



Discussion Paper

Possible Funding Models

May 17, 2022

Friends of Second Marsh (FSM) has developed this discussion paper to open a conversation with City staff, Committee and/or Council Members on the funding of Friends of Second Marsh.

A. Background

History

- The preservation of Second Marsh began in the 1970's with the Second Marsh Defence Association.
- The City took over ownership of the Marsh in 1992 and entered into a partnership with the Central Lake Ontario Conservation Authority, Ducks Unlimited Canada and Friends of Second Marsh (FSM) to ensure the continued preservation and celebration of this provincially significant resource for the benefit and enjoyment of present and future generations.
- Today, Second Marsh and the McLaughlin Bay Wildlife Reserve (currently being transferred to City ownership) are an eco-tourism destination, locally, regionally and provincially, within a highly populated urban context on the eastern edge of the Greater Toronto Area. This attracts visitors to the City and provides associated economic benefits/spin-offs for local businesses.

Funding

- FSM has historically been funded by the City of Oshawa's Anchor Grant.
- In 2011, the annual City grant was \$40,000.
- In 2022, the City's Anchor Grant cash contribution of \$42,200 represented approximately 42% of the FSM operating budget including employee salaries and other administrative costs. (This amount, combined with a \$5,050 in-kind office space made a total contribution of \$47,250).

Discussion Paper

Possible Funding Models for Friends of Second Marsh

May 17, 2022

- In 2021, City Council endorsed a new Community Grant Program with four grant streams. While we understand that the City wants to change its approach to funding community organizations, the most recent staff report FIN-22-54, which presents the Evaluation and Scoring Criteria for the new Community Grant Program, will not provide operating budget funding for FSM. The grant categories provide funding for festivals, events, celebrations, one-off projects and activities, and in-kind contributions only.
- To date, the City Anchor Grant has been used at the discretion of FSM and has been used to cover the cost of some of our events and projects.
- City base funding allows FSM to leverage additional funding and attract volunteers, creating a value-added benefit for the City, as well as for the greater community.
- Other funding sources available to FSM (recently benchmarked against 17 similar organizations) are limited, largely project-focused and do not cover salary and administrative costs. This leaves FSM with few operating budget funding sources.
- With the recommendations contained in FIN-21-54 approved by the Finance Committee on May 16, 2022, FSM is facing the apparent loss of the City's grant, which is of great concern.

Staffing

- FSM currently operates through an elected volunteer Board of Directors and two part-time staff with a combined 30 years of first-hand experience at the Marsh. Two positions – Executive Director and Administrative Assistant – are currently vacant due to funding constraints.
- The current staffing complement falls far short of the full-time Executive Director and five full-time staff that FSM once had.
- Despite this, FSM brings added value to the table and successfully delivers education, interpretation and stewardship programs at a cost far lower than if City staff delivered the programs.
- The transfer of the McLaughlin Bay Wildlife Reserve to the City will result in a 30% increase in area and result in a contiguous 178-hectare City-owned environmentally significant area. It is anticipated that this will place additional responsibilities on FSM's education, interpretation and stewardship partnership role.
- The challenge FSM faces is that, even without increasing the area, our resources are already significantly stretched.

Timing

- Timing is critical. With only two scheduled Council meetings left prior to the election (June 20 and Sept 26) and the budget expected to be presented to Council before year-end and budget approval in January 2023, it is urgent that staff and Council consider possible alternate funding models for FSM if the organization is to maintain its partnership status in 2023 and beyond.

B. Proposed Funding Models

The proposed funding models have been developed with the following in mind:

- municipalities face a balancing act in maintaining and potentially expanding services in a way that is fiscally responsible;
- a key focus of Oshawa Council has been to provide quality, affordable municipal programs/services in the most efficient and effective manner;
- the 2020-2023 Oshawa Strategic Plan: Our Plan for Success and its two guiding principles of financial stewardship and sustainability;
- Second Marsh is recognized as a natural infrastructure asset in the City's Asset Management Plan and investing in FSM is an investment in this important natural infrastructure;
- the City's budget is a financial tool, but it is also a policy and communication tool, identifying and messaging what is important to the City and the community.

Possible funding models include but are not limited to:

1. Fund FSM Through a Department Budget

Increase a Department base budget to include funding to support FSM's education, interpretation and stewardship partnership role related to the City-owned Second Marsh and, potentially, the McLaughlin Bay Wildlife Reserve. Funding could be based on a per-capita contribution. This approach to FSM funding would be similar to budgeting for CLOCA environmental monitoring of Second Marsh in a Department budget.

