



Corporate Report

Clerk's Files

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Files

DATE: November 7, 2008

TO: Chair and Members of General Committee
Meeting Date: November 19, 2008

FROM: Janice M. Baker, C.A.
City Manager and Chief Administrative Officer

SUBJECT: **Arts and Culture Master Plan – Funding Arts and Culture and Building Financial Stability**

- RECOMMENDATION:**
1. That the report titled “Arts and Culture Master Plan – Funding Arts and Culture and Building Financial Stability” from the City Manager and Chief Administrative Officer, dated November 7, 2008 be received for information.
 2. That the City of Mississauga increase the grant funding to arts and culture organizations, including festivals and celebrations, by allocating an additional \$235,000 in 2009 and a further \$235,000 in 2010 to the grant budget from existing unallocated funds in account 28533 of the Office of Arts and Culture.
 3. That the City of Mississauga review opportunities for increasing grant funding to arts and culture in 2011 and 2012 by \$235,000 each year to achieve \$3.00 per capita expenditure on arts and culture as recommended by the Arts Review Taskforce and the Arts and Culture Master Plan – Funding Arts and Culture and Building Financial Stability report.

4. That the Capacity Building Grant Program be renamed as the Technical Assistance Grant Program to assist arts and culture organizations to acquire specific technical skills aimed at improving administrative or management capabilities and that funding in the amount of \$80,000 for this program be allocated from existing unallocated funds in account 28533 of the Office of Arts and Culture.
5. That the City of Mississauga endorse the concept of the Mississauga Arts Stabilization Fund and direct the Office of Arts and Culture to work with corporate and community leaders to develop an arts stabilization program as detailed in this report.
6. That the City of Mississauga allocate a one time amount of \$300,000 from the Reserve for the Arts, account 305195, towards the arts stabilization program.

BACKGROUND:

The Mississauga Arts Review Taskforce final report dated December, 2005 recommended that "Mississauga City Council, through the Office of the Arts, develop an overall strategy for the arts, including a vision statement and the requirement for the arts strategy to be considered in all aspects of future municipal planning."

The Taskforce report stated the strategy should include Mississauga's position on:

- Funding for the arts;
- The development and maintenance of public art and arts facilities;
- Key priorities for promoting and championing the arts; and
- The inclusion of the arts in overall City planning.

In order to address these issues, the City engaged Canadian Urban Institute (CUI) and a team of leading national cultural planning consultants to develop an Arts and Culture Master Plan. The consultants began their work in summer 2008 and will deliver their final report by the end of December, 2008. Final draft recommendations will be presented to Council in early 2009.

However, this report will come after the 2009 budget is tabled and consequently will be too late to incorporate any recommendations on funding for arts and culture into the 2009 budget. As a result, the study team was asked to bring forward recommendations specific to funding needs in time to be included in the 2009 budget review. The report from CUI is attached as Appendix 1.

The recommendations in this report can be summarized as follows:

- Beginning in 2009, increase funding to grant programs for arts and culture organizations and for festivals and celebrations by \$235,175 annually over the next four years to achieve \$3.00 per capita funding level.
- Revise and rename the Capacity Building Grant Program to the Technical Assistance Grant Program to assist smaller arts and culture groups to acquire specific technical skills to facilitate their management capabilities.
- Begin immediately to develop a Mississauga Arts Stabilization Program in partnership with other levels of government and the private sector and demonstrate the City's commitment to this program by allocating a one time amount of \$300,000 towards it.

COMMENTS:

Increase Funding to Grant Programs

For a number of years organizations applying for municipal grants were encouraged to keep any increase in their requests to a minimum. As the City grew this resulted in a decrease in the per capita funding to arts and culture. Per capita funding is the acknowledged standard measure to evaluate a municipality's contribution to arts and culture.

Since the Office of the Arts and Culture was established, new grant opportunities have been instituted through the establishment of the Community Cultural Festivals and Celebrations Grant Program and the Capacity Building Grant program. As a result the overall municipal support to arts and culture has increased slightly. A report from the City Manager to General Committee in May 2008 stated that "based on the 2008 funding allocations to cultural groups, and assuming a population of 700,000, the per capita funding amount to cultural organizations has been increased to \$1.50, a figure that is more than keeping pace with population growth." However, this is still significantly less than the \$3.00 per capita recommended by the Arts Review Taskforce.

Furthermore, the excerpt below from page 6 of the CUI report indicates that the national average per capita funding allocated to arts and culture by all other major Canadian cities was \$6.23 in 2005. Mississauga's current funding level represents only 24% of this amount.

TABLE 2 - PER CAPITA ARTS/FESTIVAL FUNDING – MUNICIPAL RANKING IN 2003 & 2005

City	2003 Municipal Arts/ Festival Funding	2003 Population	2003 Funding Per-capita	2005 Municipal Arts/Festival Funding	2005 Population	2005 Funding Per-Capita
Vancouver	\$5,310,532	576,226	\$9.22	\$6,933,970	583,267	\$11.89
Montreal	\$11,148,430	1,871,000	\$5.96	\$13,182,110	1,874,000	\$7.03
Winnipeg	\$3,228,655	642,800	\$5.02	\$3,989,552	650,100	\$6.14
Toronto	\$13,406,860	2,613,832	\$5.13	\$15,049,950	2,607,637	\$5.77
Edmonton	\$2,717,900	667,000	\$4.07	\$3,469,600	712,391	\$4.87
Calgary	\$3,611,650	922,315	\$3.92	\$4,113,992	956,078	\$4.30
Ottawa	\$2,862,946	839,566	\$3.41	\$3,154,374	865,550	\$3.64
Average	\$6,040,996	1,161,820	\$5.25	\$7,126,650	1,178,432	\$6.23

It is interesting that Mississauga was not included in this survey. The information below indicates how the City compares.

