

WHAT TO DO WITH A \$23-MILLION WINDFALL?
Brief made to Caledon Council on behalf of the members of the
Caledon Countryside Alliance
Wednesday, January 16, 2002

Seldom does a municipality the size of Caledon receive an aggregate multi-million dollar sum of money with virtually no strings attached. This money, the \$23-million windfall from the sale of Caledon Hydro, is not like the taxes collected from residents and, therefore, it should not be treated as such. So the Caledon Countryside Alliance commends the Town for recognizing this money is special and holding public hearings into "how to manage the proceeds from the sale of Caledon Hydro". We further commend the Town for taking this approach rather than discussing "how the money should be spent".

The Caledon Countryside Alliance polled its members to learn what they believe should be done with the money. Responses continue to be received, but so far there has been unanimous agreement that this windfall should be protected in a special fund and the interest used to support community initiatives.

So we investigated the possibility of setting up a community foundation in Caledon. We learned that community foundations pool charitable gifts from donors into permanent, income-earning endowment funds that benefit local communities. They make grants from the earnings that support a wide range of local initiatives from health, education and social services through arts, culture and the environment. And they bring together people from all sectors within a community to identify and address local issues. Canada, it turns out, has 116 community foundations which hold combined assets of \$1.4-billion. During 2000, they made over \$70-million in grants.

The largest community foundation in Canada is the **Vancouver Foundation**. It was set up in the 1940s after Alice G. MacKay had saved \$1,000 from her secretarial job and wished to do something special for Vancouver. The industrialist/philanthropist, W.J. VanDusen, made her wish come true by adding to Alice's \$1,000 and finding nine friends who matched his \$10,000 contribution.

Today, the Vancouver Foundation is the custodian of 689 funds which make up its Consolidated Trust Fund with a market value in excess of \$610-million. Each year, it distributes about \$27-million to community groups throughout the province.

The **Toronto Atmospheric Fund (TAF)** is another interesting fund. The City of Toronto established TAF in 1992 using an endowment of, interestingly, \$23-million that resulted from the sale of a municipal jail farm. TAF finances City of Toronto initiatives that stabilize the climate and clean the air. By 2001, TAF had funded community projects totalling \$5.3-million and nearly half of them benefited the municipal government and local schools. TAF estimates that it has reduced the City's emissions of the gases that cause climate change by 225,000 tonnes and **saved Toronto \$17.5-million** (almost the value of the windfall) in energy and maintenance costs.

TAF is self-sustaining. The capital is invested and paid out to various projects as repayable loans. TAF then grants the interest from these investments and loans, now about \$650,000 per year, to community groups and other organizations that take action and educate people about climate change and its solutions. TAF is managed by a board of directors made up of councillors, city staff and citizens.

The Thomas Sill Foundation in Winnipeg was endowed with \$19.2-million in 1988. Since then it has given away \$14-million and is now worth an **amazing \$38-million**.

As these examples illustrate, funds such as these not only provide much needed funding for community projects they also help the original endowment to grow.

AS A RESULT OF OUR INVESTIGATION, THE CALEDON COUNTRYSIDE ALLIANCE RECOMMENDS THAT A COMMUNITY FOUNDATION BE SET UP IN CALEDON WITH A \$23-MILLION ENDOWMENT FROM THE PROCEEDS OF THE SALE OF CALEDON HYDRO.

THE CCA FURTHER RECOMMENDS THE TOWN SET UP A COMMITTEE MADE UP OF CITIZENS AND COUNCILLORS THAT WILL, IN CONSULTATION WITH CALEDON'S PUBLIC, DETERMINE THE EXACT NATURE OF THIS FOUNDATION, SET ITS OBJECTIVES AND METHOD OF OPERATION.

The Caledon Community Fund could distribute funds for valuable community projects including much needed youth services and school programs. It could support the arts, heritage, environmental protection and other worthy initiatives that are difficult to fund with tax revenue.

And Caledon would not be the first community in Ontario to put the assets from the sale of its electrical utility in a community foundation. Both Campbellford, a community near Peterborough, and Grand Bend have already made this commitment to their communities. Furthermore, the City of Brampton has put aside \$80-million as a community endowment and an effort is underway to have this money placed in a community foundation.

Jane Humphries from the Communities Foundations of Canada has agreed to visit Caledon to make a presentation about community foundations to council and other interested groups. The Caledon Countryside Alliance would be pleased to arrange this meeting.

This brief has been posted on the CCA's website (www.woodrising.com/cca/homepage.html). We ask that anyone who is interested in obtaining a copy visit this site. Anyone who would like to make comments or suggestions or add their support to this idea can contact us through our website or by writing to us at cca@woodrising.com.

This brief has been presented on behalf of the members of the Caledon Countryside Alliance. Several letters of support are attached. Additional letters will be submitted as they are received.

Thank you for the opportunity to make this presentation.

The Caledon Countryside Alliance