Agenda – Executive Policy Committee – December 7, 2016

Report – Standing Policy Committee on Protection, Community Services and Parks – December 2, 2016

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

Item No. 1 Operating Grants – Museums

STANDING COMMITTEE RECOMMENDATION:

On December 2, 2016, the Standing Policy Committee on Protection, Community Services, and Parks concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That Council enact amendments to the Expenditures before Budget Adoption By-law No. 8164/2002 (a draft of the amending by-law is attached as Attachment "A") to delegate authority to the CAO to approve grant payments in the amount of up to 30% of the grant for operating expenses provided by the City of Winnipeg in the previous fiscal year for the following organizations:

    (a) Winnipeg Arts Council Inc.;

    (b) Dalnavert Museum;

    (c) Grants Old Mill Museum;

    (d) Historical Museum of St. James-Assiniboia;

    (e) Manitoba Children's Museum;

    (f) Manitoba Museum;

    (g) Ross House Museum;

    (h) Oseredok: Ukrainian Cultural and Educational Centre;

    (i) Seven Oaks House Museum;

    (j) Le Musée de Saint-Boniface Museum;

    (k) Transcona Historical Museum; and

Report – Standing Policy Committee on Protection, Community Services and Parks – December 2, 2016

(l) Royal Aviation Museum of Western Canada.

2. That the Proper Officers to the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

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DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On December 2, 2016, the Standing Policy Committee on Protection, Community Services and Parks concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

COUNCIL DECISION:

On November 16, 2016, Council concurred in the recommendation of the Standing Policy Committee on Protection, Community Services and Parks and granted an extension of time of 30 days for the Winnipeg Public Service to report back on the matter.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 9, 2016, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Protection, Community Services and Parks and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On November 7, 2016, the Standing Policy Committee on Protection, Community Services and Parks recommended that an extension of time of 30 days be granted for the Winnipeg Public Service to report back on the matter, and forwarded to the Executive Policy Committee and Council.

On October 14, 2016, the Standing Policy Committee on Protection, Community Services and Parks referred the Council Motion of September 28, 2016 to the Winnipeg Public Service for report back.

COUNCIL DECISION:

On September 28, 2016, Council ruled automatic referral of the following motion to the Standing Policy Committee on Protection, Community Services and Parks:

Moved by Councillor Dobson,
Seconded by Councillor Eadie,

WHEREAS Museums are an invaluable part of the cultural and heritage landscape in Winnipeg;

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

AND WHEREAS many of the local museums in Winnipeg such as the Historical Museum of St. James-Assiniboia and Le Musee de Saint-Boniface Museum have been funded by the City of Winnipeg via an operating budget grant for decades;

AND WHEREAS the grant provided by the City is used by museums in a similar way to how it is used by City Departments, that is for operational needs such as salaries, utilities and rent;

AND WHEREAS for the last several years, museums were provided with 30% advance payments on their grants in advance of approval of the operating budget, in accordance with by-law 8164/2002, which states that the CAO may authorize spending of up to 30% of the previous year's operating budget prior to adoption of the budget;

AND WHEREAS in 2015 the City moved to a process whereby grant agreements are required of all grant recipients;

AND WHEREAS these grant agreements do not recognize the need for advance payments;

AND WHEREAS if Council does not pass the operating budget until March, grant payments do not go out until April or May;

AND WHEREAS not receiving payments April or May results in Museums not being able to pay salaries and will lead to layoffs and closures of these valuable institutions;

AND WHEREAS in 2016, the CFO recognized the hardship this would cause museums and ensured initial payments were available to those long-term grantees of the City who required them;

AND WHEREAS Museums have been advised this may not be possible in 2017 without a change to their grant agreements;

AND WHEREAS the Council included such a provision for the General Council of Winnipeg Community Centres in 2016, recognizing this need for Community Centres but not for Museums;

THEREFORE BE IT RESOLVED THAT Council recognizes the need to provide funding prior to adoption of the City's operating budget for the following organizations:

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

- Winnipeg Arts Council Inc.
- Dalnavert Museum
- Grants Old Mill Museum
- Historical Museum of St. James-Assiniboia
- Manitoba Children's Museum
- Manitoba Museum
- Ross House Museum
- Seven Oaks Museum
- St. Boniface Museum
- Transcona Museum
- Western Canada Aviation Museum

AND BE IT FURTHER RESOLVED THAT Council direct the City Solicitor / Director of Legal Services to directly submit to Council amendments to By-Law No. 8164/2002 to allow the CAO the authority to approve grant payments of up to 30% of the previous year's grant to such organizations prior to the adoption of the budget, commencing in 2017;

AND BE IT FURTHER RESOLVED THAT this requirement be built into future grant agreements between the City and such organizations.

ADMINISTRATIVE REPORT

Title: **Grant expenditures prior to approval of budgets – Museums and WAC**

Critical Path: **The Standing Policy Committee on Protection, Community Services and Parks - Executive Policy Committee – City Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Lemoine	R. Kachur	M. Ruta	M. Jack o/b D. McNeil

EXECUTIVE SUMMARY

The City of Winnipeg annually provides grants that are used as operating funds by arts and heritage groups. These groups include the Historical Museum of St. James-Assiniboia, Le Musée de Saint-Boniface Museum, the Transcona Historical Museum and the Winnipeg Arts Council. The grants provided are used by the organizations to cover operating costs such as salaries, supplies, utilities and taxes.