City	2003 Municipal Arts/ Festival Funding	2003 Population	2003 Funding Per-capita	2005 Municipal Arts/Festival Funding	2005 Population	2005 Funding Per- Capita
Mississauga	\$831,558	673,700	\$1.23	\$922,180	693,800	\$1.33

This low level of funding contributes to a range of difficulties for arts and culture organizations including an inordinate effort spent on financial survival and administrative issues rather than artistic creation; lack of support for new projects that support diversity in the arts; and lack of a strong funding base to leverage financial support from other sources. As a result, organizations cannot retain the staff and volunteers necessary to build capacity and create the foundation for growth. Without professional staff and committed long term volunteers it is difficult for organizations to undertake the process of strengthening management and governance capacity and develop innovative programs. This link between financial stability, strong governance and artistic growth cannot be underestimated.

Furthermore, the current level of funding makes it very difficult for staff to find monies to support new and emerging groups. This is particularly true for festivals and other major celebrations. The current funding available to these organizations is less than 20% of that available to arts and culture groups.

Staff believe it is important for arts and culture to be funded at least to the \$3.00 per capita level. To achieve this, CUI recommend the City increase funding to the grants program by \$235,175 every year for the next four years.

Funding to cover the first two years of this proposal currently exists within the Office of Arts and Culture as the result of funds previously transferred to the Office when it was established. As only a small portion of these funds have been allocated the remainder provides a source to increase the annual grant programs. Consequently, staff recommend \$235,000 of these funds be directed to the grants budget in 2009 and a further \$235,000 added in 2010 from existing funds within the Office of Arts and Culture account 28533. This will increase the per capita funding to approximately \$2.25 by 2010. In order to reach the \$3.00 per capita target, a funding source will need to be identified for 2011 and 2012 budgets.

This increased funding should be used to enhance the existing grant program for arts and culture organizations and festivals and celebrations. Staff recommend the funding be allocated evenly between these two categories. This will have a significant impact on the funding available in 2009 to festivals and celebrations, increasing the allocation from \$150,000 to \$267,500. As stated in a report to General Committee on January 23, 2008 which established the festivals and celebrations grant program "As celebrations grow over time, the amount of funding required to meet demand will also grow." Eleven additional grant requests were submitted this year for the current grant program, with the total festivals and celebrations grant requests totalling \$275,260.

The remaining new funds will be available to support on-going needs of arts and culture organizations, bringing the available 2009 funding for these groups to \$1,046,800. Future increases will be allocated to the various grant programs based on the final report from CUI.

Technical Assistance Grant Program

Staff concur with CUI's recommendation to revamp the existing Capacity Building Grant Program to the Technical Assistance Grant Program. This revised program will support smaller groups that require specific technical skills training. This may include training in promotion techniques, contact management and other specific skills to improve their administrative and management capabilities. The recommended amount of \$80,000 can be funded through existing unallocated funds in account 28533 of the Office of Arts and Culture.

If this program continues in future years, a funding source will need to be identified to support it from 2010 onwards. Management support and training for larger groups will be addressed through the proposed Mississauga Arts Stabilization Program.

Mississauga Arts Stabilization Program

CUI's interviews with arts and culture groups demonstrate they feel very insecure about the on-going financial stability of their organizations. CUI suggests these concerns present the City with a strategic opportunity to encourage selected groups to diversify their funding sources and volunteer recruitment, and to strengthen their organizational capacity in order to realize their creative potential. The recommended vehicle for this strategic initiative is an arts stabilization program. Arts stabilization in Mississauga will create an ongoing mechanism for the private sector to connect with the arts, culture and heritage community in a way that does not always rely upon the municipality.

The consultants' report describes an arts stabilization fund.

Community working capital or arts stabilization programs improve the long-term artistic and financial viability of organizations by means of three key program components – the provision of organizational assessments and development of business plans, assistance with deficit retirement, and the establishment of working capital reserves. They operate within a limited timeframe, typically achieving their objectives in about seven years and then dissolving.

Participating organizations are assisted in developing realistic long-term strategic plans – including deficit reduction plans, if necessary – and are able to call upon consultants with expertise in fundraising, marketing, financial systems or any other area of need. If they have a deficit, they are required to reduce it by half. They receive the remaining half as a grant, allowing them to continue the program deficit-free and in financial balance. For the remaining years of the program, they are required to maintain that balance; if they are successful, they are rewarded with working capital grants that they retain in restricted cash reserve funds.

These reserves provide a permanent buffer against cash flow fluctuations and unanticipated shortfalls; they also provide the freedom to respond to exciting new opportunities. Throughout the program participating companies are helped to develop new skills, identify and

solve organizational problems, and develop new more effective ways of working.

Arts Stabilization programs are jointly funded by the three levels of government, the private sector and individual philanthropic donors. The Creative Trust, a Toronto based arts stabilization fund has received contributions from all levels of government, more than twenty charitable foundations and about fifteen major corporations including all the major Canadian banks. Arts Stabilization Manitoba (ASM) is a \$6.4 million program that received funding from all levels of government (\$2.9 m) and from four family foundations and other corporations (\$3.5 m) including major banks and insurance companies. A number of national corporations and Canadian foundations are familiar with arts stabilization funds and have participated in similar initiatives in Vancouver, Winnipeg, Toronto and the Atlantic provinces.

An arts stabilization program is community based and private sector led. It should not be part of any government agency and should have a community led Board of Directors. Typically the program is time limited, seeking to accomplish its mandate in five to seven years.

The development of an arts stabilization fund takes time. Staff recommend pursuing this as part of the work plan for the Office of Arts and Culture in 2009. As recommended by CUI this will include working with representatives of the private sector, volunteer groups, other levels of government, and the arts and culture community. Staff will develop a plan with key milestones and provide Council with updates throughout the process.

As an indication of the City's commitment to an arts stabilization program, CUI recommends allocating a one time amount of \$300,000 to kick start this program. Funding is available from the Reserve for the Arts, account 305195. Staff concur with this recommendation and believe that along with the proposed increases to the grant programs, arts and culture groups will become more sustainable in the future.

**FINANCIAL
IMPACT:**

There are two funding sources available to support arts and culture across the City: an unallocated provision in the operating budget; and the Reserve for the Arts.

Operating Budget

This report recommends allocating \$235,000 in 2009 and \$235,000 in 2010 from the \$470,000 currently unallocated in the arts budget. This will increase the per capita funding available

for grants to arts and culture groups and to festivals and celebrations. Funding is available in the Office of the Arts and Culture budget through account 28533.

