

NO: R176

COUNCIL DATE: July 23, 2018

REGULAR COUNCIL

TO: Mayor & Council **DATE: July 18, 2018**

FROM: General Manager, Parks, Recreation & Culture **FILE: 1850-01**
General Manager, Finance

SUBJECT: Cultural Grants Program 2019 – Proposed Program Guideline Changes

RECOMMENDATION

The Parks, Recreation & Culture and the Finance Departments recommend that Council:

1. Receive this report for information; and,
2. Approve the proposed Cultural Grants Program guideline changes as outlined in this report, summarized in the Recommended Cultural Grant Program Changes (Appendix “I”), and tracked in the Surrey Cultural Grants Program Guidelines (Appendix “II”).

INTENT

The proposed changes to the Cultural Grants Program, as outlined in this report, will provide greater flexibility in funding, support the growth and stability of Surrey’s established arts and cultural organizations, and reduce barriers for emerging organizations. If approved, these recommended changes will be implemented in the 2019 grant cycle.

BACKGROUND

Surrey’s Cultural Plan: Enhancing Urbanization through Arts and Heritage recommended the establishment of a Cultural Grants Program for the City of Surrey. Seed funding for the Program was established in 2012, and a Cultural Development Advisory Task Force was formed to conduct extensive research, consult with the community and develop the initial Cultural Grants Program guidelines. The Cultural Grants Program was launched in 2013. The Culture Development Advisory Task Force recommended that staff conduct a review (the “Review”) of the program in year five (5) to ensure that the program is meeting the needs of the sector.

DISCUSSION

The Review was launched in spring 2017. Paul Gravett Consulting was engaged to complete the Review. This Metro Vancouver-based consulting firm has extensive experience working in the arts and cultural sector, including business analysis, strategic planning, program review, research and operational planning services.

Review Methodology

The Review methodology, developed in consultation with a representative from the Culture Development Advisory Committee, included the following opportunities for direct stakeholders input:

- An on-line survey targeting organizations that had received funding through the program. A total of 119 organizations were invited to complete the survey. The survey achieved a 53% response rate, with sixty-three (63) surveys completed during this phase of the review;
- A series of interviews with representatives from local arts and cultural organizations; and
- Focus Groups with local stakeholders held on July 13, 2017 and July 26, 2017. Representatives from 20 local arts and cultural organizations participated.

The draft recommendations were reviewed with a representative from the Culture Development Advisory Committee (“CDAC”) in fall 2017, and brought forward to the entire CDAC in January 2018 for their review and feedback.

Key Themes

Funding continues to be the primary challenge for Surrey’s arts and cultural organizations. Through the review, operating support was identified as a real need for many of the organizations receiving funding through the Program. Rather than being tied to specific project outcomes, operating support contributes to an organization’s overall activities, including operating expenses and overhead. Another challenge, specifically for smaller organizations, is the grant holdback requirement. Currently, all cultural grants are subject to a standard 20% holdback on grant payments.

Professional development, networking and marketing support were also identified as key non-monetary support that the City can provide to enhance growth and organizational health. Discussions identified the value of introducing professional development opportunities tailored for local need, and the benefits of fostering networking opportunities for the Surrey’s arts and cultural sector to connect, cross-promote and create partnerships.

Recommendations for Approval

Based on the Program Review, the following recommendations were developed:

1. Implement an Operating Grant stream (replacing Cultural Sustainability Grant stream).

This change will allow registered not-for-profit organizations that meet specific eligibility criteria to apply for operating support. Cultural Sustainability Grants were intended as one-time funding streams for new programs. Operating Grants will provide greater flexibility - rather than being tied to specific project outcomes, Operating Grants support an organization's overall activities. Organizations can use the funds wherever they need it most. Operating support will help organizations "professionalize" and move to the next level in their organizational development. Proposed funding would be to a maximum of \$15,000 or 20% of their operating budget. Eligibility criteria is outlined in Surrey Cultural Grants Program Guidelines (Appendix "II").

2. Eliminate payment holdbacks on grants of \$1,500 or less.

This proposed change is intended to ease the cash flow constraints and administrative effort for smaller organizations when delivering small scale projects. With this change, 100% of the granted funding would be released upon approval. Organizations will still be required to submit a final report to be eligible for future grants.

Other Program Changes

In addition to the recommendations outlined above, staff will be implementing the following:

- A Cultural Grants "toolkit" will be developed to support the application process, specifically to assist those organizations that may have little or no experience in applying for grants.
- The City will develop strategic professional development opportunities for granted organizations. Developed in-house or through partnerships with key external training providers, these training opportunities will serve to increase capacity and resilience for Surrey's arts and cultural organizations, supporting growth in their operations, financial health, governance and audience development efforts.
- Networking opportunities will be developed, in order to catalyse partnerships and create synergies within the sector.

Program Impact

Based on an analysis of the proposed Cultural Grants Program changes as per the eligibility requirements outlined in Surrey Cultural Grants Program Guidelines (Appendix "II"), it is estimated that approximately fourteen (14) organizations currently funded through the Cultural Grants Program would be eligible for operating support. Staff and the Evaluation Committee will work within the annual allocated budget to determine funding levels and distribution.

