



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

Item No. 14.2.1
Halifax Regional Council
March 6, 2018

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Councillor Russell Walker, Vice Chair
Audit and Finance Standing Committee

DATE: February 22, 2018

SUBJECT: Community Grants Program: Request for Extension of Grant Reporting Deadline
– Sheet Harbour & Area Ground Search and Rescue

ORIGIN

Staff report to the February 21, 2018 Audit and Finance Standing Committee meeting.

LEGISLATIVE AUTHORITY

Section 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 Regional Council:

1. Require Sheet Harbour & Area Ground Search and Rescue return the funds awarded in 2013 under the Community Grants Program, and in 2015 under the Volunteer Search and Rescue Grants Program in the total amount of \$38,125.00 to be deposited to the General Contingency Reserve, Q421; and
2. Provide a grant to the Sheet Harbour & Area Ground Search & Rescue Society equivalent to the amount granted under the Community Grants Program and the Volunteer Search and Rescue Grants Program in the amount of \$38,125.00 for the site preparation and construction of a garage, as a withdrawal from the General Contingency Reserve Q421 subject to the following conditions:
 - (i) Confirmation of land ownership by Sheet Harbour & Area Ground Search and Rescue, or an executed long-term lease agreement of 20 years between Sheet Harbour & Area Ground Search and Rescue and the land owner;
 - (ii) Provision of revised construction estimates and a construction start-date; and
 - (iii) Confirmation of the society's cash contribution to the capital project, including the interest paid on the previous funding issued by HRM.
3. Consider a request from Sheet Harbour and Area Ground Search and Rescue for deductions associated with land acquisition costs such as migration, legal fees, survey up to amount of \$16,500.

BACKGROUND

A report from the Grants Committee regarding a request from the Sheet Harbour and Area Ground Search and Rescue for an extension of grant reporting deadline was submitted to a meeting of the Audit and Finance Standing Committee on February 21, 2018.

DISCUSSION

The Committee considered the report and passed a motion endorsing the recommendation of the Grants Committee.

FINANCIAL IMPLICATIONS

Financial implications are addressed in the attached February 5, 2018 Grants Committee report and the October 30, 2017 staff report.

RISK CONSIDERATION

Risk considerations are addressed in the attached February 5, 2018 Grants Committee report and the October 30, 2017 staff report.

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.

ALTERNATIVES

The Standing Committee did not provided alternatives.

ATTACHMENTS

Attachment 1: Report from the Grants Committee dated February, 2018, with an attached staff report dated October 30, 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 902.490.6520



P.O. Box 1749
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Item No. 12.5.1
Audit & Finance Standing Committee
February 21, 2018

TO: Chair and Members of the Audit and Finance Standing Committee

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

DATE: February 5, 2018

SUBJECT: Community Grants Program: Request for Extension of Grant Reporting Deadline
- Sheet Harbour & Area Ground Search and Rescue

ORIGIN

Staff report submitted to the February 5, 2018 Grants Committee.

LEGISLATIVE AUTHORITY

Grants Committee Terms of Reference – “The HRM Grants Committee shall review, evaluate and make recommendations to Regional Council regarding annual cash grants, rent subsidies, property tax exemptions, less than market value property sales and leases to registered non-profit organizations and charities managed by a duly appointed Grants Committee.”

RECOMMENDATION

The Grants Committee recommend that the Audit & Finance Standing Committee recommend that Regional Council:

1. Require Sheet Harbour & Area Ground Search and Rescue return the funds awarded in 2013 under the Community Grants Program, and in 2015 under the Volunteer Search and Rescue Grants Program in the total amount of \$38,125.00 to be deposited to the General Contingency Reserve, Q421; and
2. Provide a grant to the Sheet Harbour & Area Ground Search & Rescue Society equivalent to the amount granted under the Community Grants Program and the Volunteer Search and Rescue Grants Program in the amount of \$38,125.00 for the site preparation and construction of a garage, as a withdrawal from the General Contingency Reserve Q421 subject to the following conditions:
 - (i) Confirmation of land ownership by Sheet Harbour & Area Ground Search and Rescue, or an executed long-term lease agreement of 20 years between Sheet Harbour & Area Ground Search and Rescue and the land owner;
 - (ii) Provision of revised construction estimates and a construction start-date; and
 - (iii) Confirmation of the society's cash contribution to the capital project, including the interest paid on the previous funding issued by HRM.
3. **Consider a request from Sheet Harbour and Area Ground Search and Rescue for deductions associated with land acquisition costs such as migration, legal fees, survey up to amount of \$16,500.**

BACKGROUND

Staff presented a report pertaining to a request for extension of grant reporting deadline from the Sheet Harbour and Area Ground Search and Rescue.

