

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON OCTOBER 26, 2015
FROM:	KATE GRAHAM DIRECTOR, COMMUNITY AND ECONOMIC INNOVATION
SUBJECT:	CITY OF LONDON COMMUNITY ARTS INVESTMENT PROGRAM (CAIP) POLICY AND FUNDING AMENDMENT

RECOMMENDATIONS

That, on the recommendation of the Director of Community and Economic Innovation, the following actions **BE TAKEN** with respect to the Community Arts Investment Program (CAIP) policy and funding:

- a) the attached proposed by-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting on October 27, 2015 to amend Council Policy 8(11) - Grants and Capital Grants Policy, by deleting Part IV - Community Arts Investment Program in its entirety and by replacing it with a new Part IV - Community Arts Investment Program, included as Schedule "A" to the proposed by-law;
- b) The Director of Community and Economic Innovation **BE DIRECTED** to develop a three - year (2016 – 2018) operating agreement for \$500,000 annually with the Grand Theatre for approval by Municipal Council at the beginning of 2016, noting that this organization currently receives an annual grant of \$500,000 from CAIP Category 1 and signs an annual City of London Operating Agreement, which will expire March 19, 2016; and,
- c) The Community Arts Investment Program (CAIP) Category 1 funding of \$300,000 **BE REALLOCATED** beginning in 2015, within the same granting program to CAIP Category 2 (now called the CAIP Program), which is administered by the London Arts Council (LAC) through a professional jury process, noting that *The Musicians formerly of Orchestra London* along with all other arts organizations may apply for CAIP funding each year; it being noted that it is proposed that the LAC would initiate an application process in November 2015 for all arts organizations to apply for the provision of orchestral music services, which would take place from January 2016 until May 1, 2016.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- CAIP Policy approved, Council (June 2000)
- CAIP Policy Update, Creative City Committee (February 9, 2009)
- Strategic Funding Framework for Council Directed Funding to Non-profit Organizations, Council (May 23, 2012)
- Council Resolution noting the IEPC suggestion that a written annual reporting to the IEPC of the Grand's programs and financial updates would be adequate (June 25, 2013)
- City of London CAIP Category #1 Policy amendment, Council (December 18, 2013)
- Investing in the Arts, Building a New Collaborative Orchestra/Music Model, WE PLAY ON Performance Fund for professional musicians formerly of Orchestra London, and reallocation of Community Arts Investment Program funding, Council (April 20, 2015)

BACKGROUND

This report recommends a significant change to the Community Arts Investment Program (CAIP). Currently there are two primary CAIP funds: CAIP Category 1, which was created to support Orchestra London and The Grand Theatre; and, CAIP Category 2, which is a granting process for arts organizations and artists in London, administered by the London Arts Council. This report recommends eliminating the categories of CAIP and creating a single, integrated CAIP fund.

CAIP Category 1 currently only supports one organization, The Grand Theatre. This report recommends continued funding for The Grand Theatre through a three year operating agreement, and eliminating CAIP Category 1. It also recommends transferring the remaining funds from the former Category 1 to the new single CAIP program, which would continue to be administered by the London Arts Council through a professional jury process. The *Musicians Formerly of Orchestra London*, along with other arts organizations and artists in London, are invited to apply for funding through this program.

Background

Culture is clearly identified as an important part of City Council's 2015-2019 Strategic Plan. Council's vision to be "A leader in commerce, culture and innovation – our region's connection to the world" notes the significance of culture in London. The focus areas of "Strengthening our Community" and "Growing our Economy" each include strategies related to culture. Council invests in culture each year, including through support for the Culture Office, London Arts Council, and the Community Arts Investment Program (CAIP) grants.

The CAIP Policy 8(11) Grants and Capital Grants Policy (d) provides that a "Community Arts Investment Program" be established as set out in Appendix [8\(11A-4\)](#) approved by Council in June 2000, provides guidelines and criteria for Corporation of the City of London to:

- provide operating financial assistance to not-for-profit organizations or individuals within the London arts community including, but not limited to, the disciplines of music, dance, film, digital arts, theatre, literary, arts education, and visual arts;
- encourage public awareness and appreciation of the arts;
- increase access to quality local arts programming; and,
- enhance London's desirability as a community.

Over the last fifteen years, the CAIP Policy and its municipal granting program has been a model which other cities across Canada have followed for providing stable arts funding to the community.