Further recommendations in this report propose allocating \$80,000 for the Technical Assistance Grant Program from the existing unallocated funds in account 28533 of the Office of Arts and Culture.

Reserve for the Arts

Reserve account 305195 was established to accumulate any unspent community grant funds in the operating budget. Funding for this reserve will decline or be eliminated as the City spends more on arts and culture. As such only expenses of a one-time nature should be funded from this reserve.

Staff recommend providing a one time allocation of \$300,000 towards an arts stabilization program.

The chart below provides a summary of this reserve account.

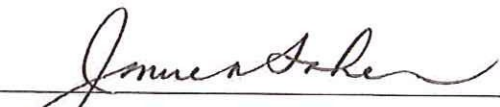
Reserve for the Arts - 305195	
Opening Balance of Reserve - Jan 1, 2008	\$807,175
Committed Initiatives included in 2008 Budget	
Arts Master Plan - 21131	-471,900
Cultural Festivals & Celebrations - 21132	-150,000
Partnership & Programming - 21116	-100,000
Capacity Building - 21133	-80,000
Transfer from Operating: Uncommitted Arts grant expenditures	\$800,000
Closing balance - Dec 31,2008	\$805,275

CONCLUSION:

The Canadian Urban Institute and the study team are in the process of developing an Arts and Culture Master Plan for the City of Mississauga. The study will identify a long-term vision for sustainability of arts, heritage and culture along with a five-year action. The team is completing a comprehensive assessment of the sector through a number of studies including an audience assessment and a review of existing cultural spaces. The final report will provide key priorities for growing arts and culture including ensuring they are part of overall City planning. The consultants' final analysis and recommendations will be submitted at the end of 2008. Final draft recommendations will be presented to Council in early 2009.

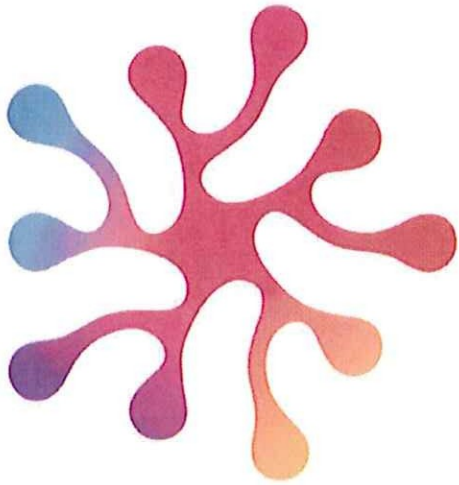
As the final report will not be complete until the end of this year, an interim report on funding for arts and culture was prepared to coincide with the 2009 budget review. This report addresses the existing arts and culture funding in Mississauga and makes a series of recommendations that will build financial stability among arts and culture organizations in the short term. These include increased funding for grant programs, allocating \$80,000 towards a technical assistance grant program for 2009 (currently referenced as the capacity building program) and the establishment of an arts stabilization program with a \$300,000 investment of municipal funds to demonstrate the City's commitment to this program. The Office of Arts and Culture supports these recommendations.

ATTACHMENTS: Appendix 1: Special Report: Funding Culture and Building Financial Stability, October, 2008, Canadian Urban Institute et.al.



Janice M. Baker, C.A.
City Manager and Chief Administrative Officer

*Prepared By: Bonnie Dowhaniuk, Project Manager,
Arts and Culture Master Plan Study*



mississauga
arts and
culture
master plan

Special Report:
Funding Culture and
Building Financial Stability
October, 2008



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Background

The Mississauga Arts Review Taskforce in its final report in December 2005 recommended that "Mississauga City Council, through the Office Of The Arts, develop an overall strategy for the arts, including a vision statement and the requirement for the arts strategy to be considered in all aspects of future municipal planning"¹ In June 2007, City Council approved the development of an Arts and Culture Master Plan for the City of Mississauga and in June 2008, after a public proposal call, the team led by the Canadian Urban Institute (CUI) was retained to carry out that task.

The Taskforce's report indicated that a strategy for the arts ought to spell out Mississauga's position on

- Funding for the arts,
- The development and maintenance of public art and arts facilities,
- Key priorities for promoting and championing the arts, and
- The inclusion of the arts in overall City planning.

The CUI and the study team are examining each of these areas and other aspects of culture and the creative economy in Mississauga. The Arts and Culture Master Plan (ACMP) study will contain analysis and recommendations in these areas and will be submitted to staff at the end of 2008. Arts and Culture staff will review and present the study to Council early in 2009. The ACMP study will address cultural infrastructure and cultural spaces including funding mechanisms to maintain a state of good repair on capital assets in the cultural sector and provide infrastructure for performance, display, assembly and dissemination of cultural activity. The ACMP will also address how the City can marshal culture, heritage, creativity, and innovation to contribute to Mississauga's strategic objectives and future growth.

However, at the request of the Mayor and the Office of Arts and Culture, the study team was asked to bring forward an excerpt of the broader study for consideration by City Council as part of the 2009 budget cycle. It examines how to improve the organizational strength of arts, culture and heritage organizations in Mississauga by implementing best business practices and measures to improve the financial security of these groups.

Introduction

This report examines the current situation of funding for arts in Mississauga and suggests measures to address financial challenges facing some arts, culture and heritage organizations, ; reduce deficits, provide technical expertise and stable, long-term funding to established and emerging arts organizations; and leverage increased support from the private sector and other levels of government.

This report examines the concept of "arts stabilization" as it has been applied in other cities in Canada. Arts stabilization is a private sector lead program that provides governance, management and financial tools to strengthen the internal capacity of arts, cultural and heritage organizations to increase their long term artistic and financial viability. By developing strong strategic and business plans, organizations are able to attract professional staff and strong Board members committed to an artistic vision, programming innovation and promotion. This in turn leads to a strengthened cultural product, increased financial support and a stable functional organization.

¹ A Framework for the Future Vitality of the Arts in Mississauga, Mississauga Arts Review Taskforce Report to Mayor McCallion, December, 2005

The report also assesses three current funding programs:

- The Arts and Culture Grant Program,
- The Community Cultural Festivals and Celebrations Grant Program (CCFC), and
- The Capacity Building Grant Program

The report recommends that Council allocate \$235,175 each year for four years for a total of \$940,700 to the Arts and Culture Grant program and the Community Cultural Festivals and Celebrations Grant Program and \$300,000 in the 2009 budget year to kick start the arts stabilization fund. The total additional amount to be considered for allocation in 2009 budget year is \$535,175.

