Agenda – Executive Policy Committee - September 21, 2006

REPORTS

Item No. 11 Grants and Contributions: Administrative Procedures
File FG-1

ADMINISTRATIVE RECOMMENDATION:

That Council endorse the attached procedures (page 9) with respect to Grants and Contributions made by the City of Winnipeg to community groups to support events, programs, projects and/or other activities in Winnipeg.

RE: GRANTS AND CONTRIBUTIONS: ADMINISTRATIVE PROCEDURES

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: A.L. STENNING, CHIEF ADMINISTRATIVE OFFICER

REPORT DATE: September 1, 2006

RECOMMENDATION:

That Council endorse the attached procedures (page 8) with respect to Grants and Contributions made by the City of Winnipeg to community groups to support events, programs, projects and/or other activities in Winnipeg.

Report Summary

Key Issues:

- Plan Winnipeg 2020 Vision directs the City to "Provide Leadership in Addressing Social Concerns," (2A-05) and to "Recognize the Importance of Arts, Entertainment, and Culture to its Urban Image, Quality of Life, and Economic Development" (5D-04). One of the key mechanisms for the City to address social concerns and support arts, entertainment, and culture is through the provision of grants (both cash and in-kind) and contributions (sponsorships, community partnerships, donations, and subsidies).
- As a result, civic departments - based on a variety of Council approved and delegated authorities - provide grants and contributions to local groups to support a wide range of community events, programs, projects and other activities.
- The administration has undertaken a review of all grants and contributions made by the City of Winnipeg to community groups to support events, programs, projects and/or other activities in Winnipeg.
- The purpose of this project was:
    - To review what grants and contributions the City currently provides;
    - To evaluate the process by which grants and contributions are budgeted and reported;
    - To inventory the authorities (either Council approved or delegated) under which grants and contributions are provided;
    - To identify key system issues in order to address ongoing policy matters;
    - To develop a transparent process for reporting on grants and contributions to ensure administrative, financial, and political accountability.
- The results of this review were as follows:
    - The City has, and continues to be, a proud partner and a major contributor to numerous community events, projects, programs, and other activities that enrich the economic and cultural life of Winnipeg;

- The authorities guiding the provision of grants and contributions are to be found in a variety of by-laws, policies and delegated authorities.
- Rather than being specifically identified in the City's operating or capital budget, many of the Grants and Contributions provided by the City to community groups are integrated into departmental budgets and have a foundation in a relevant authority.
- In order to ensure appropriate political approval, financial transparency and administrative accountability, the administration has developed a set of procedures to guide the provision of grants and contributions in the future.

- The administration recommends that Council consider approving procedures for the following categories:
  A. A one-time Special Event
  B. Recurring Grants and Contributions to local community groups
  C. Funding Agreements
  D. Other Grants and Contributions

- An interdepartmental committee will be established to oversee the Grants and Contributions procedures and to report back to Council as required.

Implications of the Recommendation(s):

General Implications

( ) None

(**X**) For the organization overall and/or for other departments

(**X**) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s): While the recommended procedures provide appropriate political approval, financial transparency and administrative accountability in the provision of grants and contributions, they also provide greater certainty to community groups regarding the City's participation in their event, project, program, or activity.

Policy Implications

( ) No

(**X**) Yes

Comment(s): The recommended procedures provide a standard process for the administration to follow.

Regulatory Implications

() None

(X) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s): The implementation of the recommended procedures streamlines the administrative process for the provision of grants and contributions while providing community groups and citizens with a “one stop shop” for information about the grants and contributions that the City provides.

Environmental Implications

(**X**) No

( ) Yes

Comment(s):

Human Resources Implications

(**X**) No

( ) Yes

Comment(s):

Financial Implications

(**X**) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s): The recommendations ensure greater financial transparency in the provision of grants and contributions to the community.

Report

REASON FOR THE REPORT:

The administration undertook a review of all Grants and Contributions made by the City in the past year to community groups to support events, programs, projects and/or other activities in Winnipeg. The findings of that review led the administration to the conclusion that in order to ensure appropriate political approval, financial transparency and administrative accountability, Council should consider endorsing a clear set of administrative procedures to guide the process for the provision of grants and contributions.

