

## ATTACHMENT 2

### **Recommended Fundamental Improvements to Celebrate Markham Program**

The following fundamental improvements are recommended in Section 4 of the consultant's report, based upon research and the consultation conducted to date.

The consultant's recommendations appear in *bold italics* below, followed by Staff comments and recommendations:

#### **Program Administration -**

##### ***1. More active management by the Administration and clear accountability for the Program through:***

- i. Moving 6 City-operated events/festivals to appropriate departmental budgets;***
- ii. Administering seniors' group funding through Recreation as these organizations also receive other in-kind contributions from the City.***

#### **Staff comments:**

i. Staff recommends that the funding for the following events/festivals; Canada Day, Doors Open, RBC Children's Festival, Markham Santa Claus Parade and Seniors' Hall of Fame be moved to the Communications and Community Engagement Department, as they are City-operated events and therefore do not require an application process. The funding for these events would be transferred annually from the Celebrate Markham Fund. This will serve to reduce the number of applicants and streamline the Celebrate Markham review process.

ii. With respect to administering grants for various groups, Staff recommends creation of separate funding streams for the following 3 categories: Cultural Events & Programs; Major Community Festivals & Sports Events and Seniors' Programs.

Applications for each of these categories would be evaluated by the Staff Grant Review Committee. In addition to having to meet general Celebrate Markham Program criteria (see Attachment 3), each of the categories listed above will also have its own program-specific criteria (see Attachment 4), which would be used to review and evaluate applications. This will allow more equitable and consistent criteria to be applied to "like" applications.

Staff also supports the consultant's proposal to develop a separate budget and criteria for Markham Arts Council funding which would be managed and administered under the auspices of the Culture Department. This is discussed in further detail below under Item 12.

##### ***2. Culture Department to lead program administration with primary responsibility for overall management together with other key departments***

**Staff comments:** Staff supports having the Culture Department oversee the program to ensure coordination and consistency of the process. Culture's role would be to administer the overall program through the Staff Grant Review committee. A comprehensive application and review process would be developed for intake, evaluation, approval and reporting of the program.

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3. *Creation of Staff Grant Review Committee with majority of responsibility in Culture Department will foster better understanding and partnerships*

**Staff comments:**

The Staff Grant Review Committee would be composed of Staff from various departments including Recreation, Finance, Corporate Communications & Community Engagement, Human Resources, Economic Development, and Culture. Staff agrees with the consultant that a Staff Grant Review Committee would foster a better understanding and partnerships with the funded organizations. Also, it would facilitate a better assessment of City in-kind contributions to various events and festivals, as a number of these departments provide in-kind services to existing fund recipients.

4. *Staff report on grant applications to Grant Subcommittee on the assessment process and make recommendations on grants to be approved. Staff Report to include analysis of community needs, interface with other City economic development and cultural initiatives and a forecast of community trends and future needs.*

**Staff comments:**

Currently, Finance Staff reports on Celebrate Markham applications to General Committee for events in the 1<sup>st</sup> quarter of the coming year. They present their recommendations on the balance of the applications to Budget Committee, which are then considered by Council.

Staff does not recommend establishing a Grant Review Sub-Committee consisting of Council members as recommended by the consultant, as this would add another layer to the approval process. The existing process of reporting to Budget Committee and General Committee is acceptable within the revised program while achieving the required outcome for Council approvals. As a part of the revised process it is recommended that applications be reviewed once a year by the Staff Grant Review Committee based upon the set criteria and a staff report with recommendations on each of the funding applications be presented to General Committee and Council.

As part of the Budget process the Staff Grant Review Committee would also prepare an *Annual Funding Review* report, including recommendations on the funding envelope for the following year for: Markham Arts Council, the 3 funding categories; and City operated events. This report would also address an overview of the Program's accomplishments and provide benefits and analysis of community needs, interface with other City economic development and cultural initiatives and community trends and potential future needs.

To attract a wider variety of applicants and to ensure better transparency, Staff recommends that communications be undertaken and a website be developed to promote the Celebrate Markham Program. The website could include instructions for how to apply for funding, appropriate application forms, clearly outlined eligibility criteria, key dates and a list of applicants who have previously received funding for their events and initiatives.

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### Eligibility Criteria

#### 5. *2 Program categories:*

- *One time funding*
- *Repeat applicants for annual events/festivals*

**Staff comments:** The proposed program addresses this through the funding streams and criteria.

#### 6. *Eligibility criteria to identify what types of expenses are permitted/not permitted. Based upon best practices in other municipalities it is recommended that core eligibility criteria include:*

- *Formal annual application process with application deadline;*
- *Specific activities that are ineligible for funding;*
- *Clear assessment criteria in the application form for:*
  - a. *Demonstrating community impacts and a specific plan to achieve them;*
  - b. *Applicants demonstrate a system to review actual results and financial management and the ability to generate other sources of funding. The City should not be the sole funder of an event/festival funding application.*

**Staff comments:** Applicant organizations must be not-for-profit. All Celebrate Markham funding applicants would be required to submit a complete application. The annual application deadline would be set along with associated milestones for approval and reporting. Following this step-by-step process consistently will:

- Enable Council to determine all commitments annually – all grant requests would be considered together, providing a more complete picture of requests and expenditures. Individual grants would no longer be approved throughout the year as this creates additional review, tracking and reporting requirements.
- Provide a more equitable process with more clarity and transparency around the funding process for the applicants.