There are two primary CAIP funds: Category 1 and Category 2. Category 1 is administered by the Culture Office, and provides operating funding support to incorporated, not-for-profit arts organizations that have a board of directors, operating revenues in excess of \$1,000,000 and an operating season of no less than five months duration. For the past several years, and through an application process, only two organizations in London have received CAIP Category 1 funding: Orchestra London and The Grand Theatre. With the bankruptcy of Orchestra London, going forward CAIP Category 1 would only be funding a single organization.

CAIP Category 2 is administered by the London Arts Council (LAC), through a purchase of service agreement with the City, and provides City funding to smaller sized community arts organizations and individuals with revenues less than \$1,000,000. These funds are granted based on an application process with decisions made by a jury comprised of professionals in the arts community.

In effort to continue to serve the changing needs and dynamics of the arts in London, the Culture Office and the LAC have conducted an internal service review of the CAIP granting program over the past two years. In April 2015, Council approved a recommended change to CAIP by creating a new development acceleration stream of CAIP Category 2. This stream was intended to increase the capacity of the following arts organizations: The Palace Theatre, Aeolian Performing Arts Centre, The Arts Project, Sunfest, London Home County Music and Art Festival, and The London Fringe Festival. The bankruptcy of Orchestra London resulted in \$500,000 unallocated funds in CAIP Category 1. Council approved \$200,000 be re-allocated from CAIP Category 1 to CAIP Category 2 for the purposes of funding this new stream for each of the years 2015 to 2018.

CAIP CATEGORY 1 POLICY AMENDMENT

As a result of the internal CAIP review, Civic Administration is recommending that the CAIP Policy be amended to discontinue Category 1 and its associated granting program. CAIP Category 1 was established fifteen years ago as the municipal vehicle to fund:

- Orchestra London, the primary professional pillar of the arts music discipline; and,
- The Grand Theatre, the professional pillar of the arts theatre discipline.

Stable, predictable funding for professional arts organizations is important because of the vital, catalytic role they can play within their arts discipline in the community. There are many linkages between the professional pillar of an arts discipline and individual artists and smaller, amateur and emerging arts organizations within the same discipline, and across disciplines. The City has historically made significant investments in professional arts organizations (The Grand Theatre, Museum London and Orchestra London) because of the important role they play for culture in London, economic development, and the City's overall brand and reputation. These organizations also play a vital role in the implementation of the City's 2015-2019 Strategic Plan, and London's Cultural Prosperity Plan.

Currently, The Grand Theatre is the only organization in London eligible to apply to CAIP Category 1. There is a significant difference between annual operating revenues of The Grand Theatre (over \$5 million) and all other arts organizations funded by CAIP Category 2. This report recommends that CAIP Category 1 be repealed, and instead that annual funding of \$500,000 to The Grand Theatre be continued through a multi-year (2016 – 2018) operational agreement that aligns with the City's multi-year budget process, and that the remaining CAIP Category 1 funds be reallocated to increase the envelope of CAIP Category 2.

THE GRAND THEATRE MULTI-YEAR OPERATING AGREEMENT

The Grand Theatre is an incorporated non-profit organization with its own Board of Directors and manages its operations independent of the City of London. It owns The Grand Theatre lands and a 839 seat theatre building. Throughout each year The Grand puts on approximately seven productions with 185 performances. The Grand Theatre continues to provide great value to the community as London's professional theatre, noting that [Appendix B](#) provides a summary of The Grand's cultural and economic impact to the London community.

The City of London has guaranteed a \$750,000 line of credit between The Grand Theatre and its operating bank, Libro Financial. To protect the City's interest in this guarantee, the City of London has taken a second mortgage on the property and a general security agreement over the assets of The Grand Theatre. The value of the property is estimated at \$7 million and there is only a \$100,000 loan against the building, with a repayment date of December 31, 2015.

Current Strategic Funding Framework Annual Operating Agreement

Currently, the Grand Theatre submits an annual application to the CAIP Category 1 program, and signs an annual Strategic Funding Framework Agreement, which requires them to provide the Manager of Culture with the following reports:

- “1. Mid-Year Report – due September 1; to include:*
 - Outcome Reporting – Mid-year report highlighting March 1 to August 31 outcomes*
 - Financial Reporting – Mid-year financial monitoring includes March 1 to August 31 revenue and expenditure statement; to be signed by the Recipient Board Chair and a CA/CMA/CGA);*
- 2. 3rd Quarter Financial Monitoring Report – due December 31; to include:*
 - Financial Reporting – 3rd quarter financial monitoring includes March 1 to December 31 revenue and expenditure statement; to be signed by the Recipient Board Chair and a (CA/CMA/CGA);*
- 3. Annual Report – due June 30; to include:*
 - Outcome Reporting – Yearly activity plan, and highlighting March 31 to April 30 outcomes.*
 - Financial Reporting – Year-end financial monitoring includes a final revenue and expenditure statement; to be signed by the Recipient Board Chair and a (CA/CMA/CGA);*
- 4. Audited Financial Statement – due November of the following year; to be signed by authorized Recipient Board member and auditor.”*