In addition, the report makes a number of recommendations about how to further the involvement of the representatives of the private sector and other orders of government in the financial stability and artistic viability of cultural groups in Mississauga.

The Current Situation

Arts & Culture Grant Program

From 1981 to 2007, the Mississauga Arts Council (MAC) allocated grants to cultural groups on behalf of the City of Mississauga. In 2005, the Arts Review Taskforce recommended that the City should assume direct responsibility for making grants to arts groups. It cited community dissatisfaction with the clarity and consistency of MAC's funding recommendations; not enough consideration of artistic merit in making grant decisions and the City's developing capacity to become a granting agency as some of the reasons for recommending the shift.

In 2007, Council directed the newly formed Office of Arts and Culture (OAC) to establish a new granting program to replace the MAC grant program. The goals established for the Program were to:

Help eligible organizations develop exemplary programs and services for art, culture and heritage; and

Advance knowledge, understanding and the appreciation of arts, culture, and heritage for the citizens of Mississauga.

The program's expanded scope (to include heritage and culture) reflected the broader mandate of the new Office of Arts and Culture. The new program included funding streams for operating, project support, and minor capital items. Funding was made available to emerging and established professional and community based arts, culture, and heritage organizations incorporated as not for profit organizations in the Province of Ontario; with a primary mandate to provide and support arts, culture or heritage activity on a year-round basis, and a track record of quality programming or services. Applicants had to be based and active in Mississauga and provide programming or services that were open to the public and publicized city-wide.

An Assessment Committee comprised of City staff and arts professionals from Mississauga's cultural community evaluated all applications based on three assessment categories:

Program Merit – assesses the applicant's program content, expertise, distinctiveness, evidence of ongoing self-assessment and fulfillment of its mandate.

Community Impact – assesses the applicant's audience appeal, extent and diversity of public access, level of engagement with other initiatives, and the expression of community interests and issues.

Organizational Effectiveness - assesses the applicant's administrative and governing competency, financial stability, accountability and planning, ability to respond to change, outreach and marketing strategies, and demonstrated need for financial assistance.

In 2008, the Arts & Culture Grant program provided \$870,869 to not-for-profit organizations. The distribution of the grants was as follows :

\$849,006	in operational grants to assist with general operating and program costs
\$10,000	in project grants to support specific events or activities taking place within a limited period
\$11,863	in small capital grants, for minor capital items such as program or office equipment with a life time of 5 years or more

Twenty five organizations received Arts & Culture Grant funding in 2008, of which 22 had previously received funding from the MAC. The Art Gallery of Mississauga and the Mississauga Arts Council that had previously received their funding through a Corporate Grant received that funding from the Arts & Culture Grant Program in 2008. Only one organization received new funding. 81.5 percent of the program funds were distributed to five major arts organizations listed in the table below. 18.5% of funding was distributed to the remaining twenty eligible organizations.²

Organization	2008 Arts & Culture Grant
Art Gallery of Mississauga	\$223,143
Mississauga Arts Council	\$201,726
Mississauga Heritage Foundation	\$135,000
Orchestras Mississauga	\$90,000
Visual Arts Mississauga	\$60,000
Total - 5 major arts organizations	\$709,869
Total - other arts organizations receiving grants	\$161,131
Total - Arts & Culture Grants	\$870,869

² Mississauga Corporate Report, Overview of Cultural Granting Programs, May 2, 2008, Appendix 2

Evaluation

The Arts Review Taskforce identified the accepted industry standard for evaluating a city's support to the arts to be the direct investment it makes via cash grants to non-municipal groups for their annual activities.³ The taskforce demonstrated that Mississauga's per capita funding to the arts in 2004, based on a population of 662,500 was \$1.21, an amount the Taskforce ranked lowest among the major Canadian cities cited in the report. Given Mississauga's proximity to Toronto, the Taskforce argued that \$3 per capita would be an appropriate level of funding for a city the size of Mississauga. When 2004 funding to other types of cultural groups (i.e. heritage) was included in the calculation the per capita figure for Mississauga was raised to \$1.39. The City Manager in a report to General Committee in May 2008 stated that "based on the 2008 funding allocations to cultural groups, and assuming a population of 700,000, the per capita funding amount to cultural organizations has been increased to \$1.50, a figure that is more than keeping pace with population growth."⁴ The same report notes that the percentage increase in funding to cultural organizations from 2007 to 2008 was 14.2%.

In 2007, a study ranked per capita municipal funding to the arts and festival sector among seven cities in Canada (Table 2)⁵. The study compared direct investment that municipalities make via cash grants to non-municipal art or cultural groups to provide arts and cultural events or festivals. The amount does not include in-kind services. We have added a line to the table to show Mississauga's grants to arts/festivals and per capita rate in comparable years. Mississauga's 2005 per capita rate of \$1.33 represents 36% of the lowest 2005 per capita rate in the study (Ottawa) and 21% of the national average (\$6.23) in 2005.

TABLE 2 - PER CAPITA ARTS/FESTIVAL FUNDING – MUNICIPAL RANKING IN 2003 & 2005

City	2003 Municipal Arts/ Festival Funding	2003 Population	2003 Funding Per-capita	2005 Municipal Arts/Festival Funding	2005 Population	2005 Funding Per-Capita
Vancouver	\$5,310,532	576,226	\$9.22	\$6,933,970	583,267	\$11.89
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Average	\$6,040,996	1,161,820	\$5.25	\$7,126,650	1,178,432	\$6.23

Mississauga	\$831,558	673,700	\$1.23	\$922,180	693,800	\$1.33
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³ A Framework for the Future Vitality of the Arts in Mississauga, Mississauga Arts Review Taskforce Report to Mayor McCallion, December, 2005 p.29

⁴ Mississauga Corporate Report, Overview of Cultural Granting Programs, May 2, 2008, p.5

⁵ City of Ottawa 2005 Cross Canada Municipal Government Funding Per-Capita Study 2006, January 2007

Currently Mississauga has \$929,300 available for funding through the Arts and Culture Grant program; \$80,000 available for funding through the Capacity Building Grant program and \$150,000 available through the Community Cultural Festivals and Celebrations Grant Program for a total of \$1,159,300.

