



STAFF REPORT ACTION REQUIRED

2013 Allocation for Arts and Culture

Date:	February 21, 2013
To:	Economic Development Committee
From:	General Manager Economic Development and Culture
Wards:	All
Reference Number:	

SUMMARY

The report *Creative Capital Gains* was produced by the Creative Capital Advisory Council co-chaired by Robert Foster, Karen Kain and Jim Prentice and received unanimous support from City Council in May 2011. The report reaffirmed the \$25 per capita investment target for Toronto and set out five investment goals relating to affordable cultural space; access to cultural participation; creative clusters and scenes; international image; and international competitiveness.

At its meeting held on January 16, 2013, City Council directed \$6.0 million to arts and culture programs from the Third Party Sign Tax (TPST) revenues drawn from actual revenues received in excess of budgeted revenue generated from 2009-2012. This report recommends an allocation of these funds to Toronto Arts Council grants; Toronto Arts Council Operations grant; Major Cultural Organizations grants; Local Arts Service Organizations grants; Culture Build grants; and Cultural Services arts and culture programs.

As part of the 2013 Operating Budget approval, Council also requested the General Manager of Economic Development and Culture to report to the Economic Development Committee in time for the 2014 budget with a four-year phase in plan for *Creative Capital Gains* to provide additional funding for arts and culture to achieve the \$25 per capita investment target. The phase in report will include targeted results and methods of assessment. It is anticipated that the allocation of additional City resources to arts and culture will leverage investments from other funding sources, create culture jobs, increase attendance at arts and culture events, and attract additional cultural tourists. Staff will track results in these areas and report back to the Economic Development Committee.

RECOMMENDATIONS

The General Manager of Economic Development and Culture recommends that:

1. An allocation of \$6.0 million, drawn from the actual revenues received from the Third Party Sign Tax in excess of budgeted revenue generated from 2009-2012, be directed to the following priority arts and culture programs in 2013:
 - a. \$4.0 million to Toronto Arts Council grants;
 - b. \$0.200 million to Toronto Arts Council operations grant;
 - c. \$0.600 million to Major Cultural Organizations grants;
 - d. \$0.300 million to Local Arts Service Organizations grants;
 - e. \$0.200 million to re-establish Culture Build grants;
 - f. \$0.700 million to enhance cultural programs administered by the Cultural Services Section of Economic Development and Culture;

2. The General Manager of Economic Development and Culture, and Toronto Arts Council be authorized to initiate the grant application process for the allocation of these additional funds with the understanding that payments to grant recipients will be made in July, 2013 after confirmation of funds availability when the 2012 Audited Financial Statements for the City of Toronto are complete.

Financial Impact

The approved 2013 Operating Budget for Cultural Services is \$42.642 million gross/\$34.967 million net. After an additional allocation of \$6.0 million, the revised 2013 operating budget for Cultural Services will be \$48.642 million gross/\$40.967 million net. Funding for the additional allocation of \$6.0 million will be drawn from the actual revenues from the Third Party Sign Tax in excess of budgeted revenue generated from 2009-2012 and will be available in July 2013 after the 2012 City of Toronto Audited Financial Statements are complete.

The additional allocation of \$6.0 million will have the following budget impact on the City's arts and culture programs:

Program	2013 Approved (\$ millions)	Additional (\$ millions)	2013 Revised (\$ millions)
Toronto Arts Council Grants	\$10.279	\$4.000	\$14.279
Toronto Arts Council Operations Grant	\$1.234	\$0.200	\$1.434
Major Cultural Organizations Grants	\$6.295	\$0.600	\$6.895
Local Arts Service Organizations Grants	\$0.533	\$0.300	\$0.833
Culture Build Grants	\$0.000	\$0.200	\$0.200
Cultural Services Programs/Net	\$15.381	\$0.700	\$16.081

The recommended allocations for \$6.0 million in 2013 represent the staff evaluation of the pressing priorities outlined in *Creative Capital Gains* and the most effective use of additional funding given the short time frame this year. Any allocation of additional funding in future years will not necessarily follow this pattern of allocation but will depend on consultations with the Creative Capital Advisory Council and cultural stakeholders. Any additional funding allocations will be targeted to fulfill the goals and objectives of *Creative Capital Gains* and will be outlined in a report back to the Economic Development Committee in time for the 2014 Budget process.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting held on January 16, 2013, City Council directed the City Manager to transfer from non-program to program, through the General Manager of Economic Development and Culture, \$6.0 million from the Third Party Sign Tax (TPST) revenues drawn from the actual revenues received in excess of budgeted revenue generated from 2009-2012, and for staff to report back to the Economic Development Committee by March, 2013 on a plan for allocating the funds.

