



Committee of the Whole Report

Report Number: ED2022-036

Meeting Date: June 7, 2022

Title: **Report Back on Operational Support for Cultural Organizations in Kawartha Lakes**

Description: Update on Cultural Master Plan implementation activities that relate to operational funding for cultural non-profits

Author and Title: Donna Goodwin, Economic Development Officer, Arts & Culture

Recommendations:

That Report ED2022-036, Report Back on Operational Funding for Cultural Organizations in Kawartha Lakes be received for information; and

That this recommendation be brought forward to Council for consideration at the next Regular Council Meeting.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At the Council Meeting of November 17, 2020, Council adopted the following resolution:

CW2020-164

That Report ED2020-23, **Economic Recovery Task Force Recommendations**, be received;

That Council directs staff to develop a cultural sector recovery grant program for 2021, which could be applied to operating costs for our arts and culture community, and report back to council on the scope of the program by end of Q1 2021;

As well as the recommendation included in the Appendix to the Economic Recovery Task Force (ERTF) Recommendations endorsed by Council at that Nov 17, 2020 meeting:

That the Culture Master Plan implementation be accelerated;

That Council consider setting up an immediate short term funding program in 2021 for the cultural sector, which could be applied to operating costs for our arts and culture community, and

That Staff develop an ongoing cultural organization operating program for consideration in the 2022 budget.

The Kawartha Lakes Arts, Cultural and Heritage Recovery Fund, announced March 2021, was Part 1 of direction to staff from Council to develop financial programs for the cultural sector in Kawartha Lakes. Part 2 was requested to come before Council during budget discussions for 2022. Program options for operational funding were to be tabled in Q4. In the interim, work to support the cultural sector continued through the Economic Recovery Task Force (ERTF) and other council initiatives, influencing the key performance indicators associated with traditional operational funding models. Thus a recommendation to delay reporting back on possible options was put forth with the findings of the ERTF in October 2021.

At the Council Meeting of October 29, 2021, Council adopted the following resolution:

CW2022-234

Moved By Deputy Mayor O'Reilly

Seconded By Councillor Seymour- Fagan

That Report ED2021-035, **Economic Recovery Task Force Review**, be received;

That the Economic Recovery Task Force be dissolved and the Task Force members Bjorn Alfredsson, Tom Phillips, Jill Quast and Mark Wilson be thanks for their contribution; and

That these recommendations be brought forward to Council for consideration at the next Regular Council Meeting.

Carried

In Report ED2021-035: Economic Recovery Task Force Review adopted at the October 17, 2021 Council meeting, staff shared that;

“the Action Plan recommendation in November 2020; a long term funding framework for cultural organizations be considered as part of the 2022 budget but since that time, a number of other initiatives are underway that may shape the needs of cultural organizations. The two most significant initiatives being the Cultural Centre Feasibility Study that is currently underway with a report scheduled for June, 2022, and the hiring of an Economic Development Officer-Curatorial Services to support the municipal collection of three dimensional (3D) artifacts and community owned collections. Therefore, staff recommended to bring a framework forward for Council’s consideration in 2022 when the outcome of these initiatives is better known. Council agreed to this recommendation along with the report’s recommendations to dissolve the ERTF.”

This report addresses the direction to bring forth an update on the work completed thus far regarding a framework for operational support.

Rationale:

In consultations completed in 2018-2019 with the cultural sector to create the 2020-2030 municipal Cultural Master Plan (CMP), operational funding and other supports were identified as priorities. Since that time, the convergence of three Actions identified

in the plan has occurred to inform the discussion related to service delivery model options by direct operational funding: objectives outlined in the original plan are not currently feasible; hiring of staff to support the sector; and, the undertaking of a cultural centre feasibility study.

The 2020-2030 Cultural Master Plan (CMP) as adopted by Council in February 2020 included a number of references related to operational support cultural facilities in the municipality. Section 3.3 Priority Three: Improve Cultural Spaces & Places; 3.4 Priority Four: Expand Cultural Sector Funding Options and 3.6 Priority Six: Collaborate and Build Partnerships, all relate to operational support in a direct and meaningful way.

Excerpts from the 2020-2030 Cultural Master Plan

3.3 Priority Three: Improve Cultural Spaces & Places

The availability, suitability and accessibility of spaces and venues for cultural activities and events is a key factor in the viability and the success of the cultural economy. Industry standard cultural facilities are required in order to obtain provincial and federal operational funding. Visitors and potential new residents expect cultural venues and outdoor spaces that are comparable to other destinations that are open to them.

OBJECTIVE 3. Cultural facilities are equitably supported by the municipality. Compare and move towards equitable capital and operating budgets for cultural, recreational /sport, and library venues.

3.4 Priority Four: Expand Cultural Sector Funding Options

Operational funding is the most important funding required by non-profit cultural organizations. Although provincial and federal grants are available to address this core requirement, this funding requires effective grant writing and compliance industry standards in terms of infrastructure and professional staffing. Small, rural and remote municipalities often do not possess or provide these capacities and resources. This is a deficit that needs to be addressed in order to achieve long term operational and financial sustainability in the cultural sector.

