

**REPORT FOR ACTION****Authority to Enter into Multi-Year Agreement with Toronto Arts Council (2019 - 2023)**

Date: March 20, 2019
To: Economic and Community Development Committee
From: General Manager, Economic Development and Culture
Wards: All

SUMMARY

This report seeks City Council authority to enter into a new five-year agreement with Toronto Arts Council (TAC). The proposed five-year agreement, with a term to expire on December 31, 2023, will allow for a continuing and structured link between the City and Toronto Arts Council. It will enable planning and service delivery that offers an increased degree of stability, accountability to City Council, and sets out the City's terms and conditions. Specific requirements and deliverables from TAC are set out in the agreement based on the nature of the arts and cultural services provided to the City, its residents and visitors to Toronto. The agreement does not stipulate an annual grant to TAC. Such a grant is subject to Council approval annually through the budget process.

The new agreement also affirms TAC and the City's shared commitment to advancing equity and inclusion in the arts. In 2017, TAC adopted a new Equity Framework to ensure that all qualified artists and arts organizations are provided fair and equitable access to TAC programs, funds, services and decision-making processes. TAC's Equity Framework aligns with Economic Development and Culture (EDC)'s objective of making all of the Division's activities more inclusive and equitable, which will be supported through the development of a new EDC Equity Plan, scheduled to be complete in spring 2019.

RECOMMENDATIONS

The General Manager, Economic Development and Culture, recommends that:

1. City Council authorize the Deputy City Manager, Community and Social Services, to enter into a five-year agreement with Toronto Arts Council, with the term to expire on December 31, 2023, for the administration and distribution of arts and culture funding on behalf of the City of Toronto, and that the agreement be subject to the satisfaction of the

General Manager, Economic Development and Culture, the City Solicitor and the Chief Financial Officer and Treasurer.

2. City Council direct Toronto Arts Council to submit its annual funding request through the City's annual operating budget process.

FINANCIAL IMPACT

This report lays out the terms and conditions for a renewed agreement with the Toronto Arts Council for the 2019 - 2023 regarding the use of City funds, while not specifying the amount of funding that the TAC will receive from the City over the term of the agreement. These amounts are subject to Council approval annually through the budget process.

The City's 2019 funding allocation for TAC is \$20,444,600, and is included within Economic Development and Culture's 2019 Council Approved Operating Budget. Of this amount, \$18,660,500 is allocated for grants (91% of total City funding) and \$1,784,100 is allocated for administration (9% of total City funding).

Under the proposed terms for the new agreement, the City would allocate a single lump sum to TAC, to be approved as part of the annual budget process. TAC would then allocate its City funding between grants and administration costs based on its operational needs, provided that at least 89% of TAC's City funding is designated to grants to artists and arts organizations. This represents a change in practice from the terms of the current agreement, under which City Council approved separate allocations for TAC's grant programs and administration costs.

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

DECISION HISTORY

The City entered into a formal agreement with TAC in 2002. The agreement was renewed for another five year term commencing January 1, 2007 and ending on December 31, 2011 with the same terms and conditions. The agreement was extended twice for one-year terms in 2012 and 2013, effective until December 31, 2013.
<http://www.toronto.ca/legdocs/mmis/2007/ed/bgrd/backgroundfile-2662.pdf>

In 2012, City Council directed the General Manager, Economic Development and Culture to report to the Economic Development Committee prior to the completion of the 2013 Operating Budget Process on the best mechanisms to ensure appropriate recognition of the City of Toronto in its direct and indirect grants awards for arts and culture. This direction was addressed in the subsequent funding agreement.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.ED14.5>
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.ED19.12>

In 2013, City Council authorized the renewal of a multi-year agreement with TAC from January 1, 2014 to December 31, 2018.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.ED27.5>

COMMENTS

Toronto Arts Council is an external, arm's-length organization that operates under an agreement with the City to administer its cultural grant funding to not-for-profit organizations and individual artists across the city. TAC has been performing this service for 45 consecutive years. TAC uses a peer review process of grants adjudication by juries and committees to allocate its grants. TAC's volunteer board and committees are made up of artists, administrators, and arts supporters. City Council appoints up to two of its members to Toronto Arts Council's board of directors.