SUSTAINABILITY CONSIDERATIONS

The Cultural Grants Program supports the Community Theme of “Education and Culture” identified in the City’s Sustainability Charter 2.0. The *Cultural Grants Program* specifically supports the following Desired Outcome (DO):

- DO7: “An enviable and vibrant arts and heritage sector contributes to Surrey’s citizen engagement, enrichment, economy, community livability and civic pride”.

CONCLUSION

The Cultural Grant Program is a key foundational tool supporting the growth and development of Surrey’s cultural sector. The Cultural Grants Program changes outlined in this report are based on real needs identified through direct consultation with the community. Strategic investment, aligned with and responding to the sector’s needs, will ensure that that the Program continues to have the greatest impact possible, supporting the capacity, stability and sustainability of Surrey’s arts and cultural organizations.

Based on the above discussion, it is recommended that Council approve the proposed Cultural Grants Program guideline changes as outlined in this report, summarized in Appendix “I” and Appendix “II”.

Laurie Cavan
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Appendix “I” - Recommended Cultural Grant Program Changes
Appendix “II” - Surrey Cultural Grants Program Guidelines

APPENDIX “I”

Recommended Cultural Grant Program Changes

1. Implement an Operating Grant stream (replacing the Cultural Sustainability Grant stream).
2. Eliminate payment holdbacks on grants of \$1,500 or less.

Surrey Cultural Grants Program Guidelines

Note: additions are noted in red; deletions are shown in grey

The Cultural Grants Program is intended to support a wide range of arts and cultural activity in Surrey including artistic practices (music, dance, theatre, literary, visual, media, inter-disciplinary, community-based and Indigenous arts); and cultural celebrations and events that reflect Surrey’s diverse heritage and community.

The vision of the Cultural Grants Program (the “Program”) is to support and enhance **Surrey’s arts and cultural sector** ~~arts and heritage in Surrey~~ through:

- Building organizational capability and sustainability in each of existing and new local cultural organizations;
- Investing in community-based cultural activities that promote awareness, access, participation and appreciation of arts and heritage; and
- Encouraging collaborative opportunities and partnerships.

General guidelines for the Program include:

- **Grants will be awarded annually for Capacity, Project or Operating Support;**
- Grants will be awarded based on number of eligible applicants and available funding in each year;
- Up to twenty percent (20%) of available grant funding for the Program may be retained as a contingency for extemporaneous grants and as a contingency; and
- City ~~enhancement goals and~~ cultural investment strategies as contained in City **planning documents**, ~~including Surrey’s Cultural Plan~~, may be considered in the awarding grants.

The following will not be **funded through** ~~eligible in relation to grants under~~ the Program:

- educational institutions;
- religious, political, and business groups;
- fundraisers;
- travel (more than 200 kilometres outside the Lower Mainland);
- deficit reduction; ~~and~~
- capital projects (**equipment, new buildings, facility upgrades**);
- **activities taking place outside Surrey; and,**
- **bursaries, scholarships or contests.**

Grants ~~may will~~ be awarded in each of the following three (3) noted categories:

1. Capacity Building Grants

Under this category, grants will be provided to qualified groups to support the organizations' development needs, including but not restricted to any of the following:

- training;
- workshops and conferences;
- applying for registered not-for-profit status;
- Board development activities;
- marketing; and
- strategic planning.

Funding Levels:

- Registered Not-for-Profit Organizations are eligible to apply for up to \$3,000.
- Non-Registered Not-for-Profit Organizations are eligible to apply for up to \$2,500.

2. Project Grants

Under this category, grants will be provided to encourage partnerships and collaborations that result in cultural programs and initiatives. The grant award ~~may would~~ contribute up to fifty percent (50%) of the project budget on a matching basis. **Matching funds can be a combination of cash and ~~which could include~~ in-kind contributions, with in-kind volunteer hours limited to thirty percent (30%) of the overall project budget.**

Funding Levels:

- Registered Not-for-Profit Organizations, with a Project Budget greater than \$50,000, are eligible to apply for up to \$10,000.
- Registered Not-for-Profit Organizations, with a Project Budget less than \$50,000, are eligible to apply for up to \$5,000.
- Non-Registered Not-for-Profit Organizations are eligible to apply for up to \$5,000.

~~Cultural Sustainability Grants~~

~~Under this category grants will be provided to assist with costs for an organization to provide cultural-based servicing in the City. Such a grant would be a "one time" grant. The applicant would need to provide a business plan as part of its application that demonstrates economic viability and includes demonstration of secured funding for at least 80% of the current year's budget for the organization.~~

~~Funding Levels:~~

~~The grant would be limited to the lesser of \$5,000 or twenty percent (20%) of the organization's annual budget and could recognize the value of in-kind contributions by the organization.~~

3. Operating Grants

Operating grants aim to support and sustain the work of mature, registered not-for-profit arts and cultural organizations that deliver consistent, meaningful, and original local programming, demonstrate sustainable administrative practices and organizational structures, and play a leadership role in enriching and enlivening Surrey's cultural landscape.

