

Markham Foundation for the Performing Arts

BUSINESS CASE

Prepared pursuant to Section 6 of Ontario Regulation 599/06

“Municipal Services Corporations”

Enabled by section 203(4) of the Municipal Act, 2001, S.O. 2001, c.25 as amended

Background

Markham is a prosperous and admired community with a high quality of life. Over the years, Markham has made strategic investments to build a well planned city guided by core values of: strong financial management; progressive planning focused on building complete communities; heritage preservation; environmental stewardship; thriving arts and culture; and meeting and often exceeding the needs and expectations of its diverse residents and businesses.

Since its opening over 34 years ago, the Flato Markham Theatre has established itself as a major performing arts facility in York Region and the Greater Toronto Area (GTA). Its programming and utilization have expanded and evolved to meet the growing and changing needs of the demographics of the area.

The 2017-2021 Strategic Plan of the Flato Markham Theatre proposes a bold vision for the future of live arts in Markham. Through the leadership of the City of Markham, through the opportunities of meaningful partnerships, and through unprecedented community engagement, the new strategic plan proposes to position Markham as a major centre and destination for cultural innovation and diversity.

Based on its first strategic plan (2011-2015), the Theatre produced exceptional results in the delivery of cultural services and programs to a wide variety of communities in Markham. With 340 days booked annually, over 350 events and 130,000 people attending and participating, it is apparent that the Flato Markham Theatre is operating at or beyond capacity, both from theatre date availability and staff and resources to support the programming. In order to move forward, it is critical for the staff, the Theatre's Advisory Board and the City to address building an adequate supporting infrastructure to maintain the growth that has occurred, and future growth that is anticipated.

The Theatre has established itself as the leading performing arts venue in the region for the performing arts sector. Inspired by the visionaries who, in the late 1970s, started the process that would result in the construction of the Markham Theatre, the new **2017-2021 Strategic Plan “Leader in Diversity and Innovation”**, is driven by the incredibly rapid growth of the population, and by a city at the leading edge of diversity and technology.

The new strategy is led by three critical strategic goals:

- #1 Explore the opportunity of building a new theatre complex to add capacity and increase competitiveness
- #2 Create an industry leading program and organization that champions the diversity and innovation of Markham
- #3 Building a Sustainable Infrastructure

In September 2017, City of Markham Council approved the Flato Markham Theatre (FMT) Strategic Plan 2017-2021, which reinforces Markham's position as a major centre and destination for cultural diversity and innovation. One of the key strategic initiatives of the plan is to "establish a charitable foundation".

An arms-length charitable foundation will be more successful in raising funds, as many individuals and corporations are reluctant to donate to a municipality that they feel is supported through property taxes. Many granting organizations and government agencies will not fund City organizations but will fund an arms-length foundation.

A foundation can also establish and manage endowment funds in support of programming priorities and hire fundraising staff or consultants.

As per the Strategic Plan, Goal #3 is about "Building a Sustainable Infrastructure". As the Theatre is nearing or at capacity for most of the year, staff and resources to support service levels and programs are currently at capacity, which leaves minimal ability to accommodate growth and demand. In order to move forward, it is critical for the staff, the Theatre's Advisory Board and the City to address building an adequate supporting infrastructure to serve the growth that has occurred and is anticipated.

Objective #8 of the "Building a Sustainable Infrastructure" section of the Flato Markham Theatre Strategic Plan 2017-2021 is to "establish a charitable foundation". There are several actions that have been identified under Objective 8 – Establish a Charitable Foundation including:

- To explore the feasibility of establishing a Foundation;
- To explore steps needed for incorporation and charitable status;
- To develop endowment and investment policies.
- To develop endowments in support of the Diamond Series and Every Child Every Year program
- To look at hiring a fundraiser or a fundraising consultant reporting to the foundation

Purpose

The City of Markham proposes to incorporate a non-share capital (not-for-profit) corporation under the Corporations Act (Ontario) ("the Corporation") with the City of Markham as the sole member.

