



**Town of Aurora
General Committee Report No. CMS20-008**

Subject: Library Square – Governance Review
Prepared by: Phil Rose-Donahoe, Manager of Library Square
Department: Community Services
Date: March 3, 2020

Recommendation

- 1. That Report No. CMS20-008 be received; and**
- 2. That staff be directed to continue to explore the feasibility of the Direct Delivery and Not-for-profit/Municipal Hybrid governance models and report back with further recommendations regarding the most appropriate model for the operation of Library Square.**

Executive Summary

This report provides an overview of the Library Square Governance Review and details next steps in determining the most appropriate governance model for Library Square.

- The purpose of the Library Square Governance Review was to determine the most efficient, viable and sustainable governance model for the optimization of delivery of cultural services in Aurora.
- The Governance Review examined four comparable organizations that offer important lessons for the future operation of Library Square.
- In applying the lessons from other organizations, and the feedback of key stakeholders, the Governance Review proposes three governance structures for further consideration.
- Given the numerous challenges associated with implementing the Municipal Service Board model, staff believe it is the least feasible model for the future governance of Library Square and should be removed from further consideration.
- Together with key stakeholders, the Direct Delivery and Not-for-profit/Municipal Hybrid models should be further explored to determine which one is the most feasible option for Library Square.
- Staff will report back making final recommendations based on further consultation and analysis.

Background

The Library Square Business Plan approved by Council in March 2019 anticipated that the new and expanded Library Square facility would require an adaptive operating structure to manage the facility's numerous functions. It also proposed an organizational structure and identified staffing responsibilities for the entire Library Square facility, but fell short of recommending a specific governance model that could best meet the multiple needs of the project.

In an effort to advance the recommendations of the Business Plan pertaining to the preferred organizational structure for Library Square, in July 2019 staff initiated an in-depth Governance Review that compared and contrasted the existing decision-making process and management structure for the Aurora Cultural Centre (ACC) and the Town against other alternative models.

The Library Square Governance Review was guided by the following objectives:

1. To examine various models for the long-term governance and management of Library Square;
2. To develop clear principles against which proposed governance models can be evaluated;
3. To establish a detailed process by which to evaluate the most efficient governance model for Library Square; and
4. To leverage the governance review process as an opportunity to further engage the Town's cultural partners in the development of Library Square, and to build consensus regarding long-term cultural development in Aurora.

Analysis

The purpose of the Library Square Governance Review was to determine the most efficient, viable and sustainable governance model for the optimization of delivery of cultural services in Aurora.

Given the municipality's significant investment in Library Square, it is vital to select a governance structure that can most effectively deliver the programs and services envisioned for the new space. Governance will be a key determinant of the project's enduring success and will influence every facet of day-to-day operations, including

communications and branding, programming, staffing, fundraising, space allocation, maintenance, community engagement and more.

The Library Square Governance Review included extensive research into comparable community facilities, a broad inquiry into the role good governance plays in the creation of effective and sustainable organizations, and consultation with a number of key stakeholders, including Mayor and Council, Town staff, ACC staff, other cultural partner representatives, and consultants.

Each of these individuals provided essential observations that informed the recommendations found in this report.

The Governance Review examined four comparable organizations that offer important lessons for the future operation of Library Square.

In an effort to better understand the advantages and disadvantages of different governance models, the Governance Review surveyed the following four organizations to determine what elements of their models could be adopted by Library Square:

Organization Name	Facility Ownership	Governance Model
Tett Centre for Creativity and Learning	City of Kingston	Not-for-profit with Dependent Executive Board of Directors
FirstOntario Performing Arts Centre	City of St. Catharines	Municipal Service Board
Pompano Beach Cultural Centre	City of Pompano Beach	Municipal Direct Delivery
The Blue Mountains Gallery, Library, Archive and Museum	The Town of the Blue Mountains	Municipal Direct Delivery

Although staff investigated many other organizations as part of the Governance Review, these organizations were chosen for closer study because they operate under varying governance structures and offer important lessons for the future operation of Library Square, such as:

- Given the multiplicity of governance models to choose from, there is no one-size-fits-all, or universal, approach to choosing a governance structure;

- Governance is an evolving process that requires ongoing analysis to ensure that decision-making processes continue to reflect an organization's vision, mission and values;
- An organization's performance is greatly influenced by the way in which its staff, board and supporters interact with each other, or how they "fit" together; and
- Every governance model possesses advantages and risks that must be weighed and understood before choosing one approach over another, and regardless of what model is chosen, trade-offs must be made.

In applying the lessons from other organizations, and the feedback of key stakeholders, the Governance Review proposes three governance structures for greater consideration.

As a result of the research and consultation phase, the following three models stood out as viable options for further study:

1. Direct Delivery;
2. Not-for-profit/Municipal Hybrid; and
3. Municipal Service Board.

The following is a summary of the benefits and risks of each option.

