Regional Municipality of Waterloo

Community Services Committee

* Addendum Agenda

Tuesday, March 3, 2020

Approximately 10:30 a.m.

Following Administration and Finance Committee

Regional Council Chamber

150 Frederick Street, Kitchener, Ontario

1. Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”

2. Delegations

<table>
<thead>
<tr>
<th>Consent Agenda Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items on the Consent Agenda can be approved in one motion of Committee to save time. Prior to the motion being voted on, any member of Committee may request that one or more of the items be removed from the Consent Agenda and voted on separately.</td>
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</tbody>
</table>

3. Request to Remove Items from Consent Agenda

4. Motion to Approve Items or Receive for Information

4.1 CSD-SEN-20-02, Long Term Care Homes Public Inquiry – Update and Implications for Sunnyside Home and Seniors’ Services (Information)

Should you require an alternative format please contact the Regional Clerk at Tel.: 519-575-4400, TTY: 519-575-4605, or regionalclerk@regionofwaterloo.ca
4.2 **CSD-HOU-20-02, Revised COCHI/OPHI Investment Plan**

**Recommendation:**

That the Regional Municipality of Waterloo take the following actions regarding the proposed revisions to the Ontario Priorities Housing Initiative (OPHI) investment plan, as outlined in report CSD-HOU-20-02, dated March 3, 2020:

a) Endorse the proposed revisions to the OPHI investment plan for years two (2020/2021) and three (2021/2022); and,

b) Authorize staff to forward the revised investment plan to the Ministry of Municipal Affairs and Housing (MMAH).

4.3 **CSD-CHS-20-02, Children and Youth Planning Table Funding Grant from the Astley Family Foundation**

**Recommendation:**

That the Regional Municipality of Waterloo increase the 2020 Children and Youth Planning Table operating budget by $90,000 gross with $0 net levy impact to reflect a grant of $90,000 received from the Astley Family Foundation, for the Children and Youth Planning Table, as described in report CSD-CHS-20-02 dated March 3, 2020.

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**Regular Agenda**

5. **Reports**

**Reports – Public Health and Emergency Services**

5.1 **PHE-IDS-20-01/PHE-CRS-20-01, Consumption and Treatment Services Operations and Construction Update**

**Recommendation:**

That the Regional Municipality of Waterloo amend the 2020-2029 Public Health capital program to reflect a budget of $1.1 million to be funded using $883,500 in provincial funding and the balance of $216,500 from the Region’s Tax Stabilization Reserve; and

That the 2020 Public Health Operating budget be amended to reflect operating costs for the Consumption Treatment Site of $1,585,500 to be funded with 100% provincial dollars as outlined in report PHE-IDS-20-01/PHE-CRS-20-01, dated March 3, 2020.
Reports – Community Services

* 5.2 **PDL-CUL-20-03**, Collaborative Municipal Funding for Key Cultural Institutions
   2019/2020 Summary

   **Recommendation:**

   That staff be directed to undertake a comprehensive review of the Collaborative Municipal Funding process to date, in partnership with Municipal Cultural Partners and the Key Cultural Institutions (KCI), to identify opportunities to continuously improve the process outlined in report PDL-CUL-20-03, dated March 3, 2020.

6. Information/Correspondence

6.1 Council Enquiries and Requests for Information Tracking List

7. Other Business

8. Next Meeting – Tuesday, March 24, 2020

9. Motion to go into Closed Session

   That a closed meeting of Planning and Works Committees be held on Tuesday, March 3, 2020 immediately following Community Services Committee in the Waterloo County Room in accordance with Section 239 of the “Municipal Act, 2001”, for the purposes of considering the following subject matters:

   a) negotiations on behalf of the municipality related to an agreement
   b) "personal matters about identifiable individuals

10. Adjourn
Region of Waterloo
Community Services
Seniors’ Services

To: Chair Elizabeth Clarke and Members of the Community Services Committee
Date: March 3, 2020
File Code: A02-20
Subject: Long Term Care Homes Public Inquiry – Update and Implications for Sunnyside Home and Seniors’ Services

Recommendation:
For information.

Summary:
The Public Inquiry into the Safety and Security of Residents in the Long-Term Care Homes System began on August 1, 2017 and was completed on July 31st, 2019. The inquiry was prompted by the murder of eight long term care residents and attempted murder of four others by a nurse responsible for their care (none of which occurred at Sunnyside Home). The inquiry was intended to enhance the safety and security of people living in long term care and those accessing home care services. The inquiry resulted in 91 recommendations for everyone who works in the Ontario long term care and home care systems. While Seniors’ Services and Sunnyside Home already meet many of these recommendations, staff have also identified additional improvements as a result of the inquiry’s findings and created action plans to respond.

Report:

1. Key Findings of the Long-Term Care Homes Public Inquiry
On July 31, 2019, the Commissioner for the Long Term Care Homes Public Inquiry, the Honourable Eileen E. Gillese released her final report: “Public Inquiry into the Safety and Security of Residents in the Long Term Care Homes System.”

The report was released following a 2-year intensive inquiry with delegations from key stakeholders including family members of the victims, the Coroner’s office, the College of Nurses, AdvantAge Ontario, the Ontario Long Term Care Association, labour organizations and the Long Term Care Clinicians’ Association.
Commissioner Gillese provided 91 recommendations not only to improve the safety and security of those living in long term care but also to improve the quality of residents' daily lives. She indicated that while many recommendations will cost little or nothing to implement, the cost of others that require more funding would be justified.

While some recommendations are directed at particular stakeholders within the system, the bulk of the recommendations are connected to four systemic issues:

1. Strengthening the long-term care system as a whole to encourage excellence in resident care and prevent intentional harm;
2. Creating awareness of the possibility that a healthcare worker may intentionally harm a resident or patient;
3. Implementing measures to deter those who may seek to intentionally harm residents or patients; and,
4. Detecting intentional harm when it occurs.

The comprehensive report made three key findings:

- If the killer had not confessed, the offenses would not have been discovered;
- The offences were the result of systemic vulnerabilities and therefore no finding of individual misconduct (beyond that of the murderer) are warranted; and,
- The long term care system is strained but not broken.

Commissioner Gillese found no findings of individual misconduct beyond those of the perpetrator but identified vulnerabilities in Ontario’s long-term care system and issued a call to action to all who work in the system – government, regulators, employers, and staff. The Ministry of Health and Long Term Care (MOHLTC) has committed to reviewing the findings in depth and directives from the Ministry resulting from this report are anticipated by July, 2020.

2. Current State in Seniors’ Services and Sunnyside Home

In her report, Commissioner Gillese made recommendations in 18 different focus areas. At Sunnyside, it was felt that of the 18 focus areas tabled, four were to some degree in our span of control. These four areas include: 1) the role of long term care homes, 2) improved medication management, 3) agency nurses in LTC, and 4) the role of home care service providers.

In response to the inquiry findings, staff in The Region of Waterloo Seniors’ Services completed a current state/gap analysis in the fall of 2019. The analysis was to review the recommendations in these four areas and determine appropriate action. Consultation also occurred with Sunnyside Home’s Medical Director and pharmacy provider.

This analysis identified that Seniors’ Services already has many activities in place that directly address the report recommendations pertaining to: the role of long term care
homes, improved medication management, home care services and use of agency nurses. An overview to activities/accomplishments in place are listed below.

2.1 Role of Long Term Care Homes:
- The Region of Waterloo Human Resources policies are robust and Sunnyside’s management is provided with training in hiring best practices.
- All new staff are thoroughly screened, references are fully checked and a vulnerable sector criminal reference check is conducted.
- A complete discipline history for each employee is maintained to allow for easy review and decision making, as necessary.
- Unannounced spot checks, by Nursing Leadership, are conducted on evening and night shifts, including weekends.
- All reports of resident abuse/neglect are thoroughly investigated, responded to and reported to the MOHLTC and/or College of Nurses as appropriate.
- Sunnyside physicians are specialists in geriatric care, supporting best care practices.
- Annual training in the prevention of resident abuse/neglect is provided to all staff.
- Management and registered staff can attend training (supported by the organization covering costs of training and ensuring shifts are backfilled).
- The Sunnyside Medical Director, Dr. Fred Mather is the Chair of the Long Term Care Clinicians’ Association and leads training for LTC Medical Directors across Ontario.

2.2 Improved Medication Management
- Increased security for medication management through the use of a triple locked system, swipe cards for medication rooms and security cameras.
- Leadership staff work closely with the health care team, pharmacy provider and training in safe medication management is provided to all nursing staff and security to ensure medication rooms are safe and secure.
- Thorough investigations are completed for all medication incidents in partnership with the Sunnyside Home pharmacy provider.

2.3 Home Care Services
- Training in human resources (including best practices for screening and selecting candidates) and in investigating and reporting risk events and complaints takes place and is facilitated by contracted organizations. Sunnyside ensures the above requirements take place during bi-annual and service review meetings with contracted organizations.
- Maintain permanent personnel files containing employee’s performance histories, and any records of complaints and concerns are maintained by contracted organizations.
2.4 Use of Agency Nurses

- Agency nurses are not hired to care for residents at Sunnyside Home.

3. Action Planning: Continuous Quality Improvement for Seniors’ Services

The analysis also determined that additional action plans could begin in advance of directives from the MOHLTC and could be completed at little or no additional cost to the Region. These plans cover three main areas: long term care, medication management and home care services.

3.1 Action plan for long term care:

Ten recommendations for long term care homes were tabled in the inquiry’s final report. In response, Sunnyside Home staff are taking the following actions:

- A policy will be developed that clarifies reporting obligations to the College of Nurses in relation to performance and/or discipline of Registered Nursing staff.
- An amendment to the Region’s contract between Sunnyside Home and the Medical Director will be made to ensure that the Medical Director receives mandatory training similar to direct care staff.
- Enhancements will be added to the screening and hiring process for prospective staff to query when there are gaps in resumes or if a candidate was terminated from previous employment.

3.2 Action plan for medication management:

Medication management was an area of particular focus within the inquiry’s final report, with 11 recommendations tabled in this area. In response, Seniors’ Services staff, in collaboration with Sunnyside’s pharmacy provider, have developed a policy on insulin safety to support best practices. The policy is focused on:

- Safe and appropriate use of insulin;
- Monitoring and auditing of insulin and glucagon use for early detection of potential use of insulin for intentional harm.

3.3 Action plan for home care services

Seniors’ Services delivers home care across the Region through the Homemakers and Nursing Support Program (HNSA). These services are delivered through contracted community providers.

Recommendations identified within the inquiry’s report that have resulted in action being facilitated by Seniors’ Services (to be addressed by contracted organizations) include:
• Establishing a process for service providers to report unusual incidents, including unauthorized entry into a client’s home;
• Establishing formal practices to verify if their subcontractors are conducting rigorous screening practices. (Service providers are strongly encouraged not to use subcontracted services); and,
• Strengthening language in contractual agreements specific to elements of staff training.

