Minutes – Executive Policy Committee – March 16, 2005

OPERATING BUDGET REVIEW

Minute No. 267 Bus Transportation Grants
File FG

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee received as information the Council direction of April 21, 2004, pertaining to additional funding for Bus Transportation Grants in 2005 and future Operation Budgets.

(See Minute 270)

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DECISION MAKING HISTORY:

Moved by Councillor Clement,

That the Council direction of April 21, 2004, pertaining to additional funding for Bus Transportation Grants in 2005 and future Operating Budgets, be received as information.

Carried

STANDING COMMITTEE RECOMMENDATION:

On March 2, 2005, the Standing Policy Committee on Public Works referred to the Executive Policy Committee the April 21, 2004, Council Decision to give favourable consideration to increasing funding for Bus Transportation Grants (charter bus rates) from the 2005 Operating budget and future Operating budgets.

COUNCIL DECISION:

On April 21, 2004, Council concurred in the recommendation of the Standing Policy Committee on Public Works and adopted the following:

1. That in the interests of fiscal prudence the Transit Department approve no further charter grant applications in 2004.

2. That Policy C301 - Bus Transportation Grants be amended as follows:

    A. That the charter grant formula be changed from the current formula which provides 75% of the first $1,000.00 and 50% of costs above $1,000.00, to a maximum of 50% of costs.

    B. That the maximum annual grant be reduced from $5000 to a limit of $3,000.00

    C. That organizations be limited to one grant per year.

    D. That charter grant applications be limited to a maximum of 5 consecutive days of service, except in the case of major events such as conventions, competitions, and conferences that bring visitors to the City.

3. That the above amendments become effective upon Council approval, allowing for applications already received and approved in 2004 to be funded under the existing charter grant formula and guidelines.

DECISION MAKING HISTORY (continued):

4. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Further, the Standing Policy Committee recommended that Council give favourable consideration to increasing funding for Bus Transportation Grants (charter bus rates) from the 2005 Operating budget and future Operating budgets.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 14, 2004, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On April 6, 2004, the Standing Policy Committee on Public Works concurred in the administrative recommendation, as amended, namely:

- That Council give favourable consideration to increasing funding for Bus Transportation Grants (charter bus rates) from the 2005 Operating budget and future Operating budgets.

and submitted the matter to the Executive Policy Committee and Council.

REPORT

Re: **BUS TRANSPORTATION GRANTS**

FOR SUBMISSION TO: **Standing Policy Committee On Public Works**

ORIGINAL REPORT SIGNED BY: **R.L. Borland, Director of Transit**

REPORT DATE: **March 17, 2004**

RECOMMENDATION(S):

1. That in the interests of fiscal prudence the Transit Department approve no further charter grant applications in 2004.

2. That the Policy for Grants, C301 – Bus Transportation be amended as follows: (Please see Attachment 1 for details):

2.1 The charter grant formula be changed from the current formula which provides 75% of the first $1000 and 50% of costs above $1000, to a maximum of 50% of costs.

2.2 The maximum annual grant be reduced from $5000 to a limit of $3000.

2.3 That organizations be limited to one grant per year.

2.4 That charter grant applications be limited to a maximum of 5 consecutive days of service, except in the case of major events such as conventions, competitions, and conferences that bring visitors to the City.

3. That the above amendments become effective upon Council approval, allowing for applications already received and approved in 2004 to be funded under the existing charter grant formula and guidelines.

REPORT SUMMARY:

For many years, the City has provided bus transportation grants to various community and charitable groups in support of special events. There have been amendments to the approval process and the funding formula as needs have dictated. City Council delegated authority to the Transit Department on February 25, 1998 for the approval of bus transportation grants. The total budget available for such grants is currently $27,000. The Transit Department is providing this report to fulfill the requirements of the reporting process recommended by Standing Policy Committee, and to recommend changes in the grant formula and approval process. The recommendations will:

- Provide direction for the administration of the 2004 charter grants budget.
- Provide some flexibility for grants already received and approved in 2004.

- In future years, free up approximately $14,000 for additional applications without increasing the overall budget of $27,000.

- Address issues with respect to multiple applications for charters or long-term ongoing charter service requests.

Key Issues:

1. The Department has a budget of $27,000 for charter grants.

2. Over the last few years, the program has become more popular resulting in more grant applications and larger grant requests.

3. This year, the Department has already received and approved applications totalling approximately $37,000. It is expected the final amount will be approximately $35,000 and the Department can accommodate the $8,000 over expenditure in its overall budget.

4. The Department also has received, but not approved a number of other applications. If these applications are approved it will raise the total expenditures to approximately $52,000 (ie $25,000 over budget). The Department cannot accommodate an over expenditure of this amount.

5. A number of organizations such as the Manitoba Marathon, Children's Festival, and Canada Day (Assiniboine Park) have come to depend on the charter grants program to provide funding for their transportation requirements.