This approach would:

- specifically address FSM financial support;

Discussion Paper

Possible Funding Models for Friends of Second Marsh

May 17, 2022

- potentially provide FSM with more funding enabling a larger staff complement to meet Marsh needs and FSM responsibilities, increasing the physical presence, on behalf of the City, at Second Marsh and the McLaughlin Bay Wildlife Reserve. It would also maximize the potential of the Marsh as an eco-tourism destination while ensuring the protection of the Marsh and its inhabitants;
- provide FSM with financial stability, allowing FSM to plan for more multi-year projects, which is critical when it comes to invasive species like Invasive Phragmites, and to meet its partnership responsibilities;
- result in FSM being able to fulfill its education, interpretation and stewardship partnership role related to Second Marsh and the anticipated expansion of that role given the planned transfer of the McLaughlin Bay Wildlife Reserve to the City;
- send a message that Second Marsh, a City owned Provincially Significant Wetland, Provincially Significant Area of Natural and Scientific Interest, cultural heritage resource and designated Greenbelt area, and the McLaughlin Bay Wildlife Reserve, are an important community resource worth protecting, maintaining and improving.

2. Fund FSM as an External Agency

The City would fund FSM as an external agency as it does the five existing external agencies - Oshawa Senior Citizens Centre (OSCC), Oshawa Public Libraries, The Parkwood Foundation, Oshawa Historical Society, and Robert McLaughlin Gallery. Funding for these agencies exceeded \$12 million in 2022. Funding would be based on an annual Business Plan and budget submission, as is the current practice for external agencies.

There are many benefits to external agencies. They:

- efficiently deliver a public function/service through a dedicated elected Board, staff and volunteers and staff who have a passion for their subject matter;
- leverage base funding to access additional funding and attract volunteers, creating a value-added benefit to the City, as the owner, as well as for the greater community;
- are cost-effective given agency staff and volunteers provide a public service at a much lower cost than if the City did it itself (the exception here is the OSCC where staff are City employees);

Discussion Paper
Possible Funding Models for Friends of Second Marsh
May 17, 2022

- direct, support and facilitate the process of public education, outreach and engagement.

It is noted that the City does not have a definition of an external agency but has recently referred to three key elements – involves City-owned property; a core City service and Council representation on the Board.

In the absence of a definition, FSM developed a table (**Attachment 1**) that captures the characteristics of the existing external agencies and “tests” whether FSM meets these characteristics.

The table addresses organization, governance, administration and accountability criteria. Please note that none of the external agencies provide a core service if core is defined as mandatory/legislated. All agencies provide discretionary services. The table indicates that FSM currently meets or partially meets with the potential to fully meet all criteria of an external agency of the City of Oshawa.

Funding FSM as an external agency would:

- specifically address FSM financial support;
- potentially provide FSM with more funding enabling a larger staff complement to meet Marsh needs and FSM responsibilities, increasing the physical presence, on behalf of the City, at Second Marsh and the McLaughlin Bay Wildlife Reserve, and maximize the potential of the Marsh as an eco-tourism destination while ensuring the protection of the Marsh and Reserve and their inhabitants;
- provide FSM with financial stability, allowing FSM to plan for more multi-year projects, critical when it comes to invasive species like Invasive Phragmites, and to meet its partnership responsibilities;
- result in FSM being able to fulfill its education, interpretation and stewardship partnership role related to Second Marsh and the expansion of that role given the planned transfer of the McLaughlin Bay Wildlife Reserve to the City;
- send a message that Second Marsh, a City owned Provincially Significant Wetland, Provincially Significant Area of Natural and Scientific Interest, cultural heritage resource and designated Greenbelt area, and the McLaughlin Bay Wildlife Reserve are an important community resource worth protecting, maintaining and improving.

- enhance FSM accountability and transparency to both the City and the community through an annual Business Plan with an associated action plan and performance measures, appointed Council representation (should Council desire), and audited financial statements, as necessary.

3. Revisit the New Community Grant Program

Revisit the Community Grant Program to include an operating budget grant category that would provide operating budget funding for community organizations.

This approach would:

- provide much needed operating funding for community organizations, including FSM;
- place more demands on the proposed City staff committee as an additional grant category would need to be administered;
- require FSM to apply annually and compete for operating budget funding;
- likely not result in any increase in funding to FSM given the grant category would have a limited funding envelop thereby continuing the status quo in terms of limited FSM operational capacity;
- leave FSM with year-to-year uncertainty regarding its operating budget, restricting our ability to plan for multi-year projects or sustain a sufficient staff complement.

