

**Region of Waterloo**  
**Planning, Development, and Legislative Services**  
**Cultural Services**

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**To:** Community and Health Services Committee  
**Meeting Date:** April 4, 2023  
**Report Title:** Collaborative Municipal Funding for Key Cultural Institutions

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**1. Recommendation**

That the Regional Municipality of Waterloo approve the 2023 funding allocations of \$385,725 to the Kitchener Waterloo Symphony and \$385,725 to THEMUSEUM under the Key Cultural Institutions grant program as outlined in report PDL-CUL-23-004 dated April 4, 2023.

**2. Purpose / Issue:**

This report summarizes both the findings from the 2023 collaborative funding process for Key Cultural Institutions and the findings from THEMUSEUM's conditional funding period.

**3. Strategic Plan:**

1.3 Support the arts, culture and heritage sectors to enrich the lives of residents and attract visitors to Waterloo Region.

1.3.2 Develop a robust, transparent and equitable grant funding strategy to support the arts and culture sector.

**Report Highlights:**

- The Region of Waterloo provides annual operating funds to the Kitchener Waterloo Symphony and THEMUSEUM through the Key Cultural Institutions Grant Program.
- Staff recommend \$385,725 be allocated to THEMUSEUM and \$385,725 be allocated to the Kitchener Waterloo Symphony in 2023. This allocates the entire \$771,450 budget that was allocated to the Key Cultural Institutions grant program. These funding levels are the same as both organization's 2022 allocation.
- The pandemic has been challenging for cultural organizations who faced multiple closures as well as limitations on audience numbers. They have not had an un-

interrupted year since 2019. Though most Covid-related restrictions were lifted in mid-2022, reopening is not the same as recovering. Audience patterns have changed, having an impact on cash flows. These organizations are striving to create and present relevant, engaging programs for a changing community, while managing increasing costs. Stable municipal funding supports these organizations as they adapt to significant changes.

- The Key Cultural Institutions grant program is run in collaboration with the City of Kitchener and the City of Waterloo. The table below summarizes municipal contributions for 2023:

Key Cultural Institution	In-Kind Facilities Maintenance (Kitchener)	In-Kind Facilities Maintenance (Waterloo)	Kitchener	Waterloo	Region	Total
<b>Canadian Clay and Glass Gallery</b>		\$96,459		\$52,550		\$148,959
<b>Kitchener Waterloo Art Gallery</b>			\$353,645	\$80,325		\$433,970
<b>Kitchener Waterloo Symphony</b>			\$372,626	\$102,900	\$385,725	\$861,251
<b>THEMUSEUM</b>	\$135,261		\$160,382	\$47,250	\$385,725	\$728,573
<b>TOTAL</b>	<b>\$135,261</b>	<b>\$96,459</b>	<b>\$886,653</b>	<b>\$282,975</b>	<b>\$771,450</b>	<b>\$2,172,753</b>

- The Region of Waterloo does not provide funding to the Kitchener Waterloo Art Gallery or the Canadian Centre for Clay and Glass following a policy decision in 2000 that art galleries are an area-municipal responsibility (FIN-00-030 June 22, 2000)

## **Kitchener Waterloo Symphony**

- Staff are recommending that \$385,725 be allocated to the Kitchener Waterloo Symphony for their 2023 annual operating grant (8% of their 2022 operating budget). The Kitchener Waterloo Symphony received an operating grant of \$385,725 from the Region of Waterloo in 2022 from the Key Cultural Institutions grant program. This represented 20% of their previous operating budget. The Kitchener Waterloo Symphony ran a 3% (-\$171,506) operating deficit in 2022.
- Kitchener Waterloo Symphony's operations increased by 17% between 2021 and 2022, mostly as a result of increased performance opportunities following significant pandemic restrictions in the previous year. The Kitchener Waterloo Symphony has pivoted and delivered virtual and off-site programs, adapting to closures and lock-downs. Audiences are returning, however audience patterns have changed. The Kitchener Waterloo Symphony continues to work with partners to identify new programming and funding opportunities, while prioritizing artistic excellence.

## **THEMUSEUM**

- Staff are recommending that \$385,725 be allocated to THEMUSEUM for their 2023 annual operating grant (11% of their 2022 operating budget). THEMUSEUM received an operating grant of \$385,725 from the Region of Waterloo in 2022 from the Key Cultural Institutions grant program. This represented 20% of their previous operating budget. They also received an additional \$100,000 one time grant from the Region of Waterloo to support the marketing of the UNZIPPED exhibit. THEMUSEUM ran a 9% (\$336,873) operating surplus in 2022.
- THEMUSEUM's operations increased by 87% between 2021 and 2022, mostly as a result of Covid-constrained operations in 2021 and a large exhibit in 2022. THEMUSEUM has pivoted and delivered online and off-site programs, adapting to closures and lock-downs, resulting in 68,767 visits. In the upcoming year they have a roster of engaging exhibits, plans to showcase local art, new programs to serve educators and students and family and adult programming.

## **THEMUSEUM 3-year Conditional Funding**

- In 2020, following a strategic review of the operations of THEMUSEUM, In partnership, THEMUSEUM and municipal funders have developed a conditional 3-year funding agreement (see PDL-CUL-20-03 March 3, 2020). The conditional funding agreement supported THEMUSEUM to achieve sustainability, ensures responsible stewardship of public funds, and mirrors funding best practices in funding jurisdictions, while maintaining the current funding envelope.
- Staff have been assessing their progress annually. Their 2023 application marks

the final year of the three-year review. THEMUSEUM have indicated that the organization increased revenues significantly while managing expenses strategically. They have reported that they are on the right track for sustainable operations, with three years with three successive surpluses. They have noted that they will continue to pursue financial sustainability while addressing the repercussions of the COVID-19 pandemic on their services.

