GRANTS SUB-COMMITTEE
REPORT 05-005

Friday, September 23, 2005
11:00 p.m.
Room 219, 2nd Floor
Hamilton City Hall

Present: Councillor M. Ferguson (Chairman)
Councillors C. Collins, T. Jackson

Absent with regrets: Councillor S. Merulla – City Business
Councillor B. Kelly – City Business

Also Present: T. Tollis, J. Kirkpatrick D. Bowley, C. Bian, C. Felker, C. Biggs

THE GRANTS SUB-COMMITTEE PRESENTS REPORT 05-005 AND RESPECTFULLY RECOMMENDS:

1. 2005 Community Partnership Program Appeals – Arts and Culture/Special Events (GRA05007) (City Wide) (Item 4)

   That the 2005 change in program for Family Services continue to be supported with the existing grant of $5,000.

2. 2005 Community Partnership Program Appeals – Social and Public Health Services Stream (GRA05006) (City Wide) (Item 5)

   (a) That the 2005 appeals to the Community Partnership Program for the Salvation Army Routes Drop-In Centre, the Portuguese Support Services Program and Clothing for Charity be denied;

   (b) That the 2005 appeal request from Jewish Social Services be deferred until October 31, 2005.
3. **Options for One-Time Funding of Grants Items (GRA05009) (City Wide) (Item 7)**

   (a) That the annual payment to the Father Sean O’Sullivan Research Centre, in the amount of $40,000 continue to be funded annually from the Community Partnership Program until the completion of the pledge in 2007;

   (b) That Option Four, Status Quo, to continue to fund the Theatre Aquarius loan repayment from the Community Partnership Program, be approved.

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**For the Information of the Committee:**

(a) **Declarations of Interest (Item 1)**

   None

(b) **Approval of Previous Minutes (Item 2)**

   The Minutes of the meeting held on June 27, 2005 were received and adopted as presented.

(c) **Options for Financing the Services-in-Kind Deficit (GRA05010) (City Wide) (Item 3)**

   Report GRA05010, Options for Financing the Services-in-Kind Deficit, was tabled.

(d) **2005 Community Partnership Program Appeals – Arts and Culture/Special Events (GRA05007) (City Wide) (Item 4)**

   The following recommendations were be forwarded to City Council on Wednesday, September 28, 2005 for consideration:

   (a) That the 2005 grant for Hamilton Artists inc. originally approved in the amount of $8,151 be increased by $16,849 for a grant in the amount of $25,000;

   (b) That the 2005 grant for Ancaster Society for the Performing Arts originally approved in the amount of $4,076 be increased by $1,924 for a grant in the amount of $6,000;
(c) That the 2005 grant for Hamilton Folk Arts Heritage Council originally approved in the amount of $31,199 be increased by $18,801 for a grant in the amount of $50,000;

(d) That the additional $37,574 be funded from the unallocated balance within the 2005 Community Partnership Program budget;

(e) 2005 Community Partnership Program Appeals – Social and Public Health Services Stream (GRA05006) (City Wide) (Item 5)

The following recommendations were be forwarded to City Council on Wednesday, September 28, 2005 for consideration:

(a) That the 2005 grant originally approved in the amount of $3,750 for the Senior Socialization Program – Famee Furlane, be restored to the 2004 allocation of $7,500;

(b) That the additional $3,750 be funded from the unallocated balance within the 2005 Community Partnership Program budget;

NOTE: As a result of the increased funding, the original 2005 rating of 48 for the Senior Socialization Program – Famee Furlane is changed to 61.

(f) STAR Renewal Program (Skills Training and Recreation) – Verbal Report (Item 6)

The Sub-Committee was advised that a funding request in the amount of $7,000 has been received from the STAR Renewal Program. However, the organization has not provided sufficient information in order for staff to make a recommendation.

That the funding request for $7,000 from STAR Renewal Program was tabled pending review of information by staff.

(g) Use of Recycling Containers at City-sponsored Special Events (No Copy) (Item 8)

Staff was directed to bring a report back to the Sub-Committee which is to include the following:

(i) policy change to come into effect in 2006 for the implementation of recycling containers at city-funded events;

(ii) input/consultation with staff from the Waste Division in terms of how recycling containers can be used at all special events (possibly using the SEAT Committee in the process),
and that the report be forwarded to the Agricultural and Rural Affairs Committee, requesting their consideration to use recycling containers at various events and fairs.