COMMENTS

Creative Capital Gains:

The report *Creative Capital Gains* (CCG) was produced by the Creative Capital Advisory Council co-chaired by Robert Foster, Karen Kain and Jim Prentice and received unanimous Council support in May 2011. The report reaffirmed the \$25 per capita investment target for Toronto and set out five investment goals:

- Ensure a supply of affordable, sustainable cultural space;
- Ensure access and opportunity for cultural participation to all citizens;
- Support the development of creative clusters and emerging cultural scenes;
- Promote Toronto's cultural institutions, festivals and other assets to enhance its position as a Creative City; and
- Keep pace with international competitors by making a firm commitment to sustain Toronto's cultural sector and position Toronto as a leading, globally competitive Creative Capital.

The 2013 funding allocations recommended by staff in this report are deemed to have the greatest impact on the implementation of the strategic directions outlined in *Creative Capital Gains*. Staff have focused on maximizing the leveraging power of the City investment, placing a strong focus on underserved communities, and ensuring that the funds are spent effectively in the limited time available in 2013.

Toronto Arts Council Grants:

Founded in 1974, Toronto Arts Council (TAC) is the arms-length organization that distributes arts and culture funding on behalf of the City of Toronto. TAC uses a peer review process of grants adjudication by juries and committees to provide funding to local artists and not-for-profit arts and cultural organizations. Toronto Arts Council's volunteer board and committees are made up of artists, other arts professionals and arts supporters. To guarantee accountability, City Council appoints up to five Councillors to Toronto Arts Council's minimum 21 member board of directors.

Toronto Arts Council has a Board-approved Strategic Plan which addresses the changing demographics of Toronto and includes a long term vision for connecting every Toronto neighbourhood through the power of arts activity. The TAC Plan responds to the Goals outlined in *Creative Capital Gains* by targeting funding to culturally diverse arts organizations, emerging arts organizations and community engaged arts projects with a focus on the inner suburbs and youth.

Toronto Arts Council has reported to Council through its Annual Reports that the current level of funding has not allowed them to fund all projects that get positive assessments from the review juries. The application approval rate for arts projects is about 60 percent and the rate for individual artist grants is about 25 percent. This has left many worthy arts activities unfunded. This unmet need and the fact that TAC administers grant programs that are open to new applicants ensure that funds can be effectively spent in 2013 with significant incremental impact and leveraged spending.

An allocation of \$4.0 million to the Toronto Arts Council grant program will fuel arts activity across the city and stimulate cultural employment and attendance at cultural events. TAC will undertake consultations with beautifulcity.ca members to develop programs that reach young and emerging artists, increase arts programming in inner suburbs, and support culturally diverse artists. TAC will be requested to specifically report on the impact of the \$4.0 million investment.

Toronto Arts Council Operations Grant:

Increased grants funding will have an impact on Toronto Arts Council operations budget in three areas that are required to ensure effective adjudication and accountability: grants staffing; grants assessment expenses; and an on-line application system. TAC currently has 7.3 FTEs dedicated to grants, including 4.3 grants officers. TAC has determined that they will need additional staffing in two areas. One new position is required to handle the increased volume in existing grant programs and a second new position is required to develop and implement new grant programs designed to meet the objectives of *Creative Capital Gains*. The nine month impact of these two positions will be \$0.110 million in 2013.

An increase in the grants budget of \$4.0 million will allow TAC to expand its programs and they anticipate that at least 200 additional applications will be received. At least 10

additional jury meeting days will be required with associated application reading fees. TAC anticipates that the addition assessment costs in 2013 will be \$0.060 million.

Toronto Arts Council does not currently have on-line granting capacity. Grant applications are printed and submitted by hand creating additional work for both the clients and TAC staff. On-line granting is now considered best practice and has been adopted by many agencies including Trillium Foundation and the Ontario Arts Council. TAC needs to develop an on-line grant application system that is compatible with the national CADAC arts funding database. A contract position of \$0.030 is required to carry out this work in 2013. The total additional allocation to Toronto Arts Council Operations would be \$0.200 in 2013.

Major Cultural Organizations Grants:

The City supports Major Cultural Organizations that are recognized by Council to be essential cultural ambassadors and infrastructure for Toronto. These cultural attractions have a significant economic and cultural impact, and play an important role in developing Toronto as a worldwide cultural destination. They lead Toronto's culture sector in creating jobs and wealth, attracting visitors, contributing to the city's economic prosperity and making Toronto an internationally recognized vital creative capital.

