



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Committee of the Whole

File No.: 1850-01

From: Chief Administrative Officer

Date: November 25, 2019

Subject: Grant-in-Aid and Other Forms of Financial Support Policy 1850.00.04 Revision

PURPOSE:

The purpose of this report is to provide Council with an updated draft Grant-in-Aid and Other Forms of Financial Support Policy and options for future administration of the Grant-in-Aid Program.

POLICY ANALYSIS:

The following resolution was passed by Council on January 21, 2019:

.05 Moved by Frisch and seconded by McCollum that based on the
2019 GRANT-IN-AID January 21st, 2019 staff report, “2019 Grant-in-Aid Requests”, Council
REQUESTS receive the attached list of applicants and support OPTION 1 to direct
1850-01 Staff to remit Grant-in-Aid payment to the selected 18 applicants meeting
2 or more criteria, with a cap of \$15,000 per request; and

That staff include the disbursements in the draft 2019-2023 schedule of gaming funds distribution; and,

That staff be directed to review the Grant-in-Aid policy #1850.00.04 and clarify the eligibility criteria for future consideration.

Carried

Staff have reviewed policy #1850.00.04 and have updated it to clarify eligibility criteria and streamline the annual application process. This policy complies with Section (25) 1 of the *Community Charter*.

EXECUTIVE SUMMARY:

In 2016, the City revised and adopted a Grant-in-Aid Policy to respond to requests from the Comox Valley community organizations asking for grant money for a variety of projects. To create a transparent and efficient process, older policies were amalgamated and updated to require organizations to submit their grant application annually by August 1st so all requests could be simultaneously presented to Council. The Grant-in-Aid policy is silent on a specific procedure to evaluate and prioritize applications, as well as it does not specify a financial cap on the grant amounts. This presents a challenge for staff when evaluating the grant applications and making a recommendation to Council each year.

CAO RECOMMENDATIONS:

That based on the November 25, 2019 staff report, “Grant-in-Aid and Other Forms of Financial Support Policy 1850.00.04 Revision”, Council support Option 1 to approve the Provision of Grant-in-Aid and Other Forms of Financial Support policy 1850.00.04 as presented; and

That staff be directed to update the City website and advertise for the 2020 Grant-in-aid applications as soon as possible; and

That staff be directed to pursue the “Flow-Through Funds” opportunity with the Comox Valley Community Foundation for the 2021 grant year.

Respectfully submitted,



David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

On October 31, 2016, City Council adopted a Grant-in-Aid and Other Forms of Financial Support policy 1850.00.04. It combined two older policies with the intent of providing a single process for the community organizations to follow when requesting financial assistance (see Attachment # 1). It identifies Gaming Fund revenues as the source of funding for grant payments and was first applied in early 2017.

Over the past three years the City has paid out approximately \$337,000 from the Gaming fund through this program.

During the 2019 Grant-in-Aid intake, staff noted in the report to Council on January 21, 2019 that the Grant-in-Aid policy was silent on a specific procedure to evaluate and prioritize the applications, therefore the following criteria were established and used to assist Council with their decision this year:

- Will the grant benefit the entire community (all ages and groups)?
- Will this grant be the only financial or in-kind support requested from the City?
- Did the organization apply for other sources of funding?
- Is the organization financially sustainable?

Staff also recommended a \$15,000 cap on each application for 2019 in order to stay within a financially sustainable amount and maximize the number of organizations that benefit from the Grant-in-Aid program.

In addition, the deadline for receipt of the Grant-in-Aid applications of August 1 has presented a challenge for Finance staff to manage as it conflicts with other deadlines in the department and is a very time consuming process.

DISCUSSION:*Gaming Funds Distribution Matrix:*

The 2019-2023 Gaming Funds Distribution Matrix was reviewed with the Finance Select Committee on October 25, 2019 and they will be making a recommendation to Council to provide an amount of \$50,000 each year dedicated to the Grant-in-Aid program. Attachment #2 provides the Draft 2019-2023 Gaming Funds Distribution Matrix which will be considered by Council once a final recommendation is made by the Finance Select Committee. Attachment #5 provides a detailed listing of the organizations that received a Grant-in-Aid in 2019 with the potential impact if \$50,000 were only available.