(h) **Outstanding Business Item: Provision and Cost of Policing for Special Events – Hamilton Police Service (No Copy) (Item 9)**

Councillor Ferguson advised the Sub-Committee that discussions on this issue are on-going.

(i) **Other Business (Item 7)**

(i) **2006 Community Partnership Program Budget**

Staff was directed to put forward a 3% increase in the 2006 Community Partnership Program budget for Council consideration during the budget process.

There being no further business, the Sub-Committee adjourned at 12:00 noon.

Respectfully submitted

Councillor M. Ferguson
Chairman
Grants Sub-Committee

Carolyn Biggs
Legislative Assistant
September 23, 2005
SUBJECT: 2005 Community Partnership Program Appeals – Arts & Culture and Special Events (GRA05007)(City Wide)

RECOMMENDATION:

a) That the 2005 grant for Hamilton Artists inc. originally approved in the amount of $8,151 be increased by $16,849 for a grant in the amount of $25,000.

b) That the 2005 grant for Ancaster Society for the Performing Arts originally approved in the amount of $4,076 be increased by $1,924 for a grant in the amount of $6,000.

c) That the 2005 grant for Hamilton Folk Arts Heritage Council originally approved in the amount of $31,199 be increased by $18,801 for a grant in the amount of $50,000.

d) That the additional $37,574 be funded from the unallocated balance within the 2005 Community Partnership Program budget.

e) That the 2005 change in program for Family Services continue to be supported with the existing grant of $5,000.

Joseph L. Rinaldo, General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

On May 11, 2005 Council approved funding allocations for the Community Partnership Program (CPP) in the amount of $2,501,240. Since there were unallocated funds left in the 2005 CPP budget, the Grants Sub-Committee was able to allow the appeals
process to proceed for those who had requested funds from the 2005 CPP. The Grants Sub-Committee recommended that appeals would only be considered if:

1. if the intent to appeal is received within 30 days of written notification
2. if the applicant brings forward new information
3. if there are excess funds available within the grants budget to be allocated.

A total of four requests to appeal were received from the Arts & Culture and Special Events stream. Requests were received from Hamilton Artists Inc., Family Services, and Ancaster Society for the Performing Arts and Hamilton Folk Arts Council.

Based upon the information received, staff recommend that the Grants Sub-Committee support all four appeals contingent on available funds.

**BACKGROUND:**

Council approved the 2005 funding allocations for the Community Partnership Program (GRA05004) on May 11, 2005. Upon Council approval, applicants to the program were notified of the status of the 2005 Community Partnership Program, and the process for the appeals process.

The criteria for an appeal was specified in writing to all those who had applied to the 2005 Community Partnership Program. The criteria upon which an applicant’s appeal would be reviewed are:

1. if the intent to appeal is received within 30 days of written notification
2. if the applicant brings forward new information
3. if there are excess funds available within the grants budget to be allocated.

A total of four requests to appeal were received from the Arts & Culture and Special Event stream. Table 1 below summarizes the review of these appeals.

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>2005 Request</th>
<th>2005 Approved</th>
<th>REASON FOR APPEAL</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamilton Artists Inc. ART - 9</td>
<td>$30,000</td>
<td>$8,151</td>
<td>Hamilton Artist Inc. is in the multi-year funding stream. This organization</td>
<td>Staff and the Arts Advisory Commission strongly recommend that the base grant to</td>
</tr>
<tr>
<td>Score 85/100</td>
<td></td>
<td></td>
<td>consistently achieves a high score and provides a valuable service to artists.</td>
<td>Hamilton Artist Inc. be increased.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The organization over the years has requested</td>
<td>Recommended CPP grant be increased to $25,000.</td>
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</tbody>
</table>
a minimum grant due to lack of understanding of the Community Partnership Program. In 2005 the new Executive Director approached staff and the Arts Advisory Commission (AAC) to highlight this error on their part and request a full review and adjustment of their grant. This review was conducted by staff and members of the AAC resulting in a strong recommendation that their base grant be increased to bring them on par with other arts organizations. Minus the $8,151 already received in 2005. Total adjustment $16,849.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Original Project Funding</th>
<th>Approved Funding</th>
<th>Project Description</th>
<th>Revised Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Services ART – 4 Score 93/100</td>
<td>$5000</td>
<td>$5000</td>
<td>The original project for which funds were applied had to be cancelled at the last minute due a family illness. A substitute program was presented and achieved the same goals as the original project.</td>
<td>$5000</td>
</tr>
<tr>
<td>Ancaster Society for the Performing Arts ART - 12 Score 80/100</td>
<td>$5000</td>
<td>$4076</td>
<td>This organization produces the popular Music at Fieldcote series. These free, summer concerts held on Sundays have grown in popularity and attract large crowds. Due to the increase in</td>
<td>$5000</td>
</tr>
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</table>

