




CITY OF HAMILTON
CITY MANAGER'S OFFICE
Government Relations & Community Engagement Division

TO:	Chair and Members Grants Sub-Committee
COMMITTEE DATE:	July 3, 2024
SUBJECT/REPORT NO:	City Enrichment Fund – Appeals Process (GRA24002(a))
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Andrea Carvalho (289) 260-8119 Rebecca Frerotte (905) 546-2424 Ext. 4524
SUBMITTED BY:	Jessica Chase Acting Director, Government Relations & Community Engagement City Manager's Office
SIGNATURE:	

RECOMMENDATION

- (a) That, the 2024 City Enrichment Fund Bridge Funding Process (as outlined in the attached Appendix "A" to Report GRA24002(a)), be approved;
- (b) That, the 2024 City Enrichment Fund Appeals Process (as outlined in the attached Appendix "B" to Report GRA24002(a)), be approved, and that staff be directed to report back on the permanency of an appeals process to the Grants Sub-Committee in advance of the 2025 recommendations, and;
- (c) That the Director of Government Relations and Community Engagement ((or their delegate or as appointed by the City Manager) (the "Director") be delegated the authority to approve and execute any and all agreements, amendments and/or ancillary documents on behalf of the City in relation to the one-time 2024 Bridge funding process outlined in Appendix "A" attached to Report GRA24002(a), and one-time 2024 Appeal funding process outlined in Appendix "B" attached to Report GRA24002(a) , provided the documents comply with: all City policies and procedures, and is in a form satisfactory to the City Solicitor, and;

- (d) That, the City Enrichment Fund Bridge Funding Process be funded one-time from the City Enrichment Fund Reserve #112230, and where additional funds are required from first from the Tax Stabilization Reserve 110046, up to a total combined maximum of \$418,016, be approved;
- (e) That, the City Enrichment Fund Appeals Process be funded one-time from the Tax Stabilization Reserve (110046), up to a total maximum of \$50,000, be approved.

EXECUTIVE SUMMARY

Launched in 2015, the City Enrichment Fund's (CEF) community informed guidelines and approval criteria for a corporate wide municipal funding program did not include an appeals process. In 2023, the CEF program transitioned towards a more accessible model, which funded all passing applicants, but did not maintain historical funding levels for returning applicants. In 2023, community concerns were identified and Council approved a one-time appeals process. The 2023 appeals allocated an additional \$687,492 to 75 applicants whose programs were adversely affected by the new funding model.

In 2024, CEF received an unprecedented number of applications and funding request totals that exceeded the available funding envelope by 83%. After examining several funding models, and to provide the best possible outcome to the majority of successful applicants, the 2024 allocations for returning programs were matched at the 2023 pre-appeal funding levels. At the May 13, 2023, Grants Sub-Committee meeting, Council directed staff to report back with a recommended appeals process for the CEF and additional funding that may be required to the July 3, 2024, Grants Sub-Committee meeting.

Recommendations (a) and (b) provide qualifying applicants an opportunity to request additional one-time funding during the CEF transition period. Staff are recommending two streams of one-time funding as described below:

- Bridge Funding is a one-time process designed to support returning applicants who received an A rating. Applications for Bridge Funding will be accepted from July 25 to August 22, 2024, and reviewed on a rolling basis, subject to eligibility criteria.
- The one-time Appeal Process is introduced for 2024 to address applicants facing extenuating circumstances. All 2024 CEF applicants facing extenuating circumstances are eligible to apply. The total funding available budget for all appeals is up to \$50,000 and will be assessed on a case-by-case basis. Applications for the Appeal Process are accepted from July 25 to August 22, 2024, and reviewed by staff. A subsequent report on the permanency of an

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appeals process will be presented to Council in advance of the 2025 CEF funding recommendations.

To ensure applicants receive timely support ahead of the 2025 CEF funding cycle, it is recommended that the Director of Government Relations & Community Engagement receive delegated authority to approve and enter into funding agreements under the Bridge and Appeal processes.

The Bridge and Appeal funding processes aim to address community concerns related to the 2024 CEF Funding recommendations in an equitable and sustainable manner. Based on eligibility, applicants may seek support through either the Bridge or Appeals process, ensuring a comprehensive and fair process.