DISCUSSION

During the Committee's discussion of this matter, Councillor Hendsbee pointed out that, in a recent discussion with representatives of the Sheet Harbour and Area Ground Search and Rescue, they advised that they had been gifted a piece of property, and it closed on January 26, 2018. The group was now in the process of registering the deed for the property and, in this regard, they were requesting consideration of amending the terms so that they could return the funds, minus the costs associated with acquiring the property (i.e. legal fees, migration fees, survey costs). The Committee determined it was a reasonable request and put forward recommendation #3.

FINANCIAL IMPLICATIONS

Financial implications with regard to the staff recommendation, i.e. recommendations 1 and 2 have been addressed in the attached staff report dated October 30, 2017.

Financial implications have not been identified with regard to recommendation 3 and would have to be addressed in a separate staff report.

RISK CONSIDERATION

Risk considerations with regard to the staff recommendation, i.e. recommendations 1 and 2 have been identified as low in the attached staff report dated October 30, 2017.

Risk considerations have not been identified with regard to recommendation 3, and would have to be addressed in a separate staff report.

COMMUNITY ENGAGEMENT

The Grants Committee 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.

ALTERNATIVES

The Committee did not provide alternatives.

ATTACHMENTS

Attachment 1: Staff report dated October 30, 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 902.490.6520



P.O. Box 1749
Halifax, Nova Scotia
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Item No. 9.1.1
Grants Committee
February 5, 2018
Audit & Finance Standing Committee
February 21, 2018

TO: Chair and Members of Grants Committee

SUBMITTED BY: Original Signed

Jerry Blackwood, A/Director of Finance & Asset Management/CFO

DATE: October 30, 2017

SUBJECT: **Community Grants Program: Request for Extension of Grant Reporting
Deadline - Sheet Harbour & Area Ground Search and Rescue**

ORIGIN

November 4, 2013 – Proposed Default Prevention and Management Practice recommendations regarding debt screening, grant extensions, and recipient notification approved by the Grants Committee. The committee's recommendation to the Audit & Finance Standing Committee was approved November 20, 2013.

August 16, 2017 – Sheet Harbour & Area Ground Search and Rescue request for a further extension to a capital grant of \$20,000 awarded under the 2013 Community Grants Program. Any extension would also apply to a capital grant of \$18,125 awarded to the same project under the 2015 Volunteer Search & Rescue Grants Program.

December 5, 2017 – Grants Committee referred correspondence from the Sheet Harbour & Area Ground Search and Rescue to staff to prepare a recommendation report for the committee's consideration.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter ("HRM Charter"), S.N.S, c.39

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.

Administrative Order 2014-018-ADM Volunteer Search and Rescue Grants Program.

4(2)(a) Any carry-forward of funds shall be restricted to an extension of one (1) year after which the balance of funds shall be returned to HRM.

20. The applicant shall notify Fire & Emergency Services in the following circumstances:

(2) the project is not completed, in whole or in part.

21. If an applicant notifies Fire & Emergency Services under section 20, HRM may:

- (1) grant an extension of up to one (1) year; or
- (2) require the unused funds to be returned to HRM.

HRM Grants Committee Terms of Reference, 4.1: Advise Regional Council on all matters related to the allocation of grants, as defined by Regional Council.

RECOMMENDATION

It is recommended that the Grants Committee recommend that the Audit & Finance Standing Committee recommend that Regional Council:

1. Require Sheet Harbour & Area Ground Search and Rescue return the funds awarded in 2013 under the Community Grants Program, and in 2015 under the Volunteer Search and Rescue Grants Program in the total amount of \$38,125.00 to be deposited to the General Contingency Reserve, Q421; and
2. Provide a grant to the Sheet Harbour & Area Ground Search & Rescue Society equivalent to the amount granted under the Community Grants Program and the Volunteer Search and Rescue Grants Program in the amount of \$38,125.00 for the site preparation and construction of a garage, as a withdrawal from the General Contingency Reserve Q421 subject to the following conditions:
 - (i) Confirmation of land ownership by Sheet Harbour & Area Ground Search and Rescue, or an executed long-term lease agreement of 20 years between Sheet Harbour & Area Ground Search and Rescue and the land owner;
 - (ii) Provision of revised construction estimates and a construction start-date; and
 - (iii) Confirmation of the society's cash contribution to the capital project, including the interest paid on the previous funding issued by HRM.