These criteria will also be incorporated into any new HNSA service contracts across the Region.

Conclusion:

Commissioner Gillese indicated that she hopes the inquiry and report will force society to decide if they are willing to make the investment to improve the quality of life, safety and security of older Ontarians. The Commissioner also stated that the inquiry may help to heal those who have suffered as a result of the offences and restore public confidence in Ontario’s long term care system.

Staff in Seniors’ Services has reviewed the report findings thoroughly and will implement the recommendations related to long term care, medication management and home care as well as any further recommendations from the MOHLTC set out on or before July 2020. Staff will take advantage of any resources provided by the Province of Ontario to support this important work and ensure compliance with the inquiry’s recommendations and provincial legislation. Seniors’ Services staff will report back with any further updates once the MOHLTC directives have been released.

Quality of Life Indicators:

Actions from this report align with the following Quality of Life Indicators:
• Physical and emotional well-being: mitigating associated risks related to safe medication management;
• Skills development: providing formal and informal education and skill development;
• Relationships: maintaining effective relations and communication amongst care providers and with residents/tenants/clients and next of kin to make the best possible care decisions and ensure safety.

Corporate Strategic Plan:

This report addresses the Region’s Corporate Strategic Plan 2019-2023:
4.5: Enhance community safety and wellbeing in Waterloo Region.
5.2: Provide excellent citizen centered services that enhance service satisfaction.
Financial Implications:
Nil.

Other Department Consultations/Concurrence:
Nil.

Attachments

References:

The Final Report for the Public Inquiry into the Safety and Security of Residents in the Long-Term Care Homes System in full it can be found at: longtermcareinquiry.ca.

Prepared By: Constance Lacy, Director, Seniors’ Services, Community Services
Gerard Reuss, Coordinator, Quality Improvement and Risk Management

Approved By: Douglas Bartholomew-Saunders, Commissioner, Community Services
Region of Waterloo
Community Services
Housing Services

To: Chair Elizabeth Clarke and Members of the Community Services Committee
Date: March 3, 2020
File Code: S13-40

Subject: Revised COCHI/OPHI Investment Plan

Recommendation:
That the Regional Municipality of Waterloo take the following actions regarding the proposed revisions to the Ontario Priorities Housing Initiative (OPHI) investment plan, as outlined in report CSD-HOU-20-02, dated March 3, 2020:

a) Endorse the proposed revisions to the OPHI investment plan for years two (2020/2021) and three (2021/2022); and,
b) Authorize staff to forward the revised investment plan to the Ministry of Municipal Affairs and Housing (MMAH).

Summary:
As permitted by the OPHI program guidelines, the City of St. Thomas, through MMAH, has requested that the Region of Waterloo exchange a small portion of its year two and year three OPHI funding. This exchange will allow the City to secure enough funding within year two to complete an affordable housing project, with minimal impacts on the OPHI funding plan for the Region.

Background and Report:
In August 2019, Council endorsed the Canada-Ontario Community Housing Initiative (COCHI) and OPHI investment plans (CSD-HOU-19-09/COR-TRY-19-81). The plans allocate $12,364,400 over three years to help grow and stabilize community housing in Waterloo region by protecting affordability, supporting repairs, and expanding supply.

MMAH has provided Service Managers with their approved funding allocation for year one and with planning allocations for years two and three of OPHI. Yearly funding allocations are expected to be spent within the year and funds that are not committed by
the required timelines may be reallocated to other Service Managers.

As such, the OPHI program guidelines allow for Service Managers to request to exchange their allocations with others Service Managers to move funds between program years and/or to request to pool their annual funding allocations into one fiscal year, to facilitate the development of larger projects. MMAH coordinates requests for exchanges of funding allocations between fiscal years and/or between Service Managers, to ensure each Service Manager maintains their total funding allocations and that province-wide annual total funding remains unchanged.

**Request from City of St. Thomas to exchange a portion of OPHI allocation**

Through the MMAH, the City of St. Thomas has requested that the Region exchange a portion of its OPHI allocation within years two (2020/2021) and three (2021/2022) to allow for the City to have sufficient in-year funding to complete an affordable housing project. If approved by Regional Council, the year two allocation for Waterloo region would be decreased by $278,790, and the year three allocation would be increased by $278,790 (See Appendix 1). This exchange will have no impact on the Region’s total three-year OPHI funding allocation.

This revision can be accommodated by deferring some OPHI-funded capital repairs and/or Ontario Renovates approvals from year two to year three. This impact is minimal for the Region, as the allocations for those years have not yet been assigned.

**Continued alignment with the 10-Year Housing and Homelessness Plan**

The overall OPHI funding remains unchanged. COCHI and OPHI align with the goals of the 10-Year Housing and Homelessness Plan to increase housing affordability and expand supports to help low-and moderate-income households find and maintain housing. In particular, and as part of the implementation of the 10-Year Plan under Strategic Direction 1, the Region will continue to invest in private, non-profit, and co-operative housing providers to develop new community housing units, beyond the new stock developed by Waterloo Region Housing (WRH). Further, a portion of the funds available through COCHI and OPHI will be used towards capital repairs of existing community housing units and to assist housing providers to achieve long-term sustainability as affordable housing providers after their mortgages expire.

**Quality of Life Indicators:**

Funding that supports community housing applicants aligns with Economic Well-Being (e.g., increased access to affordable housing); and Social Inclusion and Equity (e.g., housing support positively impacts participants’ sense of belonging).
Corporate Strategic Plan:

This report addresses the Region’s Corporate Strategic Plan 2019-2023, focus area 4: Healthy, Safe and Inclusive Communities and strategic objective 4.2: Make affordable housing more available to individuals and families.

Financial Implications:

The request from the City of St. Thomas will allow the City to complete an affordable housing project. The Region’s funding in year two (2020/2021) will decrease by $278,790 with a corresponding increase of $278,790 in year three (2021/2022). The overall OPHI funding envelope of $9,029,700 will remain unchanged.

Other Department Consultations/Concurrence:

Finance staff was consulted on this report.

Attachments

Nil.

Prepared By:  

Ryan Maharaj, Social Planning Associate

Jennifer Murdoch-Martin, Manager, Housing Programs and Development

Ryan Pettipiere, Director, Housing Services

Approved By:  

Douglas Bartholomew-Saunders, Commissioner, Community Services
## Appendix 1: Proposed Revised Investment Plan (COCHI/OPHI)

<table>
<thead>
<tr>
<th>Program Component</th>
<th>Budget Type</th>
<th>Year 1 (2019-2020)</th>
<th>Year 2 (2020-2021)</th>
<th>Year 3 (2021-2022)</th>
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Region of Waterloo

Community Services

Children and Youth Planning Table

To: Chair Elizabeth Clarke and Members of the Community Services Committee

Date: March 3, 2020

File Code: S14-20

Subject: Children and Youth Planning Table Funding Grant from the Astley Family Foundation

Recommendation:

That the Regional Municipality of Waterloo increase the 2020 Children and Youth Planning Table operating budget by $90,000 gross with $0 net levy impact to reflect a grant of $90,000 received from the Astley Family Foundation, for the Children and Youth Planning Table, as described in report CSD-CHS-20-02 dated March 3, 2020.

Report:

The Children and Youth Planning Table (CYPT), is an open membership collaborative of approximately 60 organizations and planning tables serving children, youth and families in Waterloo Region. The group works collaboratively towards the shared vision of happy, healthy children and youth – today and tomorrow. The mission of the CYPT, as defined by the membership, is to “collectively mobilize as one system for children and youth in Waterloo Region that relentlessly strives to maximize wellbeing throughout generations”. In addition to in-kind supports from member organizations, funding to support the work of the CYPT has traditionally been provided through the Region of Waterloo Children’s Services and the Lyle S. Hallman Foundation.

One of the member organizations of the CYPT is the Astley Family Foundation (AFF). In 2019, AFF approached the CYPT Co-Chairs about the potential to invest in the collaborative efforts of the Table. Specifically, AFF was excited about the membership’s passion and development in the area of meaningful child and youth engagement, and wanted to pursue an opportunity to invest in the collective efforts of those involved with the CYPT. Specifically, an opportunity is being scoped with Voting Members and Nested Groups to create a role on the CYPT Backbone Team, dedicated to the capacity building of meaningful child and youth engagement in the system of services and
supports for children and youth in Waterloo region. The majority of this one-year grant of $90,000 will be granted to a community agency (one of the Voting Member organizations of the CYPT) through a fair and transparent Expression of Interest (EOI) process with the CYPT membership. The successful organization will engage in a service contract with Community Services, to carry out the work on behalf of the CYPT through a grant of $82,500 (note, the remaining $7,500 in funding will be used for CYPT operating expenses). The community grant funding will be used for staffing costs primarily, and some engagement expenses with children and youth. The funding is anticipated to be received for a second and third year (supporting the work of the CYPT with the above noted resources through to April 2023).

This role has the potential to contribute to the partnership project between CYPT, UNICEF Canada and the Canadian Index of Wellbeing to develop a community survey for Waterloo Region (and Canada as a whole) for older children and youth that aligns with UNICEF Canada’s Canadian Index of Child and Youth Well-being(CSD-CHS-19-04), as well as the Smart Waterloo Region initiative.

Quality of Life Indicators:

Child and youth wellbeing aligns with all of the Quality of Life Indicators:

- Economic Wellbeing (e.g., ensuring children and youth have their basic needs met)
- Social Inclusion and Equity (e.g., ensuring children and youth feel valued, heard and included and have a sense of belonging)
- Physical and Emotional Wellbeing (e.g., a focus on physical and emotional health of children and youth)
- Skills Development (e.g., ensuring children and youth are lifelong learners)
- Relationships (e.g., a focus on being connected to a network of positive, responsive caring adults and engaging in healthy relationships with peers)

Corporate Strategic Plan:

This report addresses the Region’s Corporate Strategic Plan 2019-2023, Focus Area 4: Healthy, Safe and Inclusive Communities and Strategic Objective 4.1: Improve child and youth wellbeing in Waterloo Region.

Financial Implication

The budgeted expenditures of $90,000 are offset by a $90,000 grant from the Astley Family Foundation. The one-time grant allocation will be partially expended in 2020 with
the remaining portion to be fully expended by April 30, 2021 as shown in the table below. The funding provided is to be used solely for staff, child and youth engagement and operating expenses related to the Children and Youth Planning Table.

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<th>Operating Budget Impact</th>
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<td>CYPT Operating expenses</td>
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<td>AFF funding</td>
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<td>Tax Levy Impact</td>
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Other Department Consultations/Concurrence:

Staff in Corporate Services/Treasury Services were consulted in the preparation of this report.