Alternatives for Consideration – See Page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Use of The City Enrichment Fund Reserve #112230 approximately \$277,970, Use of the Tax Stabilization Reserve 110046 up to a total of \$140,046.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

Launched in 2015, the CEF presented overall guidelines and specific program area criteria approved within report FCS14024(b), 2014. The CEF funding guidelines do not currently have a defined process to allow applicants to appeal the outcomes of the funding recommendations either due to insufficient funds in the CEF budget, or due to extenuating circumstances impacting the applicant.

In 2023, the CEF program implemented a funding model whereby previous funding levels were not matched and all passing applicants received funding. The public was informed of this changed funding approach following the typical public information period. As a result, Council approved a one-time appeals process to support communities and organizations that were adversely impacted and/or experiencing hindered operations due to the 2023 recommendations (May 18, 2023 Audit, Finance and Administration Committee Report 23-008, approved at Council on May 24, 2023 Council Minutes 23-010).

In 2024, CEF received the highest number of applications and funding requests, 427 and \$13,122,750 respectively. With a maximum budget of \$7,195,440, the 2024

allocations were calculated based on 2023 the pre-appeal funding levels for returning applicants to maximize the funding envelope.

Beginning in 2023, the CEF program has been evolving to better respond to community needs, provide equitable funding, and access to new applicants. In an effort to extend support during this transition, at its May 22, 2024 meeting, Council directed staff to report back with a recommended appeals process for the CEF and additional funding that may be required to the July 3, 2024 Grants Sub-Committee meeting.

In 2023 and 2024, the CEF program has made several transitions to ensure access, equity, and the long-term viability of the City of Hamilton (City)'s central funding program.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS – N/A

RELEVANT CONSULTATION

Several divisions across the corporation have been consulted in the development of the recommendations in this report, and provided feedback including but not limited to the following:

- General Manager – Corporate Services Department
- Corporate Services Department – Finance and Administration Division
- Corporate Services Department – Legal Services Division
- City Manager's Office – Digital, Innovation and Strategic Partnerships Division
- Healthy and Safe Communities Department - Human Services Integration, Strategy and Quality Improvement Division
- Healthy and Safe Communities - Sports Policy and Allocations Division
- Planning and Economic Development Department - Business Development Division
- Planning and Economic Development Department – Tourism and Culture Division
- Public Works Department – Environmental Services Division

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

In 2023, to better serve the growing community and evolve the program towards greater access, the CEF program began transitioning away from legacy and/or base funding. Instead, funding was allocated using a single formula within rating groups to maximize the funding envelope and applied equally to new and returning applicants. Several organizations across the community expressed concern that this approach would negatively impact their operations and programming. In response, Council approved a

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motion directing staff to offer a one-time appeal process, which provided 75 applicants with an additional \$687,492 from the CEF reserve.

Following community feedback, all 2024 passing applications received funding, and allocations were developed based on two groups, new and returning programs. Using a consistent funding model, as previously directed, several funding scenarios were considered, all of which yielded less funding to returning programs overall. To meet the growth in applicants and requests, the approved 2024 allocations were based on the 2023 pre-appeal funding levels for returning applicants.

Using a consistent funding model across all areas of CEF, while equal, does not allow a nuanced approach to differentiated needs and equitable considerations. Consequently, several organizations raised concerns that using the 2023 pre-appeal funding levels, as the basis for the 2024 recommendations negatively impacts the approved programs and services delivered by grantees.

A municipal and jurisdictional scan of grant programs revealed that seven of the eighteen comparable municipalities offered an application or written appeal, complaints, or dispute resolution process. The appeal outcomes were approved by the grant program Director in the majority of municipalities compared. The eligibility, assessment, and overall appeals process varied widely. A summary of the findings of this municipal and jurisdictional best practice scan can be found in Appendix “C” attached to GRA24002(a).

To move forward, staff identified the need for two streams of one-time funding. This includes one for qualifying returning grantees to receive Bridge funding, during the CEF transitional period and a second whereby applicants may appeal the funding results due to extenuating circumstances related to their application and/or organization. The separate processes recommended within this report is in support of the distinct circumstances facing applicants.

Bridge Funding:

One-time Bridge funding continues support to grantees with hindered operations due to the changes to CEF during a time of transition. Planned 2025 CEF enhancements are expected to address these concerns and, moving forward, build sustainability.

As a one-time opportunity, Bridge Funding is designed to be a simple, user-friendly process. Full details of Bridge Funding are detailed in Appendix “A” attached to GRA24002(a), with the following overview:

- Eligibility: Open to successful returning, A rated 2024 CEF applicants.