BACKGROUND

The Municipality's financial reporting ("fiscal year") is from April 1st to March 31st. Where the recipient of a grant or contribution is required to provide either a progress report or a final report this obligation is stated in the program's policy and/or guidelines. The purpose of reporting is to account for the expenditure of public money in accordance with the terms and conditions of funding. The report confirms that the funded project was undertaken and the grant was expended in full on those expenses identified in the award (or as a portion of actual total project costs).

The default prevention and management approach adopted by the Grants Committee and approved by the Audit & Finance Standing Committee states:

*"If an organization is unable to complete a funded project by the reporting deadline an extension may be granted or denied. Restricting the duration of an extension is intended to discourage misrepresentation, generic fundraising, or default. The committee has recommended **an extension be restricted to one (1) year**, for a combined total of two years, after which reporting is due in full or repayment is to be made to HRM. The recipient of a grant extension shall be notified in writing of the terms of any extension and that default shall result in full or partial repayment to HRM. Eligibility for additional funding shall be suspended until prior funding commitments are fulfilled"* [emphasis added].

Recipients of an award under the Community Grants Program and the Grants to Volunteer Search & Rescue Grants Program have been alerted to this reporting obligation and timelines under the program guidelines, Administrative Order 2014-018-ADM, and the letter of notification accompanying payment. Any extension to the reporting timelines is also communicated in writing.

This report addresses overdue reporting for two (2) capital grants to the Sheet Harbour & Area Ground Search and Rescue. The society is one of four organizations that assist all three levels of government in the event of a missing person, an evacuation, disaster response, or evidence search. The circumstances and applicable timelines are presented below in chronological order:

1. Capital Grant: Community Grants Program

In April, 2013, HRM Fire & Emergency received an unsolicited request from the Sheet Harbour & Area Ground Search and Rescue (“the society”) to lease a portion of HRM property located at 22835 Highway #7, Sheet Harbour, towards the construction of a garage for equipment storage.

June 25, 2013 - the society was awarded a capital grant in the amount of \$20,000 under the Community Grants Program towards site preparation and construction of a garage. The award was conditional upon confirmation of a land lease and permitted use in accordance with the property’s zoning. Payment was withheld pending fulfilment of the terms and conditions attached to the award (ie. a lease and zoning compliance).

July 16, 2013 - following approval of the award, a staff report regarding a less than market value land lease was delayed while information was gathered concerning site-specific environmental requirements (waste water run-off), electrical service, and by-law compliance.

January 14, 2014 - Regional Council approved a less than market value lease agreement for an area of 6,000 square feet (“sf”) for a 10-year term, January 1, 2015, to December 31, 2025.

January 20, 2014 – following Council’s approval of the lease agreement payment of the \$20,000 grant was issued in full with a reporting deadline of March 31, 2014.

February 12, 2014 – if the ‘standard’ reporting timeline was applied to the capital grant the society would have had only two months in which to initiate construction. Therefore, the reporting deadline was amended to March 31, 2015, and the society notified in writing. Although technically an “extension” the revised reporting timeline was to accommodate a delay beyond the applicant’s control.

If it is accepted that March 31, 2015, constitutes the initial term of the project (not an extension) then March 31, 2016, represents the two-year benchmark after which the grant should be returned. A refund of the grant would not disqualify the recipient from making application in a future year assuming the project could proceed with reasonable certainty.

April 15, 2014 - Council approved amendment to the lease to increase the area to 8,000 sf to allow sufficient clearance from a Nova Scotia Department of Natural Resources depot located on the parent parcel. However, during preparations for construction investigation of the terrain revealed the land was not suitable for the type of facility to be constructed.

May 31, 2016 – Overdue final report notice sent to the Sheet Harbour Ground Search and Rescue.