The intent of the new multi-year agreement effective from January 1, 2019 to December 31, 2023 is to define the purpose and benefits to the City of such funding and put in place processes that will achieve accountability to the City for the funding it provides. The annual request for funding for TAC will be subject to review and approval by City Council. Under the terms of the proposed agreement, TAC will be required to submit an annual report and a financial audit for review and to submit its funding request to the General Manager of Economic Development and Culture during the City's Annual Operating Budget process, for recommendation and approval by City Council. Key terms and conditions are summarized below.

Structure of Toronto Arts Council

The agreement will contain provisions setting out the structure of TAC that will include but will not be limited to the following:

- (a) TAC is a non-share capital non-profit Ontario corporation accorded charitable status by the Canada Revenue Agency.
- (b) TAC is an arm's length funding body that uses a Peer Review Process of grants adjudication by juries or committees.
- (c) TAC staff shall not be employees of the City. TAC is not an agency, board or commission of the City.
- (d) The City shall have the right to appoint two members of Council to the TAC Board of Directors. Council may increase or decrease the number of members appointed to TAC's board at any time during the term of the agreement.
- (e) The Board of Directors shall govern TAC and oversee its operations.

Terms and Conditions for City Funding

The agreement will contain provisions setting out terms and conditions related to the request for and use of City funding that will include but will not be limited to the following:

- (1) City Council will determine its strategic policies, priorities and directions for the development and funding of arts and culture in the City and for grants generally, and in accordance with such policies, priorities and directions, will determine on an annual basis its financial commitment to funding for arts and cultural grants.
- (2) TAC will continue to submit its annual Funding Allocation Budget Request for consideration as part of the City's budget process. The Funding Allocation Budget Request will include a full description of all proposed granting, service and operational expenses for the year ahead, along with a comprehensive report of activities and expenses from the previous year, and an analysis of the impact of TAC's grants, programs and services.
- (3) Subject to TAC's compliance with other terms of the agreement, Council will review TAC's Funding Allocation Budget Request and may approve it in whole or in part.
- (4) TAC will not use any City allocated funds for any purpose other than for its Funding Allocation - to provide grants and services to arts and cultural organizations and individuals, and for TAC operational costs - without the prior consent of Council.
- (5) TAC, in accordance with the City's Grants Policy, will establish criteria for decision making in its grant process. Such criteria will be in writing and shall be made available to the public at the beginning of an annual grant cycle and on request.
- (6) TAC, in recognition of the many demands placed on the City by individuals, organizations and corporations for grants and other forms of support, as well as the City's own organizational and service needs, will continually strive to seek ways to operate at an optimum level of efficiency, economy and effectiveness. To that end, TAC agrees that a minimum of 89% of the Funding Allocation monies provided by the City will be allocated to grants transferred directly to arts and cultural organizations and artists.
- (7) TAC will continue to report to City Council through the Economic and Community Development Committee.
- (8) During each year of the term of this Agreement, TAC will provide an annual report to the Committee on its performance for the preceding calendar year; and a mid-year information report to the General Manager, Economic Development and Culture, for review and analysis on its revenues and expenditures for each of its programs.

(9) TAC will submit audited financial statements on an annual basis to the General Manager, Economic Development and Culture, the Deputy City Manager, and the City Auditor, prior to submitting to the Committee.

(10) TAC will satisfy the City's insurance and indemnity requirements, and will manage its finances in accordance with established City fiscal policies and practices, including record keeping, budget monitoring and the return of unused City funds upon termination of services.