Major Cultural Organization grant funding goes to: Art Gallery of Ontario; Canada's National Ballet School; Canadian Opera Company; Festival Management Committee (Scotiabank Caribbean Carnival Toronto); George R. Gardiner Museum of Ceramic Art; National Ballet of Canada; Pride Toronto; Toronto Artscape ; Toronto International Film Festival Group; Toronto Festival of Arts, Culture and Creativity (Luminato); and Toronto Symphony Orchestra.

City funding to the Major Cultural Organizations was significantly reduced during the 1990's and an objective of the Culture Plan (2003) was to restore this funding adjusted for inflation. Progress was made through funding increases from 2004 to 2009 but a gap of approximately 10% remains. An allocation of \$0.600 will help to close this gap and allow the Major Cultural Organizations to address the objectives outlined in *Creative Capital Gains*.

The Major Cultural Organizations will submit their annual grant applications to Cultural Services staff and the applications will be reviewed by a peer panel. The allocation of the additional \$0.600 million in 2013 will be based on the panel's assessment of the quality of programming and each organization may not get the same percentage increase.

Local Arts Services Organizations Grants:

Local Arts Service Organizations (LASOs) play an essential role in connecting young people to cultural programming, spaces, mentors and funding. They also help market and advertise cultural events and opportunities for creators, practitioners, educators, and

volunteer-led organizations. LASOs work with other community organizations, such as Business Improvement Areas, on joint projects.

The City currently supports Lakeshore Arts, Arts Etobicoke, Scarborough Arts, and Urban Arts Community Arts Council. There is a demonstrated need for LASOs in North York and East York. In response, North York Arts and East End Arts have been formed under the stewardship of the Toronto Arts Foundation. An allocation of \$0.300 million will allow for funding of \$0.100 to each of the two new LASOs and an increase to the existing LASOs so that they can pursue the objectives of *Creative Capital Gains*. The two new LASOs will submit applications to Cultural Services through the stewardship of the Toronto Arts Foundation. An allocation of \$0.100 million is available for each new LASOs and the applications will provide detail on the use of funds in 2013 that will be reviewed by staff.

The four existing Local Arts Service Organizations will submit their annual grant applications to Cultural Services staff and the applications will be reviewed by a peer panel. The allocation of the additional \$0.100 million in 2013 will be based on the panel's assessment of the quality of programming and each organization may not get the same percentage increase.

Culture Build Grants:

The Culture Build grant program was established in 2002 to help address the escalating state of good repair capital requirements of non-City owned cultural facilities operated by not-for-profit arts organizations. Culture Build was targeted at small to mid-sized facilities and provided matching funding for major repairs, renovations and improvements to buildings to bring them into a state of good repair.

Over seven years (2002-2008), Culture Build provided grants totalling \$1.9 million to 62 projects leveraging \$5.6 million from other sources to realize \$7.5 million worth of capital improvements. Research conducted in the fall of 2010 indicates that the state of good repair backlog in non-City owned cultural facilities exceeds \$30.0 million. An allocation of \$0.200 million will allow for the reestablishment of the Culture Build grants to begin to address this backlog. Cultural Services staff will initiate the grant process for Culture Build in the spring and alert potential applicants to the reestablishment of the program. The application process will target projects that are ready to proceed in 2013.

Cultural Services Arts and Culture Programs:

The objectives outlined in *Creative Capital Gains* are closely aligned to the programs delivered by the Cultural Services section of Economic Development and Culture. The goals and actions from CCG relating to cultural space, opportunities for youth, support for creative clusters, and Toronto's image as an international creative city can be addressed through investment in Cultural Services programs.

An allocation of \$0.700 million in 2013 will allow Cultural Services to: complete the Ward by Ward cultural infrastructure project entitled “Making Space for Culture”; expand youth mentorships in arts and culture through “Live Arts”; improve accessibility to the arts by developing a “Cultural Hotspot of the Year”; provide support for the Music Sector in conjunction with industry partners; enhance Toronto’s international image through cultural exchange with Sister/Partnership cities; and by developing enhanced marketing for the Toronto museums to implement the recommendations of the Museum Review. These funds will be allocated by staff to maximize new impacts and to attract leveraged commitments. Staff will report back on the specific impacts of this increased spending.

Conclusion

The City invests in arts and culture to enhance Toronto’s place as an international cultural centre and to increase the role of culture in the economic and social development of the city. An additional allocation of \$6.0 million in 2013 will fuel growth in arts and culture with a positive impact on funds leveraged by City investment, the number of culture jobs, attendance at arts and culture events, and the number of cultural tourists. Staff will track results in these areas of arts participation, jobs and investment and report back to the Economic Development Committee.

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