Program	Funding
Arts & Culture Grant Program	\$929,300
Community Cultural Festivals & Celebrations Grant Program	\$150,000
Capacity Building Grant Program	\$80,000
Total	\$1,159,300

Conclusion

The low level of funding (by national standards) available to arts, culture and heritage groups in Mississauga contributes to a range of difficulties identified by the Taskforce in 2005. Inordinate effort on financial survival and administrative issues rather than artistic creation; lack of support for new projects that support diversity in the arts and lack of a strong funding base on which to leverage financial support from other sources were mentioned by the Taskforce. Based on recent conversations that the ACMP study team has had with many groups, these are still issues in the arts and culture community.

Without stable funding, organizations cannot retain the staff and volunteers necessary to build capacity and create the foundation for growth. Without professional arts staff and committed long term volunteers it is very unlikely that organizations will be able to undertake the process of strengthening management and governance capacity. This affects not only the signature groups referred to in the Taskforce report but a whole range of important arts, culture and heritage organizations in Mississauga including festivals and celebrations. At the current level of municipal funding it is not reasonable to expect that the established arts organizations, much less the other important emerging arts, heritage and cultural organizations in Mississauga will be able to achieve long term organizational sustainability.

Community Cultural Festivals and Celebrations Grant Program (CCFC)

In the fall of 2007 Council directed staff to develop a new granting program for cultural festivals and celebrations that would be more accessible to grassroots organizations than the City's existing grants programs. Neither the Arts and Culture Grant Program nor the Corporate Grant Program were seen to be suited to the needs of festivals and celebrations. The mandate of the Arts and Culture Grant Program did not accommodate festivals with significant retail or entertainment components and was not designed to fund one-time events. The Corporate Grant Program did not have a capacity to assess the cultural merit of festivals and celebrations.

The Office of Arts and Culture carried out a best practices review of 8 Canadian and 3 international programs. The review found that many governments saw financial support to festivals and celebrations as an effective way to achieve a range of outcomes including economic development, partnership development, community development, cultural development and fostering social inclusion in diverse communities.

In January 2008, Council approved the establishment of the Community Cultural Festivals and Celebrations Grant Program (CCFC) to assist both professional and grassroots organizations with costs associated with the presentation of festivals and celebrations to Mississauga residents and visitors. The program was launched in February 2008 to provide funding for 2008 cultural festivals and celebrations. Eligible applications were evaluated in a comparative context by an Assessment Committee comprised of City staff from the Office of Arts & Culture and Recreation and Parks, according to the following assessment criteria:

Merit - the initiative's vision and direction, the quality, program content, track record, and its support of Mississauga-based cultural practitioners

Organizational Effectiveness and Ability to Meet Goals - the organization's staff and/or volunteer structure, accountability, planning and financial stability, goals and measures of success, and demonstrated added value from and/or need for financial assistance from the City of Mississauga

Community /Economic Impact and Involvement - the initiative's audience appeal, extent of public access, contribution to social and cultural development, extent of community support and volunteer opportunities, demonstrated quantifiable economic benefits and increased economic activity in the city.

Festival or Celebration	2008 CCFC Grant
Mississauga Waterfront	\$40,000
Carassauga	\$10,000
Southside Shuffle	\$15,000
Bread & Honey	\$12,810
Clarkson 1808	\$15,000
Streetsville 150th	\$10,000
MuslimFest	\$7,000
Port Credit Busker Fest	\$5,000
Santa Claus Parade	\$4,700
Speak Up!	\$4,275
Streetsville Canada Day	\$4,200
Kalayaan Filipino	\$4,000
Port Credit Canada Day	\$4,000
Malton Community	\$3,160
Diwali Celebration	\$1,000
TOTAL	\$140,145

CCFC Budget & Allocation

The total amount recommended for the CCFC program was \$150,000 allocated as follows - \$25,000 for new/emerging festivals & celebrations; \$125,000 for established festivals & celebrations and additional funding for major one time festivals and celebrations would be assessed individually. New and emerging festivals would qualify for the lesser of \$5,000 or 50% of their budget. Established events would qualify for the lesser of \$40,000 or 10% of their budget.

In 2008, the allocation for the CCFC program was \$140,145.

Conclusion

Celebrations and festivals are an important expression of culture and community in Mississauga. A portion of the increase to the Arts and Culture Grants program should be dedicated to the CCFC grant stream. Celebrations and

Festivals are built on partnerships between government, community and the private sector; they are platforms for a wide range of cultural and heritage expression; they establish an identity that can create a powerful tourism draw and a significant economic impact. The City of Mississauga should be seen primarily as an enabler, facilitator and promoter rather than as the principal funder of these kinds of events.

Recommendation #1

That the City of Mississauga increase the per capita financial allocation to cultural organizations, including festivals and celebrations, from \$1.50 to \$3.00 over the next four years beginning in 2009. This will raise the combined Arts and Culture Grants Program and the Festival and Celebrations Grant Program (excluding city owned cultural facility operation costs) by \$940,700 at the end of year four.

Capacity Building Grant Program

In July 2007, City Council approved a grant program⁶ to help established arts, cultural and heritage organizations in Mississauga achieve long term organizational sustainability. This program was designed to enable groups to work with an experienced consultant or resource person to enhance organizational effectiveness by:

- Strengthening governance & management practices
- Assessing organizational strengths, weaknesses, challenges & opportunities
- Increasing planning capacity and building planning into ongoing operation
- Developing strategies to address identified needs

The program was designed to allow organizations to engage in three types of capacity building activity:

Problem Definition

-To identify the issues that are immediately and adversely affecting the organization

Organizational Assessment

-To obtain a clearer picture of overall health and capacity through a comprehensive assessment

Planning

-To engage a consultant to assist with the creation of specific plans

To be eligible for the program, an applicant would have to:

- be incorporated as not-for-profit in the province of Ontario with a principal mandate to provide and support arts, culture or heritage activities in the province of Ontario, on a year-round basis
- be based and active in Mississauga
- provide programming or services that are open to the public and publicized city-wide
- be governed by an active Board of Directors & employ professional staff
- have received operating grants from the Mississauga Arts Council and/or the City of Mississauga for a minimum of five years prior to the application deadline.

