

**Region of Waterloo**

**Corporate Services**

**Corporate Finance**

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**To:** 2025 Plan and Budget Sub Committee

**Meeting Date:** August 28, 2024

**Report Title:** Summary of Current Region of Waterloo Grant Programs

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**1. Recommendation**

For Information.

**2. Purpose / Issue:**

To provide a summary of information regarding the Region of Waterloo's current Grant Programs, their alignment to Growing with Care and, where possible, to highlight where area municipalities may also provide similar support.

**3. Strategic Plan:**

This report supports the Resilient and Future Ready strategic priority to ensure fiscal accountability, transparency and to work creatively and collaboratively with local community partners and organizations as we work toward achieving our shared goals within the Growing with Care priorities of Homes for All, Climate Aligned Growth and Equitable Services and Opportunities.

**Report Highlights:**

- Regional Council directed staff to:
  - Compile a comprehensive review of funding provided by the Region to external organizations and conduct analysis on whether it matches a strategic priority within the Region of Waterloo's Strategic Plan, Growing with Care.
  - Conduct a priority ranking of funding provided to external parties under each of the Region of Waterloo Strategic Plan Growing with Care pillars.
  - That staff report back on areas of overlap.
- The scope of this review was largely limited to those funds allocated through granting programs, as governed by the Region's 2022 Grant Administration Policy [Appendix A]. Other investments or payments such as Fee for Service transactions were considered beyond scope, however a list of Miscellaneous Grants and Partnerships is included in the data [Appendix C]

- The Region of Waterloo currently operates eight grant programs [ Appendix B]:
  1. Entrepreneurial Initiatives
  2. Key Cultural Institutions (KCI)
  3. Major Arts and Cultural Organizations
  4. Community Environment Fund
  5. Cultural Drivers of Tourism
  6. Upstream Fund
  7. Community Capacity Fund
  8. Waterloo Region Arts Fund (this program is under review and has yet to be assessed as part of this review).
- The approved budget allocation for these eight grant funding programs totals \$4,268,640, with 2024 actual allocations totalling \$4,917,701. The 2024 allocations under the Key Cultural Institutions grant program exceed the 2024 budget provision by \$493,450 (as outlined in report COR-CFN-24-003, dated February 6, 2024). For the Community Capacity Building Fund, approximately \$157,000 of funding that was awarded in a previous budget year was returned in 2024 and reallocated through the 2024 granting cycle.
- Approximately 90 local organizations received grant funding in 2024.
- Staff used the 2025 Plan and Budget Principles to undertake an early assessment of the existing grant programs.
- Initial assessments against the principles indicate that:
  - Each program shows alignment with one or more of the Growing with Care priorities, Homes for All, Climate Aligned Growth, Equitable Services and Opportunities and Resilient and Future Ready Organization and are able to demonstrate impact to the community.
  - Assessment of the gravity of impact or risk mitigation is not easy to compare across the programs as they are very broad in nature. This is a limitation of the review. For example, the funding allocated via the Community Environment Fund and Entrepreneurial Initiatives Fund is small comparatively to other larger funding programs such as those designed to support arts and culture. Given the scale of the climate crisis, the supports provided to Community Environment Fund recipients may seem small and unable to garner the same levels systemic change comparable to the larger funds, however the funding for small organizations to seed change in this area is no less important to these organizations for their success.
  - None of the programs are legislated and all are discretionary based on Council's direction. Most closely aligned to legislation is The Upstream Fund and the Community Capacity Building Fund which are both strategic priorities that enable the delivery of a provincially legislated plan, the Community Safety and Wellbeing Plan.
  - Each program acts upon Council's existing longer-term strategic priorities and could be considered as 'maintaining the course'.

- Each program has mechanisms in place to ensure that the funding is allocated in the most effective and fiscally accountable way, making the most of the dollars available. That being said, grant applications and community organizational needs continue to outstrip the funding available.
- Given that the Region's current grant programs have developed as a result of Council direction and the thoughtful analysis of the changing needs of Waterloo Region, it is not surprising that there is overall alignment between the programs, the 2025 Plan and budget principles and community priorities.
- A feature of the Region's overarching Grant Policy is to ensure that grant programs are regularly reviewed to ensure they remain relevant and responsive to local community need and organizational priorities. An example of this has been the recent creation of the Upstream Fund and Community Capacity Building Fund and the review of the Key Cultural Institutions [ PDL-CUL-24-013].
- The current overarching Grant Administration Policy states that wherever possible, grants should be allocated through a defined grant program. However, the policy does include a provision for allocating grants outside of this requirement should the need arise.
- The review currently indicates one grant that has been awarded for 2024 in this manner to A Better Tent City, totalling \$236,390.
- The Region does enter into funding agreements with other external organizations that have been awarded outside of the eight formal grant programs [Appendix C]. These examples are often unique in nature and guided by legal agreements that govern the specific relationship, the term of the agreement, the expected objectives and related outcomes. Many of the agreements preceded current Council and Strategic Plan and are multi-year in nature. Some constitute a partnership between multiple municipalities (e.g. Waterloo Region Economic Development Corporation) and there is one example where the Region employes staff on behalf of a partnership (e.g. Smart Waterloo Region).