HISTORY:

Plan Winnipeg 2020 Vision directs the City to "Provide Leadership in Addressing Social Concerns," (2A-05) and to "Recognize the Importance of Arts, Entertainment, and Culture to its Urban Image, Quality of Life, and Economic Development" (5D-04). One of the key mechanisms for the City to address social concerns and support arts, entertainment, and culture is through the provision of grants (both cash and in-kind) and contributions (sponsorships, community partnerships, donations, and subsidies). As a result, civic departments – based on a variety of Council approved and delegated authorities - provide grants and contributions to local groups to support a wide range of community events, programs, projects and other activities. In 2005 the administration launched a review of all grants and contributions provided to the community. The purpose of this project was:

- To review what grants (both cash and in-kind) and contributions (sponsorships, community partnerships, donations, special events, subsidies) the City currently provides;

- To evaluate the process by which grants and contributions are budgeted and reported;

- To inventory the authorities (either Council approved or delegated) under which grants and contributions are provided;

- To identify key system issues in order to address ongoing policy matters;

- To develop a transparent process for reporting on grants and contributions to ensure appropriate political authorization, financial transparency, and administrative accountability.

The results of this review were as follows:

- The City has, and continues to be, a proud partner and a major contributor to numerous community events, projects, programs, and other activities that enrich the economic and cultural life of Winnipeg;

- The authorities guiding the provision of grants and contributions are to be found in a variety of by-laws, policies and delegated authorities including:

    - C301 Grants General
    - C302 Cultural Grants
    - C307 Community Incentive Program
    - The Legions Exemption by-law (7039/97)
    - Heritage Tax Credits by-laws (7632/2000, 7200/98, 7155/98), including the Gail Parvin Hammerquist Fund by-law (7633/2000)
    - Home Renovation Tax Credits by-laws (6544/94, 6927/96, 6930/96, 7137/97, 7230/98, 7384/99, 7523/99, 7798/2001, 7943/2001, 8165/2002 and 10/2004 and the one going to Council tomorrow)
    - The Unserviced Residential Premises Tax Credit by-law (7075/97)
    - The Multiple Family Dwelling Grant by-law (8060/2002)
    - The Community Groups Occupying City-Owned Facilities by-law (March, 2005);
    - The Entertainment Funding by-law (7710/2000).

- Rather than being specifically identified in the City's operating or capital budget, many of the Grants and Contributions provided by the City to community groups are integrated into departmental budgets and have a foundation in a relevant authority.

DISCUSSION:

Though the practice for the provision of grants and contributions has worked effectively to ensure City support for worthy community events, programs, projects and other activities, the basic finding of the administrative review was that the system was not always politically, financially, or administratively transparent. Part of this issue was simply a matter of definition in that it was not always clear what was meant by a grant or contribution. Consequently, the first action of the administrative review was to provide a precise definition for these terms. They are as follows:

Grants

Grants are payments (either cash or in-kind) provided by the City of Winnipeg to an organization which provides a demonstrable cultural, social, or economic benefit to the community. Grants provided by the City of Winnipeg are contingent upon the applicant meeting eligibility and entitlement requirements. The recipient may be required to show, throughout the term covered by the grant or upon re-application, that all performance objectives have been met. Should the recipient satisfy the required eligibility and

performance criteria, the City acknowledges that it does not expect to receive any goods or services directly in return, to be repaid, or to receive a financial return.

Contributions

Contributions are cash payments or in-kind services provided by the City of Winnipeg to an individual or organization for the purpose of:

1. **Sponsoring a community event**: A sponsorship is defined as a cash or in-kind contribution to an individual or organization for a specific purpose or event where the sponsor receives public recognition for its contribution in a manner negotiated by both parties.

2. **Collaborating in a Community Partnership**: A community partnership is defined as a collaborative arrangement between the City of Winnipeg and one or more parties (public or private) where there is an explicit agreement to work cooperatively to achieve a public policy objective.