Clear assessment criteria would be contained in the application on 2 levels. General program criteria (including eligibility/ineligibility, application and program criteria i.e. project submission must be complete and with sufficient information provided to assess the application; application be submitted by the deadline) would apply to all applications. These criteria are listed in Attachment 3. Detailed criteria for each of the following funding streams: Cultural Events & Programs, Major Community Festivals and Sports Events and Seniors' programs is shown on Attachment 4.

### Accountability and Program Budget

#### 8. *All organizations to undergo a major review following 3 years of consecutive funding*

**Staff comments:** The purpose of the review would be to ensure the funding Program is meeting expectations. In staff's view, there is sufficient reporting proposed to be put in place within the new application and review process without requiring an additional major review (See items #9 and #10 below).

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9. *Mandatory final outcome and financial reports required. Failure to provide reports could result in future grant applications being denied.*

**Staff comments:** A standard reporting format would be created to ensure more rigorous review of grant recipient's outcomes. New grant applications would not be accepted until these reports for previously approved grants are submitted and reviewed. Built into the application process would be reporting of outcomes upon completion of the event/program receiving funding.

10. *Organizations receiving grants greater than \$20,000 to provide audited financial statements. A Review Engagement Report (unaudited signed by an independent accountant) could be an interim alternative if former is determined to be too onerous for immediate implementation*

**Staff comments:** Staff suggest that the review and financial tracking processes not be so onerous that they discourage smaller applicants. Also, Staff do not recommend grants from this Fund above \$10,000 to a single recipient. Staff suggests tiered financial review as follows:

- Grants up to \$5,999.00 – Profit/loss statements submitted following the completion of the event or program,
- Grants between \$6000.00 - \$10,000.00 - Review Engagement Report

11. *Maintain Program budget at current level. 2015 Program budget is \$370,000 (was \$250,000 since 2005). If \$340,000 is the new amount maintained by Council in 2016, it is significant growth in the budget and is consistent with a per capita formula approach starting with \$1/capita.*

**Staff comments:**

There are 3 options for the 2016 Celebrate Markham budget envelope, 2 of which allow for new applications to be funded, as discussed below. They are:

- Use the original 2014 funding envelope of \$250,000
- Use the 2015 envelope of \$370,000
- Use \$345,000 envelope @ \$1/capita City of Markham population and adjust the envelope every 4 years based upon population growth statistics

The \$250,000 funding envelope will not provide additional funding for new groups to benefit and grow this program. If new groups were to be approved in this instance, they would have the impact of a declining rate for existing groups given that the funding envelope would have to be shared over a larger number of applicants/recipients.

While the \$370,000 funding has potential for including new groups that amount has no basis, other than it is the amount of funding approved under the Celebrate Markham program in 2015. This was done without the benefit of an application review for some significant funding requests by two organizations. Based on a Council resolution in 2014, Council agreed to provide quarterly funding to two groups, Kindred Spirits Orchestra (KSO) and Markham Arts Council. Staff do not recommend continuing this funding level to these two groups.

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Staff supports the \$345,000 commitment tied to the City's population growth. Also, this amount is sufficient for existing recipients based upon 2015 allocations and still allows additional funding for new groups.

Staff will provide an *Annual Funding Review* report of the Celebrate Markham grant, Markham Arts Council grant and City managed events, this would provide Council with an accounting and overall picture of what financial supports are being provided and the benefits/value to the community. This report could be the basis for monitoring the funding envelope for the coming year with updates every 4 years to the overall funding envelope, based upon population changes. This report would be submitted to the Budget Committee in late November/December.

**12. *City to support MAC in a separate budget line as it is distinctly different from other community groups funded through Celebrate Markham. Given its immediate financial crisis, Culture staff should work with MACs board to clarify and transition its mandate and actions for future operations and financial sustainability.***

**Staff comments:** As requested by Council, MAC has undergone a strategic planning process to assist them to develop a clear mandate, goals and objectives and a sustainable financial plan. MAC will be presenting their strategic plan along with their next steps to achieve a sustainable state at the June 22<sup>nd</sup> General Committee meeting. Once Council has had an opportunity to review MAC's strategic plan and are satisfied with MAC's state of affairs, staff will report back with a recommendation for the funding allocation for MAC as a part of a separate report.

Should Council decide to fund MAC, staff recommend that the funding be allocated as a component of the Celebrate Markham Program and be managed using specific eligibility criteria, accountability checks and financial reporting for MAC.

### **Mid-Long-term Changes Proposed by Consultant**

There were four additional proposed changes recommended by the consultant. They were:

1. Add community members, knowledgeable and experience in the Arts/Culture/Economic Development Sectors to the Grants Sub-committee;
2. Formalize appeal process through Budget Committee;
3. Introduce declining grant for repeat applicants to encourage fund-raising;
4. Future consideration of MAC to administer funding to other arts/culture organizations on City's behalf.

Item 1 would not apply based upon the Staff recommendations of this report. With respect to Item 2, in future if appeals are formalized, a portion of the funding could be set aside for that purpose. In this regard, Staff would make a recommendation on any appeals to General Committee and Council. Items 3 and 4 are not being recommended or pursued at this time.