

DATE OF MEETING SEPTEMBER 25, 2024

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**SUBJECT CULTURE & EVENT GRANTS – PROCESSES REVIEW AND RECOMMENDATIONS**

## **OVERVIEW**

### **Purpose of Report**

To provide Council with an update regarding the review of the Culture grant programs and processes, and recommend Council add a decision point for Council consideration to the 2025 budget deliberations.

### **Recommendation**

That the Finance & Audit Committee recommend that Council add a decision point for Council consideration to the 2025 budget deliberations for:

- a) 10% annual increase for five years (2025 – 2029) in Project Grant funding; and
- b) \$0.25 per capita annual increase for three years (2025 – 2027) in Operating Grant funding.

## **BACKGROUND**

At the 2014-MAR-20 Council meeting, Council approved an increase to Operating Grant funding from \$2.30 to \$3 per capita over a period of three years, and an increase to Project Grant funding by 10% annually for five (5) years from 2015 until 2019. In 2024, the Project Grant budget is \$44,407 and has remained unchanged since 2019. The Operating Grant budget in 2024 is \$322,020, an amount based on \$3 per capita. The funding per capita has remained unchanged since 2017.

At the 2020-OCT-05 Governance and Priorities Committee meeting the Committee directed Council to endorse a review of the three grant funding programs administered by Culture & Events (Operating Grants, Project Grants, and Downtown Event Revitalization Grants) supporting arts and culture organizations, including research on best practices and dialogue with community stakeholders, and return with recommendations to improve and evolve processes to continue to meet the needs of the Nanaimo cultural community.

Culture and Special Events staff began the review in 2023, expanding its scope to include additional grant streams within the department of Parks, Recreation & Culture (PRC) in an effort to more effectively streamline processes across grant programs and ensure better consistency and inter-departmental communication. The intent of the review was to bring the programs in greater alignment with the City Plan, to achieve better clarity, transparency, accountability and effectiveness of programs, to raise the capacity for impact of the programs, and to improve the ability of the City to demonstrate the impact of its support through grants programs and overall value of the City's investment to the public.

The last comprehensive review of Culture funding was undertaken in 2014, shortly after the approval of A Cultural Plan for a Creative Nanaimo 2014-2020 and in conjunction with the creation of a Culture & Heritage department. At that time, the City engaged a consultant who brought expertise on public sector arts funding to the project. The report, which included examination of municipal funding for arts and culture in other jurisdictions within British Columbia, made a number of detailed recommendations on program design and process. Many of the recommendations were adopted and implemented, including: implementing a weighted point system for assessment criteria in each funding program and using the priority ranking to determine funding decreases and increases; focusing operating support on organizations with year-long public programming; reinforcing application process requirements including the ineligibility of incomplete applications and/or applicants with unapproved or outstanding final reports.

## **DISCUSSION**

Staff conducted a thorough review of PRC grant streams in 2023/24 including research on best practices related to municipal funding in culture, comparative analysis of municipal funding across British Columbia, and dialogue with community partners and grant recipients. The review examined but was not limited to topics such as how other public funders have shifted their models to address issues of equity, accessibility and diversity, reporting requirements, peer-assessment processes, and appropriate levels of funding. Conclusions from this analysis included identifying a trend by municipalities towards peer-to-peer assessment in the grants allocations process, observing a variety of online models and tools being employed by organizations to manage grant programs, and recognizing the inadequacy of funding allocated to our Culture Operating and Project grants when compared to similar municipalities and grant programs.

