

Authority to Enter into a Multi-Year Agreement with Toronto Arts Council (2025-2029)

Date: February 11, 2025

To: Economic and Community Development Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

The Toronto Arts Council is an independent organization that distributes cultural grants to non-profit organizations and individuals on the City's behalf, based on the terms of a multi-year agreement with the City of Toronto. The current agreement expires on March 31, 2025. This report requests authority from City Council for the General Manager of Economic Development and Culture to enter into a new five-year agreement with the Toronto Arts Council for the period from 2025 to 2029.

The City and Toronto Arts Council have worked collaboratively to develop terms for the new multi-year agreement. The proposed terms for the agreement, outlined in this report, including enhanced reporting requirements, focusing on outcomes-based results for Toronto residents; an improved process to request funding from the City in alignment with corporate budget process requirements; and a commitment to developing a new collaborative framework to articulate how the City and Toronto Arts Council will work together to achieve shared priorities for funding and cultural sector development, including the implementation of "Culture Connects: An Action Plan for Culture in Toronto (2025-2035)".

This report also submits a copy of the Toronto Arts Council's annual report for 2023 to the Economic and Community Development Committee, which is required as part of the current multi-year agreement. The annual report highlights the Toronto Arts Council's activities that include awarding 911 grants across each of the City's 25 wards, and creating opportunities for residents to engage with arts and culture, and for artists and arts organizations to share their work with the community.

RECOMMENDATIONS

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

1. City Council authorize the General Manager, Economic Development and Culture, to enter into a five-year agreement with the Toronto Arts Council for the administration and distribution of arts and culture funding on behalf of the City of Toronto, with a term to expire on December 31, 2029 and an option to extend the term for a period of up to one year, and that the agreement be in a form satisfactory to the City Solicitor.
2. City Council direct the General Manager, Economic Development and Culture, to develop a collaborative framework with the Toronto Arts Council to articulate how the City and Toronto Arts Council will work together on shared funding and sector development priorities, and report to the Economic and Community Development Committee with a recommended framework by the end of 2025.

FINANCIAL IMPACT

The multi-year agreement does not specify an amount of funding to be provided to the Toronto Arts Council in any given year. Rather, the agreement sets out the terms for any funding allocation that may be provided to the Toronto Arts Council by the City. Funding for the Toronto Arts Council is subject to approval annually as part of the budget process.

An allocation of \$28,569,600 for the Toronto Arts Council was approved as part of the 2025 Operating Budget for Economic Development and Culture. This includes an increase of \$2,000,000 over its 2024 allocation. In addition, the 2025 Operating Budget for Economic Development and Culture included a new measure to index all cultural grants to inflation. The Toronto Arts Council will receive \$652,346 from the City to index its grants to inflation, representing 2.5% of its 2024 budget. This brings the Toronto Arts Council's total 2025 funding from the City to \$29,221,946.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

At its meeting of December 13, 14 and 15, 2023, City Council authorized an extension of the 2019-2023 multi-year agreement with the Toronto Arts Council from its original expiry date of December 31, 2023, until the earlier of March 31, 2025, or the approval of a new agreement by City Council.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EC8.1>

At its meeting of April 16-17, 2019, City Council authorized the execution of the 2019-2023 multi-year agreement between the City of Toronto and the Toronto Arts Council. <https://secure.toronto.ca/council/agenda-item.do?item=2019.EC3.8>

COMMENTS

The Toronto Arts Council ("TAC") delivers arts and cultural grants to organizations and individuals on the City's behalf using an arms'-length, peer-adjudicated funding model. TAC has played a vital role in fostering engagement with culture in Toronto for over 50 years, providing crucial funding and support to artists and organizations across multiple art disciplines, and creating opportunities for residents to connect with the arts city-wide.

TAC delivers grants on the City's behalf based on the terms of a Multi-Year Agreement (the "Agreement"). The intent of the Agreement is to define the purpose and benefits of the City's funding for TAC and establish processes that will achieve accountability to the City for the funding it provides. With the current Agreement set to expire on March 31, 2025, the Economic Development and Culture Division ("EDC") and TAC have worked together to propose new terms for the next Agreement, with the intent of achieving a greater public impact for City Council's investment in cultural funding.