In order to continue these concerts the base funding needs to be increased to cover extra costs. Staff will also work with this group on budgets for the 2006 season.
<table>
<thead>
<tr>
<th>Hamilton Folk Arts Heritage Council SE – 11 Score 91/100</th>
<th>$80,000</th>
<th>$31,199</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamilton Folk Arts Heritage Council produces the popular It’s Your Festival on Canada Week-end. The festival is over 25 years old and attracts a large audience each year. The Board of the Hamilton Arts Council is requesting an increase in their base grant to bring them closer to the grants approved for Creative Arts Inc. which produces the Festival of Friends. Festival of Friends is held in Gage Park as is It’s Your Festival and attracts the a similar attendance. The Board of the</td>
<td></td>
<td></td>
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<tr>
<td>Recommended CPP grant $6000.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minus $4076 already received in 2005.</td>
<td></td>
<td></td>
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<tr>
<td>Total adjustment $1924.</td>
<td></td>
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</tr>
</tbody>
</table>

Attendance the organizers are faced with issues in respect to health & safety such as providing adequate portable washrooms. Increased production costs due to large audiences are increasing expenses. It was also brought to staffs attention, on examining the budgets that all the expenses were not being reported and the volunteers were paying some of the invoices personally.

The comments provided by the Board of the Hamilton Folk Arts Council are valid and a full review and adjustment is warranted.

Recommend base funding be increased to $50,000.

Minus $31,199. already received in 2005.

Total adjustment $18,801.
Hamilton Folk Arts Festival feel that they have been unfairly penalized and have had their growth stunted due to lack of city support over the years. They have respectfully requested that this inequity be reviewed and rectified.

ANALYSIS OF ALTERNATIVES:

N/A.

ANCIAL/STAFFING/LEGAL IMPLICATIONS:

The 2005 unallocated grants balance is currently $41,336 and the general reserve balance is $16,293. This results in total available funding of $57,659. These amounts will decrease pending any successful 2005 Community Partnership Program appeals. During the 2005 Community Partnership Program approval process, it was communicated that $321,204 in services-in-kind requests were submitted by applicants but that the budget was only $272,414. The Grants Sub-Committee has requested that staff report back on possible funding for this $48,790 shortfall. The unallocated grants budget and reserve will likely be brought forward as two possible funding sources.

POLICIES AFFECTING PROPOSAL:

The 2005 Community Partnership Program Policies and Procedures and the appeals process criteria have been applied.

CONSULTATION WITH RELEVANT DEPARTMENTS/AGENCIES:

Staff worked with the Arts Advisory Commission on some recommendations.

CITY STRATEGIC COMMITMENT:

The funding that is provided to non-profit organizations within the Arts & Culture and Special Events stream of the Community Partnership Program is consistent with the City’s strategic goals to be a great city in which to live by supporting those in need. These goals are also consistent with the actions and strategies of Vision 2020 and the Social Development Strategy.
COMMENDATION:

a) That the 2005 appeals to the Community Partnership Program for the Salvation Army Routes Drop-In Centre, the Portuguese Support Services Program and Clothing for Charity be denied.

b) That the original 2005 rating of 48 for the Senior Socialization Program – Famee Furlane be changed to 61. That the 2005 grant originally approved in the amount of $3,750 be restored to the 2004 allocation of $7,500.