⁶ Corporate Report, Recommendations Regarding Applications to the Capacity Building Grant Program, January 11, 2008,

Applicants were assessed against the following evaluation criteria:

- A clear and compelling expression of need.
- Indication that the project's activities will be inclusive and involve Board, staff and other stakeholders.
- A good understanding of how the project's expected outcomes will serve to strengthen the organization.
- Comprehensive selection process to select a project consultant with appropriate expertise.
- Appropriate budget for the project's size and scope.

Capacity Building Budget & Allocation

A total of \$80,000 was made available for the program in its first year. Seven organizations submitted applications. All applicants were evaluated against the assessment criteria by an Assessment Committee comprised of staff from the Office of Arts and Culture.

Six organizations were allocated a total of \$36,130 in 2008.

Conclusion

For arts, culture and heritage organizations with operating budgets greater than \$100,000 that employ professional staff we are recommending that Mississauga establish an arts stabilization program which we describe in the next section. Organizations with smaller budgets that would not be eligible for the arts stabilization program may nevertheless need technical assistance, for example to learn to operate contact management and electronic ticketing software, to learn fundraising and /or promotion techniques and help with other specialized knowledge. The Arts and Culture Office should retain the Capacity Building grant program to receive applications from smaller and emerging organizations for this kind of technical assistance.

TABLE 5 - DISTRIBUTION OF CAPACITY BUILDING GRANTS

Organization	2008 Capacity Building Grant
Art Gallery of Mississauga	\$8,000
Mississauga International Children's Festival	\$5,130
Chamber Music Society	\$5,000
Choral Society	\$8,000
Festival Youth Choir	\$5,000
Orchestras Mississauga	\$5,000
Total	\$36,130

Recommendation #2

That the capacity building grant program administered by the Office of Arts and Culture be renamed the technical assistance grant program and be retained at its current funding level of \$ 80,000 to provide technical assistance to arts, culture and heritage organizations.

Why Mississauga Needs an Art Stabilization Fund

In the opinion of the study team, the major organizational challenges facing Mississauga's arts and culture groups are, for the most part, the result of structural funding problems – not enough operating funds, a lack of working capital (the difference between current assets and current liabilities that provides the cash reserve a business needs to grow or take advantage of artistic opportunities) and a lack of broad community based funding especially from the private sector. Arts, culture and heritage organizations in Mississauga need more than steady annual operating funding from a variety of sources to achieve leadership stability and to fulfill their artistic missions. While an increase in municipal grants and timely technical assistance grants for arts and cultural groups and community celebrations and festivals will send an important signal about the City's commitment to financial stability, they alone are not enough to secure the long term viability of the cultural sector in Mississauga.

The City of Mississauga should see the current situation as a strategic opportunity to encourage selected arts, culture and heritage organizations to diversify their funding sources and volunteer recruitment, strengthen their organizational capacity in order to be able to realize their creative potential. The vehicle for this strategic initiative is an arts stabilization program. Arts stabilization in Mississauga will create a pathway for the private sector to connect with the arts, culture and heritage community in a way that does not always rely upon City Hall.

To achieve this, the City of Mississauga should be a significant contributor to, and play a leadership role in, facilitating the development of a community based private sector led arts stabilization program. The program would provide organizational assessments, deficit reduction incentives and working capital grants to arts and cultural organizations that agree to strengthen their fundraising, marketing, financial systems, board recruitment and programming capacity. When coupled with a strong commitment to a strategic plan and business plan, the stabilization process will, in 3 to 5 years time, create working capital reserves and the organizational capacity to allow arts groups to realize creative and artistic opportunities and invigorate their organizations and leadership

Community Arts Stabilization and Working Capital

The ACMP study team is proposing that Mississauga immediately take steps to develop a community arts stabilization and working capital program. Community based and private sector led, the arts stabilization program will work in conjunction with an enhanced arts and culture grants program, to address funding and capacity issues that are of immediate concern to the arts and culture community in Mississauga.

What is Arts Stabilization?

Arts Stabilization Manitoba describes it as⁷:

The concept of arts stabilization, as it has emerged in Manitoba, is community-based, private-sector-led, and part of a Pan-Canadian initiative. It allows a community to make a strategic investment in the long-term viability of its arts and cultural sector. The goal of the Manitoba Arts Stabilization Program is to strengthen arts and cultural organizations by implementing best business practices.

Underpinning every arts stabilization initiative is the recognition that organizational strength provides the best context for sustaining excellence of artistic programming and expression. Equally important is private and public sector recognition of the importance of the long-term health and durability of the arts and cultural sector to the community as a whole.

The Manitoba Arts Stabilization Program is a private sector lead program of governance, management and financial tools designed to strengthen the internal capacity of arts and cultural organizations and to increase their long-term stability and viability. This Program focuses on management issues, with the understanding that the core component in long-term stability is the strength of the artistic product produced by the organization. The ability of cultural organizations to adapt and transform is the key to long-term stability. Arts stabilization is a process of change.

The Creative Trust describes arts stabilization in the following fashion⁸:

Community working capital or arts stabilization programs improve the long-term artistic and financial viability of organizations by means of three key program components – the provision of expert technical assistance, assistance with deficit retirement, and the establishment of working capital reserves. They operate within a limited timeframe, typically achieving their objectives in about seven years and then dissolving.

⁷ Arts Stabilization, Performance Guidelines, August 2007

⁸ Working Capital for the Arts, Feasibility Study Final Report, 2001

Participating companies are assisted in developing realistic long-term strategic plans – including deficit reduction plans, if necessary – and are able to call upon consultants with expertise in fundraising, marketing, financial systems or any other area of need. If they have a deficit, they are required to reduce it by half. They receive the remaining half as a grant, allowing them to continue the program deficit-free and in financial balance. For the remaining years of the program, they are required to maintain that balance; if they are successful, they are rewarded with working capital grants that they retain in restricted cash reserve funds. These reserves provide a permanent buffer against cash flow fluctuations and unanticipated shortfalls; they also provide the freedom to respond to exciting new opportunities.