6. The recommendations will provide direction for processing of further applications in 2004 and in future years will free up funds of approximately $14,000 on the base budget of $27,000. This will accommodate the growing number of application requests.

7. The recommendations will result in some applicants who have received grants in previous years, not receiving them in 2004, and in future years some applicants will receive lower grant amounts.

Implications of the Recommendation(s):

General Implications:

	None
	For the organization overall and/or for other departments
X	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment: The recommendations will provide funding for additional grant applications in future years, but will result in lower amounts for applicants, and will result in no grants for some applicants in 2004.

Policy implications:

	No
X	Yes

Comment:

The recommendations will result in changes to the Policy for Grants C301 – Bus Transportation

Environmental Implications:

X	No
	Yes

Human Resources Implications:

X	No
	Yes

Financial Implications:

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment:

REASON FOR THE REPORT:

Council Approval is required for any amendments to the bus transportation grant funding formula and the grant approval process.

HISTORY:

On February 25, 1998, City Council delegated to the Transit Department authority for the approval of bus transportation grants, and as part of this delegation, it was also recommended that the administrative approval process be reviewed by Standing Policy Committee every 3 to 4 years, following each civic election or as required.

The Department last reported in March 2001 and at that time recommended changes in Bus Transportation Policy to reflect changing demands on the program.

DISCUSSION:

The Transit Department receives approximately 25 to 35 applications for grants each year and has a total budget of $27,000. A number of organizations submit applications every year for community events such as the Teddy Bear Picnic, Manitoba Marathon, Winnipeg International Children's Festival, etc.

The program has become increasingly popular with the result that Transit is receiving more applications and these applications are for larger average amounts. In 2002 and 2003 the budget for charter grants was $27,000 in each year, but the expenditures were $37,300 (2002) and $32,838 (2003). The Transit department accommodated the over expenditures in its budget.

As of February 26, 2004, the Transit Department has already approved grants of approximately $37,000. It is expected that the actual expenditures will be approximately $35,000. Not all grants will require full funding as service requirements will change and some requests will be cancelled. The Department can accommodate the anticipated over-expenditure of approximately $8000 as part of its overall budget.

However, the Department has also received (but not approved) additional grant applications which, if approved, would increase expenditures to approximately $52,000. The Department cannot accommodate this level of expenditure.

In the interests of fiscal prudence, the Department is recommending that any grant applications not approved as of February 26, 2004 be turned down on the basis that the budget is fully expended.

In addition to rejecting any further applications for 2004, the Department is recommending a number of changes to the current grant formula and guidelines.

Changes to Grant Formula

The current grant formula provides funding equal to 75% of the first $1000 in costs and 50% of any additional costs above $1000. Funding is exclusive of any GST which is calculated on the entire value of service and is payable by the applicant.

It is recommended that this funding formula be changed to provide a maximum of 50% of funding. Changing the formula in this manner would free up approximately $3800 in the budget of $27,000. Based on the average charter grant in 2003 (ie. approx. $900), this would provide funding for approximately 4 additional groups each year.

Changing the formula is considered to be reasonable for three reasons:

1. It still provides significant (50%) charter funding to organizations.

2. It places an obligation on these groups to provide a greater portion of the funding. This emphasizes that there is a cost for the provision of Transit services and that the City is funding a considerable portion of the costs.

3. It frees up funds for other applicants without increasing the total budget.

Maximum Limit

In addition to changing the percentage of costs covered, it is recommended that the maximum grant limit be reduced from $5000 to $3000. The reduced limit is recommended for two reasons.

1. On the base budget of $27,000 it would free up approximately $5000 which could be used to fund approximately 4.5 additional average ($900) applications.

2. At the present time the maximum is $5000. One application can thus take up 18.5% of the $27,000 budget. By establishing a limit of $3000, it would ensure that no event would receive more than 11% of the current total budget $27,000.

There are three negative consequences to reducing the limit:

1. Conventions requesting charter grants often require the maximum limit. While this will necessitate additional costs on their part, the City would still be funding $3000 or 50% of their first $6000 in charter services.

2. The Children's Festival has always applied for the maximum grant. Changing the limit and changing the funding formula would require additional expenses on their part. While this is unfortunate, the lower maximum would allow other organizations to receive benefits.

3. The lower limit could result in groups seeking to appear before the Standing Policy Committee on Public Works or Fiscal Issues Committee to request additional funding for their event.