3. **Making a Donation to a philanthropic cause**: A donation is defined as a cash contribution made by the City of Winnipeg to a charitable or philanthropic cause without expectation of a financial return or public recognition.

4. **Providing a Subsidy to an organization as stipulated in a Council endorsed policy or program**: A subsidy is defined as financial assistance (either cash or in-kind) granted by the City of Winnipeg to a person or organization for a specific purpose that is deemed by Council to serve a public policy objective or otherwise be in the public interest. All programs that involve a subsidy must have prior Council approval.

Upon reviewing the full range of grants and contributions made by the City in accordance with the above definitions and in order to ensure appropriate political approval, financial transparency and administrative accountability, the administration recommends that Council endorse a clear set of procedures to guide the provision of grants and contributions for the next term of Council and thereafter. To that end, the administration recommends that Council endorse procedures for the following categories: 1) A one-time Special Event; 2) Recurring Grants and Contributions to local community groups; 3) Funding Agreements and; 4) Other Grants and Contributions.

The rationale for each procedure is as follows:

SPECIAL EVENT: From time to time Winnipeg hosts a one-time special event (usually of national or international significance) such as the Grey Cup, the Juno Awards, or the Pan Am Games. As these events typically require the participation of all three levels of government as well as the private sector, the City is often requested to provide specific financial support in addition to providing key support services (police security or road

closures for example). Since the magnitude of these special events require extensive external (with other partners) and internal (interdepartmental) planning, the administration recommends that Council be provided with one comprehensive report as set out in the "Protocols and Procedures Plan for the Hosting of Major Special Events and Games." These protocols require that prior to the event the administration prepare a report which details the City's goals and expectations, the types of services provided, the departments contributing, the funding sources, and the total amount (both cash and in-kind) of the contribution. In this case, each department would be responsible to include funding in its own budget. The authority for this procedure is section 218 "Financial Assistance" of the City of Winnipeg Charter.

RECURRING GRANTS AND CONTRIBUTIONS: From year to year the City provides both grants and contributions to community groups that organize local events, programs, projects, and other activities that make a significant contribution to the quality of life in Winnipeg. Whether it be a cash grant to a community group, in-kind service support for a neighbourhood activity, sponsoring a festival, partnering with one or more community agencies on a project, the City is a proud supporter of numerous such activities. At some point in time, support for any of these events, programs, projects or activities would have been properly authorized (through Council or delegated authority), but it has not been the common practice to renew Council approval for grants and contributions once it has been authorized. Consequently, it is recommended that for recurring grants and/or contributions, the administration provide Council with one comprehensive report at the start of the second year of each term of Council listing all eligible events, programs, projects and/or other activities. The comprehensive report would have input from all relevant departments and detail the City's commitments with a budget attached. In accepting the recommended comprehensive list, Council would approve each individual grant and/or contribution "in principle" over a four-year period but the exact amount of the grant or contribution would be subject to budget approval on a yearly basis. The list can be amended at any time (with additions or deletions) by separate report. The authority for this procedure is section 218 "Financial Assistance" of the City of Winnipeg Charter.

FUNDING AGREEMENTS: In order to provide ongoing stability for different events, projects, programs, or other activities, the City sometimes enters into multi-year agreements with community agencies that articulate the specific terms and conditions of the relationship, including the precise nature of the City's contribution. In these cases, it is recommended that the administration provide Council with one comprehensive report at the start of the second year of each term of Council listing all such agreements with the relevant agencies. Council adoption of the report would approve the funding agreement for a four-year period and departments would be required to budget accordingly. The list can be amended at any time (with additions or deletions) by separate report and all agreements would include language indicating that the amount of funding is subject to budget approval on a yearly basis. The authority for this procedure is section 218 "Financial Assistance" of the City of Winnipeg Charter.