c) That the additional $3,750 be funded from the unallocated balance within the 2005 Community Partnership Program budget.

d) That the 2005 appeal request from Jewish Social Services be deferred until October 31, 2005

Joseph L. Rinaldo, General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

On May 11, 2005 Council approved funding allocations for the Community Partnership Program (CPP) in the amount of $2,501,240. Since there were unallocated funds left in the 2005 CPP budget, the Grants Sub-Committee was able to allow the appeals process to proceed for those who had requested funds from the 2005 CPP. The Grants Sub-Committee recommended that appeals would only be considered if:

1. if the intent to appeal is received within 30 days of written notification
2. if the applicant brings forward new information
3. if there are excess funds available within the grants budget to be allocated.

A total of five requests to appeal were received from the social and public health stream. Requests were received from the Salvation Army Routes Drop-In Centre, the Senior Socialization Program at Famee Furlane, the Portuguese Support Services, Jewish Social Services and Clothing for Charity.

Based upon the information received, staff recommend that the Grants Sub-Committee deny the appeal requests from the Salvation Army Routes Drop-In Centre, the Portuguese Support Services Program and Clothing for Charity. That the Grants Sub-Committee consider revising the original 2005 rating for the Senior Socialization Program at Famee Furlane from 48 to 61. If this change is approved by the Grants Sub-Committee on September 8, 2005, the organization would no longer be subject to the “phase out” policy as per the 2005 CPP policies and procedures and their 2005 allocation of $3,750 be restored to the 2004 level of $7,500. The request to appeal from Jewish Social Services will need to be deferred until it can be determine whether the organization is to be considered an Elderly Services Centre or not.

BACKGROUND:

Council approved the 2005 funding allocations for the Community Partnership Program (GRA05004) on May 11, 2005. Upon Council approval, applicants to the program were notified of the status of the 2005 Community Partnership Program, and the process for the appeals process.

The criteria for an appeal was specified in writing to all those who had applied to the 2005 Community Partnership Program. The criteria upon which an applicant’s appeal would be reviewed are:

1. if the intent to appeal is received within 30 days of written notification
2. if the applicant brings forward new information
3. if there are excess funds available within the grants budget to be allocated.

A total of five requests to appeal were received from the social and public health services stream. Table 1 below summarizes the review of these appeals.

Table 1: Summary of 2005 CPP Appeals (Social and Public Health Stream only)

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>2005 REQ</th>
<th>2005 REC</th>
<th>RATIONALE FOR 2005 REC</th>
<th>REASON FOR APPEAL</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routes Drop-In Centre G-16</td>
<td>$10,000</td>
<td>No grant-New request in 2005 cycle</td>
<td>The data provided with the original submission lacked</td>
<td>Some clarification with respect to finances, but the information provided still unchanged</td>
<td>Decision unchanged</td>
</tr>
<tr>
<td><strong>Senior Socialization Program -- Famee Furlane H-25</strong></td>
<td><strong>$13,140</strong></td>
<td><strong>Scored 60 &amp; below so the Phase Out policy was applied</strong>&lt;br&gt;<strong>2005 recommendation was $3,750</strong></td>
<td><strong>Representatives provided more detail on their financial situation</strong>&lt;br&gt;<strong>Clarification with respect to program goals and objectives was provided</strong>&lt;br&gt;<strong>Organization was encouraged to provide greater detail on their 2006 CPP application form</strong></td>
<td><strong>Grants Sub-Committee will be requested to amend their score from 48 to 61</strong>&lt;br&gt;<strong>If approved, this would result in the organization no longer being “phased out”</strong>&lt;br&gt;<strong>Their total 2004 grant amount of $7,500 would be reinstated in 2005</strong></td>
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<tr>
<td><strong>Jewish Social Services H-23</strong></td>
<td><strong>$7,747</strong></td>
<td><strong>Scored 60 &amp; below so the Phase Out policy was applied</strong>&lt;br&gt;<strong>2005 recommendation was $3,873</strong></td>
<td><strong>The organization has provided some correspondence from the Ministry of Health &amp; Long Term Care to indicate that they should have been identified as an “Elderly Services Centre”</strong>&lt;br&gt;<strong>Other Elderly Services Centres receive</strong></td>
<td><strong>Defer a decision on this appeal until staff can determine whether or not the Elderly Services Centre designation applies to this organization</strong></td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td>Amount</td>
<td>Request Type</td>
<td>Details</td>
<td>Decision</td>
<td></td>
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<td>----------------------------------------------------------</td>
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<td>-------------------------------------------------------------------------</td>
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<tr>
<td>Portuguese Support Services for Quality Living H-27</td>
<td>$74,100</td>
<td>New Request - No Grant</td>
<td>The group provided evidence that they have now received their non-profit status, Letter of support from Andrea Horwath, No other detailed information on their budget or program goals and objectives were provided</td>
<td>Decision unchanged</td>
<td></td>
</tr>
<tr>
<td>Clothing for Charity I – Transfer Station Fees</td>
<td>$30,000</td>
<td>New Request – No Grant</td>
<td>No new reason given for appeal, Provided supporting</td>
<td>Staff have copied the</td>
<td></td>
</tr>
</tbody>
</table>
Based upon the information received, staff recommend that the Grants Sub-Committee deny the appeal requests from the Salvation Army Routes Drop-In Centre, the Portuguese Support Services Program and Clothing for Charity. That the Grants Sub-Committee consider revising the original 2005 rating for the Senior Socialization Program at Famee Furlane from 48 to 61. If this change is approved by the Grants Sub-Committee on September 23, 2005, the organization would no longer be subject to the “phase out” policy as per the 2005 CPP policies and procedures and their 2005 allocation of $3,750 be restored to the 2004 level of $7,500. The request to appeal from Jewish Social Services will need to be deferred until it can be determine whether the organization is to be considered an Elderly Services Centre or not.

