



SUBJECT: Sound of Music Festival – 2024 event recap and future city support

TO: Committee of the Whole

FROM: Recreation, Community and Culture

Report Number: RCC-19-24

Wards Affected: all

Date to Committee: December 2, 2024

Date to Council: December 10, 2024

Recommendation:

Consider the three options for city financial support and re-payment plan presented in recreation, community and culture department report RCC-19-24 Sound of Music Festival - 2024 event recap and future city support.

PURPOSE:

Vision to Focus Alignment:

- Designing and delivering complete communities
- Providing the best services and experiences
- Protecting and improving the natural environment and taking action on climate change
- Driving organizational performance

Executive Summary:

This report aims to provide a comprehensive overview of the 2024 Sound of Music Festival, including the city's support, and to offer recommendations for future city involvement in a way that aligns with the following guiding principles:

1. Fostering community connections.
2. Supporting the delivery of festivals and events in Burlington.
3. Promoting the sustainability of festivals and events in Burlington.

4. Respecting the reputation and historical significance of key events to Burlington's legacy.

As a key partner in the delivery of festivals and events in Burlington, the city plays a vital role alongside other stakeholders, including Sound of Music. Given the rising costs of events, the city remains committed to working closely with event organizers to ensure the financial sustainability and long-term viability of these cultural initiatives, making them as accessible as possible to the community.

A new partnership between Sound of Music and Burlington Performing Arts Centre was established for the 2024 festival, and both organizations are committed to strengthening this collaboration, with a similar sponsorship agreement already in place for the 2025 festival.

The city has long been a strong supporter of events like Sound of Music, offering relationship management, process support, and other forms of assistance. As detailed in Appendix B, Sound of Music Board of Directors is requesting additional financial support from the city to help recover from the 2024 festival and to support planning for the 2025 event.

Background and Discussion:

Sound of Music Inc. (SOM) is a non-profit organization that has been bringing people to the City of Burlington's waterfront to enjoy music and cultural entertainment for over 40 years. Each June, SOM hosts the annual Sound of Music Festival, a signature event that not only celebrates the cultural and community spirit of Burlington, but also provides significant economic benefits to local businesses.

To deliver this beloved festival, SOM partners with various organizations, including local government bodies, sponsors, the City of Burlington, and dedicated volunteers. Together, these partners make it possible to offer the festival free of charge to the community. Over the years, however, SOM has faced a number of challenges, including the impact of the pandemic, rising costs, difficulties in talent acquisition, and turnover among both the Board of Directors (BOD) and staff.

The festival's primary revenue sources are beverage and merchandise sales, supplemented by contributions from partners. To maintain financial sustainability, SOM has explored several strategies, such as introducing a paid ticket component, seeking additional sponsorship, reducing expenses, and applying for more grants. Historically, the City of Burlington has supported the festival through both in-kind services and an annual grant. For the 2024 festival, however, additional support was required due to

rising costs and operational pressures. In response, the city provided increased in-kind and cash contributions, totaling approximately \$142,000.

In addition, SOM requested a short-term loan of \$125,000 from the City of Burlington to address cash flow challenges leading up to the 2024 event. The total financial contribution from the City for the 2024 festival is estimated to be just over \$415,000.

The Burlington Performing Arts Centre served as the festival's title sponsor for 2024, contributing both cash and in-kind support.

Despite these efforts, maintaining a large-scale, free festival in the face of rising costs continues to be a significant challenge. Changes in staffing and leadership have also added financial pressure but the BOD is working hard to re-build and thinking about various ways to return the festival to its original cost neutral financial position.

The BOD remains committed to preserving the festival's legacy and offering it free to the public. The City of Burlington has expressed its continued support for SOM but seeks Council's direction with respect to financial support. It's important to recognize that many event organizers have expressed challenges in providing free community events due to rising costs. In response, staff plan to review community investment and grant programs in 2025 to ensure the right support structures are in place, helping Burlington continue to offer these valuable events for the community.

In October 2024, the City of Burlington issued SOM a consolidated invoice for over \$95,000 in outstanding payments and notified SOM that the loan approved earlier in the year is due for repayment by December 11, 2024. The city has requested that SOM either settle these outstanding invoices or propose a repayment plan for discussion. A proposed payment plan is included in Appendix B of this report.