Rather than responding to the needs and aspirations of each cultural organization on a case by case basis, the municipality can maximize beneficial outcomes and ensure equity by offering structured support and assistance that is performance-based and can be accessed by all across the sector.

- Develop a performance-based grant program to address operational funding gaps and as an incentive for completing board governance, cultural management and business training that reflects best practice by cultural sector organizations. Higher levels of funding would be available on a stepwise basis based upon operational capacities and demonstrated achievements. Identify the maximum amount of City funding support that would be available to each eligible organization over a fixed period. Once organizations qualify for provincial and federal operational grant funding, municipal assistance would be reduced. All CKL cultural organizations would be eligible to apply annually but would be required to demonstrate prescribed levels of achievement, partnerships with other CKL organizations, enhanced events and cultural activities, increased visitor /customer numbers and annual earnings. Given that many external grants now require matching funds up front as a prerequisite, subsequent municipal funding could also require evidence of funding obtained from other funding sources that matches the amount awarded by the municipality in the previous year.

3.6 Priority Six: Collaborate and Build Partnerships

So much more can be accomplished through collaboration than can be achieved independently. Bringing independent operators together across a sector creates a more unified ecosystem with greater self-awareness, knowledge and collective power. Problem solving capabilities are improved by combining talent, knowledge, resources and infrastructure and overall sector growth is accelerated.

Objective 2. There is effective collaboration and partnerships across CKL cultural organizations and businesses. Encourage partnerships as a requirement of any municipal funding.

Work has occurred for all three of these priorities, with positive impact to the cultural sector at large.

Municipal Response to Identified Priorities

The issue of direct operational funding is complex in that its original Action included in the CMP is based on an assumption that a graduated system of operational funding is possible. Currently, there are no active federal or provincial operational funding programs in which cultural non-profits can progress to once they have 'increased their capacity'. The Action is rooted in the concept of Seed money to initiate work and not act as a sustained source of funding. If there is no other program to take its place, the funding is no longer Seed. Therefore, the impetus of the Action must change to reflect its true structure. This analysis is supported when investigating comparable municipal operational funding programs in like jurisdictions as they operate very differently than what was proposed in the 2020 Cultural Master Plan.

To address the direction from Council to bring back operational funding options to be considered during the 2022 budget process, an interdepartmental meeting was held October 12, 2021 with Clerks, Treasury, Parks, Recreation and Culture, and Legal to discuss cultural funding and the administrative logistics for the municipality; how it relates to the operational funding program run through Community Services Department: Park, Recreation and Culture Division; what operational costs are already covered for tenants in municipal buildings; and the mechanism by which public tax dollars can be distributed to non-government owned or operated organizations for operational purposes.

Traditional Funding Models/Options:

Seed Funding: (parameters are similar to Trillium). Specific period/duration for funding. Sliding scale tied to their operating budget with a cap at a fixed amount is provided for the duration of the agreement with organizations not allowed to apply for the same funding again. Logic behind the one time only funding is:

1. that the duration of funding provides time and structure for the organization to secure other funding from other sources/activities;
2. ensures that the organization does not become dependent on the municipality to operate; and
3. ensures that the funding envelop can remain the same as new and different organizations will be able to apply each funding round as allocations will be freed up with the graduation of other organizations from the program.

There are three capital/operational funding programs through the Parks and Recreation Department:

[50/50 Community Project Capital Funding Program](#)

[Community Partnership and Development Fund](#)

[Legacy C.H.E.S.T. Fund – for Bobcaygeon and Lindsay](#)

which provide financial support to area non profits.

Permanent Operational Funding: Municipality provides operational funding indefinitely. Organizations apply annually or are given a set stipend.

The Clerks Department and Economic Development Division initiated an environmental scan to see if like municipalities had an operational funding program for non-municipally owned cultural organizations. The Municipality of Chatham-Kent, The City of Greater Sudbury and The City of Calgary were found to run operational funding programs specifically geared to support organizations that provided services not offered by the municipality itself or for support of activities that advanced the municipality's strategic plan for that Term of Council. In all three cases, these municipalities have blended the 1st two models on the basis that they are financially supporting organizations that are providing services that advance the municipal mandate.

This type of funding could not be limited to only the 10 cultural organizations surveyed for the CMP. Thus, it is anticipated that such a funding envelope would continue to increase as new organizations are on boarded making the program a costly burden to municipal rate payers. Moreover, as explained, most programs are geared to support organizations that provide a service that the municipality does not provide on their own.

Other Direct Operational Funding: Organizations receive increased support through archival and curatorial staff, physical support through the cultural centre and existing grant opportunities through PRC, provincial and federal programs.