Rationale for a Grand Theatre Multi-Year Operating Agreement

In the spirit of modernizing the City’s granting processes, Administration recommends the annual Grand Theatre agreement for \$500,000 in operating funding be made into a multi-year agreement to coincide with the multi-year budget process of the City, starting in March 2016 when the current operating agreement expires. The City already provides The Grand Theatre with annual funding of \$500,000 (an unchanged amount since year 2000), so what is being recommended is not a change in practice nor does it have any impact on the overall budget of the City of London.

There are three primary rationale for the recommendation presented. First, as noted The Grand Theatre is a leader in furthering the implementation of the City’s 2015-2019 Strategic Plan and London’s Cultural Prosperity Plan. Its continued success is a vital part of culture in London and delivering on the strategic objectives identified for this sector. Second, many municipalities across Canada own and operate their own theatres. The City of London does not have the internal expertise to deliver this service and therefore is fortunate to rely on the professional expertise of the board and leadership team at The Grand Theatre to provide this service in the community. Third, The Grand Theatre makes a significant contribution to the economy of London and the stability of the organization is vital to London’s culture and economy. The Grand Theatre is London’s only professional theatre and requires this level of multi-year funding will enable it to continue to provide top quality programming. This funding provides stability for performances, the revenues from which can fluctuate significantly from year to year. During the 2014/15 season, 85% of The Grand Theatre’s total annual revenues was generated from patrons with only 15% of total annual revenue from government. Stable, predicable government funding can be a critical piece to ensuring the organization’s stability from season to season. It is for these reasons that Administration recommends continuing The Grand Theatre’s current level of funding. Specifically, this report recommends that the Director, Community and Economic Innovation report back to Council in the spring of 2016 with a proposed multi-year operating agreement, similar to the Strategic Funding Framework Agreement that The Grand Theatre enters into with the City of London currently.

REALLOCATING CAIP CATEGORY 1 FUNDING (\$300,000) TO CAIP CATEGORY 2

This report recommends reallocating the remaining unallocated CAIP Category 1 funding of \$300,000 to CAIP Category 2 (which, should the recommendations of this report be approved, would be simply called the "CAIP Program"). The new integrated CAIP Program would continue to be administered by the London Arts Council and allocated through a professional jury process. The intent is to maintain the same amount of funding for arts organizations in the CAIP program by reallocating how it is distributed. The new single CAIP granting program will be part of the Phase 2 review process to modernize municipal granting, as outlined in a separate report on this agenda.

The *Musicians formerly of Orchestra London*, along with all other arts organizations, would continue to be invited to apply for CAIP funding each year.

In the interest of supporting and investing in orchestral music in London, Administration recommends a transition process for 2015 where the LAC would initiate an application process for orchestral music services for the period of from January 2016 until May 1, 2016. This application process would be open to all arts organizations to apply with a particular focus on supporting the continuation of orchestral music in London. Consistent with its service agreement with the City, the LAC would assemble a professional jury that will have the orchestral business and artistic background to be able to properly assess applications and allocate the appropriate level of funding based on their application review. The extent to which any organization will be eligible for CAIP funding will depend on how they are organized and the quality of their application submission. No organization would be guaranteed to receive any CAIP funding or a specified amount.

The LAC purchase of service agreement is the mechanism used to provide CAIP funding for administration of this CAIP granting program. The agreement permits this funding to be adjusted at any time by Municipal Council. This agreement also specifies that any CAIP funding not allocated in one particular year, would remain with the CAIP granting program for the following year's granting process.

CONCLUSIONS

Culture remains an important part of Council's 2015-2019 Strategic Plan, and a vital part of London's economy and the quality of life of Londoners. Council continues to make significant investments in culture each year, and these investments must adapt as the needs of the community evolve. This report recommends significant changes to the Community Arts Investment Program (CAIP), which would have important implications for The Grand Theatre and the ongoing efforts to continue orchestral music in London. The recommendations presented here share an overarching objective to continue to support the arts and the stability of organizations in the arts community.

Acknowledgement with appreciation is extended to staff from the Legal Division, City Clerk's Office, and Neighbourhood, Children and Fire Services for their contributions to this report.

PREPARED BY:	RECOMMENDED BY:
ROBIN ARMISTEAD MANAGER OF CULTURE	KATE GRAHAM DIRECTOR, COMMUNITY AND ECONOMIC INNOVATION

cc: The Grand Theatre
The London Arts Council

APPENDIX "A"

Bill No.
2015

By-law No.

