

NO: R025

COUNCIL DATE: February 7, 2011

REGULAR COUNCIL

TO: Mayor & Council **DATE: February 7, 2011**
FROM: General Manager, Planning and Development **FILE: 6950-20 (HFFS)**
SUBJECT: Results of Surrey Heritage Foundation Feasibility Study

RECOMMENDATION

The Planning and Development Department recommends that Council:

1. Receive this report as information;
2. Approve, in principle, the establishment of a Surrey Heritage Foundation; and
3. Authorize staff to develop and bring forward detailed recommendations related to the establishment of a Surrey Heritage Foundation, including a governance and administration model and a financial strategy, based on Option 4, the "hybrid model", described in this report.

INTENT

The purpose of this report is to provide Council with an overview of the recommendations of the Feasibility Study related to establishing a Surrey Heritage Foundation. The Study was completed by Donald Luxton & Associates Inc. in concert with a strategic review of Surrey's heritage management practices, heritage inventory, and heritage register (the "Heritage Strategic Review").

BACKGROUND

Over the past several years, Council and the Heritage Advisory Commission ("HAC") have discussed the potential benefits of establishing a Surrey Heritage Foundation. Discussions have focussed primarily on the types of activities that a heritage foundation could undertake to support and increase the profile of heritage in Surrey, such as fundraising, granting, and heritage awareness initiatives.

At its July 23, 2009 meeting, the HAC requested that staff bring forward a draft Terms of Reference for the purpose of retaining a qualified consultant to explore options with regard to the establishment of a Surrey Heritage Foundation. On September 30, 2009, the HAC reviewed and approved a Terms of Reference for a Heritage Strategic Review and Heritage Foundation Feasibility Study. At its meeting on October 19, 2009, Council approved the expenditure of up to \$25,000 from the HAC budget for a consultant to undertake both studies. Heritage consultant, Donald Luxton & Associates Inc., was subsequently retained to complete both the Heritage

Strategic Review and the Heritage Foundation Feasibility Study. It was decided that the Heritage Foundation Feasibility Study should be undertaken in concert with the Heritage Strategic Review. This would ensure that the establishment of a Surrey Heritage Foundation was considered in the context of the City's broader heritage initiatives. As part of this process, community heritage stakeholders were invited to sit on a Steering Committee that met four times to review and discuss the results and recommendations of the Heritage Foundation Feasibility Study and Heritage Strategic Review. Participants included representatives of the HAC, Agricultural Advisory Committee, Surrey Historical Society, Green Timbers Heritage Society, Friends of the Semiahmoo Trail, Fraser Valley Heritage Rail Society, and the Surrey Foundation.

The project commenced with a background review and analysis of the existing situation in Surrey, including an initial meeting on March 23, 2010 that focussed on heritage incentives and the potential for a new heritage foundation. This was followed by a visioning session on April 9, 2010 and a workshop to review proposed strategies and actions on May 7, 2010. On June 11, 2010, a fourth workshop was held to seek feedback on the vision, goals, strategies and implementation plan. At this workshop, the Steering Committee demonstrated strong support for the establishment of a new heritage foundation for Surrey and endorsed a proposed implementation plan.

On September 16, 2010, the consultants presented the Heritage Strategic Review draft report to the HAC. The draft report included a section on the establishment of a Surrey Heritage Foundation that detailed the results of the Heritage Foundation Feasibility Study. On October 26, 2010, a final report, incorporating the HAC's comments, was forwarded to the HAC. At that time the HAC endorsed the Heritage Strategic Review final report and recommended that Council:

- "1. *Approve the Heritage Strategic Review Final Report excluding "Section 4: a New Surrey Heritage Foundation: and "Action 1.2.2: Establish a Surrey Heritage Foundation"; and*
2. *Refer the establishment of a Surrey Heritage Foundation to staff for a more detailed report at a future Council meeting".*

This recommendation of the HAC was approved by Council at its Regular meeting on November 15, 2010.