The proposed terms for the 2025-29 Agreement are described in detail in Attachment 1 of this report. The Agreement will include terms related to:

- **Structure of the Toronto Arts Council:** The Agreement defines the purpose, governance, and corporate structure of the Toronto Arts Council, including terms establishing TAC's independent, arms' length model for funding decisions and role as an advisory body to the City, and terms related to the City's representation in TAC's governance through the appointment of two members of City Council to TAC's Board of Directors, and participation of the General Manager of Economic Development and Culture or their designate in board meetings.
- **Collaboration between the City and TAC:** Both the City and TAC have approached the development of the Agreement with the intent of strengthening collaboration to achieve shared objectives. The Agreement will include new terms to strengthen the partnership between the City and TAC, including a commitment to developing a new collaborative framework during the first year of the term of the Agreement. The new collaborative framework will establish how the City and TAC will work together on shared funding and sector development priorities to deliver on the vision of "Culture Connects: An Action Plan for Culture in Toronto (2025-2035)", and other Council-approved strategies and City priorities. The collaboration framework will also re-affirm a shared commitment to more equitable grant funding, guided by TAC's Equity Framework and Council-approved strategies for equity and inclusion including but not limited to the Reconciliation Action Plan, Toronto Action Plan to Confront Anti-Black Racism, and other strategies.
- **Annual Budget Request:** The Agreement will set out a new process by which TAC will submit an annual budget request to EDC for consideration as part of the

corporate budget process. The budget request will include details on TAC's proposed budget for the request year, the amount and proposed use of new funding requested from the City, alignment of the budget request with the City's strategic priorities particularly "Culture Connects: An Action Plan for Culture in Toronto (2025-2035)" and other Council-approved strategies, and outcome-based impact metrics to measure the success of the investments. Any funding for TAC will continue to be subject to approval by City Council as part of the Operating Budget for Economic Development and Culture. This process will improve both the City's and TAC's operational planning, while providing greater accountability for the use of City funds.

- **Use of City Funds:** The Agreement will continue to include terms related to the use of City funds. This section of the Agreement includes a proposed new term related to how TAC divides its funding from the City between grants and operational expenses. As part of the previous Agreement, TAC was to allocate a minimum of 89% of City funding directly to grants, and no more than 11% to operational expenses. Under the new Agreement, EDC and TAC propose that 90% of the City's funding be used for grants and services to the community, with a minimum of 85% representing direct grants, and up to 5% for community services, while up to 10% may be allocated to operational expenses. The new category of "services to the community" includes costs that were previously captured under operational expenses but directly benefit the individuals and organizations supported by TAC, such as outreach, access and marketing, peer review adjudication costs, and evaluation and research. The delivery of these services is increasingly seen as a best practice in community funding, particularly to ensure that granting processes are accessible and inclusive for Indigenous, Black, and equity-deserving communities. Improving TAC's services to the community and "wrap-around" supports for grant applicants aligns with urgent actions in Culture Connects, including the delivery of improved granting programs, and streamlining processes to make it easier to access services.
- **Reporting Requirements:** The Agreement will include revised reporting requirements being developed collaboratively by the City and TAC to better illustrate the impact of municipal investments in culture using outcomes-based measurements. This will include ongoing sharing of data to be included as part of a new culture sector dashboard being developed as part of the implementation of Culture Connects.

The proposed reporting requirements will include new metrics that are currently under development. As such, the Agreement does not specify exact measures to be reported on, but rather affirms a shared commitment to collaboratively develop these measures in the first year of the term of the Agreement. Examples of past reporting requirements that may be maintained alongside new outcomes-based metrics include data showing the total number, amount, and recipients of grants; number of applications received and amount of funding requested in each grant program; number of and attendance at performances, screenings and exhibitions funded; location of funded activities by Ward; and a list of members of each jury committee.

- **Acknowledgement of the City:** Acknowledgement of City funding will continue to be provided in a manner consistent with past years, with TAC acknowledging

support on all written materials including grant applications and approval letters, and TAC funding recipients acknowledging the support of the City.