Direct Delivery:

As the largest community infrastructure project undertaken by the Town, the Library Square project provides an opportunity for the municipality to re-assess the decision-making process by integrating arts, culture and heritage programming into a refined governance structure. Under a municipal direct delivery model, Library Square would become a function of the Community Services Department, which would be responsible for the development and delivery of municipal cultural programming (interior and exterior), theatre performances and box office management, museum administration, rentals and bookings, program registration, facility maintenance and repairs, among other responsibilities.

Additional functions such as marketing and communications, financial reporting, payroll, and human resources would need to be integrated into the requisite municipal department. The Town presently provides building repairs and maintenance, asset management, cleaning services and IT support at 22 Church St., and would continue to do so under a direct delivery model.

A not-for-profit arm (e.g. foundation) is possible under this arrangement and could be responsible for financially supporting cultural services, and local arts and culture in general, by facilitating fundraising and advocacy activities.

Many performing arts centres operate under the direct delivery model, such as Flato Markham Theatre, Kingston's Grand Theatre, Richmond Hill's Centre for Performing Arts, Georgina's Stephen Leacock Theatre and Newmarket Theatre. Recently, Mississauga's Living Arts Centre also moved to a direct delivery model after years of operating under a not-for-profit governance structure with a volunteer board of directors.¹

Benefits of the Direct Delivery Model:

- Access to public funding to support ongoing operations through annual municipal budget allocation;
- Clear and consistent leadership structure that allows for centralized decision making and consistent customer service;
- Enhanced municipal influence over decision-making process and overall direction for the project;
- Greater access to complementary municipal resources (e.g. finance, human resources, communications, IT etc.) that would deliver efficiencies and economies of scale;
- Municipal expertise in facility operations and asset management;
- Municipal proficiency in grant writing and potential access to funding from other levels of government not available to not-for-profit organizations;
- Consistent employee wages/salaries ensuring equitable pay among roles and responsibilities;
- A simplified approach to space allocation and greater municipal revenue/return on investment through the administration of rentals and bookings; and
- Consolidated approach to branding, marketing and promotion that would provide more consistent messaging to the community (e.g. a centralized website and social media presence).

Downsides of the Direct Delivery Model:

- Potentially negative response from the community to the perceived notion that the Town is taking over the delivery of all cultural programming;

¹ In moving to the direct delivery model, the City of Mississauga stated it would be better able to “integrate programming, drive tourism and establish Mississauga as a creative music city.”

- Higher municipal sector salaries would mean either a smaller staff complement compared to current staffing levels at 22 Church St. or an increased (and currently unfunded) budget allocation to salaries and wages;
- Perception that municipal structures are overly rigid, or bureaucratic, and therefore not particularly well suited to operate cultural facilities that require creativity, flexibility, the ability to take risks and the independence to innovate;
- Potentially adverse impact on the ability to fundraise since some private donors and granting bodies (e.g. Ontario Trillium Foundation) may be less likely to give to municipalities; and
- At least in the short term, some artists, artisans, cultural professional, heritage supporters, and others, might be less inclined to collaborate with the Town, thereby limiting local creative expression, audience development and Cultural Master Plan implementation.

Not-for-profit/Municipal Hybrid Model

Not-for-profit governance is a common approach to operating cultural facilities such as the ACC. Municipalities often use third-party cultural groups to provide cultural programming to the community. As mission-driven not-for-profit organizations, they possess the expertise required to run cultural venues and provide municipalities with cost-savings in delivering cultural services.

On the other hand, most museums in Ontario started out as projects of volunteer-run, not-profit, historical societies, but over time transitioned to municipally-run entities as historical societies became increasingly unable to sustain them.

It is not unusual for not-for-profit groups such as the ACC and municipally-run entities such as the Aurora Museum & Archives (AMA) to co-locate under one roof, as evidenced by the recent growth in multi-sector service centres, or community hubs, where multiple organizations (including municipalities, school boards, health centres, not-for-profits, neighbourhood-based agencies and others) share space.²

As co-located cultural entities, the ACC and AMA have proven that the current governance model provides a number of tangible benefits.

Benefits of the current Not-for-profit/Municipal Hybrid Model:

- Expertise in cultural and heritage program and service delivery;

² *Community hubs in Ontario: A strategic framework and action plan, 2016,*
<https://www.ontario.ca/page/community-hubs-ontario-strategic-framework-and-action-plan>

- Proven governance integrity as demonstrated by the ACC's accreditation from Imagine Canada, an organization whose mission is to strengthen Canada's charitable sector;
- Ongoing development of the AMA's collection and important strides in exhibition development and public access to Aurora's material culture;
- Town oversight through the annual budget process, key performance indicator tracking and participation of two Council members on the ACC's board of directors;
- Awareness among the local community and cultural partners of the AMA and ACC as cultural service delivery organizations that are key to the vibrancy of the creative sector;
- ACC support for maintaining a partnership with the Town in the delivery of cultural services under the current governance structure;
- A strong network of partnerships with artists, artisans, performers, heritage experts, volunteers, cultural organizations and professionals that demonstrate the municipality's commitment to local cultural development;
- Similarly, strong audience development experience necessary to support Library Square programming;
- Access to fundraising sources (e.g. grants and individual giving) not necessarily available to municipalities via the ACC's not-profit status; and
- Cost-savings in the form of lower compensation rates for not-for-profit staff compared to Town salary and benefit packages.