The City of Kawartha Lakes already provides operational funding for separate non-profit cultural facilities in municipally owned buildings through Other Direct Operating Expenditures (ODOE), building maintenance and repairs. For organizations that are tenants in municipal buildings, Table 1 shows the organization and the annual amount of operational support such as heat, hydro, gas/utilities, building maintenance and

repair, snow plowing, ground maintenance, fire and safety components, HVAC system maintenance provided in 2019, 2020, 2021. Rent is also not charged through the lease agreement, to help offset operational costs for these organizations.

Table 1 – Other Direct Operating Expenditures (ODOE) 2019 - 2021

Organization	Location	2019	2020	2021
Olde Gaol – VCHS	Lindsay	\$56,105.58	\$39,377.32	\$43,166.18
Fenelon Falls Train Station	Fenelon Falls	\$2,899.52	\$5,384.62	\$2,940.84
Pontypool Grain Elevator	Pontypool	\$290.43	\$237.63	\$277.19
Kinmount Railway Station	Kinmount	\$12,687.10	\$6,917.84	\$7,750.05
Coboconk Train Station	Coboconk	\$10,990.67	\$9,902.56	\$16,332.90
Boyd Museum (57.79% of building)	Bobcaygeon	\$20,792.72	\$12,302.09	\$23,531.35
Maryboro Lodge	Fenelon Falls	\$12,278.74	\$6,317.42	\$9,136.26
Kawartha Art Gallery (6.2% of LL)	Lindsay	\$7,721.42	\$6,437.65	\$6,718.79
Total		\$123,766.18	\$86,877.13	\$109,853.56

Emergency pandemic relief funding through the Arts, Culture and Heritage Relief Fund was also developed for eligible cultural non-profits to mitigate the financial losses incurred from the shut down. This was achieved using the Municipal Act, Section 107 (1), which provides the general power to make grants, [and] acknowledges Council’s authority to provide financial assistance through the following statement:

Despite any provision of this or any other Act relating to the giving of grants or aid by a municipality, subject to section 106, a municipality may make grants, on such terms as to security and otherwise as the council considers appropriate, to any person, group or body, including a fund, within or outside the boundaries of the municipality for any purpose that council considers to be in the interests of the municipality.

Table 2 – Cultural organizations that received 2021 Arts, Culture and Heritage Relief Fund

Applicant	Community	Eligible costs
The Ottawa Huron Tract History Association	Bethany	\$2,725
Lindsay Little Theatre	Lindsay	\$10,828.13
Globus Theatre	Bobcaygeon	\$29,917.85
Victoria County Historical Society	Lindsay	\$10,058.44
The Academy Foundation	Lindsay	\$52,540.97
A Sheila Boyd Foundation	Bobcaygeon	\$16,477.04
Kawartha Settlers' Village	Bobcaygeon	\$12,365.56
Kawartha Art Gallery (KAG)	Lindsay	\$5,250
Fenelon Station Gallery	Fenelon Falls	\$3,464.98
Kinmount Artisan marketplace	Kinmount	\$5,453.93
Total		\$149,081.90

Cultural Centre Feasibility Study

In April 2021, the Cultural Centre Feasibility Study was launched by a Council appointed Task Force. Over the last year, Task Force members and the staff resourced Technical Advisory Committee have worked with Nordicity and Giaino Architects to undertake a needs assessment and feasibility study for a Cultural Centre through hub and spoke model for the municipality. The study was a joint initiative between the municipality and the Kawartha Lakes Arts Council (KLAC) and Kawartha Lakes Culture and Heritage Network (KCHN). The study assessed the need and process to improve cultural spaces and placed within the City. Its findings confirm the need to build a Cultural Centre to address current and future growth projections, for a new archive and collections facility and space for cultural operations, exhibitions and performance. The study also assessed the need for shared collections space, first identified in the cultural centre working group and consultations for the 2020-2030 CMP. Currently three (3) facilities support a curated shared space concept. Therefore, Council can support cultural non-profits within the municipality through this as well.

Much progress has been made in the implementation of priorities outlined the 2020-2030 CMP. These new initiatives have increased the operational support to cultural facilities through staffing, policy and program development. The findings of the Cultural Centre Feasibility Study provide options to increase the municipal operational support and provide universal access to state of the art cultural and curatorial facility for participating community non-profits. At this time, proposing an operational funding framework for cultural organizations is premature.

Other Alternatives Considered:

This report is to update Council on funding and operational support already provided by the municipality and inform on new work completed since it requested staff to provide operational funding options for consideration.

Alignment to Strategic Priorities:

Information aligns with the 2020-2023 City of Kawartha Lakes Strategic Plan's Strategic Priority Area – 2.0 An Exceptional Quality of Life to help Community Building by enhancing community involvement; updating and executing the Cultural Master Plan; and supporting and promoting arts, culture and heritage.

Financial/Operation Impacts:

Not applicable at this time. The report is for information purposes only.

Consultations:

Solicitor/ Legal Services Division

Parks and Recreation Division

Building and Properties Division

Clerks Department

Treasury

Department Head email: rholy@kawarthalakes.ca

Department Head: Richard Holy, Director Development Services