- **Term of Agreement:** The Agreement will continue to have a five-year term. EDC and TAC are also proposing to include an option to extend the term by up to one year, should this be required for operational reasons. City Council has previously approved extensions to the term of the Agreement for such reasons, including an extension to the most recent Agreement that allowed EDC and TAC to keep the previous Agreement in place under after the completion of the Culture Connects action plan. This extension ensured that the new Agreement included terms to best enable collaboration between the City and TAC towards achieving the objectives of the new action plan.

2023 Toronto Arts Council Annual Report

This report also transmits a copy of the Toronto Arts Council's 2023 Annual Report to the Economic and Community Development Committee (included as Attachment 2). The submission of this report to the Committee is required under the terms of the current multi-year agreement.

TAC's 2023 Annual Report details the impact of the organization's grants and services to the community. TAC received 2,636 grant applications in 2023, awarding 911 grants representing a total of \$23,583,007 in funding. The remainder of the organization's \$25,864,600 allocation was used to support operating expenses and direct services to the community.

In 2023, City Council approved a \$300,000 funding enhancement to TAC with the objective of empowering youth culture organizations with an established track record engaging underserved youth. These targeted funds were used to support 23 organizations through a combination of enhanced operating grants, special project grants, and to strengthen partnerships including ArtReach Toronto, which provides grants, workshops and mentorships for artists and cultural leaders aged 13-29 from equity-deserving communities, and tdsbCreates, which connects artists to classrooms for hands-on activities across the city.

2023 also marked the beginning of TAC's partnership with the City to support the development of "Culture Connects: An Action Plan for Culture in Toronto (2025-2035)". TAC collaborated with the City to conduct an inclusive, city-wide community engagement process, helping to ensure that the priorities of Toronto's broad and diverse cultural sector were reflected in the final report. Looking ahead, TAC will continue to support the City on the implementation of the plan, with this commitment being affirmed as part of the new multi-year agreement.

Next Steps

EDC and TAC will collaborate over the coming months to develop outcomes-based measures for TAC's reporting to the City, focusing on the benefits of the City's

investment in cultural funding for residents and the cultural sector. These measures will be incorporated into a new culture sector dashboard being developed by EDC to share data on culture in Toronto and track the progress of the implementation of Culture Connects. The dashboard is expected to be completed by the fourth quarter of 2025.

EDC and TAC will also work together to develop the new collaborative framework, which will be presented to City Council for consideration by the end of 2025. The framework will establish a foundation for a stronger partnership between the City and TAC by identifying shared priorities and goals, rooted in the implementation of Culture Connects.

CONTACT

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SIGNATURE

Patrick Tobin
General Manager, Economic Development and Culture

ATTACHMENTS

Attachment 1 - Proposed Terms and Conditions for Multi-Year Agreement between the City of Toronto and Toronto Arts Council (2025-2029)

Attachment 2 - Toronto Arts Council 2023 Report to the Economic and Community Development Committee

Attachment 1 - Proposed Terms and Conditions for Multi-Year Agreement between the City of Toronto and Toronto Arts Council

Structure of the Toronto Arts Council

(a) TAC serves as an independent advisory body to the City of Toronto on artistic and cultural matters, and since 1974 has been the primary organization responsible for delivering cultural grants and services to non-profit organizations and individuals on the City's behalf.

(b) TAC is a non-share capital non-profit Ontario corporation accorded charitable status by the Canada Revenue Agency.

(c) TAC is an arm's length funding body that uses a Peer Review Process of grants adjudication by juries or committees.

(d) TAC staff shall not be employees of the City. TAC is not an agency, board or commission of the City.

(e) 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.

(f) The Board of Directors shall govern TAC and oversee its operations. The General Manager of Economic Development and Culture or their delegate participates in Board meetings as an observer and receives all Board materials in advance of the meetings.

(g) TAC works closely with the Toronto Arts Foundation (TAF), a charitable organization that delivers initiatives, awards and research that strengthen Toronto through the arts. These initiatives complement and enhance the work of TAC and the City of Toronto. The City may work with TAF to deliver services and programs, which are separate and distinct from the activities included in this Agreement.

Collaboration

(a) In service of City direction and goals, the City and TAC collaborate on shared objectives for the arts and cultural life of the city, including culture as an instrument of city-building, and cultural engagement and participation of Toronto residents. Further, the General Manager of Economic Development and Culture has direction from City Council to implement actions that advance the vision, priorities, and objectives of "Culture Connects: An Action Plan for Culture in Toronto (2025-2035)" and other Council approved policies and plans. This direction will be realized through the actions of the City and TAC.