- Bridge Funding: Requests must not exceed the 2023 combined total CEF funding levels (CEF annual funding + appeal). Successful Bridge applicants will receive 100% of the difference between their 2023, post-appeals funding total, and their 2024 Funding Recommendation.
- Application: Applicants must meet eligibility and indicate the impact and/or financial hardship affecting the program.
- Timeline: Bridge Funding applications will open between July 25 and August 22, 2024 and be reviewed and approved on a rolling basis in the order in which they are received.

The one-time Bridge process is designed to serve CEF applicants that demonstrate a high level of achievement recognized through an A rating, to ensure that the programs serving residents are feasible and that organizations continue to thrive.

Appeal Process:

The CEF Appeal Process is designed to address applicants whose programs are challenged due to the 2024 CEF results as a result of one-time extenuating circumstances.

This Appeal process is designed to respond to pressing needs and compassionately address the challenges faced by not-for-profit organizations in community through a one-time appeal. Applicants must demonstrate, that extenuating circumstances existed that impacted the application results, and that their applications may require further review, or additional support. A limited budget of \$50,000 will be awarded across all appeal applications. CEF reserves the right to not allocate any of these funds if extenuating circumstances are satisfactory.

Full details of the Appeals process are detailed in Appendix “B” attached to GRA24002(a), with the following overview:

- Eligibility: All eligible 2024 CEF applicants.
- Appeal Requests: The Appeals commitment will work within a total funding envelope of \$50,000 and makes no guarantee of successful appeals receiving either the entirety of their original funding request or of their appeal request amount.
- Applications: Applicants must describe the rationale for an appeal, detailing the extenuating circumstance(s).

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- Timeline: The Appeals process will be open between July 25 and August 22, 2024.
- Assessment: Appeal requests will be reviewed by staff to establish eligibility, and to assess the presented extenuating circumstances.
- Recommendations: Appeals applications will be assessed individually with funding levels determined on a case-by-case basis.
- Appeals will not change the original rating received by an application through the CEF Adjudication process.
- This Appeals process is not intended to address global, national, or provincial issues beyond our control, for example the cancellation of any other funding programs/sources, natural disasters, pandemics or other force majeure.

Staff are seeking delegated authority for the Director of Government Relations & Community Engagement to authorize both the Bridge and Appeals funding based on the processes outlined in Appendix “A” and Appendix “B” attached to GRA24002(a).

The delegated authority allows staff to address the time-sensitive nature of funding, with many organizations having already launched the programs, projects, and operations presented within the CEF applications and in advance of the 2025 City Enrichment Fund funding cycle.

The Bridge and Appeal funding processes are mutually exclusive. Applicants may request support through either, but not both opportunities. Staff will evaluate these processes and report back to Council the results and the viability of a permanent appeals process in advance of the 2025 recommendations. Together, these processes are designed to address outstanding issues related to the 2024 CEF Funding recommendations in an equitable and achievable approach.

ALTERNATIVES FOR CONSIDERATION

Council may choose either of the following alternatives, which open the Bridge funding process to a broader eligibility criterion than only those applications rated “A” as recommended above.

Alternative 1:

An alternative for consideration is to allow all returning applicants, with an A, B, or C Rating, who received a lower funding recommendation in 2024 than their combined 2023 CEF grant and appeals funding total. Funding for all eligible Bridge recipients

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would be up to 100% of the difference between these funding allocations. The financial implications of Alternative 1 would be that the Bridge Funding process would total \$518,000.

Alternative 2:

An alternative for consideration is to allow all returning applicants, with an A, B, or C Rating, who received a lower funding recommendation in 2024 than their combined 2023 CEF grant and appeals funding amount. In this alternative, the total amounts each applicant is eligible to receive could be differentiated based on the established ratings. The financial implications of Alternative 2 would total \$490,000.

A Rating – Up to 100% difference between 2024 and 2023 funding amounts.

B Rating – Up to 75% difference between 2024 and 2023 funding amounts.

C Rating – Up to 50% difference between 2024 and 2023 funding amounts.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report GRA24002(a): 2024 City Enrichment Fund Bridge
Funding Process

Appendix “B” to Report GRA24002(a): 2024 City Enrichment Fund Appeals
Funding Process

Appendix “B” to Report GRA24002(a): Municipal Best Practices & Jurisdictional
Scan Summary