4. FSM Staff Become City Employees

Following the precedent of the OSCC where their staff report to the Board but are City employees, FSM staff could become City employees. This model could be combined with the designation of FSM as an external agency.

This approach would:

- reduce the financial requirements of FSM to meet its education, interpretation and stewardship partnership role;
- potentially enable the filling of vacant positions resulting in a larger and full-time staff complement giving FSM more stability to plan and focus on the delivery of its partnership programs and create a greater physical presence at the Marsh and the McLaughlin Bay Wildlife Reserve;

Discussion Paper
Possible Funding Models for Friends of Second Marsh
May 17, 2022

- increase the City's financial and Human Resource Services commitments to City-owned Second Marsh, given the City's higher cost for employees, which includes not just salary but benefits, vacation pay, pension contributions, etc. not currently provided by FSM;

5. Do Nothing

The City provides community grants through the new Community Grant Program, as approved by Council.

This approach would:

- provide event and one-off project funding, and maintain the FSM office space as an in-kind contribution;
- not provide operating budget funding to FSM thereby reducing the City's financial commitment to FSM and to Second Marsh;
- reduce and possibly remove a physical presence from Second Marsh and the McLaughlin Bay Wildlife Reserve opening the door to decline and degradation, and loss of community engagement, awareness and education opportunities;
- result in FSM not having sufficient operating funds for 2023 and beyond to maintain the existing, and, currently limited, staff resources, given there are very few funding sources that provide operating budget funding;
- result in FSM not being able to fulfill its education, interpretation and stewardship partnership role related to Second Marsh and the expansion of that role given the transfer of the McLaughlin Bay Wildlife Reserve to the City.

Conclusion

The models, as indicated above, are an invitation to City staff and Council to discuss how we can collectively sustain the FSM/City partnership and ensure the continuation of the education, interpretation and stewardship programs at Second Marsh, and potentially the McLaughlin Bay Wildlife Reserve, in 2023 and beyond.

FSM welcomes all observations, comments and suggestions, as well as the development of alternative funding models.

We are available to meet with City staff, Committee and/or Council at a mutually convenient time.

Attachment 1: Characteristics of an External Agency (May 16, 2022)

The following table lists the characteristics of Oshawa's five external agencies and how Friends of Second Marsh meets these tests.

Characteristics	Oshawa Historical Society	Parkwood Foundation	Oshawa Senior Citizen Centres	Oshawa Public Libraries	Robert McLaughlin Gallery	Friends of Second Marsh	Meets Test
Organization							
Status	Not-for-profit, registered charitable organization	Not-for-profit, registered charitable organization	Not-for-profit, registered charitable organization	Not-for-profit, registered charitable organization	Not-for-profit, registered charitable organization	Not-for-profit, registered charitable organization	Yes
Supports a Discretionary* City Service/ Function with associated Community Outreach and Education	Yes. Administers the Oshawa Museum and maintains a repository for artifacts and written historical records. It brings together individuals interested in the history of Oshawa and to research, record, retain, preserve, and present historical information.	Yes. Operates and preserves Parkwood Estate, a National Historic Site, as a museum and heritage garden, to foster an understanding and appreciation of its architectural and features, collection of art and furnishings, and of the life, times and accomplishments of R. S. McLaughlin.	Yes. Serves the 55+ community via Community Support Services, Recreation & Special Events, and Continuing Education.	Yes. The Library Board is established by municipal bylaw as per the <i>Public Libraries Act</i> . The Library enriches the lives and potential of the people of Oshawa by connecting them to the world of information and to each other.	Yes. The Gallery is a cultural and community asset offering exhibits, projects and programming; a place where art, artists, and the community come together in conversation, and share and protect stories of our communities through art, shared authority, education, and engagement.	Yes. Administers and maintains a year-round education, interpretation and stewardship program at Oshawa Second Marsh, a provincially significant wetland, area of natural and scientific interest, cultural heritage asset and part of the Greenbelt.	Yes
*none of the external agencies provide a mandatory or legislated service							
Level of Impact	Social, cultural and economic	Social, cultural and economic	Social, cultural and economic	Social, cultural and economic	Social, cultural and economic	Social, cultural, economic and environment	Yes
Involves City-Owned Property	Yes. Buildings are owned by the City. OHS operates the buildings with an occupancy license, and owns the building contents and archival collection.	No – owned by the Parkwood Foundation.	Partially. Two of five locations are located within City facilities – Northview and Delpark Homes Community Centres. A new centre is proposed as part of a City rec complex on Thornton Road North.	Partially. Two of four locations are located within City facilities – Northview and Delpark Homes Community Centres. A new library is proposed as part of a City rec complex on Thornton Road North.	Yes. The building is owned by the City but leased and managed by the Gallery.	Yes. Second Marsh is owned by the City. The adjacent McLaughlin Bay Wildlife Reserve is in the process of being transferred to the City from GMC.	Yes