A by-law to amend Council Policy 8(11) entitled "Grants and Capital Grants Policy", as it relates to Part IV - Community Arts Investment Program.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS the Municipal Council of The Corporation of the City of London wishes to repeal and replace Part IV – Community Arts Investment Program of Council Policy 8(11) entitled "Grants and Capital Grants Policy";

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. Council Policy 8(11) is hereby amended by deleting Part IV – Community Arts Investment Program in its entirety and by replacing it with a new Part IV – Community Arts Investment Program attached hereto as Schedule "A".
2. This by-law shall come into force and effect on October 27, 2015.

PASSED in Open Council on October 27, 2015.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – October 27, 2015
Second Reading – October 27, 2015
Third Reading – October 27, 2015

SCHEDULE "A"

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PART IV

COMMUNITY ARTS INVESTMENT PROGRAM

PURPOSE:

This program provides guidelines and criteria for The Corporation of the City of London to:

- provide operating financial assistance to non-profit organizations or individuals within the London arts community;
- encourage public awareness and appreciation of the arts;
- increase access to quality local arts programming; and,
- enhance London's desirability as a community.

SCOPE:

This program will not include:

- Museums;
- Museum London;
- Cultural organizations;
- Organizations not located within the City of London.

However, these types of organizations, if they meet the program criteria, may continue to seek operational financial assistance from other existing City programs.

For the purposes of this program, this category applies to a local arts organization or individual who operates on a not-for-profit basis and who has operating revenues that are less than \$1,000,000. This category will not be used to fund bursaries and travel costs.

Arts festivals and events are permitted to apply to this fund. Arts festivals and events are defined as: "having a clearly articulated mandate which focuses on a specific art form (or forms) that is thematically linked under artistic direction. Arts festivals and events offer unique opportunities for audiences to experience particular kinds of work, e.g.: music, theatre, visual art, literature, dance or film. These art form specific festivals and events showcase the arts and artists available in London to both local residents and visitors alike";

GUIDELINES:

- a) Funding will be made available by the City based on available funding through the current year's budget process.
- b) Applications will be reviewed and administered, in a City-wide context, by a peer assessment group. This group, referred to as the London Arts Council, whose members are representative of arts, business and the community. Conflict of interest guidelines will be required for this organization.
- c) Funding awarded by the London Arts Council must be intended and used to further the applicant's non-profit activities and must not, either directly or indirectly, be intended or used to further a profit venture or intended or used for capital purposes including, but not restricted to, the purchase of land, equipment, fixtures or physical facilities. An application for assistance under the Community Arts Investment Grants Program does not preclude an applicant from applying for capital assistance under the City of London's capital grants program.
- d) The London Arts Council will provide the City of London Culture Office with an annual accounting of the allocation of Community Arts Investment Grants. The accounts will also include an identification of the grants requested, which were reduced or refused.
- e) The successful applicant will acknowledge City support in its promotional materials in a manner acceptable to the City's Corporate Communications Division.
- f) These guidelines shall be reviewed at least once every three years.

CRITERIA:

The London Arts Council will take the following criteria into consideration when reviewing grant applications:

a) Community:

- i) the applicant's activities are directed to the improvement of the quality of life in London;
- ii) the applicant conducts its activities primarily in London and for the benefit of the residents of London;
- iii) the applicant encourages the participation of Londoners; and
- iv) the applicant expends its financial resources in London.

b) Activities and Services:

- i) the activities and services are of a quality to merit public support;
- ii) the activities of the applicant do not substantially duplicate the efforts of other applicants or other government supported individuals or organizations;
- iii) the applicant collaborates with other non-profit organizations in pursuing its objectives;
- iv) the applicant's activities bring provincial, national, or international recognition to London;
- v) the applicant demonstrates development and innovation in its programming and activities;
- vi) the applicant provides and supports instructional programs relative to its objectives and activities for the residents of London through outreach activities and programming.

c) Management and Financial Responsibility:

- i) the applicant is managed in a responsible manner;
- ii) the applicant demonstrates initiative and success in generating revenue outside of the Community Arts Investment Program;
- iii) the applicant measures the success of the activities and programs of its organization on an ongoing basis and shares the results of these measures with the City and other interested stakeholders; and
- iv) the applicant is encouraged to consider providing indemnity insurance for the person who sits on its Board of Directors

d) Volunteers:

- i) the applicant actively and successfully encourages volunteerism within its organization.