OTHER GRANTS OR CONTRIBUTIONS: In those instances when the City support for an event, program, project or other activity does not comply with section 218 of the City of Winnipeg Charter relating to financial assistance, Council may refer to section 219 – "Grant, Loan, Tax Rebate And Tax Credit Programs" – to authorize a grant or contribution. In this case, it is recommended that Council adopt a by-law at the start of the second year of each term of Council listing all such events, programs, projects and/or other activities. The list can be amended at any time (with additions or deletions) by separate report recommending an amendment to the by-law. The report accompanying the proposed by-law would include specific details on types of contribution, departments involved, funding sources, and the amount of contributions for each event. Each participating department would be required to budget accordingly. It is not anticipated that there would be very many grants or contributions in this category.

In order to ensure that the City meets the goal of establishing political, financial, and administrative transparency in the provision of grants and contributions, an administrative committee will be established, chaired by a representative from the CAO Secretariat and composed of representatives from various departments. The committee will administer the receipt and processing of funding requests and make recommendations to Council via the reports mentioned above.

It should be noted that some grants and contributions are made by the City in accordance with existing procedures, such as WAC grants, Land Dedication Reserve grants, etc. The procedures recommended in this report are not meant to replace those existing procedures.

PROCEDURES

It is recommended that Council endorse the following procedures with respect to Grants and Contributions made by the City of Winnipeg to community groups to support events, programs, projects and/or other activities in Winnipeg, excluding those Grants and Contributions for which procedures already exist:

A. **SPECIAL EVENT:** That for a one-time special event that promotes the economic or cultural development of the city (as authorized under section 218 - "Financial Assistance" - of the City of Winnipeg Charter), the administration provide Council with one comprehensive report prior to the event with input from all relevant departments detailing the City's commitments, with a budget attached.

B. **RECURRING GRANTS OR CONTRIBUTIONS**: That for recurring grants and/or contributions for the purposes of economic or cultural development (as authorized under section 218 - "Financial Assistance" - of the City of Winnipeg Charter), the administration provide Council with one comprehensive report at the start of the second year of each term of Council listing all eligible events, programs, projects and/or other activities. The comprehensive report would have input from all relevant departments and detail the City's commitments with a

budget attached. In accepting the recommended comprehensive list, Council would approve each individual grant and/or contribution "in principle" over a four-year period but the exact amount of the grant or contribution would be subject to budget approval on a yearly basis. The list can be amended at any time (with additions or deletions) by separate report.

C. **FUNDING AGREEMENTS:** That for funding agreements for the purposes of economic or cultural development (as authorized under section 218 - "Financial Assistance" - of the City of Winnipeg Charter), the administration provide Council with one comprehensive report at the start of the second year of each term of Council listing all such agreements with the relevant agencies. Council adoption of the report would approve the funding agreement for a four-year period. The list can be amended at any time (with additions or deletions) by separate report and all agreements would include language indicating that the amount of funding is subject to budget approval on a yearly basis.

D. **OTHER GRANTS OR CONTRIBUTIONS:** That for all recurring events, programs, projects and/or other activities that do not qualify as economic or cultural development, Council adopt a by-law at the start of the second year of each term of Council listing all such events, programs, projects and/or other activities. The list can be amended at any time (with additions or deletions) by separate report recommending an amendment to the by-law. This procedure is authorized under section 219 – "Grant, Loan, Tax Rebate And Tax Credit Programs" - of the City of Winnipeg Charter.

Each report referred to above must contain a statement that the decisions made by Council would be subject to future modification by Council.

Financial Impact Statement

Date: September 1, 2006

Project Name:

Grants and Contributions: Administrative Procedures

First Year of Program **2007**

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: There are no financial implications associated with the recommendations of this report. The financial commitments associated with the provision of grants and contributions in the future will be detailed in separate reports as outlined in the recommended procedures.

(Original signed by R. Abeysekera)
Manager of Finance & Administration
Corporate Services Dept.

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Corporate Finance
Legal Services
Planning, Property and Development
Public Works
Transit
Winnipeg Police Service
Fire and Paramedic Service
Community Services
City Clerk's
Water and Waste
Corporate Services
Corporate IT

External Consultation With:

THIS REPORT SUBMITTED BY:

Department: CAO Secretariat
Division: Strategic Management
Prepared by: James Allum
File No.