Governance						
Board of Directors	Yes. Operates through an elected volunteer Board of Directors. By-laws in place.	Yes. Operates through a volunteer Board of Directors. By-laws in place.	Yes. Operates through a Board of Trustees. By-laws in place.	Yes. Operates through a volunteer Board of Directors. By-laws in place.	Yes. Operates through a volunteer Board of Directors. By-laws in place.	Yes
Council Appointment to the Board	No. Councillor rep has not been requested by the Board.	Yes. Councillor Tito-Dante Marimpietri sits on the Board.	Yes. Councillor Tito-Dante Marimpietri sits on Board.	Yes. Councillors Gray and Neal sit on Board.	Yes. Councillor Giberson sits on Board.	Yes, as not currently mandatory
Strategic Plan	Yes	Yes	Yes	Yes	Yes	Yes
Operates through Committees	Yes	Yes. As of 2017: <ul style="list-style-type: none"> • Finance and Audit • Governance and Nominating • Physical Plant and Planning • Marketing & Communications • Events Committee 	Yes. <ul style="list-style-type: none"> • Finance Committee • Governance Committee • CEO Evaluation Committee • Strategic Planning Committee 	Yes <ul style="list-style-type: none"> • Acquisitions • Finance & Investment • Governance & Nominations • Fundraising 	Yes <ul style="list-style-type: none"> • Communications • Governance • Finance • Events/Program 	Yes
Membership Available	Yes	Yes	Yes	Yes	Yes	Yes

Administration							
Executive Director	Yes	Yes	Yes	Yes – Chief Executive Officer	Yes - Chief Executive Officer	Yes - Executive Director position currently vacant due to funding constraints.	Yes
Employees	Yes. Curator, Visitor Experience Coordinator and Archivist, two regular part-time positions, and seasonal and temporary staff as funds are available.	Yes. Permanent core staff of six full-time and four part-time.	Yes. 24 full time and 20 part time employees, Programs and Services Director, Community and Volunteer Relations Manager, Leisure Programs Manager, Community Support Services Manager and an Administration and Finance Manager. Note: Staff are City employees.	Yes. Nine management staff plus other staff.	Yes.	One part-time Administrative & Programs Director, and one part-time Outreach and Planning Associate. Part-time Administrative Assistant position currently vacant due to funding constraints. Have recently posted for a Grant Writing Officer.	Yes
Offers Volunteer Opportunities	Yes. Have to apply to volunteer and undergo a police check.	Yes. Offers hands-on learning experiences for volunteers of all ages and interests, frequent opportunities to interact with the public and act as ambassadors to visitors. 80 volunteers participate on advisory and ad hoc event committees, interpretive tours, public programs and special events, retail and food services, collections management and research.	Yes. Over 500 volunteers provide support in the delivery of programs and services.	Yes. Opportunities include: <ul style="list-style-type: none"> • Friends of the Library • Reading Buddies • Teen Advisory Group • Annual Income Tax Clinic 	Yes. Volunteers must be 18 years of age, a member, complete an orientation process, which consists of an interview and a clean completed volunteer check. Areas include: <ul style="list-style-type: none"> • Acquisitions • Gift Shop • Tea Room • Greenhouse/Gardens • Tour Guides • Special Events • PR, Marketing & Social Media 	Yes. Volunteers participate in program/event/project planning and delivery. The Board is discussing opening some committees to volunteers.	Yes

Accountability						
Annual Business Plan with Action Plan, including Performance Measures	Yes	Yes	Yes	Yes	Yes	Partially. An annual staff work/action plan could become an annual Business Plan with Action Plan, including performance measures.
Financial	Annual operating and capital budget. Audited financial statements	Annual operating and capital budget. Audited financial statements	Annual operating and capital budget. Audited financial statements	Annual operating and capital budget. Audited financial statements	Annual operating and capital budget. Audited financial statements	Annual operating budget is currently unaudited due to the size of budget. Under the <i>Ontario Not-for-Profit Corporations Act</i> a public benefit corporation is allowed a review engagement in lieu of an audit if the budget is \$100-500,000. An annual audit could be completed, however, should the City require one.
Request for City Financial Support 2022						
2022 Budget Request	\$462,100	\$325,000	\$1.832 million	\$9.28 million	\$846,200	\$47,250 (approved) \$42,200 from Anchor grant and \$5,050 in-kind office space.
						N/A