(b) The City and TAC will develop a Collaboration Framework during the first year of the term of the Agreement to articulate how they will work together on shared

funding and sector development priorities and clarify roles and responsibilities related to program delivery and cultural sector support.

(c) The Collaboration Framework will re-affirm a shared commitment to greater equity in grant funding, guided by TAC's Equity Framework and Council-approved strategies for equity and inclusion including but not limited to the Reconciliation Action Plan, Toronto Action Plan to Confront Anti-Black Racism, and other strategies. This commitment will also be included in the Agreement.

(d) The General Manager may request that TAC respond to emerging priorities or new direction from City Council. In such cases, the City and TAC will collaborate to determine an appropriate mechanism to address these priorities or directions.

Annual Budget Request

(a) TAC shall submit an Annual Budget Request to the General Manager of Economic Development and Culture based on timelines prescribed by the General Manager in accordance with the City of Toronto budget process.

(b) The format and requirements of the Annual Budget Request will be determined by the General Manager based on corporate standards for budget submissions and may include, but is not limited to, details on TAC's proposed budget for the request year, the amount and proposed use of new funding requested from the City, alignment of the budget request with the City's strategic priorities particularly "Culture Connects: An Action Plan for Culture in Toronto (2025-2035)" and other Council-approved strategies, and outcome-based impact metrics to measure the success of the investments. The General Manager will provide TAC with guidelines to inform the Annual Budget Request, including any corporate direction related to budget enhancements or cost savings requirements. The format and requirements of the Annual Budget Request may vary throughout the term of the Agreement.

(c) The General Manager will consider TAC's Annual Budget Request and may include it in whole or in part in the budget submission for the Economic Development and Culture Division.

(d) City Council will consider and may approve an annual funding allocation for TAC as part of the Operating Budget for the Economic Development and Culture Division. In approving a Funding Allocation for TAC, Council may, in addition to any condition contemplated in this Agreement, attach such additional conditions as are not inconsistent with the provisions of this Agreement.

Use of City Funds

(a) 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, including any funding allocation to TAC.

(b) TAC agrees that a minimum of 90% of City funds shall be used for grants and services to the community, with at least 85% of funds allocated directly to grants, and up to 5% allocated to community services including direct services to artists and arts organizations, peer review adjudication costs, outreach and marketing, evaluation and research costs, and associated salaries.

(c) Funds shall be paid to TAC in three installments, including:

- A first installment equivalent to 15% of the previous year's funding allocation, paid as an advance prior to approval of the Annual Operating Budget for Economic Development and Culture;
- A second installment equivalent to 75% of TAC's total annual funding allocation, following approval of the Annual Operating Budget for Economic Development and Culture; and
- A third installment equivalent to the remaining balance of TAC's total annual funding allocation, to be paid in June.

Reporting Requirements

(a) During each year of the term of this Agreement, TAC shall provide reporting and data to the City on its activities in a format and frequency agreed upon by the two parties. This will include a mid-year report and a final year-end report.

(b) During the first year of this agreement, the City and TAC will develop a framework for this reporting for the term of the agreement, including identifying shared outcomes-based measures for reporting. Reporting requirements for the first year of the agreement will be confirmed by July 1, 2025. Reporting requirements for subsequent years will be confirmed by December 31, 2025.

(c) The General Manager reserves the right to request additional or alternate reporting from TAC as needed. TAC will advise the General Manager if any requested information cannot be provided.

(d) TAC will continue to report through the General Manager annually to the Economic and Community Development Committee, with a focus on the impact of its activities for the community and progress on achieving Council's strategic objectives.

(e) TAC will submit audited financial statements on an annual basis to the General Manager.

(f) 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 City

(a) 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 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

(a) The Agreement will be in effect for five years with a term to expire December 31, 2029, subject to provisions for early termination and termination for default.

(b) The General Manager is authorized to extend the term of the Agreement for a period of up to one year if required in order to develop a successor to this Agreement or for other operational reasons at the discretion of the General Manager.