A dialogue with community partners supported by the City's Culture & Events grant programs was also sought in an effort to evolve processes in ways that continue to meet the needs of the Nanaimo cultural community. A survey (Attachment A) seeking feedback on cultural grants asked community partners if they considered funding adequate/ if it met their organizations' needs, if they felt the application and assessment process was transparent/ fair, if they had experienced challenges and/or barriers in the application process, what they felt were the strengths of the grant programs and processes, and if they had other feedback they would like to provide. 16 organizations responded, supplying valuable feedback. Respondents reported being satisfied with the grants application process and staff support, with additional comments asking to keep processes the same or suggesting minor changes. The majority of organizations receiving Culture & Events grants reported that while grateful for the support, they do not feel funding is adequate, citing rising operational costs. One such response notes, "This funding was vital to our organization, but given the significant downturn in audiences post COVID, none of our funding partners are meeting our current needs," and another, "Operating funding is not yet adequate, although our organization is very grateful to receive it."

Operating and Project grants have seen increasing annual shortfall with funding requests greatly exceeding funds available. In 2024, Operating Grants funded 21 organizations and recorded a shortfall of \$108,686 (requests vs. funds available). Project Grants funded 15 organizations and recorded a shortfall of \$34,916 (requests vs. funds available) (Attachment B). Both grant streams are oversubscribed and due to the enormity of demand, almost all applicants saw a reduction in funding, greatly impacting operational and programming functions, as reported in community partner feedback. Staff noted that as the annual demand on these

grant streams continues to increase, the allocation of funds is not an accurate representation of the strength of an application, nor the value of an organization or their services/programming, but a reflection of disproportionate demand.

Culture Operating and Project grants are essential in supporting the activities of the professional arts, culture and heritage organizations that play a significant role in contributing to the cultural profile and economic vitality of Nanaimo (Nanaimo Integrated Action Plan: C4.5.9). Financial support of these organizations aligns with strategic priorities related to a Healthy Nanaimo, an Empowered Nanaimo, and a Prosperous Nanaimo (City Plan: Nanaimo Reimagined). Each year, the demand for both the Operating and Project grant streams greatly exceeds funding available, reflecting a thriving cultural community and increasing financial need. Based on comparative analysis and research, including feedback from community partners, current funds available through Operating and Project grant streams are inadequate. Having remained unchanged for 4+ years and when comparatively reviewed within a broader scope of similar BC municipalities and grant programs, Operating and Project grant streams are underfunded, resulting in rising annual shortfalls that Nanaimo’s arts and culture organizations have reported negatively impacts programming and operations. There is desire for continued success and growth of the cultural community which is reflected through the City’s commitment to the cultural, social and economic vitality of Nanaimo.

### **FINANCIAL CONSIDERATIONS**

The first table below shows the funding for the two grant streams in the 2025 – 2029 Draft Financial based on the current funding strategy. The second table shows the revised 2025 – 2029 Provisional Financial Plan if the recommendation is approved. The recommendation would increase the per capita operating grant from \$3.00 in 2024 to \$3.75 by 2027. Any increase in funding levels would be funded from property taxation.

#### **2025 - 2029 Draft Financial Plan - Current**

	2025	2026	2027	2028	2029
Operating Grants	\$ 336,849	\$ 343,023	\$ 349,311	\$ 355,713	\$ 362,232
Project Grants	\$ 44,407	\$ 44,407	\$ 44,407	\$ 44,407	\$ 44,407
	<b>\$ 381,256</b>	<b>\$ 387,430</b>	<b>\$ 393,718</b>	<b>\$ 400,120</b>	<b>\$ 406,639</b>

#### **2025 -2029 Provisional Financial Plan - Proposed**

	2025	2026	2027	2028	2029
Operating Grants	\$ 364,920	\$ 400,194	\$ 436,639	\$ 444,641	\$ 452,790
Project Grants	\$ 48,848	\$ 53,733	\$ 59,106	\$ 65,017	\$ 71,519
	<b>\$ 413,768</b>	<b>\$ 453,927</b>	<b>\$ 495,745</b>	<b>\$ 509,658</b>	<b>\$ 524,309</b>