Strategy/process/risk

The challenges faced by SOM are not unique to this organization, these are seen amongst event organizers across Ontario, specifically not for profit organizations that strive to offer free events to their community. This summer, City of Toronto announced a \$2 million one-year pilot grant program through their Special Events Stabilization Initiative (SESI) that will give festival organizers access to funds to help them with rising operating costs such as security, crowd management, insurance and health and safety. Staff often hear that rising costs are one of the major reasons why event organizers either can't pursue their event idea or are forced to cancel or amend their festivals. For this reason, staff are conducting a comprehensive review of the various grant programs offered through the Recreation, Community and Culture department. This review will

include the creation of a more robust festivals and events stream to ensure these events remain a vital part of our community.

Options Considered

While considering the Sound of Music's proposal in Appendix B, staff bring forward the following options for Council's consideration:

Option 1: This option supports the SOM board proposal, as outlined in Appendix B where the city would forgive the arrears amount of approximately \$95K and proceed with the mutually agreed upon re-payment terms for the \$125K loan. In this option, staff would provide Sound of Music with its 2025 \$150K grant in January and request a comprehensive business plan for the 2026 Festival to the satisfaction of the Commissioner of Community Services, Commissioner of Legal Services and Chief Financial Officer. This status quo approach would include a detailed service level agreement, incorporating elements from the recently endorsed Accountability Framework, to guide future collaboration and ensure clear expectations moving forward.

Option 2: This option suggests that the city pause the 2025 grant, forgive the arrears amount totaling approximately \$95K and the \$125K loan. This option also recommends that SOM take a one-year hiatus from the festival to allow time for strategic planning and the exploration of potential long-term partnership opportunities. This option allows the BOD dedicated time to focus on the evolution of the festival with the goals of meeting Burlington's community needs while remaining fiscally responsible. Going forward, all future grants would be contingent upon the establishment of a detailed service level agreement, incorporating principles from the recently endorsed Accountability Framework, to ensure clear expectations and accountability moving forward.

Option 3: This option proposes that the city forgive the outstanding arrears, which total approximately \$95,000. Under this plan, the city would follow the repayment schedule outlined in Appendix B, recouping \$45,000 from the upcoming payments due from January to June 2025. This amount would be deducted from the 2025 grant, reducing it to \$105,000. The remaining \$80,000 of the loan repayment would be due by September 1, 2025, as outlined in SOM's proposal. Additionally, the city would encourage SOM's Board of Directors to consider scaling down the 2025 event as part of a strategy to rebuild and plan for future sustainability. Going forward, all future grants would be contingent upon the establishment of a detailed service level agreement that incorporates the principles from the newly endorsed Accountability Framework, ensuring clear expectations and accountability.

Financial Matters:

Total Financial Impact

The total financial and in-kind contributions from the city for the 2024 festival is estimated to be just over \$415,000. As identified earlier in the report, there are various outstanding invoices owed by SOM totaling just over \$95,000 as well as the additional \$125,000 loan due for repayment by December 11, 2024. Proposed repayment terms are included in Appendix B of this report.

Climate Implications:

Festivals and events, specifically ones held in outdoor venues are weather dependent. In fact, weather is a crucial success factor for events like SOM to achieve cost neutrality. Given the unpredictability of weather, it provides extra financial strain on these event organizers.

Engagement Matters:

Staff have engaged the event organizers and city of Burlington community through the approval of the new Festivals and Event Policy. It was evident through this engagement that the community values festivals and events very much and as such, it is prudent for the city to continue to invest in their growth and development which includes the ongoing support of SOM.

Conclusion:

In conclusion, staff wish to convey the importance of festivals and events in our community and as such consider the request presented by the SOM Board in Appendix B of this report.

Respectfully submitted,

Emilie Cote

Director of Recreation, Community and Culture

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Appendices:

- A. Sound of Music Festival - 2024 Re-cap
- B. Sound of Music Festival - Letter to the City of Burlington
- C. Sound of Music - 2025 Proposed Budget

Notifications:

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.