Maximum of One Application Per Year and Maximum 5 Consecutive Days of Service

At the present time, there are no restrictions on applications that may require ongoing commitments throughout the year. For example, there are currently three organizations that have applied for grants for charter services that span a number of months, but only require 1 or 2 days of service each month. In effect, these organizations are using the charter grants to subsidize their ongoing programs. These organizations are:

- Congregation Shaarey Zedek (2 days per month for 12 months)
- Manitoba Society of Seniors (1 day per month for 12 months)
- Age and Opportunity Centre (2 days per month for 6 months)

While these are very worthy organizations and programs, the intent of the charter grants program was not to provide ongoing funding on a long-term basis. The original intent of the charter grants program was to:

- Provide some transportation funding for community and non-profit organizations for specific one time events.

- Provide some funding for major events which would encourage these events and visitors to come to our City.

To address this issue, it is recommended that:

1. Organizations be limited to one application per year.

2. Applications be limited to a maximum of 5 consecutive days of service except in the case of major events such as conventions, competitions and conferences which bring visitors to our City and support local businesses.

Implementing these recommendations will free up approximately $5000. This could provide funding for approximately 4.5 additional average $900 applications.

Timing of Recommended Changes
The Transit Department has already received and approved a number of applications for grants as of February 26, 2004. These grant applications will be processed under the existing grant formula.

However any applications for 2004 not approved as of February 26, 2004 will be rejected on the basis that the budget is fully expended.

Financial Implications
Using 2004 as a sample year, the recommended changes would have resulted in approximately $14,000 being freed up for additional grant applications without any increase in the overall budget of $27,000.

Recommended Changes	Funds Which Could Be Freed Up
Reduce % Cost Sharing to 50%	$4,000
Reduce Maximum Grant From $5000 Down to $3000	$5,000
Establish Maximum 5 Consecutive Day Limit for Charter Services	$5,000
	$14,000

Financial Impact Statement Date: March 17, 2004

COMMENTS: **The recommended changes will not result in any increase or decrease to the charter grants budget.**

J Ruby

A/Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE BY: ***None***

THIS REPORT SUBMITTED BY:

Department: Transit
Division: Marketing and Customer Services
Prepared by: Nick Iafolla
File No.

Attachment 1 referred to in Recommendation 2.

Policy For Approval of Bus Transportation Grants		
Existing	**Proposed Changes**	**Special Notes**
The following applies to bus transportation grants: **A: Evaluation Criteria** Grant applications of this type are eligible for funding when: 1) Event is being held by or in support of a non-profit or charitable organization, or; 2) Event is of a local/community or cultural nature, or; 3) Event promotes tourism in the City of Winnipeg by bringing in outside visitors. 4) All charters for bus services for which the grant is being applied are within the City Limits.		
	5) Charter requests are for a maximum of 5 consecutive days of service except in the case of events such as conventions, competitions, and conferences which bring visitors to our City.	This change will eliminate ongoing service requests and free up approximately $5000 in funding for other grant applications.
	6) Applicants shall be limited to one charter grant per year.	Restricting applicants to one charter grant per year will eliminate the possibility of multiple applications for events throughout the year.

Policy For Approval of Bus Transportation Grants		
Existing	**Proposed Changes**	**Special Notes**
B. Transit Guidelines Winnipeg Transit is unable to guarantee charter bus services during weekday peak periods (06:00 – 09:00 and 15:00 to 18:00) as to do so could adversely affect regular transit service. Requests for service during peak periods will be considered and assessed on a case by case basis. A change in pick up/drop off times may be required.		

Policy For Approval of Bus Transportation Grants		
Existing	**Proposed Changes**	**Special Notes**
C. Funding Formula The following formula applies to all bus transportation grants: 1) The grant will cover 75% of the first $1000 of charter bus services, and 50% of any additional charter bus service costs 2) The grant does not cover GST payable on the total amount of the charter service.	1) The grant will cover 50% of charter service costs to a maximum of $6000 costs (excluding GST).	A funding formula was approved by Council on May 22, 1996. At that time, it provided 100% of funding for the first $1000 in costs and 50% of costs thereafter. The formula was subsequently revised in March, 2001 at which point it became 75% of the first $1000 in costs and 50% of costs thereafter. The new % formula (using 2004 as a sample year) would free up approximately $4000 in funds for additional applications without any increase in the overall budget of $27,000.
3) The maximum annual grant available under this program for any event shall be $5000.	3) The maximum annual grant available under this program for any event shall be $3000.	This reduces the limit to $3000 and would free up approximately $5000 for other applications during the year.
D. Approval Process 1) The Director of Transit has been delegated the authority to approve bus transportation grants. 2) Grant applications are evaluated by Winnipeg Transit in accordance with the evaluation criteria as described above in Section A and the funding formula as		

Policy For Approval of Bus Transportation Grants		
Existing	**Proposed Changes**	**Special Notes**
described above in Section C applied accordingly.		
E. Appeal Process 1) Applicants can appeal the Transit Department's evaluation to the Standing Policy Committee on Public Works. 2) Upon request, the Transit Department will forward the matter to the Standing Policy Committee for final disposition. The standing Policy Committee on Public Works is the final arbiter in this matter.		