Attachments

Nil

Prepared By: Alison Pearson, Manager, Children and Youth Planning Table
Barbara Cardow, Director, Children’s Services

Approved By: Douglas Bartholomew-Saunders, Commissioner, Community Services
Region of Waterloo
Region of Waterloo Public Health and Emergency Services
Infectious Disease, Harm Reduction and Sexual Health
Central Resources

To: Chair Elizabeth Clarke and Members of the Community Services Committee

Date: March 3, 2020 File Code: P25-20

Subject: Consumption and Treatment Services Operations and Construction Update

Recommendation:

That the Regional Municipality of Waterloo amend the 2020-2029 Public Health capital program to reflect a budget of $1.1 million to be funded using $883,500 in provincial funding and the balance of $216,500 from the Region’s Tax Stabilization Reserve; and

That the 2020 Public Health Operating budget be amended to reflect operating costs for the Consumption Treatment Site of $1,585,500 to be funded with 100% provincial dollars as outlined in report PHE-IDS-20-01/PHE-CRS-20-01, dated March 3, 2020.

Summary:

Consumption and Treatment Services have been operating at 150 Duke Street West in Kitchener since October 15, 2019. In the first three full months of operations (November to January), monthly visits to the site ranged from 699 to 975 per month. Sanguen Health Centre staff responded to 40 overdoses during this time period. Clients of the site may also access other services on site including wound care, Hep C and HIV testing and treatment, counselling and support, and referrals to offsite services including treatment services and primary care. Construction of the permanent site will begin mid-April and upon completion, will support additional onsite wrap-around services including addictions counselling and primary care. Region of Waterloo Public Health staff continue to provide technical support to City of Cambridge staff related to their process to consider and then potentially plan for Consumption and Treatment Services in...
Cambridge.

The provincial government has approved 100% annualized base funding of $1,585,500 for the operation of Consumption and Treatment Services at the 150 Duke Street West location, effective October 1st, 2019. Additionally, the province has provided $1,021,700 in capital funding for the project.

Report:

Since Consumption and Treatment Services have been operating at 150 Duke Street West in Kitchener, Public Health has provided the members of Community Services Committee with verbal updates on operations within scheduled committee meetings. This report will provide an update on:

- the first three full months of operations (November to January);
- the funding and construction of the full site on the main floor of 150 Duke Street West; and
- City of Cambridge planning process related to Consumption and Treatment Services.

Consumption and Treatment Services Operations Update

The Consumption and Treatment Services site in Kitchener has been operating since October 15, 2020. The site is open from 9:00 a.m. to 9:00 p.m., seven days a week.

Through a partnership agreement, Region of Waterloo Public Health and Sanguen Health Centre plan, monitor, implement and evaluate services. Sanguen Health Centre is responsible for day-to-day site operations and Region of Waterloo Public Health leads community engagement, wrap-around service planning, and site administration including reporting and evaluation.

The interim site is located on the second floor of 150 Duke Street West until construction of the permanent site on the main floor is completed. The goal of the interim site is to address the immediate need in the community related to opioid overdose while ensuring clients have access to other services through onsite supports or by referral. As such, the interim site has two consumption booths and operates at minimum staffing levels. The services available onsite since opening include:

- Overdose response (supervised consumption and post consumption monitoring)
- Distribution of harm reduction supplies including naloxone kits and disposal containers
- Drug testing
- Referral to mental health, primary care and treatment services.

In November, Sanguen Health Centre added additional onsite supports in response to
the client needs being observed at the site. This included both a Nurse Practitioner and a Registered Nurse who are onsite twice a week to support primary care needs such as episodic health concerns, wound care and Hep C and HIV testing and treatment, and one social worker who is onsite twice a week to provide mental health counselling and support.

When the full site is operational, the menu of services available onsite will be expanded to include addiction counselling through House of Friendship, further enhancements to primary care through Kitchener Downtown Community Health Centre Primary Care outreach team, access to housing and income support through Region Community Services, and access to treatment options through Sanguen Health Centre.

**Early impact of site**

Public Health is required to provide monthly reports to the Ministry of Health on all aspects of operations. Table 1 provides overdose data from the first three full months of operations.

| Table 1. Overdose Prevention Data, November 1, 2019 to January 31, 2020 |
|-----------------------------|---------|---------|---------|---------|------|
|                            | Nov/19  | Dec/19  | Jan/20  | Ave.    | Total|
| Number of visits           | 699     | 975     | 706     | 793     | 2,380|
| Number of unique clients   | 116     | 113     | 159     | 129     | N/A  |
| Number of overdoses at site| 15      | 10      | 15      | 13      | 40   |
| Number of fatal overdoses at site | 0      | 0      | 0      | 0      | 0    |
| Number of overdose calls to EMS/ transport to emergency department | 0      | 0      | 0      | 0      | 0    |

When individuals visit the site, staff have opportunities to speak with them about other supports that they may need in addition to supervised consumption. Through supportive conversations, staff can encourage people to access other services that are either available onsite or offsite by referral. When possible, staff will support uptake of offsite services by providing clients with a “warm referral” that includes the name of a person to contact directly or by talking them through an intake process.

Referrals to mental health services (e.g. counselling, crisis intervention, group supports) were the most common type of referral by staff with a total of 334 referrals made from November to January. There were a total of 46 referrals to primary care for issues like wound care, foot care, HIV/Hep C testing and treatment, vein care, or sustained injuries, and 23 referrals to addiction treatment (e.g. detox/withdrawal management, community treatment, the Rapid Access Addiction Clinic, and opioid agonist therapies).

The ministry requires Consumption and Treatment Services operators to track the number of security incidents including the number of times police were called to the site.
In the first three full months of operations there were two security incidents, both in November, that required a response by onsite security staff. Both incidents were for non-CTS related issues occurring outside the site. There were no 9-1-1 crime or security related calls to police by CTS during this period. One 9-1-1 call was made in response to a person in non-overdose related medical distress. Public Health and Sanguen Health Centre meet with Region of Waterloo Security, Waterloo Region Police Service and City of Kitchener staff to discuss safety and security issues as they arise and develop solutions.

Needle recovery sweeps in the area around the site are required under the provincial program. From November to January, staff conducted 268 sweeps and recovered 80 needles.

Community engagement

A multi-pronged community engagement strategy is used to keep the community informed about operations, provide opportunities for individuals to learn about services and ask questions, and to provide a forum for issues or concerns to be shared and responded to in a timely manner. The following activities make up the strategy:

- Information about Consumption and Treatment services including hours of operation on Region of Waterloo Public Health and Sanguen Health Centre websites
- Dedicated phone line and email address for the community to use to ask questions or share concerns
- A virtual tour that allows people to see the site through an online video (see Attachment 1)
- In-person site tours for individuals or groups interested in learning more about how the site operates and to ask questions
- Community Advisory Group meetings to provide a dedicated forum for staff to provide updates to key stakeholders on operations, discuss issues and potential solutions, and seek input on site-related activities such as evaluation or additional engagement activities (refer to Attachment 2 for membership)

Members of the Community Advisory Group hold a liaison role between their agencies or groups that they represent and staff of Public Health and Sanguen Health Centre. As such, during the meetings members are asked to share any concerns or issues associated with site operations. Since opening, no concerns directly associated with site operations have been shared by any member of the Community Advisory Group. Adjacent neighbours have reported anecdotal decreases in public drug use and needle litter; fewer overdoses; and no concerns with loitering. Advisory Group members continue to share that issues affecting marginalized populations such as homelessness, mental health and addictions, remain in the central Kitchener and while not directly
related to Consumption and Treatment Services, need to be addressed. This provide opportunities for staff for share information and make connections to other initiatives underway in Kitchener and Waterloo Region that aim to address additional issues facing our community.

Evaluation Planning

Outcome (impact) evaluation is an important tool to measure the effectiveness of the Consumption and Treatment services on meeting its goals. As part of the process to create an evaluation plan, the Community Advisory was engaged to provide input into research questions they believe are important to consider. Over the next few months, Public Health staff will design an evaluation that incorporates methods to measure both client and community outcomes including, but not limited to, health and wellness outcomes for clients, community outcomes related to public substance use and other indicators impacted by Consumption and Treatment Services, in addition to issues of safety and security related to the presence of the Consumption and Treatment Services site.

Funding and Construction Update

On April 9, 2019, Community Services Committee passed a motion for an interim Consumption and Treatment Services site to be established while the permanent site at 150 Duke Street West was being prepared in response to the urgent and growing issue of opioid overdose in Waterloo Region (refer to report PHE-IDS-02). While capital and operating costs associated with provincially approved Consumption and Treatment Services are eligible for 100% funding from the province, an interim site allowed by the Federal program does not provide for funding.

As such, on June 5th, 2019 Community Services Committee approved the location for interim Consumption and Treatment Services on the second floor of 150 Duke Street West in Kitchener. Additionally, all one-time capital and ongoing operating costs associated with the site preparation and operations for the provision of interim Consumption and Treatment Services at 150 Duke Street West, Kitchener were to be funded from the Tax Stabilization Reserve (refer to PHE-IDS-05).

An application for operating and one-time capital funding for the permanent site was submitted to the province on May 31st, 2019.

The interim Consumption and Treatment Services began operations on October 15th, 2019. On the same day, the provincial Ministry of Health announced the approval of the 150 Duke Street West site as a provincially funded Consumption and Treatment Service site. The province committed funding for the operation of the site located on the second floor while the permanent site to be located on the first floor of 150 Duke Street West was being prepared. The site was approved (and funded) as it meets the minimum
criteria for wrap around services (available through referral) and because work is underway to meet other criteria of provincially funded sites. The approval of the permanent site and availability of provincial funding for operating costs effective October 1\textsuperscript{st}, 2019 (refer to Attachment 3) means it would no longer be necessary to utilize the tax stabilization reserve to cover monthly operating costs for the temporary site in 2019 and 2020. The annualized base funding from the province for operations of the permanent site is $1,585,500.

Following extensive negotiations with provincial staff, on January 30\textsuperscript{th}, 2020, the Ministry announced a one-time capital grant of $1,021,700 for construction of the permanent site on the first floor (refer to Attachment 4). The capital grant relates to costs for the planning, construction and equipping of the permanent CTS site at 150 Duke Street. The tender has been awarded to the low bidder, GEN-PRO/1320376 Ontario Ltd., and construction is due to begin in mid April. All work associated with the main floor renovations and turn over for program occupancy is scheduled to be completed by mid July with the remaining portion of the phased renovation including any exterior/seasonal work to be substantially completed by the middle of August.

**Consumption and Treatment Services in Cambridge**

On April 10, 2018, Cambridge Council passed a one-year interim control by-law affecting the three core areas of Cambridge in addition to 500 metres of land adjacent to the core areas. Cambridge staff were directed to undertake a Planning Study to examine the Official Plan land use policies and Zoning By-law regulations to be used in regulating Supervised Consumption Services and/or Temporary Overdose Prevention sites.

