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DATE 4 March 1998

TO/DEST. Co-ordinator, Community Services Committee

FROM/EXP. Commissioner, Social Services Department

SUBJECT/OBJET **OTTAWA NEIGHBOURHOOD SERVICES - REQUEST FOR
LOAN**

DEPARTMENTAL RECOMMENDATIONS

That Community Services Committee recommend and that Regional Council approve a repayable grant of \$75,000 to the Ottawa Neighbourhood Services subject to the following conditions:

- 1. That the Neighbourhood Services enter into a contractual agreement with the RMOC to repay the grant, and;**
- 2. That the Neighbourhood Services provide quarterly financial performance statements to the Region.**

PURPOSE

The purpose of this report is to comment on the request of the Ottawa Neighbourhood Services (ONS) for a loan of \$75,000 from the Region. The ONS state that this loan is required to assist them to recover from a period of declining revenues through sales which were significantly reduced in January 1998 due to the Ice Storm in comparison to January 1997.

DISCUSSION

The Social Services Department in collaboration with both the Legal and Finance Department have reviewed this request.

The ONS believe that with the infusion of the \$75,000 from the Region, they will be able to reduce their accumulated payables and cover some anticipated season fluctuations in revenues during 1998. A review has been conducted of the 1998, 1999 and 2000 financial forecast for both revenues and expenditures. It is evident that these forecast documents are based on relatively conservative estimates of revenue and expenditure and based on a comparison to 1997 financial statement appear reasonable.

The financial forecast documents for 1999 and the year 2000 reflect a repayment schedule of the \$75,000 in 24 equal payments of \$3125.

There are outstanding mortgages on the title of the ONS building at 987 Wellington Street in the amount of \$165,000.

The Legal Department has confirmed the not for profit charitable status of the ONS. Within the provisions of the municipal act it is permissible for the Region to provide a loan/repayable grant to such an organization.

A decision to provide these funds or not to the ONS must be based on the following issues.

The first issue is what is the value to the Region and to the community. The ONS provide important low cost and in some cases no cost source of good quality used clothing and domestic goods for many low income residents of this Region. There are other thrift shop alternatives also run by charitable non-profit organisations. We believe that this entire network provides an important alternative source of essential consumer goods for a population whose purchasing power in the past few years has declined.

In addition to the above, the ONS provides employment for over 50 men and women in an understanding and compassionate environment.

Another issue relates to the ability of ONS to fulfill their intention to repay these funds. As stated above, the financial forecasts are based on reasonable assumptions. It is possible to secure the repayment by an attachment to the ONS equity in the building at 987 Wellington Street. A contractual agreement detailing the terms and conditions of the repayment schedule is also required.

SUMMARY

The ONS is a valuable local institution. A review of their financial forecasts indicate a good probability of a successful future. The provision of \$75,000 to this organization with a repayment schedule acceptable to the Region is warranted.

This expenditure was not anticipated in the development of the 1998 departmental budget. Any decision to meet this request will be a pre-commitment on the 1998 budget.

*Approved by
Dick Stewart*