**ANALYSIS OF ALTERNATIVES:**

N/A.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

The 2005 unallocated grants balance is currently $41,336 and the general reserve balance is $16,293. This results in total available funding of $57,659. These amounts will decrease pending any successful 2005 Community Partnership Program appeals. During the 2005 Community Partnership Program approval process, it was communicated that $321,204 in services-in-kind requests were submitted by applicants but that the budget was only $272,414. The Grants Sub-Committee has requested that staff report back on possible funding for this $48,790 shortfall. The unallocated grants budget and reserve will likely be brought forward as two possible funding sources.
If the Grants Sub-Committee agrees to the change in 2005 rating for the Senior Socialization Program at Famee Furlane, the unallocated grants balance would be reduced by $3,750.

POLICIES AFFECTING PROPOSAL:
The 2005 Community Partnership Program Policies and Procedures and the appeals process criteria have been applied.

CONSULTATION WITH RELEVANT DEPARTMENTS/AGENCIES:
Staff continue work on resolving the issue with respect to the Jewish Social Services Status as an Elderly Services Centre.

CITY STRATEGIC COMMITMENT:
The funding that is provided to non-profit organizations within the social and public health stream of the Community Partnership Program is consistent with the City’s strategic goals to be a great city in which to live by supporting those in need. These goals are also consistent with the actions and strategies of Vision 2020 and the Social Development Strategy.
SUBJECT: Options for One-time Funding of Grants Items (GRA05009) (City Wide)

COMMENDATION:

a) That the annual payment to the Father Sean O'Sullivan Research Centre, in the amount of $40,000 continue to be funded annually from the Community Partnership Program until the completion of the pledge in 2007.

b) That Option Four, Status Quo, to continue to fund the Theatre Aquarius loan repayment from the Community Partnership Program, be approved.

Joseph L. Rinaldo, General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

Report GRA05009, Options for One-time Funding of Grants Items, responds to a motion approved by the Grant Sub-Committee on Thursday, May 13, 2004. This report provides one-time funding options for the Theatre Aquarius committed grant and provides some history on the Father Sean committed grant.