Following public consultation for the planning session in December 2019 and the completion of the Planning Study Report, the following recommendations were presented to the Planning and Development Committee of Cambridge Council on February 1, 2020 (see Attachment 5).

THAT Council direct City staff to implement Consumption and Treatment Services (CTS) Planning Study Option Number 5 – CTS Permit Anywhere as a Public Use - as described in Report Number 20-024(CD) – CTS Planning Study Options; AND

THAT Council acknowledges that there are Federal and Provincial programs in place for the Consumption and Treatment Services site application process; AND

FURTHER THAT Cambridge Council acknowledges that they still have the opportunity to withhold a Council resolution of support for a CTS site application under the Provincial program for a site they do not support.
On February 18, 2020, Cambridge Council moved to defer a decision to endorse the recommendation until until a by-election for Ward 7 is held.

By defining Consumption and Treatment Service as a Public Use, under the Cambridge Official Plan, the City, the Region, the Province and the Government of Canada are permitted within all Official Plan land use designations in the city. Therefore, for a site to be considered as a permitted use, it would have to be operated by “any level of government or any department, agency, board or commission, which would include Region of Waterloo Public Health and Emergency Services”. If a decision on the Planning Study recommendations is made in which Consumption and Treatment Services in Cambridge can be considered, then a community consultation plan could be finalized to support possible site identification, and solicitation of community input. The design and implementation of the consultation process is being led by a professional facilitator and with input from the Cambridge Community Wellness Advisory Committee. Public Health staff continues to provide input and technical expertise into the process to identify candidate sites, as requested by City of Cambridge staff, and is a non-voting member on the Cambridge Community Wellness Advisory Committee.

**Ontario Public Health Standards:**

Harm reduction planning, programming, and service provision relates to the following Ontario Public Health Standards (2018):

- Infectious and Communicable Diseases Prevention and Control (Requirements 7, 8, 9 and 10)
- Substance Use and Injury Prevention (Requirements 1 and 2)

**Corporate Strategic Plan:**

Operation of Consumption and Treatment Services at 150 Duke Street West in Kitchener assists in meeting the 2019-2023 Corporate Strategic Plan objective 4.4: To prevent and reduce problematic substance use and its consequences by implementing appropriate Consumption and Treatment Services in Waterloo Region.

**Financial Implications:**

Regional Council previously approved funding up to 6 months of operating costs for the temporary CTS site from the tax stabilization reserve (approximately $600,000). As a result of the province’s approval to operate a permanent site as of October 1st, 2019 and the availability of 100% provincial funding for full operating costs as of that date, it will no longer be necessary to utilize the tax stabilization reserve for this purpose.

Capital expenditures of $121,738 related to the temporary site were incurred in 2019.
and were funded from the tax stabilization reserve. Capital expenditures of $158,728 related to the permanent site were incurred in 2019 and were funded within the provincial approval.

The approved 2020-2029 Public Health capital program includes $1 million for this project in 2020. At the time of budget preparation, a cost share of 50% Provincial funding and 50% Regional Tax Stabilization Reserve was assumed. The January 30th capital funding approval of $1,021,700 from the province significantly reduces the amount from the region’s tax stabilization reserve that would have been required for this project.

In order to reflect the recent provincial approvals, it is recommended that the 2020 capital budget be updated to a total of $1,100,000, to be funded $883,500 provincial and 216,500 Regional tax stabilization reserve; and further that the annualized operating budget be updated to $1,585,500 to be funded 100% by provincial revenues.

**Other Department Consultations/Concurrence:**

Corporate Services (Facilities and Finance), and Planning & Legislative Services (Legal) were consulted in the preparation of this report and have been integrally involved in implementation of Consumption and Treatment Services at the Duke Street location.

**Attachments**

Attachment 1 [link only]: Consumption and Treatment Service Virtual Tour
https://youtu.be/l5jNRasL-KY

Attachment 2: Consumption and Treatment Services Community Advisory Committee Membership

Attachment 3: Letter from the Ministry of Health – dated October 11, 2019

Attachment 4: Letter from Ministry of Health – dated January 29, 2020


**Prepared By:** Grace Bermingham, Manager, Harm Reduction
Anne Schlorff, Acting Commissioner

**Approved By:** Anne Schloroff, Acting Commissioner
Dr. Hsiu-Li Wang, Acting Medical Officer of Health
### Attachment 2: Consumption and Treatment Services Community Advisory Group Membership

<table>
<thead>
<tr>
<th>Sector</th>
<th>Organization</th>
<th>Member</th>
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<tbody>
<tr>
<td>CTS Staff</td>
<td>Sanguen Health Centre</td>
<td>Violet Umanetz</td>
</tr>
<tr>
<td>Municipal Representatives</td>
<td>Region of Waterloo Public Health</td>
<td>Grace Bermingham (chair)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Heather Elliott</td>
</tr>
<tr>
<td></td>
<td>City of Kitchener</td>
<td>Hilary Abel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Grant Egerdeen</td>
</tr>
<tr>
<td></td>
<td>Waterloo Regional Police Service</td>
<td>Shirley Hilton</td>
</tr>
<tr>
<td>Business</td>
<td>Downtown Kitchener BIA</td>
<td>Linda Jutzi</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stefanie Golling</td>
</tr>
<tr>
<td>Schools/Childcare (within 250m)</td>
<td>Blyth Academy</td>
<td>Lorie Guest, Principal</td>
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<tr>
<td></td>
<td>St. Louis</td>
<td>Paul Cox, Principal</td>
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<tr>
<td></td>
<td>YWCA City Kids Child Care Centre</td>
<td>Michele Kempster</td>
</tr>
<tr>
<td></td>
<td>WLU</td>
<td>Ginette Lafreniere</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laura Coakley</td>
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<td>Residents of surrounding</td>
<td>Olde Berlin Neighbourhood Association</td>
<td>Trudy Wagner</td>
</tr>
<tr>
<td>neighbourhood</td>
<td>Downtown Kitchener Neighbourhood Association</td>
<td>Beth McIntosh</td>
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<td></td>
<td>Kitchener Downtown Neighbourhood Alliance</td>
<td>Donna Kuehl</td>
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<td></td>
<td>Faith-based organizations</td>
<td>Revd. Dr. Preston Parsons, Rector, St. John the Evangelist</td>
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<td></td>
<td></td>
<td>Simon Guthrie</td>
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<td></td>
<td>Library</td>
<td>Penny-Lynn Fielding, Director, Customer and Community Engagement</td>
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<td></td>
<td>Representatives from 156 Duke St.</td>
<td>Neil Koebel, CMA Realty Ltd.</td>
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<tr>
<td></td>
<td></td>
<td>Nancy Nay, Superintendent</td>
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<tr>
<td>Community Members</td>
<td></td>
<td>Heidi Morrison</td>
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<tr>
<td></td>
<td></td>
<td>Margo McConnell</td>
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<td></td>
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<td>Jenny Kirby</td>
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<td></td>
<td></td>
<td>Ralph Schmidt</td>
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<tr>
<td></td>
<td></td>
<td>Kurt Padaric</td>
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</table>
Attachment 3: Letter from the Ministry of Health – dated October 11, 2019

Ministry of Health
Office of the Deputy Premier and Minister of Health
777 Bay Street, 5th Floor
Toronto ON M7A 1N3
Telephone: 416 327-4300
Facsimile: 416 326-1571
www.ontario.ca/health

Ministère de la Santé
Bureau du vice-premier ministre et du ministre de la Santé
777, rue Bay, 5e étage
Toronto ON M7A 1N3
Téléphone: 416 327-4300
Télécopieur: 416 326-1571
www.ontario.ca/sante

OCT 11 2019

Ms. Karen Redman
Chair, Board of Health
Region of Waterloo, Public Health
150 Frederick St.
Kitchener ON N2G 4J3

Dear Ms. Redman:

I am pleased to advise you that the Ministry of Health will provide the Board of Health for the Region of Waterloo, Public Health up to $792,900 in base funding for the 2019-2020 funding year, which will annualize to up to $1,585,800 for the 2020-2021 funding year, and up to $26,000 in one-time funding for the 2019-20 funding year to support the provision of Consumption and Treatment Services at 150 Duke Street West in Kitchener, Ontario. Please note this funding is subject to Region of Waterloo, Public Health obtaining and maintaining an exemption from the federal Minister of Health under Section 56.1 of the Controlled Drugs and Substances Act.

The Chief Medical Officer of Health of the Office of the Chief Medical Officer of Health, Public Health will write to the Board of Health for the Region of Waterloo, Public Health shortly concerning the terms and conditions governing this funding.

Thank you for your dedication and commitment to harm reduction and public health.

Sincerely,

Christine Elliott
Deputy Premier and Minister of Health

c: Ms. Laura Mae Lindo, MPP, Kitchener Centre
Dr. Hsiu-Li Wang, Medical Officer of Health (A), Region of Waterloo, Public Health
Attachment 4: Letter from Ministry of Health – dated January 29, 2020

Ministry of Health
Office of the Deputy Premier and Minister of Health
777 Bay Street, 5th Floor
Toronto ON M7A 1N3
Telephone: 416 327-4300
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Ministère de la Santé
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Téléphone: 416 327-4300
Télécopieur: 416 325-1571
www.ontario.ca/sante

JAN 29 2020

Ms. Karen Redman
Chair, Board of Health
Region of Waterloo, Public Health
150 Frederick St.
Kitchener ON N2G 4J3

Dear Ms. Redman:

I am pleased to advise you that the Ministry of Health ("the ministry") will provide the Board of Health for the Region of Waterloo, Public Health with a one-time capital grant of up to $1,021,700 to support the planning and renovation of Consumption and Treatment Services (CTS) located at 150 Duke Street West in Kitchener, Ontario, subject to Region of Waterloo, Public Health’s continued federal exemption under Section 56.1 of the Controlled Drugs and Substances Act.

The Chief Medical Officer of Health of the Office of the Chief Medical Officer of Health, Public Health will write to the Region of Waterloo, Public Health shortly concerning the terms and conditions governing this funding.

Thank you for your dedication and commitment to harm reduction and public health.