June 20, 2016 – the society gave verbal notification to HRM real estate that they would not pursue a land lease and made a written request to Grants & Contributions for an extension on use of the capital grant while the society sought to secure an alternate location.

September 12, 2016 – the Grants Committee approved an extension with a revised final reporting deadline of March 31, 2017.

May 9, 2017 - Overdue final report notice sent to the Sheet Harbour Ground Search and Rescue.

August 16, 2017 - Letter of request to Grants & Contributions for a further grant extension to pursue the prospect of a private land donation or access to provincially-owned land (see attachment 1).

2. Capital Grant: Grants to Volunteer Search & Rescue Organizations Program

March 24 2015 - In addition to the grant of \$20,000 received under the Community Grants Program, the society also received a capital grant of \$18,125 towards the same project under the Grants to Volunteer Search & Rescue Organizations Program in fiscal year 2014. The recommendation report distinguished between the two grants in stating that: "HRM's contribution under the Community Grants Program will be used for ground preparation and concrete footings/sub-flooring¹" whereas the capital grant under the designated program was towards the cost of erecting the building. Payment was issued in full March 31, 2015. Although this second capital grant was issued from the 2014 fiscal budget, the timing was delayed due to the development of a new Administrative Order (2018-018-ADM). Regional Council's approval of the grant included an extension to the reporting timeline "...for capital or special project awards by one (1) year to allow for final reports and proof of payment on or before March 31, 2016".

March 31, 2016 – a final report with proof of payment was not received by the stated deadline.

March 31, 2017 - although no formal request for an extension was received, any approval would have expired March 31, 2017. In practical terms, there is no ability to erect a building in the absence of land ownership or a lease, and completion of the work partially funded under the Community Grants Program.

The one-year extension set out in section 21 of Administrative Order 2014-018-ADM was reached March 31, 2017, after which the grant should be returned.

In summary, a combined total of \$38,125 has been issued to the society but the proposed capital project has not commenced. As of the date of this report, a land lease or acquisition remains unconfirmed. In the interim, the funds have been held by the society in an interest-bearing Guaranteed Investment Certificate.

DISCUSSION

In accordance with procedures approved by the Grants Committee and Audit & Finance Standing Committee, and the Grants to Volunteer Search and Rescue Organizations Administrative Order, the terms of the extensions have not been met and the duration of the extension on both grants exceeds two (2) fiscal years. Sheet Harbour & Area Ground Search and Rescue is in default of the terms of both grants, and further extensions cannot be granted under the respective policies.

In 2013, the estimated total project cost was \$81,388 for excavation, foundation, and partial building construction. The quotes provided are stale-dated (2013 prices) and interest has been earned on both the \$50,000 grant issued by the Province in 2008 and HRM's \$38,125 issued in January 23, 2014, and March 31, 2016. Further, the selection of a new location might increase or decrease the project budget and timelines.

Both grant programs limit extensions to grants to one additional year, and staff recommends that HRM require the money be returned to HRM as the society is in default of the terms of the grant. However, Council could provide the society with a new grant, outside of the programs, equivalent to the grants already awarded. It is recommended that such a grant be subject to the following conditions:

- (i) Confirmation of land ownership by Sheet Harbour & Area Ground Search and Rescue, or an executed long-term lease agreement of 20 years between Sheet Harbour & Area Ground Search and Rescue and the land owner;
- (ii) Provision of revised construction estimates and a construction start-date; and

¹ Grants Committee recommendation report to Regional Council, Grants to Volunteer Search & Rescue Organizations Awards 2014, approved March 24, 2015.

- (iii) Confirmation of the society's cash contribution to the capital project, including the interest paid on the previous funding issued by HRM.

The recommended approach upholds established policy and manages risk while providing a tangible incentive for the society to establish the viability of the proposed project and update the applicable project budget and start date.

Policy Implications

In practice, grants cannot be awarded prior to April 1st of the fiscal year and most awards are not issued until the end of the first quarter (June) or later in the fiscal year. Despite every effort, these timelines can be delayed due to budget deliberations, meeting agenda and/or quorum, and service volume. Consequently, grant recipients typically do not have twelve months to complete a funded project. These practical considerations need to be balanced with (i) risk management, and (ii) the scale and complexity of the project and/or the element(s) to be financed by a municipal grant.