Downsides of the current Not-for-profit/Municipal Model:

Conversely, when considering how the current governance model might translate to the administration of Library Square, and the additional programming opportunities the new space provides, the mixed not-for-profit/municipal model poses some challenges.

- Potential for inefficient customer service due to the absence of centralized leadership and a unified direction for the facility as a whole;
- Greater potential for confusion, duplication, and uneven approaches to service and program delivery;
- Fragmented Cultural Master Plan implementation and no specific individual or organization assigned to the larger project of supporting and growing Aurora's cultural sector;
- Unclear as to how the Community Services Department's programming fits into the hybrid governance model;
- Higher public sector compensation when compared to not-for-profit organizations;

- Continued lack of Town control over space allocation and an inability to offset the municipality's investment via rental and booking revenue of a Town-owned space; and
- Challenges in quantifying the Town's in-kind support (e.g. facility cleaning, maintenance, IT support, etc.) to a non-Town entity (i.e. the ACC) on a zero cost-recovery basis.³

Given the challenge of maintaining the hybrid model, rather than a complete overhaul of what presently exists, there is an opportunity to mitigate these challenges by adopting some key improvements, such as:

- Expand the ACC board's membership to include the Director of Community Services, or designate, the purpose of which is to enhance communication between the Town and the ACC;
- Transition the responsibility for all bookings/rentals to the Town which has the necessary resources to manage this function most efficiently and would ensure consistency in rental rates. Rental revenue would also help to offset the Town's investment in the facility and establish one point of contact for all user groups. A space allocation policy would need to be developed to ensure the AMA, ACC and the Aurora Public Library (APL)⁴ are provided the space necessary to host programs and performances necessary to meet their mandates and revenue targets; and
- Establish certain subcommittees, or working groups, to address areas that require additional attention. Some examples from other facilities include: community engagement, fundraising, program collaboration and performance planning, and governance. These committees/working groups would provide more coordination and collaboration among the AMA, ACC, APL and the Town, and help to prevent duplication and build cooperation.

Municipal Service Board

Pursuant to Section 196 of the Municipal Act, the Town can establish a Municipal Service Board (MSB) for the purpose of overseeing the operation and programming of Library Square. Although not a widespread approach to governing cultural venues, the City of St. Catharines recently created an MSB to manage their performing arts centre.

³ The Town currently provides a number of supports to the ACC (e.g. cleaning services, repairs and maintenance, IT services and more) that have not been quantified monetarily.

⁴ While the APL is a key stakeholder in helping to determine how space would be allocated, their governance structure, as determined by the Public Libraries Act, would not change.

Under the MSB model, the Town would continue to own the lands and building at 22 Church St., and remain responsible for capital asset funding. In the St. Catharines' model, building repairs and maintenance of the grounds and building are shared between the MSB and municipality based on cost and a determination of whether or not major building components are involved. The Town could also opt to provide a number of services on an in-kind, or fee-for-service basis, such as IT support, payroll, communications, and others.

Once established, the MSB would become the operator of the business, responsible for program and service delivery, facility rentals and bookings, establishing rates and fees, box office administration, financial operations, marketing and promotion, fundraising, and employing and managing all employees and volunteers.

Such a governance model would require the Town, through Council, to create a body that possesses the expertise at an operational level to implement the Library Square Business Plan and oversee the ongoing operations and programming of the facility. Council would also need to approve the criteria and competencies for the MSB and establish the broad policies it needs to follow, thereby controlling the MSB's scope of authority to some extent.

Benefits of the MSB model:

- Like the Direct Delivery model, it provides a unified entity;
- Balances municipal control with delegated authority to a separate, independent board created for the purpose of carrying out the municipality's objectives;
- Partly distances Library Square from municipal decision-making, thereby affording it more creativity, flexibility and independence necessary to operate;
- Allows for the potential transition of existing ACC board members and staff, as well as AMA staff, to the newly established MSB;
- Offers lower wages and salaries compared to municipal rates;
- Provides for the establishment of a separate board of management and allows the Town to recruit skills-based members of the community to serve as board directors; and
- Could make some funding sources more readily accessible compared to municipalities, such as private giving and grants that municipalities are not eligible for.