Yours sincerely,

Christine Elliott
Deputy Premier and Minister of Health

c: Dr. Heiu-Li Wang, Medical Officer of Health (A), Region of Waterloo, Public Health
## Council Enquiries and Requests for Information
### Community Services Committee

<table>
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<tr>
<th>Meeting date</th>
<th>Requestor</th>
<th>Request</th>
<th>Assigned Department</th>
<th>Anticipated Response Date</th>
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<tr>
<td>November 5, 2019</td>
<td>S. Strickland</td>
<td>That staff provide an information report on what other municipalities are doing to encourage the creation of affordable housing.</td>
<td>Community Services</td>
<td>Summer 2020</td>
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<td>November 5, 2019</td>
<td>Committee</td>
<td>That the Mooregate Crescent location in the Waterloo Region Housing (WRH) Master Plan, be subject to further review with respect to location and financing</td>
<td>Community Services</td>
<td>Late Fall 2020</td>
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Report: PDL-CUL-20-03

Region of Waterloo
Planning, Development and Legislative Services
Culture Services

To: Chair Elizabeth Clarke and Members of the Community Services Committee

Date: March 3, 2020  File Code: R01-20(A)

Subject: Collaborative Municipal Funding for Key Cultural Institutions 2019/2020

Summary

Recommendation:

That staff be directed to undertake a comprehensive review of the Collaborative Municipal Funding process to date, in partnership with Municipal Cultural Partners and the Key Cultural Institutions (KCI), to identify opportunities to continuously improve the process outlined in report PDL-CUL-20-03, dated March 3, 2020.

Summary:

Nil

Report:

This report summarizes both the findings from the 2019 collaborative funding process and the findings from THEMUSEUM’s operational review.

Background:

In May 2016, staff initiated the collaborative funding and assessment process by the Cities of Kitchener, Waterloo and the Region of Waterloo for the four Key Cultural Institutions (KCI). KCIs are large organizations that contribute to the social and economic prosperity of Waterloo Region, creating jobs and wealth, 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. While these institutions are each independent, with their own boards of
directors, executive directors, staff teams, and facilities, together they represent a significant asset and exert considerable influence locally. 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.

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. 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. This collaborative approach recognizes that Cambridge, Kitchener, Waterloo and the Region are significant funders of the four organizations, 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

Overview of Collaborative Funding Process

As part of the collaborative process, municipal staff meets with members of the staff and Boards of the individual KCIs to discuss their goals, accomplishments, challenges, and to plan for specific actions and outcomes for the upcoming year. The purpose of this discussion is to identify opportunities for further cooperation, possible measure to mitigate challenges, and a deeper understanding of each KCI and their work.

Allocations for 2020 have been made to the KCIs through the annual budget process. The table below summarizes municipal contributions for 2020:

<table>
<thead>
<tr>
<th>Key Cultural Institution</th>
<th>Facility (Kitchener)</th>
<th>Facility (Waterloo)</th>
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<th>Region</th>
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<td>THEMUSEUM</td>
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<td>$45,000</td>
<td>$385,662</td>
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<td>$704,984</td>
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<tr>
<td>TOTAL</td>
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<td>$96,459</td>
<td>$730,032</td>
<td>$269,500</td>
<td>$771,324</td>
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<td>$1,992,798</td>
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Findings from 2019/2020 Collaborative Funding Discussions

In conversation with the Executive Directors and CEOs of the KCIs, a number of themes emerged:

- **Maximizing space & facilities**: KCIs explored how their physical spaces could be used differently to maximize the use of their facilities. The Canadian Clay and Glass Gallery re-considered their main entrance and lobby, establishing a new exhibition space there. An unused interior courtyard was reimagined as a location for site-specific installations and the library was re-established as a centre for academic research. The Kitchener Waterloo Art Gallery completed a renovation of the lobby area, providing additional exhibition and programming space, and creating inclusive washrooms within the facility’s existing footprint. The Kitchener Waterloo Symphony partnered with Green Light Arts to support increased use of the Conrad Centre for the Performing Arts theatre. THEMUSEUM is developing an operating model that will increase the size of the facility and increase revenue.

- **Cultivating strong attendance**: KCIs indicate that attendance, ticket sales and registration continue to be strong, indicating that their programming offers relevance to the community.

- **Balancing financial operational scarcity with high quality programming**: In order to maintain current levels of provincial and federal funding, the KCIs receiving these funds must demonstrate a high level of performance in organizational effectiveness and artistic and community programming. It is a strategic endeavour to balance this commitment with financial scarcity, especially reducing accumulated deficits. While maintaining their high professional standing with the Ontario Arts Council peer jury by offering high quality exhibition programming, KWAG, CCGG, and KWS have accommodated budget restrictions, including the elimination of staff positions and/or the reduction of salaries, to reduce deficits. These reductions have made it challenging for all three organizations to offer competitive staff compensation, and have impacted their ability to retain top talent.

- **Developing strategies for effective communication with Councils**: Many KCIs questioned the best way for them to share their work, impact, opportunities and challenges with municipal Councils.

- **Increasing stable funding**: Reliable and sustainable operating funding is needed. For most KCIs changes to funding at both the Federal and Provincial levels have created significant challenges. For most KCIs the landscape of corporate sponsorship and philanthropic giving has changed, resulting in the loss of some long-term sponsorship investments. This has required KCIs to change their approach and develop new philanthropic relationship—both of which are...
time and resource intensive. All KClS expressed the need for increased municipal funding and investment to maintain the quality of programming, address staff resourcing needs, improve physical space and assets, and diversify programming and exhibits.

THEMUSEUM Operational Review

During the collaborative funding process, THEMUSEUM requested a substantial increase to their operating grant. THEMUSEUM anticipated that without this increase, they would have to make significant changes to the scale and scope of their operations. In response to this request, the Region of Waterloo and the City of Kitchener agreed to work with THEMUSEUM to undertake a strategic review of the operations of THEMUSEUM. After developing terms of reference for the project and soliciting consultant proposals, the partners jointly appointed Angela Birdsell to conduct the review. The scope of worked included:

- A review of organization's purpose, mandate, programming and markets;
- An analysis of the organization's financial model; and,
- A review of THEMUSEUM’s capital expansion plan.

The review included interviews with a number of THEMUSEUM and community stakeholders, including staff, Board members, donors, partners, long time supporters, and other community leaders. It relied on extensive review and analysis of documentation provided by THEMUSEUM and funders, such as financial documentation, annual reports, grant applications, statistical data, web content and Board documentation. THEMUSEUM Review—Final Report Summary can be found in Appendix A.

The final report offered several conclusions:

- THEMUSEUM has a compelling Vision, Mission, and Mandate and a number of factors working in its favour such as established programming, member support, private foundation support, programming space in a building provided by the City of Kitchener, and a committed Board.
- THEMUSEUM has consistently incurred large operating deficits since 2009. Despite financial control mechanisms, the Board has approved expenditures of unrestricted reserves in the absence of plan to address ongoing sustainability.
- THEMUSEUM’s staffing in numbers and cost is close to double that of most comparative organizations.
- THEMUSEUM’s contention that it is underfunded is not supported by research of comparative organizations.
- Opportunities exist for THEMUSEUM to operate within its existing revenues.
The final report contained several recommendations for THEMUSEUM’s operations, including suggestions on reducing expenditures, assessing the cost-benefit of various operational areas, budgeting, and feasibility planning for the proposed capital expansion. THEMUSEUM has already implemented many of these recommendations.

In partnership, THEMUSEUM and municipal funders have developed a conditional 3-year funding agreement as recommended in the report. The conditional funding agreement supports THEMUSEUM to achieve sustainability, ensures responsible stewardship of public funds, and mirrors funding best practices in art funding jurisdictions (e.g. Ontario Arts Council and Canada Council for the Arts), while maintaining the current funding envelope. Municipal funders have offered in-kind services to further support THEMUSEUM’s operations.

During the annual collaborative funding process for 2021, THEMUSEUM will be assessed against these funding conditions.

**Next Steps in Collaborative Funding Process Improvement**

In addition to following the established cycle of the collaborative funding and assessment process, the Municipal Cultural Initiatives Working Group will review and refine the process to rationalize the municipal funding allocations, build equity, and increase transparency.

2020 marks the fifth year of this collaborative funding approach. This provides an opportunity to assess the value and benefit of this process. Feedback on the process has been mixed. This coordinated approach has given staff a clearer picture of the complete funding profile of each KCI, and insight into the opportunities and challenges unique to large cultural institutions. The process has also provided municipal funders with more comparable data about the sector, and strengthened relationships between cultural organizations and municipal staff. However, this process has not yet been able to address serious concerns about the sufficiency and equity of funding for KCIs. Municipal Cultural Initiatives Working Group will consider options and opportunities to address these concerns, among others, and share any findings and recommendations with Council.

This review will align with the review of discretionary grants as outlined in Service Review 2019 – KPMG’s List of “Opportunities” – Proposed Next Steps and Timing (HRC-ADM-20-01), approved by Council on January 14, 2020. Regional staff will report back with recommendations in advance of the 2021 budget process.

**Conclusion:**

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.

**Corporate 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.

**Financial Implications:**

The Region’s approved 2020 Cultural Services Operating Budget includes $771,324 for Key Cultural Institutions allocated to THEMUSEUM ($385,662) and the Kitchener Waterloo Symphony ($385,662). Funding beyond 2020 is subject to Regional Council’s annual budget deliberations.

**Other Department Consultations/Concurrence:**

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.

**Attachments**

Attachment 1: THEMUSEUM Review – Final Report Summary

**Prepared By:** Helen Chimirri-Russell, Director of Culture Services

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

This organizational review of the THEMUSEUM includes a review of its vision, mandate, markets, operations, finances and expansion plans.

The purpose is for the Region of Waterloo and City of Kitchener to consider options to maximize the organization’s potential for short- and long-term sustainability and success and, for funders to recommend an informed approach by Councils to address THEMUSEUM’s request for additional operating funding and consideration with regards to a potential expansion strategy.

The review included interviews with a number of THEMUSEUM and community stakeholders, including staff, Board members, donors, partners, long time supporters, and other community leaders. It relied on extensive review and analysis of documentation provided by THEMUSEUM and funders, such as financial documentation, annual reports, grant applications, statistical data, web content and Board documentation.

This report includes findings which should assist the funders and THEMUSEUM to engage constructively to ensure THEMUSEUM is a sustainable, dynamic cultural institution in the cities and Region.

Mission, Vision, Programming and Markets

Beginning in 2003 as the Waterloo Region Children’s Museum, research conducted by the organization indicated that there were an insufficient number of children in the geographic catchment area to support a uniquely children’s museum and, that there was an excess of space to warrant programming exclusively for children.

THEMUSEUM determined greater opportunity for revenue generation would be provided by a mixed program offering. Since 2007, THEMUSEUM has hosted exhibits with multi-faceted and intersecting themes, including art, technology, popular culture, science, health, wellness and the environment.

Its programming is developed around four pillars which help to understand the organization’s focal points:

- Exhibitions
- Community State
- Museum after Dark
- Family Experiences
Exhibits have entailed a mix of permanent, curated and sourced exhibitions including large-scale branded shows targeted at families and adults and at times includes programming targeted to specific groups, such as millennials. THEMUSEUM is placing growing emphasis on technology, digital arts and adult programming.