The Community Partnership Program currently provides funding to the Father Sean O'Sullivan Research Centre in the amount of $40,000 per annum. This former Region of Hamilton-Wentworth committed grant is scheduled to be completed in 2007 and the funds are paid to the agency annually. As it is more financially prudent to pay this agency annually rather than providing them a lump-sum payment of $80,000 (2 years X $40,000), it is recommended that this grant continue to be funded annually, until 2007, from the Community Partnership Program.
The Community Partnership Program includes an operating grant of $39,777, which will be used over the next four years (2005-2008) to pay down an approved loan (GRA04011) and a $42,773 repayment to reserves which originates from a historical loan. Options to fund this commitment, which ends in 2010, are provided below:

- **OPTION ONE** - Forgive the Theatre Aquarius loan payback to the Unallocated Capital Levy Reserve (108020)
- **OPTION TWO** - Fund the Theatre Aquarius grant from the 2005 operating budget, pending a 2005 corporate surplus
- **OPTION THREE** - Fund the Theatre Aquarius grant annually from the tax stabilization reserve
- **OPTION FOUR** - Status Quo – Continue to fund Theatre Aquarius loan from the Community Partnership Program budget

Staff are recommending that the Grants Sub-Committee approve Option Four, Status Quo. Ultimately, choosing Option One through Option Three would result in a loss of funds, and interest, being directed to City reserves. In addition, forgiving the repayment to a City reserve would set a financial precedence for future similar arrangements or situations.

**BACKGROUND:**

At the meeting held on Thursday, May 13, 2004, the Grants Sub-Committee approved the following motion:

> That staff be requested to prepare a report outlining alternative one-time funding sources in order to remove the following organizations from the committed grants budget:

(i) Father Sean O'Sullivan Residential Centre  
(ii) Theatre Aquarius

This report clarifies the annual payment to the Father Sean O'Sullivan Research Centre and addresses the Theatre Aquarius committed grant by providing one-time funding options.

**Father Sean**

The Father Sean O'Sullivan Research Centre operates out of the St. Joseph's Community Health Centre in Hamilton. In 1997, the Region of Hamilton-Wentworth pledged a total of $500,000 in funding to the agency. In 1997, $100,000 was provided out of the grants budget and the remaining $400,000 was to be paid annually for the next ten years (1998 to 2007). These funds have historically been provided out of the Grants budget base. The total payments remaining from 2006 to 2007 is $80,000.

**Theatre Aquarius**
In February 1987, Hamilton-Wentworth Regional Council transferred land to the Theatre Aquarius for $1. This transfer was in lieu of a capital grant request of $1,000,000. In 1996, this property was declared a regional capital facility and as a result was exempt from property taxes. In June 1997, Theatre Aquarius had owed approximately $1,050,000 in property taxes. At the time, Theatre Aquarius' annual operating grant was $82,550, however, this did not even cover the interest on the property taxes in arrears. Therefore, on June 11, 1997, the Region's Finance Committee approved a one-time grant, equal to the balance of the property tax in arrears, and approved that the one-time grant be repaid to the city out of the grants base for 10 years.

At the end of 2003, the amount owing to the unallocated capital reserve for Theatre Aquarius was $299,410. In 2004, this repayment was decreased to $42,773, paid annually until 2010, in order to accommodate an operating grant to the organization. The total payments remaining from 2006 to 2010 is $213,865. On November 25, 2004, Report GRA04011, Theatre Aquarius – Loan Request, was presented and approved by the Grants Sub-Committee. This report approved a $634,592.92 loan to Theatre Aquarius and a repayment plan that included directing the operating grant of $39,777 to the loan from 2005 to 2008. This loan is being set up as a loan receivable in the City's balance sheet.

**ANALYSIS OF ALTERNATIVES:**

The Theatre Aquarius loan one-time funding alternatives are outlined below for consideration by the Grants Sub-Committee. Options One to Three are not recommended as they would result in a loss of funds, and interest, being directed to City reserves. In addition, forgiving the repayment to a City reserve as a result of a specific repayment arrangement, would set a financial precedence for future similar arrangements.

**Option One - Forgive the Theatre Aquarius loan repayment to the Unallocated Capital Levy Reserve (108020)**

This option would cease the transfers of $42,773 unallocated capital levy reserve. As a result, the reserve would not be provided with $213,865 in payments, interest generated would be foregone and additional in funding would be available annually from the Community Partnership Program.