It should be noted that many of the Grant-in-Aid recipients also apply directly to the BC Gaming Commission for Community Gaming grants and are successful as well.

Revisions to the Grant-in-Aid Policy:

Based on the recommendation from the Finance Select Committee, staff have updated the Draft Grant-in-Aid Policy as follows:

- 1) Added the following criteria to evaluate the applications:

The following criteria will be considered to be eligible for a Grant-in-Aid:

- i. Must benefit the entire community (all ages and groups)
- ii. The request is the only financial or in-kind support from the City
- iii. Other sources of funding have been applied for
- iv. The organization is financially sustainable

- 2) Reduced the cap on each application to \$7,500 in order to stay within a financially sustainable amount and maintain the number of organizations that benefit from the program. A \$15,000 cap was used in 2019 when approximately \$100,000 was distributed.
- 3) Changed the application intake deadline to January 31.

Comox Valley Community Foundation Opportunity:

The Comox Valley Community Foundation (CVCF) is a federally registered charitable organization dedicated to enriching lives in the Comox Valley. The foundation is entrusted with gifts by people and organizations that recognize the uniqueness and vitality of the communities in the Valley, and work to maintain and strengthen these attributes by investing strategically in needed and innovative community-based solutions.

The Foundation has recently adopted a policy to allow for “Flow-Through Funds”, which are non-endowed donations where the principal is distributed to one or more charitable beneficiaries (Attachment #3). The City could pursue entering into an agreement with the foundation to administer the annual Grant-in-Aid program on Council’s behalf through the Community Enrichment Grants Program. There would be a nominal fee taken to manage this process as per the Administration Fees Policy (Attachment #4). The agreement would outline the following:

- Purpose and criteria
- Schedule
- How the funds are received and distributed
- Requirements for reporting back by both the Foundation and Recipients
- City Acknowledgement
- City access to success stories
- Opportunities for political cheque presentations

CVCF has just completed their 2020 grant intake, which will be paid to recipients in January 2020. The 2021 Grant intake will take place in August and September of 2020 with payments scheduled for January 2021. City staff have recently confirmed with the CVCF that the City of Courtenay would have time to enter into an agreement with CVCF for the 2021 intake in August 2020, however the City would need to continue to administer the program for 2020.

The grant in aid intake would normally take place in the summer with payment made early in the following year, however it was delayed this year pending the gaming fund review and policy revision through the newly formed Finance Select Committee. Now that the Finance Select Committee has reviewed the gaming policy and recommends Council to continue this program with a budget of \$50,000, pending Council approval the 2020 intake should begin as soon as possible.

FINANCIAL IMPLICATIONS:

Local Governments with gaming facilities within its jurisdiction are allowed to use Gaming Fund revenues for “any purpose within their legal authority”. For the last 3 years, the City’s approach has been to spend the balance of gaming funds from a previous year to support downtown arts and culture, various Council’s initiatives and projects, public safety and security, social initiatives, infrastructure works and green or innovation projects. In 2019, gaming funds from 2018 were used to fund the Grant-in-Aid requests.

The list of applicants to the City’s Grant-in-Aid program is longer every year. While each organization possibly has laudable reasons to request a grant, Council is faced with weighing the implications of using gaming funds for special interest groups versus using the funds for other City priorities such as:

- Funding for asset management and capital renewal;
- Funding the increased capacity to address sustainable service delivery;
- Funding the RCMP staffing or contributions to the Police Contingency Reserve;
- Contributions to bolster various reserves,
- Funding to support affordable housing and homelessness
- Financial resources for strategic land purchases or,
- Off-setting property tax increase for the community (for reference, \$230,000 is equivalent to approximately 1.0% tax increase)

ADMINISTRATIVE IMPLICATIONS:

Approximately 60 hours of staff time is spent to process the grant applicants and payments each year. An additional 10 hrs of staff time have been dedicated to updating the policy and investigating the CVCF opportunity. Once the revised policy is approved, staff will immediately update the City website and advertise the 2020 Grant-in-Aid intake. If Council wishes to move forward with pursuing the CVCF opportunity for 2021, staff would immediately start working with CVCF staff to establish an agreement for Council’s consideration early in 2020 and notify recipients and the public shortly thereafter.