Stakeholders speak very positively of the past program achievements of THEMUSEUM. The range of expectations and understanding of THEMUSEUM’s future programming and its target audiences is quite varied among respondents. Significant divergence in understanding of the vision of THEMUSEUM was reflected in interviews with donors, board members, community supporters, members, staff, and the public. It will be important for THEMUSEUM to articulate a clear and honed strategic direction if it is going to gain support for an expansion among donors and governments.

**Visitor Attendance**

THEMUSEUM has a loyal membership base for its multi-themed programming. A review of attendance statistics indicate that most of those who visit THEMUSEUM are families, children and members.

This encompasses 80,000 – 90,000 visits per year. As of May 31, 2019:

- 63% of visitors are children and families
- THEMUSEUM had 1,067 members which generated 15,342 member visits including children
- 45% of members say they visit monthly (Metroline)

**Metroline Market Research**

In 2018, THEMUSEUM undertook a survey through Metroline Market Research to gain a clearer understanding of what a “critical mass of arts and culture activity” in downtown Kitchener meant for the community. The research objectives were to:

- understand general awareness of THEMUSEUM
- explore the current perceived strengths of the organization
- explore what changes could or should be made to enhance or make THEMUSEUM more relevant and interesting
- understand awareness of the potential change in the organization to take over more property and expand

The research included 1027 survey responses and a focus groups. Key findings of the Metroline Research included:

**Awareness:** generally, there is good awareness for THEMUSEUM’s programming. The highest areas of awareness was of the Dinosaurs exhibition, the lowest areas of awareness were of Dance Mix 90s, Studio 54 and Interaction.

**Areas for Improvement:** Suggestions for improvement related to cost, variety, location and parking issues, and increasing general awareness of THEMUSEUM.

**Family Experience:** 87% of respondents have a positive impression of THEMUSEUM stating that the space is welcoming for whole family.

**Collaboration:** 74% of respondents said collaboration with other institutions like universities, museums, tech companies, and arts and cultural organizations was “very important”.

![Attendance by Type](image)
Respondent interest:

- 81% of respondents were interested in larger, well known exhibitions
- 69% wanted to see more special events
- 68% wanted more family programming
- Non-members and those who attend less frequently are interested in live music, special events, adult programming.
- Regular attenders are more likely to find family experiences or events for the whole family more important than those who are not regular attenders or members.

Conclusions: Mission, Vision, Programming and Markets

While there is wide support among stakeholders for THEMUSEUM’s past programming, its future plans are not necessarily well-socialized or understood by stakeholders, many of whom have divergent viewpoints or understandings of where the organization is heading or should be heading.

Stakeholder descriptors of the forward vision varies including; ‘more ROM-like exhibitions’ to ‘less ROM-line exhibitions’, more curated digital arts, more STEAM programming, live music, more family programming / less family programming. Multiple users have multiple priorities as evidenced in the Metroline Research and stakeholder conversations.

Internally, THEMUSEUM may have a clear idea of its vision, however, when its stakeholders have dramatically divergent expectations/priorities, an organization risks attempting to be all things to all people. This prevents strategic and effective use of its finite resources.

A clear picture of the future is the only way an organization will be able to raise capital to achieve its vision.

Finances

In 2018, THEMUSEUM requested that municipal and regional funders increase support by 58% to bridge the operating deficit and to set it up for a capital campaign. As a result, an analysis of THEMUSEUM's finances is a key component of the operational review.

Current Position

At Year End 2018 THEMUSEUM held $2,037,883 in reserves, $1 million of which is donor-restricted. At Year End 2019, at the time of the report it was estimated that approximately $300,000 will remain in Board-restricted reserves. At the current rate of expenditure it is estimated¹ that THEMUSEUM would draw down all reserves by December 31, 2019.

A line of credit of $350,000 is available to THEMUSEUM. If the organization continues to operate at current spending levels, it would have $62,000 in available cash through its line of credit at its fiscal year-end of June 30, 2020.

The Board has not articulated a plan for sustainability beyond December 2019, other than to request that municipal and regional governments cover the annual shortfall in an amount of approximately $400,000 in increased operating support. The review demonstrates that increased support in the past from municipalities has been followed by higher deficits, roughly in the same amount of the funding increase. There is no evidence that funders have provided assurance of an increase to THEMUSEUM since the Region’s Per Capita / Arts Sustainability Fund increase in 2011 (to $300,000 per year from $75,000).

THEMUSEUM currently has no debt. If it draws on the line of credit, THEMUSEUM would be in a position of liability. It is the opinion of this review² that expense reductions could be implemented, potentially avoiding the need to access credit in early 2020. Over 2019-20, cost reductions could potentially result in a balanced budget at year end.

¹ As determined in Sep 2019.
² As above.
Revenues and Expenditures 2011-2018

The review examined the last eight years of financial performance presented by THEMUSEUM to identify trends and potential issues that fall outside of industry norms.

THEMUSEUM Financial Performance from 2011-2018

Revenues
- Earned revenues have seen little variance over the past six years (2013-2018).
- Fundraising and sponsorship show a general decline since 2011-2013, with lowest years in 2015-16.
- Municipal funding has remained relatively stable.
- Federal and Provincial grants are variable because they are project rather than operating grants. The highest year was in 2012, as are Foundation grants.

Expenses
- Salaries and Benefits were significantly increased in 2017 and 2018.
- Exhibit & marketing costs are variable, year over year.
- Program costs were increased by 50% in 2018.
- Facilities costs are stable. The building is provided by the City of Kitchener.

Revenue over Expenditure
- Operating deficits have been consistently incurred in amounts ranging from $260,000 - $550,000 every year between 2011 and 2018. These have been offset by drawing down reserves.

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3 This information was provided by THEMUSEUM to the reviewer.
4 Funding from The Region increased in 2011 from $75,000 to $300,000.
As a note: Deferred capital contribution/amortization should be netted as an expense for more accurate operating results. In doing so, it becomes clear that THEMUSEUM operated with slightly over $2 million in revenues and $2.6 million in expenditures in 2018, a deficit of approximately 30% of actual revenues.

**Budgeting and Financial Stewardship**

Annually, management of THEMUSEUM undergoes a budget planning process. The budget is then presented to the Board for approval each year. Approved budgets include revenue assumptions that would provide break-even results if achieved.

Annual financial audits are also approved by the Board each year. Since 2011, no financial audit has reported break-even results, rather, operating losses have ranged from 10% - 30% of revenues.

THEMUSEUM’s Board Executive reports that it regularly reviews its financial performance through a number of means including bi-monthly monitoring of budget vs actuals, monitoring project costing and profit margin scenarios. Stop Light reports are generated for various program areas.

Despite these standard financial practices, this operational review brings to light some issues:

- While progress against targets appears to be carefully monitored, it is unclear what mitigation strategies are taken to address revenue shortfalls/expenses when they are incurred.
- The rationale for the Board to annually approve balanced budgets in the face of consistent operating losses is not clear.
- The rationale for submission of the approved balanced budgets to municipal funders – given historical precedence of THEMUSEUM’s financial results – is also not clear.

**Conclusions**

THEMUSEUM Board annually runs operating deficits without a plan for sustainability following depletion of reserves.

In the case of budget submissions by THEMUSEUM which have no basis in historical achievement, funders may consider withholding grant disbursements pending the submission of achievable budgets.

This is common practice in provincial and federal funding agencies and is discussed later in the review under the recommendation for a 3-year conditional funding agreement.

**Financial Performance in a Broader Context**

**Comparative Organizations:** To help contextualize operational choices and financial performance of THEMUSEUM, this review identified a number of organizations for comparison. This is intended to assist in learning about, and gaining a broad perspective of non-profit exhibition organizations such as museums, galleries, discovery centres and digital arts centres. The comparators were chosen based on a number of criteria:

- **Operating Model:** THEMUSEUM follows a gallery/interpretation centre operating model with opening hours when people can choose to come or not, with changing exhibitions and supplemented by group visits, educational programs, special events and rentals.
- **Programming themes:** founded on its roots as a Children’s Museum, THEMUSEUM’s programming also explores the intersection between science, technology and art.
- **Revenues:** THEMUSEUM has average revenues of slightly over $2 million
- **Funding Model:** THEMUSEUM is a registered not-for-profit organization and receives funding from municipalities.
- **Location:** It is noted that community has a unique ecology for revenue generation.

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5 with amortization netted as an expense.
Population size: THEMUSEUM primarily serves the Region of Waterloo, with a population of approximately 600,000. The population in a catchment area of a cultural organization will potentially impact revenues (gate, memberships, rentals, donations etc.) and programming choices.

A detailed analysis of the programming, operating hours, school and education programs, ticketed and special events is not part of this review.

Comparators are used primarily to understand THEMUSEUM’s revenues, staff levels and compensation within the broader context.

THEMUSEUM has stated through feedback on this review, that it does not accept comparison with other non-profit cultural organizations. This report takes that view into consideration, but maintains that comparisons are useful in terms of understanding the cultural sector and industry norms.

Selected Comparator Organizations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Organization Model</th>
<th>Revenues</th>
<th>Location</th>
<th>Population</th>
<th>Funding Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCGG</td>
<td>Contemporary gallery</td>
<td>$995,056</td>
<td>Region of Waterloo</td>
<td>501,220</td>
<td>not-for-profit charitable organization</td>
</tr>
<tr>
<td>London Children’s Museum</td>
<td>Children’s Museum</td>
<td>$1,362,088</td>
<td>London</td>
<td>404,699</td>
<td>not-for-profit charitable organization</td>
</tr>
<tr>
<td>KWAG</td>
<td>Contemporary gallery</td>
<td>$1,782,203</td>
<td>Region of Waterloo</td>
<td>601,220</td>
<td>not-for-profit charitable organization</td>
</tr>
<tr>
<td>Manitoba Children’s Museum</td>
<td>Children’s Museum</td>
<td>$2,358,987</td>
<td>Winnipeg</td>
<td>749,534</td>
<td>not-for-profit charitable organization</td>
</tr>
<tr>
<td>THEMUSEUM</td>
<td>Gallery/interpretation centre</td>
<td>$2,661,989</td>
<td>Region of Waterloo</td>
<td>501,220</td>
<td>not-for-profit charitable organization</td>
</tr>
<tr>
<td>Phi Centre</td>
<td>Multifunctional arts and culture centre</td>
<td>$2,722,354</td>
<td>Montreal</td>
<td>1,780,000</td>
<td>Privately-funded, non-profit</td>
</tr>
<tr>
<td>Ottawa Art Gallery</td>
<td>Municipal art gallery</td>
<td>$2,905,080</td>
<td>Ottawa</td>
<td>994,837</td>
<td>Municipal gallery</td>
</tr>
<tr>
<td>Discovery Centre</td>
<td>Family science/interpretation centre</td>
<td>$3,300,000</td>
<td>Halifax</td>
<td>431,479</td>
<td>not-for-profit charitable organization</td>
</tr>
<tr>
<td>The Power Plant</td>
<td>Contemporary Gallery</td>
<td>$3,719,250</td>
<td>Toronto</td>
<td>2,930,000</td>
<td>not-for-profit charitable organization</td>
</tr>
<tr>
<td>KWS</td>
<td>Symphony</td>
<td>$5,248,602</td>
<td>Region of Waterloo</td>
<td>801,220</td>
<td>not-for-profit charitable organization</td>
</tr>
</tbody>
</table>

REVENUE STREAMS

Comparison of Revenue Streams (public, private, earned)

The review compares THEMUSEUM’s three funding streams (earned, government/public and contributed/private). Comparisons with the four Regional Key Cultural Institutions\(^7\) (KCs) as a cohort are provided separately.