DISCUSSION

A Heritage Foundation for Surrey

Heritage foundations, with varying mandates, have been established in numerous jurisdictions throughout British Columbia and Canada. As part of the Heritage Foundation Feasibility Study, the consultant assessed the community and financial feasibility of establishing a heritage foundation in Surrey. This feasibility study included:

- a comprehensive review of existing heritage foundations and a compilation of the results of that review;
- discussions with stakeholders in the heritage community (the Steering Committee), regarding the results of the review and to gather perspectives on approaches that would be viable for Surrey; and

- the preparation of recommendations that received stakeholder consensus as an appropriate framework for the development of a new foundation.

Potential Models for a Surrey Heritage Foundation

The Heritage Foundation Feasibility Study included a review of nine heritage foundations throughout British Columbia. A detailed overview of the mandates, funding, administration, and challenges associated with each of these foundations is provided in Appendix I. Based on the experiences of other jurisdictions, the Heritage Foundation Feasibility Study presented four primary options for the establishment of a Surrey Heritage Foundation. These are discussed in the following sections:

Option 1 - Flow Through Model

Under a "flow through" model, the Foundation is focused more on distributing funding that is provided by the local government than on fund raising. Most smaller-scale municipal heritage foundations operate on this basis. An annual municipal grant is provided to the foundation with the funds, in turn, distributed as a financial incentive to the owners of protected heritage properties. This is similar to the heritage grants program that is currently administered by Surrey's HAC through the City's Building Preservation Program. For foundations that operate on this basis, administrative costs tend to remain low, but the activities of the foundation are also quite limited.

Advantages:

- almost all funding goes directly to the mandate of providing financial incentives;
- immediate results; and
- low administrative cost.

Disadvantages:

- not self-sustaining;
- without a fundraising mandate, the foundation would not attract significant, if any, donations and bequests; and
- not significantly different than the City's existing Building Preservation Program.

Option 2 - Fundraising Model

Under a "fundraising model" the foundation's primary focus is on raising funds for the preservation of heritage buildings and features with a goal of the foundation operating on a self funding basis. The Vancouver Heritage Foundation operates on the basis of a fundraising model. While it has been generally successful at fulfilling its mandate, it has not been successful in achieving the goal of self-sufficiency. It is now recognized that there needs to be a long-term partnership with the City of Vancouver and that a financial contribution from the City will be required to help fund the on-going operation of the Vancouver Heritage Foundation. Fundraising has been difficult as the competition for charity dollars is very stiff, and people are, at times, reluctant to commit large sums of money that, in turn, are disbursed to the owners of private heritage properties. However, the Foundation's endowment continues to grow, and Foundation executive remains confident of long-term success, especially in the planned giving area.

Advantages:

- wholly or partially self-sustaining; and
- more likely to attract donations and bequests as this is the primary mandate.

Disadvantages:

- somewhat higher administration costs than Option 1;
- good results take time to evolve; and
- competition against other charities for scarce resources.

Option 3 - Dedicated Heritage Fund

Under this model a dedicated heritage fund would be established within an existing charitable organization, in lieu of establishing a separate and distinct heritage foundation. This is not the same as the establishment of an endowment within another organization (such as the Vancouver Heritage Foundation's relationship with the Vancouver Foundation); rather it tasks an existing organization with a heritage incentives/awareness mandate. The organization would take on both the task of fund raising and funds distribution (grants) as part of its larger mandate. This model assumes that the heritage work can be undertaken effectively by an existing organization that exists for other purposes as well.

Advantages:

- uses existing staff/administrative resources and, therefore, minimizes new expenses associated with the administration of the heritage component; and
- can be set up quickly and efficiently.

Disadvantages:

- lacks individual heritage identity for marketing and fundraising purposes;
- staff may lack technical expertise or focus on heritage;
- fundraising specifically for heritage may not be a priority; and
- competition against other charities for scarce resources.

Option 4 - Hybrid Model

Under the "hybrid model" the flow through and fundraising models are combined. This would require the establishment of a foundation with its own board with expertise in both heritage issues and fundraising. An annual grant would be provided by the municipality to supplement the fund raising that is undertaken by the foundation. The foundation would be tasked with fund raising and disbursing grants, which would probably be modest at first, but would grow as fund raising efforts grew.

Advantages:

- allows modest granting to begin with, but recognizes the importance of attracting community resources;
- some immediate results;
- works toward long-term self-sufficiency; and
- attracts donations and bequests.