Typically, requests for an extension are in relation to capital grants and fall under one of the following scenarios:

- a "holdback" on payment imposed by HRM pending confirmation that the project can commence (for example, balance funds, permit or heritage approval); or
- a change in project personnel or unanticipated delays (for example, contractor availability, weather conditions, change in scope).

It is recommended that the 12-month extension and March 31 deadline be maintained for consistency and administrative efficiency, and to reconcile overdue reporting with any new funding request. However, staff proposes that the notification letter issued to grant recipients be strengthened to highlight the terms and conditions of funding (including individual expenditures as applicable), the criteria for an extension, and the circumstances under which a grant, or portion thereof, is to be returned to the Municipality. The approach is cost-effective relative to amounts typically awarded under the Community Grants Program and/or the Volunteer Search & Rescue Grant Program.

FINANCIAL IMPLICATIONS

A capital grant in the amount of \$20,000 grant was awarded from the 2013-2014 Community Grants Program budget M311-8006 (Grants and Tax Concessions) and a capital grant in the amount of \$18,125 was awarded from the 2014-1015 Grants to Volunteer Search and Rescue Organizations Program budget C801-8004 (Emergency Measures Admin.) as approved by Regional Council.

If the recommendation to request the return of the funds to the Municipality is approved pending confirmation of the project's ability to proceed an amount of \$38,125 would be held in the General Contingency Reserve Q421.

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 contribution and commitment to release, so there is no net impact to the reserve.

Upon meeting the conditions of the capital grant(s) the corresponding grant amount will be withdrawn from the reserve and transferred to the applicable operating account, namely, M311-8006 or C801-8004.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. The risks considered rate Low.

COMMUNITY ENGAGEMENT

The Grants Committee 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

There are no environmental implications.

ALTERNATIVES

1. The Grants Committee could recommend that one or both grants be revoked and that the Sheet Harbour and Area Ground Search and Rescue make application to the Municipality in fiscal year 2018 or thereafter once the ability to proceed is confirmed and a construction timeline has been established.
This action is not recommended: the society's operations complement and supplement HRM's emergency response capacity and the loss of municipal funding could compromise the project's viability, including a \$50,000 grant from the Province of Nova Scotia.
2. The Grants Committee could direct that the proportional share of interest earned on HRM's combined total of \$38,125 in grants also be returned.
This action is not recommended: the accrued interest also includes a provincial capital grant of \$50,000. One of the conditions of the grant award is that the interest be used as part of the society's cash contribution to the capital project.

ATTACHMENTS

1. Correspondence from Sheet Harbour and Area Ground Search and Rescue dated August 16, 2017, request for grant extension.

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: Peter Greechan, Community Developer, Grants & Contributions, Finance & Asset Management. 902.490.7310; Peta-Jane Temple, Team Lead Grants & Contributions, Finance & Asset Management 902.490.5469.



Sheet Harbour and Area Ground Search and Rescue
PO Box 171
Sheet Harbour, NS
B0J 3B0

To : Mr. Peter Greechan
Grants & Contributions-Finance & ICT
Halifax Regional Municipality

Fr: Sheet Harbour & Area
Ground Search & Rescue

Aug.16th. 2017

Re: Community Grant Awarded to Sheet Harbour & Area GSAR

Mr. Greechan,

Further to our email correspondence earlier today, and follow up to your letter dated May 9th this year. As explained in my email, following the rejection of the land site proposal at Sheet Harbour Fire Station 33, our team explored other possible options which led to our application late last year to a piece of land owned by the Province under their Dept. of Natural Resources. Located along side of Highway 7 across from St. Peter's Catholic Church and as you enter Sheet Harbour. The application process is completed and we are awaiting either approval or denial to that application. Subsequent to that, last week we received word that a resident wishes to donate a piece of land located at [REDACTED] in Sheet Harbour, a piece approximately 4 acres. We are in discussions with the land owner and realtor. Our preliminary investigation and follow up on this appears to be a suitable location and land for our needs. As we move forward on both options and bring this to our group at a General Meeting the first week of Sept. we would request an extension on our 2013/14 grant to cover off this current fiscal year to allow us to move forward in finally constructing our building. Those funds are held in a GIC by our team at our local Scotia Bank Branch in Sheet Harbour.

Respectfully,

Neil Parnell, President