- Based on the reports that THEMUSEUM has submitted, and assurances that they have addressed the systemic operating challenges that were highlighted in the Operating Review report, staff are recommending that additional scrutiny is no longer needed and that current municipal funding levels are appropriate for the ongoing sustainability of their operations.
- Staff will continue to monitor all applications to this program and will inform council of any concerns that may arise.

#### **4. Background:**

In May 2016, staff initiated the collaborative funding and assessment process for Key Cultural Institutions (KCI). This initiative aims to consider the total funding for the KCIs and assess the equity of the fund allocation and ensure accountability of public funds.

The development of the collaborative funding process was a recommendation of the Joint Review of Per Capita/Arts Sustainability Funding and Ongoing Regional Investment in Community Arts and Culture Organizations report (PDL-CUL-15-15) approved by Council on October 6, 2015.

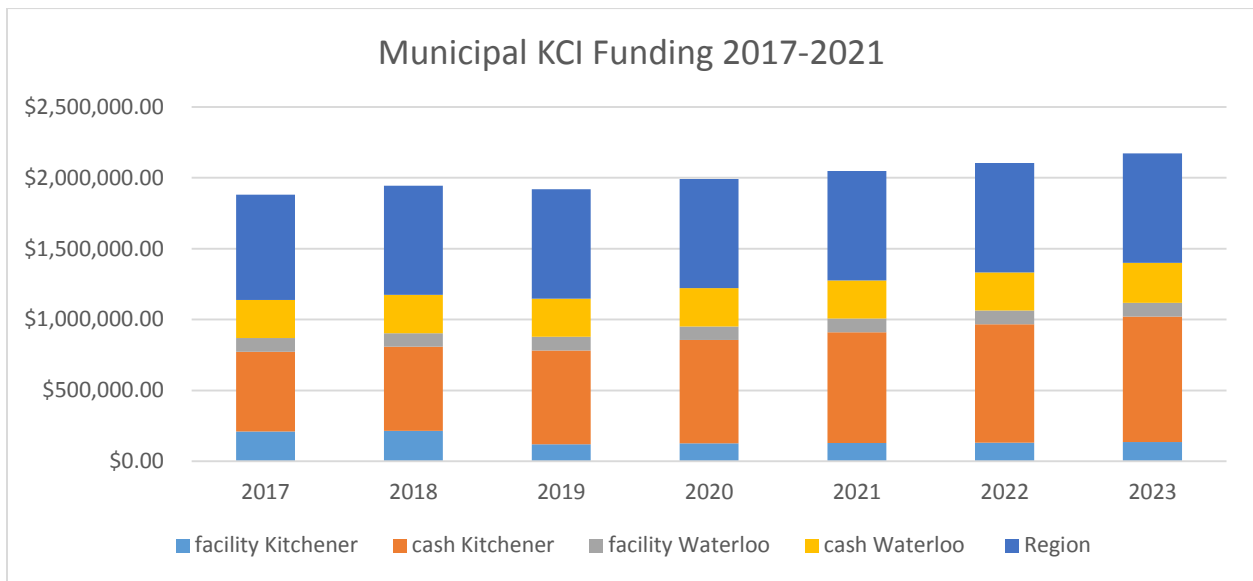
KCIs are large organizations that contribute to the social and economic prosperity of Waterloo Region, creating employment opportunities for artists, attracting visitors and stimulating creative thought and activity. There are currently four organizations in the Region that fit the KCI criteria: Canadian Clay and Glass Gallery (CCGG), Kitchener Waterloo Art Gallery (KWAG), Kitchener Waterloo Symphony (KWS), and THEMUSEUM.

Together these organizations represent a significant asset and play an important role in the Region's cultural ecology. Reliable municipal operational funding is necessary to sustain the impact of these organizations and to leverage funding from other levels of government and private sources.

This collaborative approach recognizes that municipalities are significant funders of KCIs, and it is important for municipal staff to have an on-going understanding of their strengths and challenges. In addition, this collaborative approach has a number of benefits:

- Improved transparency for decision-making

- Improved accountability for public funds
- Improved communication between municipalities, KCIs and Councils
- Improved efficiency for KCIs and municipalities.



**5. Area Municipality Communication and Public/Stakeholder Engagement:**

**Area Municipality Communication:** Collaboration with regional partners has been extensive through the Municipal Cultural Initiatives Working Group, community partners at the Key Cultural Institutions and various stakeholders through previous meetings with partners.

**6. Financial Implications:**

The Region’s approved 2023 Cultural Services Operating Budget includes \$771,450 for Key Cultural Institutions allocated to THEMUSEUM (\$385,725) and the Kitchener Waterloo Symphony (\$385,725). Funding beyond 2023 is subject to Regional Council’s annual budget deliberations.

**7. Conclusion / Next Steps:**

The KCI’s continue to provide a valued contribution to our community and economy. Given the changing landscape under which the KCIs operate, it is important for municipalities to continually explore opportunities to support each organization within their unique mandates and operating situations. As such, staff will consider opportunities to enhance the Collaborative Funding approach, to better meet the needs of our KCIs while ensuring community benefits shared across municipal boundaries are realized.

**8. Attachments:**

Nil

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**Approved By:** Rod, Regier, Commissioner, Planning, Development and Legislative Services