Throughout the program participating companies are helped to develop new skills, identify and solve organizational problems, and develop new, more effective ways of working.

Where does the money come from?

Arts Stabilization programs are jointly funded by the three orders of government, the private sector and individual philanthropic donors. The Creative Trust has received contributions from all orders of government, more than twenty charitable foundations and about fifteen major corporations including all the major Canadian banks. Arts Stabilization Manitoba is a \$6.4 million program that has received funding from all orders of government (\$2.9 m) and from four family foundations and other corporations (\$3.5m) including major banks and insurance companies. A number of national corporations and Canadian foundations are familiar with arts stabilization funds and have participated in similar initiatives in Vancouver, Winnipeg, Toronto and the Atlantic provinces.

What does it pay for?

Funding from the Arts Stabilization program is provided to hire consultants to undertake organizational assessments. Funding is provided for working capital (ASM). In some models of the program, funds are available for deficit reduction and technical assistance (Creative Trust).

Governance

An arts stabilization program is community based and private sector led. It should not be part of any government agency and ought not to have elected officials on its Board of Directors. Typically the organization is time limited, seeking to accomplish its mandate in five to seven years.

Program Components

The ACMP team examined arts stabilization programs in Canada and the United States and consulted with Derek Smith, Executive Director of Arts Stabilization Manitoba (ASM) and Jini Stolk, Executive Director of the Creative Trust in Toronto. The team also convened a one day workshop to which we invited experts in strengthening cultural communities and building organizational capacity. Staff of the

Mississauga Arts and Culture Office also attended the workshop. Based on this work, the team suggests that the program be comprised of the following components:⁹

1. Entrance Criteria

Cultural groups applying to the program have to meet certain eligibility criteria. These should be developed to meet the needs of the Mississauga community but ought to include at least the following requirements - that the organization be an incorporated non-profit arts or cultural group; employ professional arts staff; have an annual operating budget of at least \$100,000, an accumulated deficit not greater than 25% of its operating budget and a plan to retire it.

2. Organizational Assessment

Pre-approved consultants paid for by the program undertake an organizational financial and governance assessment (much like the studies currently provided for through the capacity building program). Consultants must have business experience but should also have some experience with the arts and culture. Based on the assessment, the organization will be expected to develop a 3 to 5-year Strategic Plan and a 3 to 5-year Business Plan (including an operating Budget) for approval by the organization's Board. This forms the basis for a contract between the stabilization program and the cultural organization.

3. Deficit Reduction

The participating cultural group must eliminate its deficit (if it has one) within 24 months. The business plan will include strategies to achieve this. Some programs have a deficit reduction incentive (Manitoba doesn't, Creative Trust does). The Creative Trust contributes up to fifty percent of the deficit in two installments at each of two year-ends. If no surplus is achieved, then the group can take a "year off" but if there is an operating deficit for two years in a row the organization will have to leave the program.

4. Working Capital

Working capital is the difference between current assets and current liabilities. If an organization has working capital it is a sign of financial health. If not, it indicates an inability to meet financial obligations and is usually accompanied by persistent cash flow difficulties, insufficient inventories, problems meeting salary or other costs, and take advantage of cash discounts. Working capital reserves provide liquidity for cash flow and are often 20% to 25% of the organization's annual operating budget at specific times during a year.¹⁰

The Manitoba program provides Working Capital Grants of 20% of an organization's earned income, based on the last completed audited financial statements, to a maximum of \$500,000 payable over a five-year period. The funds have to be repaid within the annual fiscal period. The Creative Trust program provides up to four equal annual Working Capital Awards, to a maximum total of 25% of the cultural

⁹ Application for the Creative Trust and Program Guideline for Arts Stabilization Manitoba are appended.

¹⁰ Arts Stabilization Manitoba, Program Guidelines, p.3

group's base year revenues. The participating cultural group is only eligible for working capital grants when it has eliminated its deficit, achieved breakeven results or earned a surplus and is making substantial progress toward the goals of its business plan and work plan.

5. On-Going Technical Assistance

A technical assistance program provides expert knowledge to cultural groups to meet specific needs like skills training, strategic planning, fundraising, marketing, board and volunteer development. The ASM has established a permanent Endowment Fund for Technical Assistance administered by the Winnipeg Foundation. The annual income from the endowment provides grants for Technical Assistance to arts and culture organizations that have qualified and received the full working capital allocation. The Creative Trust provides funds up to \$30,000 from the Working Capital Program to provide technical assistance to organizations in areas such as specialized knowledge and the acquisition of technological equipment or software, etc. A number of experts we consulted emphasized the importance of having an ongoing series of seminars and roundtables to build community and facilitate learning, sharing and group problem solving in the arts and culture community.

What Does It Cost?

The amount of money that will be raised to support the stabilization program will vary from community to community. In order to establish a general estimate of the fundraising target for the Mississauga arts stabilization program, the study team examined selected financial data of the organizations who received arts and culture grants in 2008 from Mississauga. The groups were divided into three categories – Signature Groups, Arts and Culture Grants recipients and Celebrations and Festivals grant Recipients.

Signature Groups

The Signature Groups currently operating are Visual Arts Mississauga, Orchestras Mississauga, Mississauga Choral Society and the Art Gallery of Mississauga. Of the four, two groups - Orchestras Mississauga and the Mississauga Choral Society have deficits totaling \$100,131 with Orchestras Mississauga's share being \$94,664. The other two groups have modest operating surpluses. All of the groups have a need for working capital reserves which at 20% of their last year's operating we estimate to be an aggregate of approximately \$400,000 annually.

Arts and Culture Grants Recipients

Of the thirteen groups which received arts and culture grants in 2008, only the Mississauga Theatre Alliance had a deficit (\$6,674). All the other groups run modest surpluses. For calculation purposes, the combined need for working capital was restricted to the seven groups with professional staff. We estimate the need to be a total of \$ 230,466 annually.

Community Celebrations and Festivals

Thirteen groups received grants from the Celebrations and Festivals budget in 2008. None of these groups have accumulated a deficit and seven of the groups have a surplus. Three organizations are part of the BIA and the rest appear to operate on a break even basis. The calculation of working capital is

based on 20% of the total annual operating budgets of groups with professional staff and is assessed at a total of \$379,483 annually.

