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**REPORT TO ARTS COMMISSION
MEETING OF WEDNESDAY, SEPTEMBER 25, 2024**

SUBJECT **2025 Budget for Arts and Culture Support Service**

ISSUE SUMMARY

The 2025 service plan and budget for the Arts and Culture Support Service has been prepared by staff and is ready for review by the Arts Commission in preparation for presentation to the CRD Committee of the Whole and subsequent adoption by the Board.

BACKGROUND

On May 8, 2024, the CRD Board approved the 2025 Service and Financial Planning Guidelines, which proposed to limit increases in core operations to 3.0% in the planning process.

In the budget recommendation for 2025, the requisition increase for the Arts and Culture Service for participating areas is 3.0%, which is within the planning guideline limits (Appendix A). The total budgeted costs are \$3,301,886, 2.9% over 2024. Key budget components include:

- Grants budget of \$2,820,170, an increase of \$81,807, or 3.0%; and
- Administrative costs of \$480,686, an increase of \$11,772, or 3.0%.

The budget recommendation from the Arts Commission will be reviewed by the CRD Committee of the Whole on October 30th, 2024 as part of the provisional budget review process.

ALTERNATIVES

Alternative 1

The Arts Commission recommends the Committee of the Whole recommend to the Capital Regional District Board:

That the 2025 Arts & Culture Support Service Budget be approved as presented.

Alternative 2

The Arts Commission recommends the Committee of the Whole recommend to the Capital Regional District Board:

That the 2025 Arts & Culture Support Service Budget be approved as amended.

IMPLICATIONS

Financial Implications

On May 25, 2022, the Arts Commission approved the utilization of the Operating Reserve funds to support expenses related to the Equity, Diversity, Inclusion (EDI) Implementation Framework, including a doubling of the budget for Equity Grants and additional funds to support reducing barriers to access in the application and adjudication processes.

The balance of the Operating Reserve is estimated to be \$265,265 by the end of 2024 including interest. Currently, \$37,700 of EDI initiatives are funded from the Operating Reserve on an annual basis. The proposed Grow Forward pilot program (if approved) would require an additional \$15,000 from the Operating Reserve for 2025. In total, the Operating Reserve would be drawn down by \$52,700 in 2025 to support the budget for a portion of the expenses related to the EDI Implementation Framework, as well as the proposed Grow Forward pilot program (if approved).

On June 26, 2024, the Arts Commission directed staff to incorporate \$6,000 into the core budget as a project-based strategic initiative grant to ProArt Alliance of Greater Victoria for the delivery of the Greater Victoria Regional Arts Awards. The ProArt Alliance of Greater Victoria had successfully requested funds for this initiative in each of the four previous budget years.

Service Delivery Implications

The core budget will enable the Arts and Culture Support Service to deliver five key granting programs in 2025: Operating Grants; Project, Series and Extended Programming Grants; IDEA (Innovate, Develop, Experiment, Access) Grants; Equity Grants; and Incubator Grants (or the pilot version of a new program called Grow Forward that would replace Incubator Grants, if approved). In 2025, the Arts and Culture Support Service will continue to develop and champion regional arts through convening events and workshops that champion the value of the arts and connect the region’s arts communities to funding, while continuing to expand the reach of the service’s robust social media channels and e-newsletter dedicated to CRD Arts.

CONCLUSION

The Arts & Culture Support Service Budget for 2025 notes changes and additions in alignment with direction provided by the Commission and accommodates increases related to contract increases and internal allocations within the CRD approved Financial Planning Guidelines.

RECOMMENDATION

The Arts Commission recommends the Committee of the Whole recommend to the Capital Regional District Board:
That the 2025 Arts & Culture Support Service Budget be approved as presented.

Submitted by:	Chris Gilpin, MPA, Manager, Arts and Culture
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: 2025 Budget for the CRD Arts and Culture Support Service

CAPITAL REGIONAL DISTRICT

2025 BUDGET

Arts Grants and Development

ARTS COMMISSION REVIEW

Service: 1.297 Arts Grants and Development

Committee: Finance

DEFINITION:

To establish a service for the provision of assistance in relation to the arts and culture for the purpose of benefiting the community or an aspect of the community. Bylaw No. 2884, July 3, 2001.