**Proposed Increase \$ 32,512 \$ 66,497 \$ 102,027 \$ 109,538 \$ 117,670**

### **OPTIONS**

1. That the Finance & Audit Committee recommend that Council add a decision point for Council Consideration to the 2025 budget deliberations for:
  - a) 10% annual increase for five years (2025 – 2029) in Project Grant funding; and

- b) \$0.25 per capita annual increase for three years (2025 – 2027) in Operating Grant funding.
  - The advantages of this option are that an increase in Project and Operating grant funding would bring culture grants into closer alignment with municipal standards. An increase in funding aligns with the goals of *City Plan: Nanaimo Reimagined* with strategic priorities related to a Healthy Nanaimo, an Empowered Nanaimo, and a Prosperous Nanaimo.
  - The disadvantage of this option: None
  - Financial Implications: The proposed increase would be funded from property taxation.
  
2. That the Finance & Audit Committee recommend that Council add a decision point for Council Consideration to the 2025 budget deliberations for:
  - a) a one-time 10% increase in Project Grant funding; and
  - b) a one-time \$0.50 per capita in Operating Grant funding.
    - The advantages of this option are that an increase in Project and Operating grant funding brings culture grants into closer alignment with municipal standards. An increase in funding aligns with the goals of *City Plan: Nanaimo Reimagined* with strategic priorities related to a Healthy Nanaimo, an Empowered Nanaimo, and a Prosperous Nanaimo.
    - The disadvantages of this option are that due to annual growth in demand and increasing financial need, a one-time funding increase is a short-term solution and the same inadequacy in funding will arise in future years. A short-term funding increase does not support organizations long-term growth or sustainability.
    - Financial Implications: The proposed increase would be funded from property taxation.
  
3. That the Finance & Audit Committee recommend that Council not add a decision point for Council Consideration to the 2025 budget deliberations for:
  - a) 10% annual increase for five years (2025 – 2029) in Project Grant funding; and
  - b) \$0.25 per capita annual increase for three years (2025 – 2027) in Operating Grant funding |
    - The advantage of this option is that there would be no increase to property taxes beyond planned increases.
    - The disadvantages of this option are that the operations and programming of organizations will be negatively impacted by inadequate funding. The current level of funding does not support cultural growth or sustainability.
    - Financial Implications are dependent on the committee's recommendation.
  
4. That the Finance & Audit Committee recommend that Council provide alternate funding recommendations.
  - The advantages of this option are that the Finance and Audit Committee come up with an alternate solution to support Culture Project and Operating Grant funding.
  - The disadvantages of this option is that it would result in a delay in grant allocation processes and impact organizations' operations, projects and events in 2025, as well as their ability to serve the community.
  - Financial Implications are the resulting impact on individual organizations and the services they provide to the community.

### **SUMMARY POINTS**

- In 2024, the Project Grant budget is \$44,407 and has remained unchanged since 2019. The Operating Grant budget in 2024 is \$322,020, an amount based on \$3 per capita, which has remained unchanged since 2017.
- In 2024, Operating Grants funded 21 organizations and recorded a shortfall of \$108,686 (requests vs. funds available). Project Grants funded 15 organizations and recorded a shortfall of \$34,916 (requests vs. funds available).
- Staff conducted a thorough review of PRC grant streams in 2023/24 including research on best practices related to municipal funding in culture, comparative analysis of municipal funding across British Columbia, and dialogue with community partners and grant recipients.
- Based on comparative analysis and research, including feedback from community partners, current funds available through Operating and Project grant streams are inadequate. Having remained unchanged for 4+ years and when comparatively reviewed within a broader scope of similar BC municipalities and grant programs, Operating and Project grant streams are underfunded, resulting in rising annual shortfalls that Nanaimo's arts and culture organizations have reported negatively impacts programming and operations.

### **ATTACHMENTS:**

- ATTACHMENT A:** Grant Review Survey Questions  
**ATTACHMENT B:** 2024 Culture & Events Grant Recipients |

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