi-year, sustainable funding plan to maintain the funding level of \$65,000 for WE Day Atlantic.

DISCUSSION

Funding Alternatives

The budget of \$200,000 for the Cultural Events and Showcases funding program is fully committed for the fiscal years (2016/17, 2017/18, and 2018/19), as per the May 31, 2016 Regional Council motion. As well, the budget for Community Events is fully committed from the Operating Budget as per the May 31, 2016 motion.

The Special Events Advisory Committee (SEAC) has indicated that WE Day Atlantic does not meet the MLSER program criteria by increasing tourism, economic and media impacts and therefore has not recommended awarding the grant from MLSER in the past two years. As stated in the November 22, 2016 staff report, WE Day Atlantic does not meet the eligibility criteria in tourism to be considered for annual event funding from the MLSER. Students/attendees are bussed into the venue and return home the same day directly following the event which does not create room nights which is a primary indication of tourism events. As well, there is minimal spend from attendees; however, there is significant local spend in the venue rental fee and staging. Regional Council has approved SEAC's recommendations, which has resulted in the event being funded from a grant from Operating Surplus in the past two years.

Typically, when there is a request by Council to identify an alternative funding source to enhance funding levels outside of the granting framework, there are two options for consideration; Transfers from Reserves and Funding from the Operating Budget:

Option 1 — Transfers from Reserves: The General Contingency Reserve, Q421, can be considered because it contains prior years' general operating surpluses and is not confined to a specific purpose. As such, using the available balance to fund unanticipated one time issues, such as this, is appropriate. Annual

budgeted withdrawals for the same usage is not appropriate. Another potential reserve for funding is the Community and Events Reserve, Q621. However, it is not recommended for this one-off increase for reasons outlined in this report.

Option 2 — Funding from Operating Budget: If another funding source is not identified, any increase to funding levels would need to be funded by the operating budget but this risks the Parks and Recreation budget entering a deficit position. Currently there is no capacity in the Parks and Recreation operating budget to fund the additional funding of \$27,500 for WE Day to maintain it at the level directed by Council.

Current Funding Status

In 2016/17, the WE Day Atlantic application was directed to the newly established Cultural Events and Showcases program under the Regional Special Events Administrative Order. The Regional Special Event Grant programs are funded from the annual operating budget process for small and mid- size community events and from the Community and Events Reserve, Q621, for the Cultural Events and Showcases program.

With funding requests in 2015/16 more than double the program capacity of \$200,000, to award the funding request to WE Day Atlantic in full (\$65,000) would have created a significant reduction in funding available to all other events in this category which are annual, locally organized events (see Attachment 1 for Cultural Events and Showcases approved funding list). WE Day has unique characteristics that do not fully meet the criteria of this program; however, the event has proven merit and enhances Regional Council's desire to encourage positive experiences and activities for youth. There was no other available funding source defined at that time for this initiative.

Staff has reviewed funding capacity as per the November 22, 2016, motion to consider allocation from the Community and Events Reserve, Q621, and the General Contingency Reserve, Q421. There is no capacity available in the Showcase program until 2019/20; however, the Community and Events Reserve, Q621, does have available resources to increase the showcase program to accommodate this request. When the program re-opens in 2019/20, it is also anticipated more requests than the program budget capacity could be received.

There is capacity within the General Contingency Reserve, Q421; therefore, it is recommended that the \$27,500 increase in funding be awarded from the General Contingency Reserve, Q421, for 2017/18 and 2018/19. This recommendation will maintain the Council approved 3-year event funding for the WE Day Atlantic. The use of this reserve is recommended rather than increasing the Cultural Events and Showcase program with funding from Q621 for one specific event. Any changes to the program should be for consideration of all events, rather than a specific one.

As one of the terms of the recommended, sustained funding model, HRM will receive 100 tickets for youth to attend the WE Day event for 2017 and 2018. There are no conditions placed on the recipients of these tickets. HRM acknowledges that there are youth that are not able to meet the volunteer commitment outside school for many reasons i.e. illness, family and work responsibilities and other life challenges. These tickets will be distributed through HRM partners who have specific knowledge of the youth communities in which HRM serves.