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\(^6\) THEMUSEUM revenues include amortization. Y/E 2019 revenues are approximately $2 million before amortization of deferred capital contribution. The Discovery Centre revenues include capital campaign revenues and campaign-related staffing. The number above excludes capital funds.

\(^7\) KCs include Canadian Clay and Glass Gallery, Kitchener-Waterloo Art Gallery, Kitchener-Waterloo Symphony and THEMUSEUM.
Revenues of Comparison Organizations (2018)*

<table>
<thead>
<tr>
<th>Y/E 2018 Revenue Comparisons</th>
<th>Total Revenue</th>
<th>Private Funding</th>
<th>Private Government</th>
<th>Public</th>
<th>Earned</th>
<th>Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>KWAG*</td>
<td>1,782,203</td>
<td>837,691</td>
<td>47%</td>
<td>622,030</td>
<td>35%</td>
<td>322,482</td>
</tr>
<tr>
<td>London Children’s Museum</td>
<td>1,362,088</td>
<td>222,221</td>
<td>16%</td>
<td>313,491</td>
<td>23%</td>
<td>826,376</td>
</tr>
<tr>
<td>Manitoba Children’s Museum</td>
<td>2,349,368</td>
<td>161,154</td>
<td>7%</td>
<td>233,272</td>
<td>10%</td>
<td>1,954,927</td>
</tr>
<tr>
<td>THEMUSEUM</td>
<td>2,661,989</td>
<td>417,225</td>
<td>16%</td>
<td>728,100</td>
<td>27%</td>
<td>1,516,664</td>
</tr>
<tr>
<td>Power Plant**</td>
<td>3,719,250</td>
<td>1,274,371</td>
<td>34%</td>
<td>1,882,186</td>
<td>51%</td>
<td>562,693</td>
</tr>
<tr>
<td>Discovery Centre (Halifax)</td>
<td>8,105,289</td>
<td>3,501,044</td>
<td>43%</td>
<td>2,830,153</td>
<td>35%</td>
<td>1,774,092</td>
</tr>
</tbody>
</table>

*KWAG & Powerplant do not charge admission

**Power Plant Gov’t funding includes $538k in kind facilities from Harbourfront

Government funding

Government revenue is 3% points below average of comparative organizations

Earned revenue

THEMUSEUM is relatively strong in earned revenue (57%).

Earned revenue of THEMUSEUM is within the top half of comparators. The average is 43%.

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8 *KWAG and The Power Plant do not charge admission. The Discovery Centre revenue includes @ $4.8 m in revenue related to capital campaign. This will logically result in higher than usual private and government revenues. Normal operating revenues sit at approximately $3.3 M. The Phi Centre in Montreal is not included in revenue analysis because it does not have government funding, but is rather solely supported by private contributions and earned revenue. The Ottawa Art Gallery is not included because it is a line item in the City of Ottawa budget; therefore its public revenue streams are not appropriate as a basis for comparison.
Private funding (fundraising, sponsorships and non-government grants)

THEMUSEUM is on par with children’s museums in this revenue category. At 16%, private revenue is below the average of 27% of comparison organizations.

2018 Revenue comparisons with the Region’s Key Cultural Institutions (KCI)s

In comparing the three revenue streams of Region’s KCIs:

- THEMUSEUM is supported by the area municipalities and the Region at strong levels comparable to other KCIs, including in-kind infrastructure support.
- THEMUSEUM has the highest proportion of earned revenue of the KCIs. KWAG and CCGG do not charge admission. CCGG’s earned revenue is largely attributable to gift shop.
- THEMUSEUM receives less than other KCIs from federal and provincial sources.
- Fundraising and sponsorship is low relative to KCIs.

EXPENDITURES

Staffing

THEMUSEUM’s total staffing costs are 57% of revenues (or 74% if amortization is netted out as an expense bringing THEMUSEUM’s operating revenues in 2018 to $2,038,931)\(^9\). Staffing costs were significantly increased in the past two years (see p 4). THEMUSEUM has close to double, by number and/or %, the FT staff contingent as institutions with comparable or lower revenues. As staffing expenditures arguably account for THEMUSEUM’s operating deficits, this area is a key focus of the review.

\(^9\)Based on 2018 revenues of $2,515,939 in the chart on p 4, and staffing costs of $1,513,223. With deferred capital contribution $477,008 and amortization $531,245 netted out as an expense, this provides a truer picture of operating revenues which are $2,038,931. As such, staffing costs are 74% of revenues in 2018. Of the comparator organizations indicated above, The Power Plant’s revenues do represent the net amortization amount, the remainder, drawn from CRA data, do not.
Staff are well-regarded by those interviewed during this review for commitment and professionalism. In its employee manual, THEMUSEUM demonstrates robust staff policies including employer/employee responsibilities, workplace health and safety policies, code of conduct, human resources policies and job descriptions exist for each position. This review has not explored THEMUSEUM’s approach to performance evaluations.

The table below compares staffing levels and compensation of comparator organizations relative to revenues. Data is from CRA Charities listing returns 2018.

### Full Time (FT) and Part Time (PT) staff relative to revenues, 2018\(^{10}\)

<table>
<thead>
<tr>
<th>Organization</th>
<th>Revenues</th>
<th>FT (total)</th>
<th>FT as a % of total</th>
<th>PT (total)</th>
<th>Total Compensation (all positions)</th>
<th>% of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>KWAG</td>
<td>1,269,701</td>
<td>8</td>
<td>24%</td>
<td>25</td>
<td>634,999</td>
<td>50%</td>
</tr>
<tr>
<td>London Children’s Museum</td>
<td>1,362,088</td>
<td>11</td>
<td>21%</td>
<td>41</td>
<td>844,485</td>
<td>62%</td>
</tr>
<tr>
<td>Manitoba Children’s Museum</td>
<td>2,358,987</td>
<td>14</td>
<td>23%</td>
<td>48</td>
<td>877,220</td>
<td>37%</td>
</tr>
<tr>
<td>THEMUSEUM*</td>
<td>2,661,989</td>
<td>20</td>
<td>51%</td>
<td>19</td>
<td>1,513,233</td>
<td>57%</td>
</tr>
<tr>
<td>Phi Centre (Mtl)</td>
<td>2,722,354</td>
<td>6</td>
<td>14%</td>
<td>37</td>
<td>792,405</td>
<td>29%</td>
</tr>
<tr>
<td>Ottawa Art Gallery</td>
<td>2,905,080</td>
<td>18</td>
<td>56%</td>
<td>14</td>
<td>916,669</td>
<td>32%</td>
</tr>
<tr>
<td>The Power Plant</td>
<td>3,719,250</td>
<td>10</td>
<td>32%</td>
<td>21</td>
<td>915,173</td>
<td>25%</td>
</tr>
<tr>
<td>The Discovery Centre (Hlfx)</td>
<td>3,300,000</td>
<td>24</td>
<td>40%</td>
<td>36</td>
<td>1,569,585</td>
<td>48%</td>
</tr>
</tbody>
</table>

### Cultural Human Resources Council of Canada (CHRC)

The review also draws on the 2017 CHRC report on compensation published on May 2, 2018\(^{11}\). It surveyed over 400 cultural non-profit organizations across Canada on compensation, benefits, staffing contingents and other workforce trends. Results are grouped into five categories of organization by annual revenues from less than $100,000 to over $5,000,000.

Ninety-nine (99) organizations reported in the $1 m - $5 m annual revenues category. The average number of Full Time staff in this reporting category is 10.

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\(^{10}\) While Ottawa Art Gallery, a municipal gallery, has a relatively large F/T staff contingent, its staffing costs are 32% of revenues.

\(^{11}\) The Full CHRC Report can be found here: [https://www.culturalhrc.ca/research/cross-sectoral](https://www.culturalhrc.ca/research/cross-sectoral)
Most cultural organizations opt for a smaller core full-time staff supplemented by a larger number of part time staff. Part time and casual labour provides flexibility to be responsive to programming ebbs and flows typical of programming by small-to mid-sized not-for-profit cultural organizations.

While Ottawa Art Gallery has a similar proportion of F/T staff, total staffing costs relative to revenues of OAG (32%) are significantly lower than THEMUSEUM (57%).
Finally, compensation as a percentage of revenues for the comparator organizations is provided below.

![Bar chart showing compensation as a % of revenue for various museums.]

**Expansion Plans**

**Rationale**

THEMUSEUM has stated that its future viability is pinned to expansion, in order to mitigate current space limitations, accommodate expanded programming aspirations, and ensure financial sustainability.

THEMUSEUM’s expanded programming over the past 9 years reflects its move away from being solely a Children’s Museum. However, for expanded programming, THEMUSEUM has determined that the current space configuration is problematic. Some key challenges include:

- Children’s activities are front and centre on entry
- Upper level galleries are not suitable for large groups of children
- Noise presents a barrier to differentiated activity
- Open space hinders bumping in exhibitions and concurrent rental activity
- There is a lack of contiguous space for large exhibitions

With the assistance of a consultant (approximately 10 years ago) THEMUSEUM articulated a need for:

- Theatre Space
- Swing Space
- Loading Dock
- 14,000 square feet of Contiguous Exhibition Space
- Permanent Family Experience
- Café /hospitality

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13 Café space has been achieved at street level.
In October 2018 THEMUSEUM secured KCI, a reputable campaign feasibility research firm, to explore the feasibility of a capital campaign. The study found that:

- There is strong support for cultural block in downtown Kitchener
- THEMUSEUM has done groundwork to begin socializing the concept
- Fundraising capacity was validated $10 million in potential funds, not the original target of $25 million
- Few donors self-identified as transformative level donors
- Major gift capacity is not evidenced
- The organization lacks an established, ongoing donor base to draw on for a campaign

Strategic considerations were identified by the Ketchum study. These included:

- THEMUSEUM’s case needs to be more fully developed including well-constructed business and operational plans
- THEMUSEUM must build trust and relationships with other organizations.
- Major gift relationships need time to build (up to 5 years from initial engagement)
- THEMUSEUM has a fledgling donor base, and must develop long-term ongoing supporters
- THEMUSEUM will need fully developed business and operating plans before approaching prospective donors
- THEMUSEUM must address the operating deficit, as qualified donors will see this as a concern.