SERVICE DESCRIPTION:

CRD municipalities invest in the arts for the economic impact and employment they provide, for the provincial and national visibility arts organizations provide to the region, and to provide a wide range of educational, participatory and audience opportunities for citizens and visitors, improving quality of life. This service provides grants for NFP arts sector organizations within the CRD. An arms length committee, the CRD Arts Advisory Council, adjudicates grant applications based on parameters and total budget limits set by the CRD Arts Commission. Operating grants provide annual, ongoing assistance to larger arts organizations that meet established criteria for artistic, organizational and financial accountability. Project grants support one-time projects, short series, or extended programming of smaller organizations. Equity grants support applicants from communities that are at risk of exclusion or have difficulty accessing funding support for systemic reasons. Incubator grants support new and emerging arts organizations. IDEA grants encourage the development of arts programming capacity within non-arts mandated not-for-profit organizations.

PARTICIPATION:

Municipalities of Victoria, Saanich, Oak Bay, Esquimalt, and View Royal (Group 1 participating area) and Highlands, Metchosin, Southern Gulf Islands, and Sooke (Group 2 participating area).

MAXIMUM LEVY:

Greater of \$1,980,000 or \$0.102 / \$1,000 for hospital assessed values of Group 1 participating area.

MAXIMUM CAPITAL DEBT:

N/A

COMMISSION:

Arts

			BUDGET REQUEST				FUTURE PROJECTIONS			
	2024 BOARD BUDGET	2024 ESTIMATED ACTUAL	2025 CORE BUDGET	2025 ONGOING	2025 ONE-TIME	2025 TOTAL	2026 TOTAL	2027 TOTAL	2028 TOTAL	2029 TOTAL
ARTS GRANTS										
<u>ARTS GRANTS:</u>										
Operating Grants	2,360,363	2,360,363	2,436,170	-	-	2,436,170	2,484,890	2,534,590	2,585,280	2,636,990
Project Grants	378,000	378,000	384,000	-	-	384,000	391,680	399,510	407,500	415,650
Total Grants Payment	2,738,363	2,738,363 0.00%	2,820,170 2.99%	-	-	2,820,170 2.99%	2,876,570 2.00%	2,934,100 2.00%	2,992,780 2.00%	3,052,640 2.00%
<u>ADMINISTRATION COSTS:</u>										
Salaries and Wages	341,668	332,107	342,628	-	-	342,628	352,555	362,764	373,263	384,061
Standard Overhead Allocation	62,641	62,641	64,146	-	-	64,146	66,070	67,391	68,739	70,114
Human Resources Allocation	11,422	11,422	12,730	-	-	12,730	14,320	15,581	15,932	16,329
Building Occupancy Allocation	11,564	11,564	14,048	-	-	14,048	14,642	15,364	16,068	16,363
Other Allocations	-	-	550	-	3,604	4,154	5,174	2,150	2,160	2,170
Insurance Cost	770	770	750	-	-	750	825	908	999	1,099
Operating Cost - Other	40,849	26,381	42,230	-	-	42,230	43,070	43,910	44,770	45,640
Total Administration Costs	468,914	444,885 -5.12%	477,082 1.74%	-	3,604	480,686 3%	496,656 3.32%	508,068 2.30%	521,931 2.73%	535,776 2.65%
TOTAL OPERATING COSTS	3,207,277	3,183,248 -0.7%	3,297,252 2.8%	-	3,604	3,300,856 2.9%	3,373,226 2.19%	3,442,168 2.04%	3,514,711 2.11%	3,588,416 2.10%
<u>CAPITAL / RESERVE TRANSFER</u>										
Transfer to Operating Reserve Fund	-	24,029	-	-	-	-	-	-	-	-
Transfer to Equipment Replacement Fund	1,000	1,000	1,030	-	-	1,030	1,050	1,070	1,090	1,110
TOTAL CAPITAL / RESERVES TRANSFER	1,000	25,029	1,030	-	-	1,030	1,050	1,070	1,090	1,110
TOTAL COSTS	3,208,277	3,208,277 0.00%	3,298,282 2.81%	-	3,604	3,301,886 2.92%	3,374,276 2.19%	3,443,238 2.04%	3,515,801 2.11%	3,589,526 2.10%
Internal Recoveries	(15,130)	(15,130)	(15,628)	-	-	(15,628)	(16,080)	(16,546)	(17,026)	(17,518)
OPERATING LESS RECOVERIES	3,193,147	3,193,147 0.00%	3,282,654 2.80%	-	3,604	3,286,258 2.92%	3,358,196 2.19%	3,426,692 2.04%	3,498,775 2.10%	3,572,008 2.09%
FUNDING SOURCES (REVENUE)										
Transfer from Operating Reserve Fund	(49,500)	(49,500)	(52,700)	-	-	(52,700)	(52,700)	(52,700)	(52,700)	(52,700)
Payments In Lieu of Taxes	(186,993)	(186,993)	(186,993)	-	-	(186,993)	(186,993)	(186,993)	(186,993)	(186,993)
TOTAL REVENUE	(236,493)	(236,493) 0.00%	(239,693) 1.35%	-	-	(239,693) 1.35%	(239,693) 0.00%	(239,693) 0.00%	(239,693) 0.00%	(239,693) 0.00%
REQUISITION	(2,956,654)	(2,956,654)	(3,042,961) 2.92%	-	(3,604)	(3,046,565) 3.04%	(3,118,503) 2.36%	(3,186,999) 2.20%	(3,259,082) 2.26%	(3,332,315) 2.25%
AUTHORIZED POSITIONS:	3.00	3.00	3.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00

CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2025 to 2029

Service No.	1.297	Carry Forward from 2024	2025	2026	2027	2028	2029	TOTAL
	Arts Grants and Development							

EXPENDITURE

Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	\$0	\$0	\$3,800	\$0	\$0	\$0	\$4,000	\$7,800
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineered Structures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$3,800	\$0	\$0	\$0	\$4,000	\$7,800

SOURCE OF FUNDS

Capital Funds on Hand	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debenture Debt (New Debt Only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment Replacement Fund	\$0	\$0	\$3,800	\$0	\$0	\$0	\$4,000	\$7,800
Grants (Federal, Provincial)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Donations / Third Party Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$3,800	\$0	\$0	\$0	\$4,000	\$7,800

CAPITAL REGIONAL DISTRICT

5 YEAR CAPITAL PLAN

2025 - 2029

Service #: 1.297

Service Name: Arts Grants and Development

PROJECT DESCRIPTION				PROJECT BUDGET & SCHEDULE									
Project Number	Capital Expenditure Type	Capital Project Title	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carryforward from 2024	2025	2026	2027	2028	2029	5 - Year Total
26-01	Replacement	Computer and Printer	IT scheduled Routine Replacement	\$ 3,800	E	ERF			\$ 3,800				\$ 3,800
29-01	Replacement	Computer and Printer	IT scheduled Routine Replacement	\$ 4,000	E	ERF						\$ 4,000	\$ 4,000
													\$ -
													\$ -
													\$ -
													\$ -
			Grand Total	\$ 7,800				\$ -	\$ 3,800	\$ -	\$ -	\$ 4,000	\$ 7,800

Service: **1.297** **Arts Grants and Development**

Project Number	24-01	Capital Project Title	#N/A	Capital Project Description	#N/A
Project Rationale	Computers and printers will be replaced based on equipment lifecycle assessment managed by IT department				

Project Number	26-01	Capital Project Title	Computer and Printer	Capital Project Description	IT scheduled Routine Replacement
Project Rationale	Computers and printers will be replaced based on equipment lifecycle assessment managed by IT department				

**1.297 Arts grants and Development
Asset and Reserve Summary
2025 - 2029 Financial Plan**

Asset Profile

Arts grants and Development

Assets held by the Arts grants and Development service consist of computers and office equipment.

Equipment Replacement Fund Schedule (ERF)

ERF Fund: 1.297 Arts Grants and Development Equipment Replacement Fund

Equipment Replacement Fund	Est Actual	Budget				
	2024	2025	2026	2027	2028	2029
Beginning Balance	5,910	3,969	5,049	2,299	3,369	4,459
Planned Purchase (Based on Capital Plan)	(2,990)		(3,800)	-	-	(4,000)
Transfer from Ops Budget	1,000	1,030	1,050	1,070	1,090	1,110
Interest Income*	50	50	-	-	-	-
Ending Balance \$	3,969	5,049	2,299	3,369	4,459	1,569

* Interest should be included in determining the estimated ending balance for the current year. Interest in planning years nets against inflation which is not included.

**1.297 Arts and Cultural Grants
Operating Reserve Summary
2025 - 2029 Financial Plan**

Profile

Arts and Cultural Grants

Established by Bylaw No. 4145 to enable CRD services to set aside operating funds to cover cyclical expenditures, unforeseen operating expenses, special one-time operating projects, as well as to mitigate fluctuations in revenue.

Operating Reserve Schedule - FC 105300

Operating Reserve Schedule Projected year end balance	Est Actual	Budget				
	2024	2025	2026	2027	2028	2029
Beginning Balance	302,765	265,265	222,565	169,865	117,165	64,465
Planned Purchase	(49,500)	(52,700)	(52,700)	(52,700)	(52,700)	(52,700)
Transfer from Ops Budget	-					
Interest Income*	12,000	10,000				
Total projected year end balance	265,265	222,565	169,865	117,165	64,465	11,765

Assumptions/Background:

* Interest should be included in determining the estimated ending balance for the current year. Interest in planning years nets against inflation which is not included.