Future Funding Consideration

As stated above, WE Day Atlantic is primarily funded from the Cultural Events and Showcases program with the increase of \$27,500 allocated from alternative funding. The Cultural Events and Showcases program will re-open for applications for the 2019/20 fiscal, and WE Day Atlantic is eligible to reapply for consideration of funding for 2019/20, 2020/21 and 2021/22. Staff anticipate a higher number of applicants with increased funding requests to this 3-year program with applicants that may align more appropriately with the intent of the Cultural Events and Showcases program. Therefore, in 2019/20, Regional Council may choose to consider funding the WE Day program as an annual HRM youth engagement initiative within the Parks and Recreation operating budget. This action will require an request to increase the operating budget as there is no funding specifically allocated to an external youth engagement program such as WE Day.

FINANCIAL IMPLICATIONS

There is capacity for the \$27,500 funding allocation within the General Contingency Reserve, Q421, for 2017/18 and \$27,500 pending final approval of the 2018/19 budget.

Budget Summary, Risk Reserve – General Contingency Reserve, Q421

Balance in Reserve, August 31, 2017	\$2,192,220
Projected revenue to March 31, 2017	\$ 12,867
Commitments to March 31, 2017	<u>\$(825,895)</u>
Projected net available balance, March 31, 2018	\$1,379,192
Withdrawal per recommendations	<u>\$(55,000)</u>
Revised projected net available balance, March 31, 2018	\$1,324,192

Risk Reserve - General Contingency Reserve, Q421 is to receive the annual operating surplus of the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual, and can be used to fund operating costs, offset deficits, or fund new operating and/or capital expenditures. This is an unbudgeted withdrawal from the reserve but does not negatively affect the anticipated planned usage of the reserve for the next five (5) years.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. The risks considered rate Low. To reach this conclusion, consideration was given to financial and reputational risk.

COMMUNITY ENGAGEMENT

The 2016 grant award of \$37,500 to WE Day Atlantic was recommended by the Grants Committee. The meetings are open to public attendance. The Grants Committee is comprised of one elected member from each Community Council, a Chair appointed from the membership of the Audit and Finance Standing Committee and six (6) members of the public. The agenda, minutes, and reports for the Grants Committee are posted on the HRM website.

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

Alternative 1: The Audit and Finance Standing Committee could recommend that Halifax Regional Council direct the \$27,500 in funding for each year, to be sourced from Community & Events Reserve, Q621.

ATTACHMENTS

Attachment 1: Cultural Events & Showcases Awards Approved Funding

A copy of this report can be obtained online at or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Elizabeth Taylor, Manager, Culture & Events 902 490 4387

Attachment 1
Cultural Events and Showcases Approved Funding

Cultural Showcases & Events	2016/17	2017/18	2018/19
Atlantic Fringe Festival	\$17,000	\$17,000	\$17,000
Gridlock Festival	\$5,000	\$5,000	\$5,000
Halifax Pride Festival	\$34,000	\$34,000	\$34,000
Nocturne: Art at Night	\$45,000	\$45,000	\$45,000
Prismatic Arts Festival	\$25,000	\$25,000	\$25,000
Scotia Festival of Music	\$20,000	\$20,000	\$20,000
We Day Atlantic	\$65,000	\$37,500	\$37,500
Tier 2			
Halifax Independent Filmmakers Festival	\$2,500	\$2,500	\$2,500
Mayworks Halifax Festival	\$2,500	\$2,500	\$2,500
OBEY Convention	\$5,000	\$5,000	\$5,000
Out East Film Festival	\$2,000	\$2,000	\$2,000
Queer Acts Theatre Festival	\$2,000	\$2,000	\$2,000
Stages Theatre Festival	\$2,500	\$2,500	\$2,500
TOTAL	\$200,000	\$200,000	\$200,000