ASSET MANAGEMENT IMPLICATIONS:

Utilization of gaming funds for Grant-in-Aid potentially limits the amount of funding available for asset management.

STRATEGIC PRIORITIES REFERENCE:

Providing financial resources to organizations in the community and the Valley is a means for the City to follow its strategic priorities as noted below.

We focus on organizational and governance excellence

- Support and encourage initiatives to improve efficiencies
- Recognize staff capacity is a finite resource and support staff training and development
- Communicate appropriately with our community in all decisions we make

We actively pursue vibrant economic development

- ▲ Continue to support Arts and Culture

We continually invest in our key relationships

- Consider effective ways to engage with and partner for the health and safety of the community

- **AREA OF CONTROL:** The policy, works and programming matters that fall within Council's jurisdictional authority to act
- ▲ **AREA OF INFLUENCE:** Matters that fall within shared or agreed jurisdiction between Council and another government or party
- **AREA OF CONCERN:** Matters of interest that are outside Council's jurisdictional authority to act

OFFICIAL COMMUNITY PLAN REFERENCE:

N/A

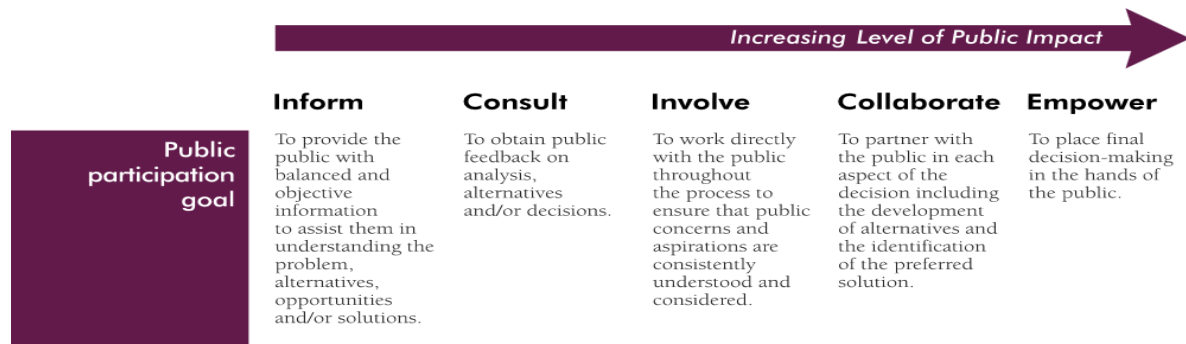
REGIONAL GROWTH STRATEGY REFERENCE:

N/A

CITIZEN/PUBLIC ENGAGEMENT:

Staff would **inform** the public based on the IAP2 Spectrum of Public Participation:

http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf

**OPTIONS:**

OPTION 1: That Council approve the Provision of Grant-in-Aid and Other Forms of Financial Support policy 1850.00.04 as presented; and

That staff be directed to update the City website and advertise for the 2020 Grant-in-aid applications as soon as possible; and

That staff be directed to pursue the “Flow-Through Funds” opportunity with the Comox Valley Community Foundation for the 2021 grant year.

OPTION 2: That Council approve the Provision of Grant-in-Aid and Other Forms of Financial Support policy 1850.00.04 as presented; and

That staff be directed to update the City website and advertise for the 2020 Grant-in-aid applications as soon as possible.

OPTION 3: That Council direct staff to discontinue the Grant-in-Aid program starting in 2020.