Under this category, eligible organizations can apply for up to 20% of their annual operating budget, to a maximum of \$15,000. Organizations must apply each year; a funding approval in any given year should not be viewed as an ongoing source of funding.

The following documents the **eligibility criteria** under each of the above-referenced categories:

1. **Capacity Building Grants**

To be eligible under this category, the applicant must be:

- a not-for-profit organization (registered or non-registered);
- principally based in Surrey; and
- requesting a grant to address the organizations' development needs, including but not restricted to:
 - attendance at training, workshops and conferences;
 - registering for not-for-profit **or charitable** status;
 - Board development; and/or
 - strategic planning.

Organizations must be able to demonstrate how the proposed capacity building initiatives directly benefit the organization.

2. **Project Grants**

To be eligible under this category, the applicant must be:

- a not-for-profit organization (registered or non-registered) or individuals partnering with a not-for-profit organization (registered or non-registered);
- principally based in Surrey;
- proposing a project that has a duration of no more than 16 months; and
- having matching funds and/or in-kind contributions equivalent to the amount of the grant that is being requested.

~~Cultural Sustainability Grants~~

~~To be eligible under this category, the applicant must:~~

- ~~• be a not-for-profit organization (registered);~~
- ~~• be principally based in Surrey;~~
- ~~• have developed a sustainable business plan for the on-going operation of the organization with diverse revenue sources; and~~
- ~~• limit the application to the lesser of \$5,000 or 20% of the annual budget of the organization with the remainder of the budget being reasonably secured.~~

3. **Operating Grants**

To be eligible under this category, the applicant must:

- Have a clear and relevant mandate with a primary focus on arts and culture programming;
- Demonstrate a significant history of arts and cultural programming in the City of Surrey with proven community impact:

- Be based in Surrey and deliver the majority of their programs or services in Surrey;
- Have received at least two (2) project grants from the City of Surrey, successfully completed the proposed projects, and submitted all final reports;
- Be committed to providing arts and culture experiences that are open and accessible to all Surrey residents.
- Demonstrate financial stability:
 - Provide evidence of diversified cash revenue including earned revenue, fundraising, donations, other grants;
 - Provide externally-produced financial statements.
- Demonstrate organizational capacity and sustainability:
 - Have been operating for 5 (five) years as registered not-for-profit society in good standing;
 - Be supported by an active volunteer Board of Directors;
 - Have experienced and capable creative/artistic leadership and administrators, and maintain effective organizational structures.
- Demonstrate a commitment to compensating professional artists commensurate with industry standards

Application Processing Procedures

The following is a description of the **procedure for interested parties to make application** under the Program:

- Interested parties are required to submit a one page expression of interest to the City that describes the reason that an application is being made and a demonstration that the related eligibility criteria are met.
- Staff will review the submissions and short-list those that appear to be fully eligible to make application.
- Eligible applicants will be invited to an information session where application forms will be distributed, information will be provided about how to fill out the application form, and questions will be answered.
- The deadline for applications will be shared. All applications received by that date will be evaluated with the results of the evaluation and the related grants announced.
- Each application will be reviewed by City staff to ensure that it is complete and meets the Program criteria. Each complete and eligible application will then be evaluated by a staff Grant Evaluation Committee comprised of representatives from: Arts, Heritage, Library, Economic Development and Finance. The Committee will recommend the grant amount for each eligible applicant that will then be forwarded to Council for approval.
- City staff will notify all applicants of Council's decision, and **if applicable** will advise them of the Appeal Procedure.

Appeal Procedure

- Appeals will be considered from organizations that have been denied funding and where significant new information is presented that was not available during the original review process.
- Appellants must notify City staff in writing of their intention to appeal within ten business days of the date that they receive notification of the City's decision regarding their application. The appellant must clearly identify the additional information that they view as being important to their appeal of the decision. The Evaluation Committee will review such appeals and where a change in the original recommendation is considered warranted will forward an appropriate recommendation to Council. If the appeal is denied, the applicant will be informed.

Grant Payment

- Where a grant is awarded, grant funding ~~80% of the grant amount~~ will be forwarded to the applicant once Council has approved the grant:
 - For grants of \$1,500 or less:
 - 100% of the full grant amount will be forwarded to the applicant upon grant approval pending receipt and approval of any outstanding grant requirements from previous years.
 - For grants of \$1,501 or greater:
 - 80% of the grant amount will be forwarded to the applicant pending receipt and approval of any outstanding grant requirements from previous years.
 - The remaining 20% will be forwarded to the applicant upon receipt by the City of a final report from the applicant that demonstrates that the initiative for which the grant was awarded has been fully and properly completed.
- The preparation and submission of a final report related to each grant is a pre-requisite for the applicant to be eligible for any future grants under the Program.
- Every organization that receives a grant under the Program is expected to acknowledge the City's support using the City's guidelines for City logo use.
- Significant changes to the scope and scale of proposed projects must be reported to Cultural Services staff.
- Organizations may be required to give progress reports and/or offer site visits upon request to demonstrate that the grant is being used for the purpose for which it was awarded.