The City of Winnipeg (the "City"), as per ***The City of Winnipeg Charter***, has until March 31, each year to pass its operating budget for the next fiscal year, which starts in January. In years where the operating budget is not passed until end of March, grants included in the operating budget cannot be processed and issued until the end of April or later. This delay of 4 months or more can pose significant financial difficulties for organizations for which grants makes up a large portion of their total funding.

The Expenditures before Budget Adoption By-law No. 8164/2002 (the "By-law") authorizes expenditures for certain operating expenses prior to adoption of the budget. The Public Service recommends that the by-law be amended to include expenditures for museums and the Winnipeg Arts Council.

RECOMMENDATIONS

1. That Council enact amendments to the Expenditures before Budget Adoption By-law No. 8164/2002 (a draft of the amending by-law is attached as Attachment "A") to delegate authority to the CAO to approve grant payments in the amount of up to 30% of the grant for operating expenses provided by the City of Winnipeg in the previous fiscal year for the following organizations:

    (a) Winnipeg Arts Council Inc.;

    (b) Dalnavert Museum;

    (c) Grants Old Mill Museum;

    (d) Historical Museum of St. James-Assiniboia;

    (e) Manitoba Children's Museum;

    (f) Manitoba Museum;

    (g) Ross House Museum;

    (h) Oseredok: Ukrainian Cultural and Educational Centre;

    (i) Seven Oaks House Museum;

    (j) Le Musée de Saint-Boniface Museum;

    (k) Transcona Historical Museum; and

    (l) Royal Aviation Museum of Western Canada.

2. That the proper officers to the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

At the Council meeting of September 28, 2016, a motion from Councillors Dobson and Eadie regarding expenditures of grant funds prior to the adoption of the budget for Museums and the Winnipeg Arts Council was referred to the Standing Policy Committee on Protection, Community Service and Parks. At its meeting of October 14, 2016, the Standing Policy Committee on Protection, Community Service and Parks referred the motion to the Public Service for report back. The Public Service recommends amendments to the Expenditures before Budget Adoption By-law, which must be approved by Council.

IMPLICATIONS OF THE RECOMMENDATIONS

If the recommendations of this report are concurred in, the Expenditures before Budget Adoption By-law No. 8164/2002 will be amended to allow grant expenditures prior to approval of budgets when required for certain museums and the Winnipeg Arts Council.

HISTORY / DISCUSSION

The motion below was brought forward at the Council Meeting of September 28, 2016:

Moved by Councillor Dobson,
Seconded by Councillor Eadie,

WHEREAS Museums are an invaluable part of the cultural and heritage landscape in Winnipeg;

AND WHEREAS many of the local museums in Winnipeg such as the Historical Museum of St. James-Assiniboia and Le Musee de Saint-Boniface Museum have been funded by the City of Winnipeg via an operating budget grant for decades;

AND WHEREAS the grant provided by the City is used by museums in a similar way to how it is used by City Departments, that is for operational needs such as salaries, utilities and rent;

AND WHEREAS for the last several years, museums were provided with 30% advance payments on their grants in advance of approval of the operating budget, in accordance with by-law 8164/2002, which states that the CAO may authorize spending of up to 30% of the previous year's operating budget prior to adoption of the budget;

AND WHEREAS in 2015 the City moved to a process whereby grant agreements are required of all grant recipients;

AND WHEREAS these grant agreements do not recognize the need for advance payments;

AND WHEREAS if Council does not pass the operating budget until March, grant payments do not go out until April or May;

AND WHEREAS not receiving payments April or May results in Museums not being able to pay salaries and will lead to layoffs and closures of these valuable institutions;

AND WHEREAS in 2016, the CFO recognized the hardship this would cause museums and ensured initial payments were available to those long-term grantees of the City who required them;

AND WHEREAS Museums have been advised this may not be possible in 2017 without a change to their grant agreements;

AND WHEREAS the Council included such a provision for the General Council of Winnipeg Community Centres in 2016, recognizing this need for Community Centres but not for Museums;

THEREFORE BE IT RESOLVED THAT Council recognizes the need to provide funding prior to adoption of the City's operating budget for the following organizations:

(a) Winnipeg Arts Council Inc
(b) Dalnavert Museum
(c) Grants Old Mill Museum
(d) Historical Museum of St. James-Assiniboia
(e) Manitoba Children's Museum
(f) Manitoba Museum
(g) Ross House Museum
(h) Seven Oaks Museum
(i) St. Boniface Museum
(j) Transcona Museum
(k) Western Canada Aviation Museum

AND BE IT FURTHER RESOLVED THAT Council direct the City Solicitor / Director of Legal Services to directly submit to Council amendments to By-Law No. 8164/2002 to allow the CAO the authority to approve grant payments of up to 30% of the previous year's grant to such organizations prior to the adoption of the budget, commencing in 2017;

AND BE IT FURTHER RESOLVED THAT this requirement be built into future grant agreements between the City and such organizations.