## Background

- Municipalities have the power to provide grants as guided by the Municipal Act, however granting is a discretionary function of the municipality, and all programs exist at the discretion of Council.
- All seven formal funding programs are guided by the Grant Administration Policy, developed at the request of Regional Council in 2022 [PDL-CUL-22-04].
- According to the policy, grants are "A legal instrument that results in the transfer of money from the Region to the public in order to support a public purpose. Grants have:
  - "A defined criteria for who can apply, and for what purposes the funds can be used
  - A defined intake process
  - Defined decision-making criteria and approval process
  - A requirement that recipients sign an agreement and account for funds

- No expectation of return or repayment (as long as the terms and conditions of the grant are met)".
- This administration policy ensures that grants align with existing and emerging strategic priorities, that their purpose, objective, eligibility criteria, decision-making processes, and reporting requirements, are clearly and transparently outlined and can be applied as consistently as possible.
- Each of the grant programs have clear policies or guidelines that support impactful, transparent and accountable granting.
- Staff also explored potential commonalities or 'overlap' in grant funding with area municipalities. The initial assessment proved that comparability is extremely difficult as each municipality may have its own interpretation of granting, different grant objectives and goals, as well as varied roles and mandates even within a seemingly similar priority areas.
- A list of organizations receiving funding from the Region was sent to the area municipalities and they were asked to identify if they also provide funding to any of these organizations. Details of this review by funding stream are included in Appendix C. Area municipalities provide funding to a variety of organizations through various programs and this review did not seek to identify all the funding they provide to external organizations, but only where commonalities exist. While staff have made every attempt to ensure all relevant data was captured, staff continue to work with area municipal partners on ensuring the most up to date data is provided to the sub-committee.
- Staff acknowledge it was not possible to analyze all area municipal grant policies for this review. As a result, there are some limitations in ascertaining the extent of commonalities from a granting and policy perspective.
- Key Cultural Institutions grant program is one clear example where local municipalities intentionally collaborate to provide support to a small group of organizations aligned to specific arts, culture, economic and tourism goals. This approach is considered a beneficial strategy to maximize the funding available at any one time. Most recently Council directed staff to review this program and staff have made several recommendations to improve the process to maximize the benefits of working strategically together with area municipalities to achieve shared goals and objectives for the community [ PDL-CUL-24-013].
- The 2025 Plan and Budget Process is being guided by six principles, which have been used to inform this review. The principles prioritize actions that:
  1. Make a significant measurable, impactful different to Growing with Care outcomes and objectives.
  2. Mitigate a significant risk that the community or the organization currently faces.
  3. Maintain the course, investing first in existing essential service delivery and commitments that support the bold agenda Council has already set

4. Meet prescribed legislated standards or requirements (accreditation, compliance or legal).
  5. Move forward critical items – service level changes, strategic initiatives, capital projects – that must be done immediately and are time critical, meaning they cannot wait a year or more.
  6. Make fiscal sense, are financially viable, appropriately funded by other levels of government, with an approved business case or equivalent analysis that shows affordability for taxpayers today and over the longer term.
- Council approves grant recipients in all grant streams with the exception of the Upstream Fund and the Community Capacity Building Fund where decisions are made by a collaborative panel of community members.
  - Grants provided through the Region of Waterloo Arts Fund is currently being administered by the Community Foundation and individual grant awards are not subject to Council approval.
  - The Municipal Accommodation Tax funds fully funds the Cultural Drivers of Tourism stream (\$213,550) and partially funds the Key Cultural Institutions stream (\$86,460). The property tax levy funds the balance of payments made to external organizations identified in this report (\$9,474,471).

#### **Area Municipality Communication:**

Staff have engaged all area municipalities to gain information and data related to their granting programs and recipients. This process is complex and still underway.

#### **Public/Stakeholder Engagement:**

N/A

#### **9. Financial Implications:**

The grant funding streams outlined in this report are subject to annual budget approval. The approved budget allocation for these seven grant funding programs totals \$4,268,640, with 2024 actual allocations totalling \$4,917,701. Additionally, there are payments made to external organizations that do not fall into a formal grant program. These payments total \$5,505,841 in 2024.

As per report COR-CFN-24-003, dated February 6, 2024, the 2024 allocation under the Key Cultural Institutions grant program of \$840,603 exceeds the 2024 budget provision for this program by \$493,450. The variance was approved to be funded from the Tax Stabilization Reserve in 2024. Staff were directed to include an incremental \$493,450 in the Preliminary 2025 Base Budget funded from the property tax levy.

The Municipal Accommodation Tax funds fully funds the Cultural Drivers of Tourism

stream (\$213,550) and partially funds the Key Cultural Institutions stream (\$86,460). The property tax levy funds the balance of payments made to external organizations identified in this report (\$9,474,471).

#### **10. Conclusion / Next Steps:**

The sub-committee may choose to offer guidance as to the next steps of the review process with a view to present the findings as part of the 2025 Plan and Budget Committee process, scheduled to commence in October 2024.

#### **11. Attachments:**

Appendix A: Grant Administration Policy [PDL-CUL-22-04]

Appendix B: Summary of Grant Programs

Appendix C: Recipients of Regional funding by grant program and identification of commonalities and potential 'overlap' with area municipalities

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