**Option Two - Fund the Theatre Aquarius loan repayment from the 2005 operating budget, pending a 2005 corporate surplus**

Under this selection, the outstanding grant amount would be funded in full from the 2005 tax supported operating pending a corporate surplus. If there is not a 2005 corporate surplus, the grant would remain in the Community Partnership Program budget.
Option Three - Fund Theatre Aquarius annually from the tax stabilization reserve, pending adequate resources

This option would result in the annual loan repayment to the reserve being funded from the Tax Stabilization Reserve, pending adequate financial resources. Attachment Three in Report FCS05082, 2005 Tax and Rate Operating Budget Variance Report to May 31, 2005, projects the balance of the Tax Stabilization reserve from 2005 to 2010. The projections indicate that sufficient funds would be available to annually fund the grants from 2005 to 2010.

Option Four - Status Quo – Continue to fund Theatre Aquarius from the Community Partnership Program budget

Under the status quo option, the grant would continue to be funded from the committed section of the Community Partnership Program.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

The financial implication for each Theatre Aquarius funding alternative is outlined above. As the Grants Sub-Committee elects to fund the grant in its entirety, this will free up $42,773 from the Community Partnership Program for 2006 until 2010, when the loan repayment was scheduled to be completed. Staff are recommending that Option Four, Status Quo be approved as the other options would create a loss of funds and interest revenue for City reserves and set a precedent for similar arrangements.

In addition, staff are recommending that the Father Sean O’Sullivan Research Centre grant continue to be funded annually from the Community Partnership Program until the commitment is completed in 2007.

POLICIES AFFECTING PROPOSAL:

N/A

CONSULTATION WITH RELEVANT DEPARTMENTS/AGENCIES:

N/A

CITY STRATEGIC COMMITMENT:

The Community Partnership Program provides funding to community social and health services agencies, art/cultural groups, and special events which enhance both the quality of life and the local economy for citizens in the City Of Hamilton.
SUBJECT: Options for Financing the Services-in-Kind Deficit (GRA05010) (City Wide)

RECOMMENDATION:

a) That Report GRA05010, Options for Financing the Services-in-Kind Deficit, be received for information.

EXECUTIVE SUMMARY:

At the Grants Sub-Committee meeting on May 26, 2005, staff identified that the requests for 2005 Services-in-Kind were approximately $321,204 but the Services-in-Kind allocation from within the Community Partnership Program is only $272,414. The Grants Sub-Committee requested that staff report back with a method of financing for Services-in-Kind budget overruns. Options for funding this deficit of $48,790 include:

OPTION ONE: Utilize the 2005 Unallocated Grants balance and Community Partnership Program Reserve – Pre-Appeals

OPTION TWO: Fund the Services-in-Kind deficit first from the surplus in the Community Partnership Program and then from the 2005 Tax Operating Budget

OPTION THREE: Fund the Services-in-Kind deficit entirely from the 2005 Tax Operating Budget

These options are provided to the Grants Sub-Committee for information.
BACKGROUND:

At the meeting held on May 26, 2005, the Grants Sub-Committee approved for 2005 Services-in-Kind:

(i) That the 2005 applications for Services-in-Kind in the amount of $321,204, be approved;
(ii) That staff report back with a method of financing on any budget overruns;
(iii) That any new Services-in-Kind requests in 2005 be brought to the Sub-Committee for consideration.

This report discusses options for funding the impending 2005 Services-in-Kind deficit and provides some history on Services-in-Kind funding.

Previous to 2002, Services-in-Kind costs were borne by the Department which provided the service. Starting in 2002, these costs were transferred into the Community Partnership Program where they could be identified, recorded and accumulated for each organization. These costs in combination with the grants program, provides a better indication, in monetary terms, of the City resources provided to various agencies and events across the City.

Starting in 2004, the current process requires these groups to apply for their Services-in-Kind along with the other Community Partnership Program applications. These applications then go to the Special Events Advisory Team (SEAT) where costs are estimated for each event. These costs translate into the requested Services-in-Kind that are included in the Grants budget for Sub-Committee approval. The Community Partnership Program reimburses the service Department up to the amount that is approved by the Grants Sub-Committee however, anything over that amount is absorbed by the Department.

ANALYSIS OF ALTERNATIVES:

Options for funding a potential Services-in-Kind deficit are included in the financial section of this report.