Acknowledgement of the City

The agreement will ensure that TAC acknowledges the financial support of the City in a manner satisfactory to the General Manager, Economic Development and Culture, on all written material, including grant application forms and grant approval letters. If TAC makes a grant to an artist or arts organization from funds provided by the City, TAC will require the recipient of the grant to acknowledge the financial support of the City in a manner satisfactory to the EDC General Manager. In addition, TAC will ensure that grant recipients are aware that grants are being allocated to them by TAC on behalf of the City.

Term of Agreement

The agreement will be in effect for five years with a term to expire December 31, 2023, subject to provisions for early termination and termination for default.

Equity and Inclusion

TAC has led the culture sector by adopting a comprehensive equity framework to guide its programs and services. The new agreement between TAC and the City affirms both parties' ongoing shared commitment to advancing equity and inclusion in the arts by including a new condition for TAC to maintain its policy framework to ensure that all qualified artists and arts organizations are provided fair and equitable access to TAC programs, funds, services and decision-making processes.

One of EDC's key objectives over the next five years is to make all of the Division's activities more inclusive and equitable. EDC completed an equity audit in December 2018, providing an inventory of all of the available data concerning location and users for all of the Division's facilities, programs, and services. The framework was also recently completed, and identifies key equity concepts and establishes the vision and objectives that will form the basis of an equity plan. The equity plan is currently being developed based on the findings of the audit and with advice from an advisory panel of cultural and community leaders. It will be completed in spring 2019, and provide strategic actions for more equitable data collection, advisory boards, workforce diversity, programming, communication and outreach strategies.

Similarly, equity and inclusion are also guiding principles and core values of TAC. TAC recognizes that supporting a plurality of perspectives, artistic practices, cultural expressions and aesthetics is critical to the growth, sustainability and evolution of the Toronto arts sector; and is committed to ensuring that all qualified artists and arts organizations are provided fair and equitable access to its programs, funds, services and decision-making processes.

TAC acknowledges that there are a number of historically disadvantaged groups that confront barriers to full participation in Canadian society and the national arts sector. In order to address the most underserved communities and largest service gaps, TAC has identified specific equity-deserving groups that have experienced especially restricted access to funding, creation, production, and dissemination opportunities within the Canadian arts ecology. TAC's equity priority groups include persons of colour; Deaf persons, persons with disabilities, and persons living with mental illness; Indigenous peoples; and individuals who self-identify as lesbian, gay, bisexual, transgender, transsexual, queer, intersex, asexual, pansexual or two-spirited. In addition to its focus on these equity priority groups, TAC has implemented various programs and partnerships to support artists working outside the downtown core, newcomer and refugee artists, and young and emerging artists. TAC policies and practices include both equity in their administration of grant programs and equity in their operations.

The TAC Equity Framework was formally adopted by its Board of Directors at its February 27, 2017 meeting. Since TAC views equity as a continuous process, the Equity Framework is considered as a “living” document that will be regularly updated in response to the shifting needs of the Toronto arts sector and to the latest research and proven methodologies in equity implementation.

Conclusion

The proposed five-year agreement will allow for continuation of a structured link between the City and TAC. While much of the proposed agreement remains substantially the same as the previous agreement, it is proposed that language be added to require TAC to provide equitable access to grants to arts organizations and artists of social, economic and cultural background across the City. TAC's commitment to equity and inclusion align with EDC's objectives of making all of the division's activities more inclusive and equitable through the rollout of the Division's Equity Plan in spring 2019.

The formal agreement between the City and TAC will enable planning and service delivery that offers a degree of stability; accountability to Council and sets out the City's terms and conditions. Specific requirements and deliverables from TAC are included in the agreement based on the nature of the arts and cultural services provided to the City, its residents and visitors to Toronto.

CONTACT

Sally Han, Acting Director, Arts and Culture Services, Economic Development and Culture, 416-392-4012, Sally.Han@toronto.ca

SIGNATURE

Mike Williams
General Manager
Economic Development and Culture