Expansion Planning

As part of this review, THEMUSEUM shared drawings of the potential expansion. Drawings of the Queen & King Street proposal include a number of exterior renderings such as the sample below.
Exterior renderings lack the specificity that investors are likely to expect, including and especially government funders. A full feasibility study would include, but not be limited to:

- business analysis that demonstrates the impact of current space deficiencies on operating revenue and an outline of increased revenue potential against operating costs in an expansion
- business analysis outlining the impact expanded space or phased in added components (loading dock, theatre) would have on programs, operations and services to the community;
- cost-benefit analysis of the expansion
- a comprehensive plan, description and rendering of planned interior programming areas, service areas, back of house, public spaces, retail and hospitality, and allocation of community-based spaces
- detailed operating costs during and following on the expansion
- detailed programming types and offerings in an expanded facility and expected audiences
- expansion budget: expected revenues and development expense, including a cash flow analysis over the life of a project that is green-lighted
- timeline for the expansion and a focused strategic plan with specific goals, objectives and key performance indicators

THEMUSEUM has a number of challenges to address prior to embarking on an expansion. These include THEMUSEUM’s chronic operating deficit; the lack of a clear, the lack of the detailed expansion plan; and an underdeveloped donor base, including both high net worth individuals and especially broad-based and regular individual donors, the latter of whom will be critical for THEMUSEUM to develop prior to embarking on a campaign.

The impact of expansion on operations would need to a key part of the planning process, including

- alignment with re-building of reserves
- ring-fencing campaign revenues and expenses from operations
- ensuring transparency and CRA compliance with all campaign revenues

Conclusions - Expansion

Following its consistent operating deficits, THEMUSEUM has expended its reserves and has made an appeal to funders for an operating increase. Capital expansion is not currently advisable, nor likely to be successful when an organization’s financial position is under this level of duress.

- The operating deficit must be addressed by THEMUSEUM prior to embarking on a capital project. THEMUSEUM likely will need to make strategic decisions on programming and operations to function within its current revenues.
- Large scale programming projects (e.g. major exhibitions) should not be committed going forward without confirmed sponsorship and realistic revenue projections. This will enhance the liability risk for THEMUSEUM.
- Comprehensive work developing expansion plans including programming remains to be done. THEMUSEUM will need to be clear and specific on what an expansion will achieve in programming and results. This will be critical to demonstrate the potential for success to donors and governments.
- THEMUSEUM still needs to develop and steward a consistent donor base that both pre-dates and would extend beyond the campaign. This will be critical for the success of any capital campaign going forward.
• If developed, an expansion plan should be based on a $10 m goal at this time, potentially with phased-in developments (such as a loading dock)\textsuperscript{14}.

• A high degree of rigour must be applied to all levels of planning & operations.
  
  o Trillium Foundation and Canadian Cultural Spaces offer feasibility study support (matching $75k) to successful applicants, which could be donor-matched.

• Once an organization is campaign-ready, generally upfront investment is required, given that organizations must budget and pay for campaign and project expenses for up to 10 years as a campaign and construction project unfold.

• A campaign is highly visible: Stakeholders are vigilant on key milestones, the delivery on campaign promises

Conclusions and Recommendations

THEMUSEUM has a compelling Vision, Mission, and Mandate and a number of factors working in its favour such as:

• Visibility
• Established programming
• Member support
• Programming space in a building provided by City of Kitchener
• Reliable municipal and Regional government funding, and project-based federal and provincial funding
• Private foundation support
• No debt (until early 2020 if status quo is maintained)
• A committed Board

THEMUSEUM has consistently incurred large operating deficits since 2009. Despite financial control mechanisms, the Board has approved expenditures of unrestricted reserves in the absence of plan to address ongoing sustainability.

Under the status quo THEMUSEUM’s unrestricted reserves will be depleted as of 31 December 2019\textsuperscript{15}, and THEMUSEUM will likely have a $300,000 line of credit liability as of June 2020.

THEMUSEUM’s staffing in numbers and cost is close to double that of most comparative organizations. Immediate action to address costs may enable THEMUSEUM to break even at Y/E 2020 and enable it to begin to stabilize over three years.

THEMUSEUM’s contention that it is underfunded is not supported by research of comparative organizations.

Options for THEMUSEUM

Like all organizations, THEMUSEUM can only act on areas within its control, such as:

• Realistic budgeting
• Expenditure management to balance the operating budget
• Financial stewardship

\textsuperscript{14} THEMUSEUM could triage and prioritize identified needs. For example, what might options for a loading dock be on the existing premises and how would it benefit / hinder programs and services? All modeling should include a detailed cost-benefit analysis.

\textsuperscript{15} Based on data available in August 2019.
• Strategic program decisions which are focussed, affordable, and efficiently delivered
• Programming business cases that include staff resourcing implications.

Areas not within THEMUSEUM’s control can be anticipated and strategically mitigated.

• Unforeseen circumstances impacting costs
• Public funding outcomes

THEMUSEUM has a number of options to consider

Option 1: Maintain the status quo and pursue expansion

The case for this is not strong. As of Jan 2020 THEMUSEUM will begin to incur liability. Campaign donors may view their potential contributions as at risk of plugging operational deficits representing a major liability for a capital campaign. Failure to address operating deficits may put public funding at risk.

Option 2: Wind down operations

THEMUSEUM has good support in the community, including consistent municipal and Regional support, is provided a building in which to operate by the City of Kitchener, and most importantly, currently has no debt. The public supports its programs, and THEMUSEUM has had significant levels of government and philanthropic investment since 2007.

Re-starting an organization in the space currently occupied by THEMUSEUM would require re-building relationships and trust in the community, and starting at ground zero with government funders.

THEMUSEUM has stated that it may have no option but to close if municipal and regional funders do not increase funding support. This review has sought to demonstrate that THEMUSEUM is under no obligation to shut down operations. Rather, through any number of financial, operational or programming mitigation strategies, it may continue to operate, arguably without sizable loss of programming service. It is the opinion of this review that THEMUSEUM’s contention that it cannot address its deficit in order to continue operations is rather, indicative of its lack of willingness to do so.

Option 3: Transition to a balanced and sustainable operating model

3.1) Address Expenses

• THEMUSEUM has five (5) months\(^{16}\) to reduce expenses to achieve a more favourable December 31, 2019 result.
• THEMUSEUM could consider capturing self-generated streams in a format that would enable it to analyze revenues by program area.
• THEMUSEUM should undertake cost-benefit analysis of revenues and expenditures\(^{17}\). This should include an analysis of revenue streams and return on investment in full-time staffing and an analysis of self-generated revenues by program area to assist it with strategic decisions to balance its budget.
• THEMUSEUM should carefully consider any major financial commitments until business cases are fully developed and sponsorships are secured.
• Any decision that risks the need to incur debt should be carefully considered.
• Establish an independent finance committee of THEMUSEUM Board, which could draw on external expertise, to help with:

\(^{16}\) As at Aug 2019, time of the agreed review parameters.

\(^{17}\) It could be an interesting exercise for THEMUSEUM to examine Phi program outcomes as privately supported organization.
Realistic budget planning, cash flow planning, analytical review to identify revenue and expense trends.

Monitoring against budget for all funders and monthly monitoring and mitigation strategies.

Ensuring financial targets remain on track.

Board evaluation and senior leadership performance evaluation should include performance against financial objectives.

3.2) Develop operational (annual) fundraising capacity.
- This will help set the stage for a capital campaign.

3.3) Undertake feasibility research and, pending outcomes, lay out a detailed business case for a phased expansion plan.
- Detailed planning should include:
  - Detailed program, including focus and markets
  - Prioritized list of requirements
  - Timeline
  - Operational Implications
  - Operating Program costs
  - Revenue Streams

Options for Funders

In cases where an organization has put itself at financial risk, it is common for funders to implement a conditional funding agreement at current funding levels. This normally includes periodic funding disbursements conditional on regular reporting requirements that may include financial targets, and the provision to withhold disbursements if agreements are not met. In the majority of cases this is an effective tool in assisting a company to re-organize, stabilize and transition over a period of time.

To protect public investment, to ensure public transparency of funding and to mitigate negative precedent-setting in the wider community through funding decisions, government funders do not generally reward organizations which chronically spend more than they bring in.

The conclusion of this review is for the cities and the Region. In the experience of this reviewer, increasing support to an organization that does not undertake the difficult work of focussing on its own mitigation strategies, rarely provides the desired results of organizational health and sustainability. Municipal and Regional funders may wish to require that all Board members sign the approved budget submission of THEMUSEUM as a condition of funding as well as quarterly projections and actuals.

Option 1: Status Quo (Not recommended)

There is potential for THEMUSEUM to incur liability by mid-2020 in the event that it is not compelled to mitigate operating costs. It is problematic to continue to provide support to an organization which is not stewarding public funding responsibly, while this remains a requirement of other KCIs.

Option 2: Increase Support to THEMUSEUM (Not recommended)

While this may alleviate in THEMUSEUM’s revenue gap in the short term, the lack of an operational plan does not provide confidence that additional support will address THEMUSEUM’s issues.

It is the opinion of this review that THEMUSEUM’s cost structure should be addressed by THEMUSEUM. Increasing support could result in negative fallout within the broader arts community;
given the expressed funding needs of KCIIs and other arts organizations;
rewarding deficit operations may set a concerning precedent;
THEMUSEUM has a record of deficit spending that increased in tandem with regional funding increases.\footnote{In 2010 THEMUSEUM received an increase in support from The Region to $300,000 from $75,000. In 2011, the first full year of reporting the $300,000, THEMUSEUM incurred a deficit of $274,000.}

Option 3: Find alternative use for THEMUSEUM venue (Modelling has not been undertaken)

Option 4: A Conditional 3-year Funding Agreement (Recommended)
This would be predicated on achievement of operational surpluses by THEMUSEUM within the current funding envelope. This approach:

- prompts THEMUSEUM to continue to operate and achieve sustainability;
- ensures responsible stewardship of public funds;
- mirrors funding best practice in developed arts funding jurisdictions, especially at federal and provincial levels, and also in many municipalities;
- includes potential funding reductions if funding conditions are not met.

Municipal and Regional Funders may also consider appointing a staff controller or controllers to sit on THEMUSEUM Finance committee.

Option 5: Decrease or suspend funding to THEMUSEUM

- Should THEMUSEUM fail to address the operating deficit through a conditional program of support, or should it suspend, or largely scale back operations, funders may wish to consider immediate or phased withdrawal of support.