ANCIAL/STAFFING/LEGAL IMPLICATIONS:

As in the past, Services-in-Kind costs are provided to organizations with only minimal charges for Road closures. All other costs are absorbed by the City. These practices have contributed to an impending 2005 Services-in-Kind deficit of $48,790. The following table summarizes Services-in-Kind costs for previous years.

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services-in-Kind Requested</td>
<td>N/A</td>
<td>$259,450</td>
<td>$321,204</td>
</tr>
<tr>
<td>Services-in-Kind Actual</td>
<td>$271,168</td>
<td>$290,643*</td>
<td>N/A</td>
</tr>
<tr>
<td>Services-in-Kind Budget</td>
<td>$242,414</td>
<td>$272,414</td>
<td>$272,414</td>
</tr>
</tbody>
</table>

* Does not include $19,700 Services-in-Kind relating to the Veteran’s events.
In 2003 and 2004, Services-in-Kind deficits were funded from within the Community Partnership using internal surpluses in programs such as the Equipment Loan Program, Legislative Receptions and Community Start-ups. Staff do not anticipate significant surpluses from the Legislative Receptions and Community Start-ups programs as these budgets have been reduced in 2005 in order to accommodate increased grants funding. In addition, as included in FCS05048, 2005 Volunteer Committee Budget Review and 2006 Funding Strategy, Services-in-Kind relating to Veteran’s events will be charged to the Community Partnership Program rather than the Volunteer Committee budget. These costs were inadvertently charged to the Volunteer Committee’s budget in 2003 and 2004.

It is difficult to forecast the actual Services-in-Kind but early indications are that it will at least equal the $321,204 that was requested during the application process.

As mentioned, at the Grants Sub-Committee meeting on May 26, staff identified that the requests for 2005 Services-in-Kind were approximately $321,204. The Services-in-Kind budget allocation from within the Community Partnership Program is only $272,414. Options for funding this deficit of $48,790 include are as follows.

**OPTION ONE - Utilize the 2005 Unallocated Grants balance and Community Partnership Program Reserve – Pre-Appeals**

The current unallocated grants balance is $41,336 and the general Community Partnership Program reserve balance is $16,293. This results in total available funding of $57,629. This balance does not factor in the requested appeals funding of $41,324 as included in Reports GRA05006 and GRA05007. If the unallocated and reserve funds are first used to fund the Services-in-Kind deficit, then only $8,839 will be available for the appeals.

**OPTION TWO – Fund the Services-in-Kind deficit first from the surplus within the Community Partnership Program and then from the 2005 Tax Operating Budget**

This option would utilize any Community Partnership Program surplus first and then fund the remainder of the Services-in-Kind deficit from the 2005 Tax Operating Budget. The Community Partnership Program surplus would include the remaining $16,305 ($57,629 - $41,324) from the unallocated grants balance and the general grants reserve assuming that the appeals in Reports GRA05006 and GRA05007 are fully funded. This option would reduce the amount of corporate tax operating budget surplus. However, if there is a corporate deficit, another funding source, likely the Tax Stabilization Reserve would have to be used to fund the shortfall.

**OPTION THREE – Fund the Services-in-Kind deficit entirely from the 2005 Tax Operating Budget**

This option would entirely fund the Services-in-Kind deficit from the 2005 Tax Operating Budget. Excluding the Services-in-Kind program, other surpluses within the Community
Partnership Program would still be transferred to the general grants reserve. This option would reduce the amount of corporate tax operating budget surplus. However, if there is a corporate deficit, another funding source, likely the Tax Stabilization Reserve would have to be used to fund the shortfall.

These options are provided to the Grants Sub-Committee for information.

The option which is selected to finance the 2005 Services-in-Kind will only be a short-term solution. A long-term Services-in-Kind policy needs to be established in order to reduce the continuous significant cost increases to the City.

POLICIES AFFECTING PROPOSAL:

N/A

CONSULTATION WITH RELEVANT DEPARTMENTS/AGENCIES:

N/A

CITY STRATEGIC COMMITMENT:

The Community Partnership Program provides funding to community social and health services agencies, art/cultural groups, and special events which enhance both the quality of life and the local economy for citizens in the City Of Hamilton.