This document has been developed to provide information on the governance framework for the proposed Corporation. Specifically this document:

- a. Sets out the objectives of the Corporation, its mandate, guiding principles, governance structure, reporting activities and financial considerations; and,
- b. Constitutes the provincially required business case for the proposed Corporation, prepared pursuant to Section 6 of Ontario Regulation 599/06 "Municipal Services Corporations:" made under section 203(4) of the Municipal Act, 2001, S.O.2001,c.25, as amended.

The mission of the proposed Corporation is to undertake fundraising activities for the benefit of supporting the Flato Markham Theatre and performing arts initiatives in the Markham region.

Funds will be raised in support of:

- a. Flato Markham Theatre programs;
- b. Establish and manage endowment funds in support of programming priorities;
- c. Expansion of capital assets and infrastructure;
- d. Initiatives contributing to the development and sustainability of a vibrant performing arts community in Markham and across the Region.

Guiding Principles

The following Guiding Principles have been developed to function as the guidepost for the recommendations put forward in this Business Case.

The Corporation will:

- Consider itself a leader and strategic partner in strengthening the performing arts in Markham and across the Region. In doing so, it will partner with organizations to deliver results and will ensure it is not duplicating work done by others;
- Make decisions with the best information available. In some cases, this means collecting and/or procuring the necessary information to make an informed decision;
- Work with the Flato Markham Theatre's team to develop and implement fundraising strategies that reflect FMT's strategic priorities and fundraising needs;
- Promote and support fundraising initiatives that increase and enhance the Flato Markham Theatre's programming objectives;
- Adhere to responsible financial stewardship and good governance;
- Apply to Canada Revenue Agency (CRA) to register the Markham Foundation for the Performing Arts as a charitable corporation.

Objectives

It is proposed that the City of Markham establish the Markham Foundation for the Performing Arts Corporation for purposes which include the following:

- To develop and implement multi-year fundraising plans that address Flato Markham Theatre's (or its successor's) strategic goals and objectives;
- To support and facilitate growth in all areas of programming for the Flato Markham Theatre as well as the performing arts community;
- To conduct research for the purpose of identifying fundraising and growth opportunities.

Benefits of the Markham Foundation for the Performing Arts Corporation

The advantages of the City of Markham establishing the Markham Foundation for the Performing Arts Corporation include:

- The establishment of a corporation that will pull together resources and expertise in the area of fundraising and performing arts through the involvement of experienced members of the community on the Board, in conjunction with City staff and external resources;

- The establishment of a corporation with the status of a charitable organization will allow expanding the scope and scale of the fundraising portfolio along with giving access to new opportunities i.e. major corporation funds.
- Strengthen Flato Markham Theatre's sustainable business model, build capacity, and energize the performing arts sector in the Markham region.

Governance:

- With the approval of City Council, a nomination committee will be responsible for identifying suitable director candidates for the Board of Directors of the Markham Foundation for the Performing Arts.
- With the approval of City Council, the members of the nomination committee will include Mayor, the two Councillors appointed to the Flato Markham Theatre Advisory Board (i.e. Ward 2 Councillor Alan Ho, Ward 3 Councillor Keith Irish), and two (2) current members of the Flato Markham Theatre Advisory Board (Aleem Israel, Justin Reid).
- The nomination committee will establish the criteria for the recruitment of the directors; the final slate of directors will be approved by City Council.
- The Board of Directors will establish a framework for governance, business plans, financial accountability, fundraising requirements, and corporate policies.

Budget and Funding

The management of funds will be the responsibility of the Corporation's Board of Directors, and be subject to City Council's approval (through a multi-year business plan). The Corporation will be funded from the proceeds of fundraising activities.

Public Accountability and Reporting

The Corporation will provide the City with a multi-year business plan on an annual basis. The business plan will include all the following:

- The strategic objectives, priorities and business objectives, including all revenue and expenditures anticipated for the upcoming year.
- Performance metrics for monitoring progress and accomplishments.
- An operating budget for the Corporation for the next financial year, including the current year actual, budget and variance.

The Corporation will present results of operations on an annual basis through the Annual Report and Annual General Meeting. The Corporation will inform City Council of its results, including information regarding fundraising results, use of the funds, and major business developments resulting from the ongoing efforts.