Prepared by:

Jennifer Nelson, CPA, CGA
Director of Financial Services

Attachments:

1. Draft Revised Grant-in-Aid and Other Forms of Financial Support Policy 1850.00.04
2. 2019-2023 Draft Proposed Schedule of Annual Gaming Funds Distribution
3. CVCF Flow-Through Funds Policy
4. CVCF Administration Fees Policy
5. Summary of Approved 2019 Grant-in-Aid Recipients and Impact

City of Courtenay

Policy

Section: 5 - Finance	Policy # 1850.00.04
Subject: Provision of Grant-in-Aid and other Forms of Financial Support	Revision # R-1

PURPOSE:

The purpose of this policy is for Council to provide criteria to identify the appropriateness and suitability of applications from organizations requesting Grants-in-Aid and other forms of financial support from the City of Courtenay. Council decisions with respect to the provision of these forms of support will be made after carefully reviewing all applications and in conjunction with annual budgetary planning.

POLICY:

The City has limited financial resources available for the provision of Grants-in-Aid or other forms of financial support to special interest groups. In order to be consistent and fair to all applicants, the following criteria must be met:

- 1. Entity must complete the Application and provide correspondence to City Council:**
 - a. identifying who they are and whether they are a “for-profit” or “not-for-profit” organization,
 - b. what special interest they represent and a demonstrated financial need,
 - c. how much grant-in-aid or other financial commitments from the City they are requesting,
 - d. describe what project the resources will be used for,
 - e. describe how the project will benefit the community of the City of Courtenay and the greater Comox Valley region,
 - f. provide the project business case in terms of confirmation of need and demand, project sustainability, capital budget plan and operating budget plan if applicable, *(exclude if request is below \$10,000)*,
 - g. provide the organization’s audited financial statements for the past three years, *(provide prior year financial information if request is below \$10,000)*,
 - h. identify projects in the Comox Valley they have successfully completed, *(exclude if request is below \$10,000)*,
 - i. identify whether they are receiving or soliciting any other form of supplementary City funding, subsidy or fee reductions relative to the application;
 - j. identify other requests or receipt of funding from other organizations and Comox Valley local governments; and,
 - k. identify what City support they have received in the past five years and how it has been used.

AUTHORIZATION:	DATE:
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City of Courtenay

Policy

Section: 5 - Finance	Policy # 1850.00.04
Subject: Provision of Grant-in-Aid and other Forms of Financial Support	Revision # R-1

2. Organizations must be based in the City of Courtenay. Funding is **not** available for individuals.
3. Organizations must identify and provide proof of supplementary funding payments or agreements from external sources supporting their initiative. Provincial and Federal funding agreements or correspondence identifying dollar amounts must be provided for Council information.
4. A Council resolution must authorize and determine the grant in aid payment or any other financial commitment from the City.
5. Grants-in-Aid and other commitments must be used for the purpose intended. City resources cannot be used to provide any type of assistance to other organization(s) working in tandem with the applicant.
6. Payments will only be issued upon direction provided by the Chief Administrative Officer or Director of Finance.
7. Each Grant-in-Aid payment will not exceed \$7,500.
8. **Gaming Funds will be the primary funding source for all monetary commitments to organizations or entities requesting assistance.**
9. Grants or other City resources cannot be used for illegal purposes or anything disallowed by the Community Charter.
10. Applicants must publicly acknowledge the City of Courtenay’s contribution.
11. Applications must be submitted by **January 31st**, to the Director of Finance using the prescribed application form. The Director will review the applications for completeness and arrange contact with applicants for additional information as necessary.

AUTHORIZATION:	DATE:
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City of Courtenay

Policy

Section: 5 - Finance	Policy # 1850.00.04
Subject: Provision of Grant-in-Aid and other Forms of Financial Support	Revision # R-1

12. The following criteria will be considered to be eligible for a Grant-in-Aid:

- i. Must benefit the entire community (all ages and groups)
- ii. The request is the only financial or in-kind support from the City
- iii. Other sources of funding have been applied for
- iv. The organization is financially sustainable

13. The Director of Finance will present a summary report of the applications, relative to the eligibility criteria, to Council and arrange for delegations to Council as necessary.