The motion was referred to the Standing Policy Committee on Protection, Community Service and Parks. At its meeting of October 14, 2016 the committee directed the Public Service to report back.

Sections 283(1), 284(1) and 288(2) of ***The City of Winnipeg Charter*** specify that fiscal year of the City of Winnipeg (the "City") runs from January 1 to December 31, that operating Budgets must be passed by March 31 of each fiscal year, and that Council may authorize expenditures up to 30% of the estimated expenditures in the previous fiscal year's budget prior to an operating budget being adopted.

Fiscal year

283 The fiscal year of the city is the 12 months ending on December 31 in each year.

Annual operating budget

284(1) Before March 31 of each fiscal year, or such later day in the year as may be fixed for that year by the Lieutenant Governor in Council for the purposes of this section, council must adopt an operating budget for that year.

Expenditures before budget adopted

288(2) Before the city's operating or capital budget for a fiscal year is adopted, council may authorize expenditures to be made of amounts for operating or capital expenses, not exceeding in total 30% of the expenditures estimated in the city's operating and capital budgets for the previous fiscal year.

On December 11, 2002, Council enacted the Expenditures before Budget Adoption By-law No. 8164/2002 (the "By-law"). Sections 2(1) and 2(2) of the By-law deal with expenditures regarding the operating budget and expenditures for community centres as follows:

2(1) The Chief Administrative Officer is hereby authorized to approve expenditures for operating expenses of the City, before the adoption of the operating budget for any fiscal year, of amounts not exceeding in total 30% of the expenditures estimated in the city's operating budget for the previous fiscal year.

2(2) The authority in subsection 2(1) includes the authority to make grant payments for operating expenses of the General Council of Winnipeg Community Centres and individual community centres in the amount of up to 60% of the grant for operating expenses provided by the City of Winnipeg in the previous fiscal year to the General Council of Winnipeg Community Centres and each individual community centre.

The City annually provides grants that are used as operating funds by arts and heritage groups. These groups include the Historical Museum of St. James-Assiniboia, Le Musée de Saint-Boniface Museum, the Transcona Historical Museum and the Winnipeg Arts Council. The grants provided are used by the organizations to cover operating costs such as salaries, supplies, utilities and taxes.

The City, as per The City of Winnipeg Charter, has until March 31, each year to pass its operating budget for the next fiscal year, which starts in January. In years where the operating budget is passed in December prior to the beginning of the fiscal year, grants included in the operating budget can be issued in January. In years where the operating budget is not passed until end of March, grants included in the operating budget cannot be processed and issued until the end of April or later. This delay of 4 months or more in the provision of grant funding can pose significant financial difficulties for organizations for which the grants make up a large portion of their total funding.

The By-law authorizes certain expenditures for operating expenses of the City prior to the adoption of the operating budget in amounts of up to 30% of the estimated expenditures in the previous fiscal year's operating budget. The By-law also authorizes grant payments prior to the adoption of the operating budget for operating expenses of the General Council of Winnipeg Community Centres and individual community centres in the amount of up to 60% of the grant provided by the City in the previous fiscal year. This change was recommended as part of the 2016 Operating Budget recommendations.

Museums and the Winnipeg Arts Council face the same challenges as community centres. In years when the operating budget adoption is delayed until February or March, grant payments are delayed while expenditures for salaries, rent and other day-to-day expenditures are still required. In order to legally provide grant payments to museums and the Winnipeg Arts Council, the proposed By-law amendments are required.

The only foreseen negative impact would be that if Council were to delete a grant in its entirety in a particular year, then if a payment of up to 30% had been granted prior to adoption of the budget, this would have to be recouped from the organization. This may prove difficult to do in some cases, if the pre-payment has already been expended on salaries.

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 23, 2016

Project Name:
Grant expenditures prior to approval of budgets – Museums and WAC

COMMENTS:

There are no financial implications related to the recommendations of this report.

(Original signed by Ramona Hodges)
Ramona Hodges
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

In preparing this report there was consultation with:

Legal Services (as to legal issues)
Corporate Fiance

OURWINNIPEG POLICY ALIGNMENT

Section 03-03 of OurWinnipeg (Creativity) states:

Direction 1:
Continue to support artistic integrity through arm's length allocation of arts grants and management of a civic public art program.

Direction 2
Act as a responsible steward for city-owned museums, archives and collections.

- Collaborate with museums and others on initiatives to enhance facility and collection sustainability.

Amending By-law No. 8164 / 2002 to enable expenditures for museums and the Winnipeg Arts Council of up to 30% or higher of operating budgets prior to adoption of the budget, will ensure their sustainability in years where the city budget may not approved until the end of March of the next fiscal year.

SUBMITTED BY

Department: City Clerk's Department
Prepared by: M. Lemoine
Date: October 21, 2016

Attachments:

1. Attachment "A" – Draft Amending By-law



Amending By-law v.2
- Expenditures before