PROCEDURES:

- a) The applicant will submit a grant application for the next calendar year to the London Arts Council. The application form and submission process will be determined by the London Arts Council subject to the approval of the Civic Administration.
- b) The London Arts Council will provide an annual information report to the City of London. This information report will contain the identification of the name and dollar value of the funding requests received to date as well as grants allocated.
- c) The current year's grant allocation is subject to the approval of the City Council through its annual budget process and will be provided for distribution purposes to the London Arts Council upon budget approval.

GRAND THEATRE SUMMARY OF IMPACTS TO THE LONDON COMMUNITY APPENDIX B

FINANCIAL/ECONOMIC IMPACT:

- 15% of The Grand Theatre's revenues (net of city funding) is close to \$850,000, far beyond the maximum available grant of \$500,000
- The Grand has posted a year-end surplus for 16 consecutive years
- The Grand provides full-time and part-time jobs for 110+ people each year, plus an additional 110+ guest artists throughout each season
- Close to \$1.5M spent locally by The Grand each year (63% of goods purchased were purchased locally)
- 62% of revenue is generated from ticket sales
- 85% of revenue is patron generated income
- The Grand provides over 220 performances annually

ATTENTION TO LONDON / DOWNTOWN DEVELOPMENT:

- The Grand Theatres' annual attendance is well over 100,000, brought directly to downtown
- Patrons visit The Grand Theatre from all across Southwestern Ontario
- The Grand Theatre is London's only fully professional theatre; one of only 13 'Category A' theatres in all of Canada
- The Grand Theatre helps to boost business for many downtown restaurants, parking facilities, and retail stores
- The Grand Theatre is signature property for Tourism London, the beauty of the historic theatre sparks attention for our city in print and television advertising
- The new LCD signage is highly visible
- Relationships with Western University and Fanshawe College are important to the city

COMMUNITY OUTREACH:

- Complimentary tickets are given through Tourism London, the Airport, and LEDC to visitors seeking business opportunities – a downtown professional arts organization is an attraction
- Theatres and lobbies of The Grand are available for rental for rehearsals, performances, meetings, dinners, award ceremonies, etc. (non-profit rate is extended to community organizations)
- The Grand Theatre box office is available to any community organization for a small percentage of ticket revenues (7.5%)
- There is a Student Club (\$76.50 for entire subscription season) and \$30 under 30 programs which make The Grand Theatre financially accessible to younger people

- Rush tickets and a variety of pricing models make The Grand Theatre financially accessible to anyone
- The Grand Theatre partners with many social service organizations to offer tickets free of charge throughout the season
- Holiday Wish for Kids is a special annual performance of the holiday production for 300 children who may not otherwise be able to attend the theatre
- The Grand Theatre makes a donation of over 400 tickets annually to community organizations to assist in their fundraising
- The Grand Theatre hosts Tuesday Talks, Grand Conversations, Tea Talks for every Main stage production– community members have an opportunity to learn about aspects of the productions on stage, and don't necessarily need a ticket to attend
- The Grand Theatre offers free tours to groups and community members who request it
- There is a partnership with London Children's Museum – on-site activities are held at The Grand, advertising exchanges, member perks
- Art & Science of Creativity is offered at no-cost, an invitation-only panel discussion and event kickoff the season
- The Grand Theatre offers volunteer opportunities for approximately 45 people of all ages

EDUCATION:

The Grand Theatre has a deliberate mandate to work as a teaching theatre to help ensure the future of the theatre industry.

- High School Projects - The two annual High School Projects (HSP) give over 100 London and area students an incredible and unique opportunity to act, sing, dance, design, stage manage, and build in a professional theatre setting with a nationally recognized director, choreographer, music director, and professional crew and designers
- The High School Project (HSP) began in 1998. Since then, there have been 28 high school projects. Participants have represented over 36 schools. Over the past 16 years, 917 students have participated as cast members, 414 as crew, and 16 as musicians. This is a unique youth program in all of North America and represents The Grand Theatre's commitment to youth and arts education.
- Each season, The Grand Theatre gives as many HSP alumni as possible the opportunity to audition and perform as professionals on their stage and behind the scenes
- New play development – the Playwright's Cabaret is in its 14th year; opportunity for local writers to submit short plays to be work shopped and read by professional actors
- High School Playwright's Cabaret for younger writers
- The Grand Theatre offers apprenticeships in numerous departments each season. The Grand is recognized in the national theatre community as a leader in offering apprenticeships that produce trained, experienced theatre professionals. Over the last nine years, well over 50 apprentices have trained at The Grand and have gone on to fulltime employment in many arts venues, including the COC, YPT, Blyth Festival, and Neptune Theatre.