14. Within one year of the date of receipt of the grant, entities must provide an independent reporting of how the grant was utilized and the outcomes of the dollars received.

15. Grants-in-Aid shall be considered on a year-to-year basis and continuing support should not be anticipated.

SCOPE:

This policy applies to all grant-in-aid and financial requests submitted to the City of Courtenay. Authority for, and restrictions on the provision of, any form of assistance is provided under The Community Charter, Sections 8(1), 24 and 25. Preference will be given to organizations who can demonstrate a request that promotes the City’s strategic priorities as identified in the Strategic Priorities found on the City’s webpage.

RELATED DOCUMENTS:

RESPONSIBILITY:

City of Courtenay council members are responsible for adopting policies that manage the financial resources of the community. These policies must recognize the budgetary demands of City operations as a whole and be responsive to public perceptions and constraints. There is a limited sum of tax dollars and external revenue sources available for grants to organizations.

The Chief Administrative Officer or Director of Finance has responsibility for processing all payments.

AUTHORIZATION:	DATE:
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City of Courtenay

Policy

Section: 5 - Finance	Policy # 1850.00.04
Subject: Provision of Grant-in-Aid and other Forms of Financial Support	Revision # R-1

REVIEW DATE:

This policy has an intended life of 20 years, or less dependent on the discretion of Council of the-day.

DRAFT

AUTHORIZATION:	DATE:
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Gaming Funds Balance, December 31, 2018	\$	1,808,181
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FINANCE SELECT COMMITTEE PREFERRED OPTION

Distribution: Major Categories		2019 Approved	2020 Proposed	2021 Proposed	2022 Proposed	2023 Proposed
Estimated Annual Funds Available		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Support Downtown Arts and Culture	Annual Grants:					
	CV Art Gallery	65,000	65,000	65,000	65,000	65,000
	Ctny & Dist Historical Society	50,000	50,000	50,000	50,000	50,000
	Sid Williams Theatre Society	105,000	105,000	105,000	105,000	105,000
	Downtown cultural events	5,000	5,000	5,000	5,000	5,000
	Sid Theatre, Art Gallery and Museum Strategic planning (2018 carry forward)	21,000				
		246,000	225,000	225,000	225,000	225,000
Council Initiatives & Projects	Purple ribbon Campaign	3,500	3,500	3,500	3,500	3,500
	Feb 19, 2019 Resolution - LUSH Community Garden Annual Grant	10,000	10,000	10,000	10,000	10,000
	Nov 19, 2018 Resolution - Heritage Refurbish Clocks (2018 carry forward)	25,000				
	July 2, 2019 Resolution - Down Town Event Traffic Control	15,000				
	Annual Grants-in-Aid (Reduction per Finance Select Committee Recommendation)	105,650	50,000	50,000	50,000	50,000
	Annual Grants-in-Aid (Management Fee to Comox Valley Community Foundation)			2,500	2,500	2,500
	Other Council Initiatives/Projects - (Increase and amalgamate Social/Green/Council Initiatives)	25,850	75,000	75,000	75,000	75,000
			185,000	138,500	141,000	141,000
Public Safety / Security	RCMP Contract Funding	405,000	405,000	405,000	405,000	405,000
Social / Societal Initiatives	Removed Annual \$50K allocation					
	April 15, 2019 St. Georges United Church Kitchen Renovation	25,000				
	Jan7, 2019 Resolution CV Coalition to end Homelessness Delegation Request	35,000				
		60,000	-	-	-	-
Infrastructure Works	Annual Provision to Infrastructure Reserve	100,000	100,000	100,000	100,000	100,000
	Infrastructure Levy Reduction (1%)	220,800	220,000	220,000	220,000	220,000
		320,800	320,000	320,000	320,000	320,000
Green Capital Projects / Innovation	Removed Annual \$50K allocation	50,000				
	Electric Charging Stations - Committed 2019-2023 Fin Plan		175,000			
		50,000	175,000	-	-	-
Total Annual Distribution		1,266,800	1,263,500	1,091,000	1,091,000	1,091,000
Projected Gaming Fund Balance	\$	1,808,181	1,541,381	1,277,881	1,186,881	1,004,881

POLICY: Flow-Through Funds	NUMBER: 2.3	PAGES: 2
SUBJECT: Financial Management Policies		
APPROVED: March 2019	REVISED:	SUBJECT TO REVIEW: Annually

Flow-through funds are non-endowed donations where the principal is distributed to one or more charitable beneficiaries.