Disadvantages:

- may take a long time to achieve self-sufficiency; and
- prioritizing time between fundraising/endowment and giving grants needs to be managed carefully to ensure that both receive proper attention.

Results of Evaluation:

Each of the optional heritage foundation models has advantages and disadvantages and their potential fit with the current situation in Surrey was carefully considered. The consultant has recommended that the hybrid model be pursued by the City. Under this model the City would provide annual grant funding to a Surrey Heritage Foundation, but it would be the responsibility of the Surrey Heritage Foundation to initiate fundraising to support its administration and activities. As an endowment fund is developed it could be administered through an existing foundation, similar to the Surrey Housing and Homelessness Fund, which is administered through the VanCity Foundation.

Establishing a Surrey Heritage Foundation

Subject to Council support for the recommendations of this report, staff and the HAC will work toward establishing the mandate of the proposed Foundation, its organization/governance structure resource requirements and operational policies. Once these details are agreed upon, Council will be requested to establish a by-law that will enable the Foundation. The City, through the annual financial plan, would provide an annual grant commitment to the Foundation.

The Role and Mandate of a Surrey Heritage Foundation

The mandate of a Surrey Heritage Foundation would complement the vision and goals of Surrey's Heritage Program, specifically the conservation of not just built, but also natural and cultural heritage. The mandate would include the ability to own property, raise funding, distribute funding to worthy projects and to undertake education and awareness initiatives.

The Foundation would be set up as a charitable organization, enabled to provide grants to individuals. Private foundations (such as family trusts) and public foundations (such as the Surrey Foundation) are not permitted to give grants to individuals. However, a charitable organization (like the Vancouver Heritage Foundation) can undertake any activities and spend money on charitable works that further its mission; in this case, giving grants to the owners of private heritage properties.

Providing grants to homeowners, currently the responsibility of the HAC (with the support of Legislative Services), through the Building Preservation Program, would become the responsibility of the new Foundation. The option of expanding the Building Preservation Program's reach and raising its appeal could be explored. Fundraising efforts could eventually be directed to building the endowment of the Foundation so that grants to homeowners could increase. Collaboration with the City's Heritage Services Division regarding awareness and education programs could occur after the Foundation assumes responsibility of the Building Preservation Program.

With capacity building, the Foundation could offer technical assistance to owners of heritage homes and would be fully responsible for the administration, promotion and expansion of the Building Preservation Program. It may also be effective to transfer City funds currently allocated to the Building Preservation Program directly to the Foundation to provide control of these funds and to promote economic stability.

The Role and Mandate of the Surrey Heritage Advisory Commission

Currently, matters related to Surrey's heritage resources are forwarded to the HAC for comment and advice to Council. The Terms of Reference for Surrey's HAC are detailed in By-law No. 13282. The HAC advises and makes recommendations to Council on matters related to Surrey's Heritage Register, heritage protection, heritage grants, heritage recognition, development applications that have a heritage component, and heritage policies.

If a Surrey Heritage Foundation is established, the role and mandate of the HAC would continue to include providing advice on matters related to heritage conservation and heritage policy development as directed by Council; however, the HAC would no longer be responsible for making recommendations related to the disbursement of grants through the Building Preservation Program. This, along with activities related to heritage awareness, education, and fundraising, would be transferred to the Surrey Heritage Foundation. This transfer of responsibilities would enable the HAC to more actively and effectively focus on its mandate of providing advice on heritage matters as directed by City Council.

CONCLUSION

A Heritage Foundation Feasibility Study was recently completed, which included a review of the experiences of other municipalities and discussions with Surrey's heritage community. It concluded that the establishment of a heritage foundation would be useful in furthering Surrey's heritage program and to carry out initiatives, such as fundraising and heritage awareness activities that are currently beyond the mandate of the HAC. The establishment of a Surrey Heritage Foundation in accordance with Option 4, as described in this report, has been endorsed by the HAC and the broader heritage community.

Based on the above discussion, it is recommended that Council:

- Approve, in principle, the establishment of a Surrey Heritage Foundation; and
- Authorize staff to develop and bring forward more detailed recommendations related to the establishment of a Surrey Heritage Foundation, including a governance and administration model and a financial strategy and, based on Option 4, the "hybrid model", described in report.

Original signed by
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Attachments:

Appendix I Heritage Foundations in British Columbia