Cost

The Mississauga Arts Stabilization Fund would provide funds to eligible cultural organizations for three purposes.

- To hire consultants to undertake organizational assessments and development strategic and business plans. ,
- To provide working capital grants and
- To provide deficit reduction incentives

The total amount that would need to be raised from the private sector, individual philanthropic donations and the three orders of government to establish the Mississauga Arts Stabilization Fund is estimated to be about \$1,350,000. We suggest that fundraising targets for this amount be set at 50% from the private sector and 50% from the public sector. The City of Mississauga should make a pledge of \$300,000 in 2009 to kick start the fund and set an example to other orders of government and the private sector, from which the balance of the fund would be raised. This amount compares favorably with the \$500,000 that the City of Winnipeg donated to Arts Stabilization Manitoba.

The largest component of the stabilization fund would be allocated to organizations to create working capital reserve funds. One of the incentives for an organization to successfully complete the arts stabilization program is that as a result of achieving the stabilization program's goals, it will have received from the stabilization fund a working capital reserve equal to about 20% of its base revenues. The approximate size of the fund that would be required in Mississauga could be estimated to be equal to 20% of the base revenue (\$5,058,365) of about 20 arts and culture groups in Mississauga with professional staff. This would amount to about \$1 million. This money could be raised in annual increments.

The second component of the fund would be funds in the amount of \$150,000 for matching deficit reduction incentive awards. Based on available information, the accumulated deficits for all the arts and culture organizations receiving 2008 arts and culture grants in Mississauga is about \$107,000. Most of that amount is held by one organization: Orchestras Mississauga. The amount allocated to the deficit reduction component of the fund would be reviewed regularly and determined by the fund's Board of Directors.

The third component of the fund is estimated to be about \$200,000 to hire consultants to undertake organizational assessments on which are built the 3-5 year strategic plans and business plans that lie at the heart of the arts stabilization program.

Recommendation #3

That the City of Mississauga endorse the Mississauga Arts Stabilization Fund and direct the Office of Arts and Culture to work with corporate and community leadership to facilitate the development of the program.

Recommendation #4

That the City of Mississauga pledge an amount of \$300,000 in 2009 to the arts stabilization fund to kick start the fund and set an example to the private sector and other orders of government.

Recommendation #5

That the Office of Arts and Culture convene a roundtable session with representatives of the private sector, voluntary sector and other orders of government to introduce the arts stabilization concept and map out implementation steps.

Recommendation #6

That the Office of Arts and Culture convene an information session about arts stabilization with representatives of the arts and culture community and specifically organizations who have received arts and culture grants in 2008.

Recommendation #7

That the Mayor host a session convened jointly with the Office of Economic Development and the Office of Arts and Culture to brief representatives of Fortune 500 corporations headquartered in Mississauga and any other selected corporate representatives on the benefits of the arts stabilization program and fund raising initiative.

Summary of Recommendations

- 1.** *That the City of Mississauga increase the per capita financial allocation to arts organizations and artists including festivals and celebrations from \$1.50 to \$3.00 over the next four years beginning in 2009. This will raise the combined Arts and Culture Grants Program and the Festival and Celebrations Grant Program by \$ 940,700 at the end of year 4.*
- 2.** *That the capacity building grant program administered by the Office of Arts and Culture be retained at its current funding level of \$ 80,000 and the name changed to the technical assistance grant program.*
- 3.** *That the City of Mississauga endorse the Mississauga Arts Stabilization Fund and direct the Office of Arts and Culture to work with corporate and community leadership to facilitate the development of the program .*
- 4.** *That the City of Mississauga pledge an amount of \$300,000 to the Mississauga Arts Stabilization Fund to kick start the fund and set an example to the private sector and other orders of government.*
- 5.** *That the Office of Arts and Culture convene a roundtable session with representatives of the private sector, voluntary sector and other orders of government to introduce the arts stabilization concept and map out implementation steps.*
- 6.** *That the Office of Arts and Culture convene an information session about arts stabilization with representatives of the arts and culture community and specifically organizations who have received arts and culture grants in 2008.*
- 7.** *That the Mayor host a session convened jointly with the Office of Economic Development and the Office of Arts and Culture to brief representatives of Fortune 500 corporations headquartered in Mississauga and any other selected corporate representatives on the benefits of the arts stabilization program and fund raising initiative.*

Appendix A

Stabilization Projects Across Canada

Through the Canadian Arts and Heritage Sustainability Program

http://www.pch.gc.ca/proqs/pcapc-cahsp/04_e.cfm

The Arts Stabilization Fund Saskatchewan Inc.

P.O. Box 3840

Regina, Saskatchewan S4P 3R8

Tel.: (306) 522-8825

Fax: (306) 347-8996

Arts Stabilization Manitoba, Inc.

401 - 211 Bannatyne Avenue

Winnipeg, Manitoba R3B 3P2

Tel.: (204) 953-5100

Fax: (204) 953-5102

www.artsstabilization.ca

Arts Sustainability Victoria

109 - 645 Fort Street

Victoria, British Columbia V8W 1G2

Tel.: (250) 381-5532

Fax: (250) 480-1129

www.victoriafoundation.bc.ca

Bay Area Arts and Heritage Stabilization Program

PO Box 69034, RPO Rosedale

Hamilton, Ontario L8K 6R4

Tel.: (905) 523-5444

Fax: (905) 523-0160

Creative Trust

215 Spadina Avenue, Suite 129

Toronto, Ontario M5T 2C7

Tel.: (416) 506-9047

Fax.: (416) 979-3936

www.creativetrust.ca

The Island Arts and Heritage Stabilization Program

119 - 121 Queen Street

Charlottetown, Prince Edward Island C1A 4B3

Tel.: (902) 892-3440

Fax: (902) 892-0880

www.comm.fdn.pe.ca

New Brunswick Arts & Heritage Stabilization Program

1 - 334 Queen Street

Fredericton, New Brunswick E3B 1B2

Tel.: (506) 460-6600

Fax: (506) 460-6606

www.nbfa-fanb.ca