RATIONALE

While the Foundation's primary focus is on endowment funding, flow-through donations can be used to increase the distributions to charitable causes made by the CVCF annually. Several situations may give rise to flow-through funding:

- i. Where the Foundation is already holding an endowed fund. a donor (or other person) who wishes to channel some additional charitable funding through the Foundation in order to the annual distribution arising from such fund. Such a "top up" is limited to a maximum of \$1000 annually.
- ii. Where there is a desire on the part of the Foundation to provide a special service. For example, an individual may have made a planned endowed gift in a will, or through life insurance, and wish to contribute annually to one or more causes on a pure flow-through basis. A minimum annual contribution should be \$5000.
- iii. Where there is an individual or group committed to raising funds for one or more causes to be funded through the Foundation as the charitable tax issuing entity. A minimum contribution should be \$5000.
- iv. Where there is a significant opportunity to profile support for either the Foundation (as the intermediary) or designated beneficiaries. A minimum contribution should be \$5000.
- v. Where there is a new community or broader partnership opportunity that ultimately benefits the Foundation. A minimum contribution should be \$5000.
- vi. Online Top Up of Grant Requests

* Flow through funds will be accepted on a case by case basis. In reviewing the desirability of accepting a flow-through fund, consideration will be given to the number of beneficiaries, the total amount of funding to be flowed through the Foundation, the amount of administration required, the philanthropic intent of the donor, the desire to provide such a service to the particular donor and the opportunity for future gifts. Care should be taken to ensure that advantage is not being taken of the Foundation, nor precedent set, in agreeing to such arrangements. In all circumstances, every attempt should be made to have the donor make a commitment to the Foundation by making a meaningful gift to a permanent endowment.

GIFT AMOUNT

In accepting funds to be flowed through the Foundation, care must be taken to ensure that the size and timing of the gift will not adversely affect the Foundation's disbursement quota.

AGREEMENT

Where possible, a written agreement between the donor and the Foundation will be executed, setting out the terms and use of the gift. However, when the gift is received unexpectedly without benefit of prior discussion or memorandum of understanding with the donor, the Foundation will be guided by any terms set out by the donor in a bequest, memorandum or letter and in accordance with its governing instruments.

POLICY: Administration Fees		NUMBER: 2.2	PAGES: 1
SUBJECT: Financial Management Policies			
APPROVED: July 2017	REVISED: March 2019	SUBJECT TO REVIEW: Annually	

Foundations cover their operating costs with their administration fees and with donations specifically towards operations (in-kind and cash) and/or special fundraising events. It is important that these fees be reviewed annually due to their potentially significant impact on the operating budget.

POLICY:

- i. **Fees for endowed funds:** A fee of 0.50% of invested funds annually for agency funds, and a fee of 1% for all other funds, prorated on a monthly basis in the year of the initial donation.
- ii. **Fees on gifts to endowed funds:** There are no fees on gifts to endowed funds.
- iii. **Fees for top-up flow-through fund gifts:** No fee on gifts aimed to “top up” an annual distribution made from an existing endowed fund. Such gifts are limited to \$1000 annually.
- iv. **Fees for pure flow-through fund gifts:** Such gifts are subject to a minimum of \$5000. Fees are on a sliding scale from 5% for a \$5000 gift to 2% for a \$1 million gift as follows:
 - * 5% on first \$100,000
 - 4% on next \$400,000
 - 3% on next \$500,000
 - 2% on additional amounts
- v. When extraordinary services of the Foundation are required in connection with a gift, the Foundation will be compensated by separate agreement.