Downsides of the MSB model:

- There is a lack of comparator organizations where the MSB model has been applied to the governance of a multipurpose cultural space like Library Square, which is more than a performing arts centre;
- Not well understood and there is no comparable organization that has successfully implemented this model over an extended period of time, making it a significant risk;
- Lack of evidence that the MSB model leads to greater revenue from fundraising initiatives;
- Potential disruption to program delivery and audience development during the transition period;
- Without incorporating the expertise and established networks developed by the AMA and ACC into the new structure, the transition may face significant difficulties, including complex employment issues;
- The use of an MSB is delegation of Council authority. Although Council would exert influence through the process of establishing the MSB and through annual budget allocations, given the Town's significant investment in the new facility, the municipality may wish to retain greater control over the facility, especially during its start-up period; and
- Involves a lengthy transition period that requires significant administrative planning and the development of various complex agreements that may not fully align with the completion and grand opening of Library Square.

Given the numerous challenges associated with implementing the Municipal Service Board model, staff believe it is the least feasible model for the future governance of Library Square and should be removed from further consideration.

The minimum estimated timeframe for establishing an MSB is 18 months. For Library Square, the process may take longer given that in addition to creating the MSB, the current governance structure at 22 Church St. would need to be terminated prior to, or in parallel with, the process of creating the MSB.

Library Square also involves more stakeholders and would be moving from a hybrid governance model to an MSB model, which is a more difficult transition than moving from municipal direct delivery to MSB.

From an implementation standpoint, given the number of by-laws and agreements to be developed, amended or terminated, the MSB model requires a higher level of

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administrative complexity than the other models. It entails more resources and lead time to implement, which could make implementation of the full governance system difficult to establish before the facility is operational upon completion of construction in 2022.

Finally, it poses political and administrative challenges given that the MSB has rarely been used to govern a multiuse cultural facility like Library Square. Historically, Ontario municipalities have adopted the MSB model to deliver services such as water and wastewater, airports, and most recently, tourism and destination marketing. There is no comparable organization that has successfully implemented this model over an extended period of time. Although the FirstOntario Performing Arts Centre in St. Catharines recently transitioned from direct delivery to an MSB, the implementation of this model is in its infancy, leaving its long-term sustainability in question.

For these reasons, staff recommend that the MSB model should be removed from further consideration.

Together with key stakeholders, the Direct Delivery and Not-for-profit/Municipal Hybrid models should be further explored to determine which one is the most feasible option for Library Square.

Staff are seeking direction to continue to work with stakeholders to test the practicality of the remaining two models for the future governance of Library Square. This would entail a series of process mapping workshops with stakeholders, including the Town/AMA, ACC and the APL, the purpose of which is to undertake a step-by-step analysis of the decision-making process for various real-world scenarios that would occur at Library Square (e.g. a third-party rental booking from first point of contact to post-booking follow-up, box office administration/ticket sales, program planning and delivery, etc.). This exercise is meant to highlight the challenges and opportunities inherent to each model and how they might be mitigated or advanced. It will also help to identify staffing levels and responsibilities for the entire facility, with the ultimate goal of reaching a consensus on the most efficient and effective governance model for Library Square.

Staff will report back making final recommendations based on further consultation and analysis.

Ideally, by the summer staff would return to Council with a follow-up report that recommends which governance model should be adopted based on the results of the process mapping exercise and additional analysis. The follow-up report would clearly

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explain the benefits of the recommended model and provide details of the implementation process.

It would also commit to returning to Council with a post-implementation evaluation report following Library Square's first year of operations that analyses how effective the chosen governance model has been in meeting the project's performance measures.

Advisory Committee Review

Not applicable.

Legal Considerations

The steps needed to establish an MSB model to govern Library Square would be as follows:

1. Council approval to begin the process of creating an MSB and terminate the Provision of Services Agreement and Lease Agreement with the ACC;
2. Council approval of an Establishing By-law, which would serve as the constitution of the MSB, offer a timeframe for its creation and allows for the board recruitment process to commence. This process should be municipally driven and is the Town's opportunity to institute the framework that will guide the board once recruited. In establishing an MSB, the municipality may decide on:
 - the name, composition, quorum and budgetary process;
 - eligibility of board members;
 - manner of selecting members;
 - term of office;
 - number of votes of board members;
 - rules, procedures and policies the board must follow; and
 - relationship to the municipality, including financial and reporting procedures.
3. Preparation and Council approval of a Relationship Agreement between the Town and the MSB that sets out and establishes the rights, expectations and obligations of both parties for the funding, maintenance and operation of the facility;
4. Preparation and Council approval of the Procedural By-law to govern board proceedings such as meeting frequency, board roles, responsibilities, and related procedural matters;
5. Undertake board member selection process;

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6. Once the board is established, development and board approval of various policies and procedures to govern day-to-day operations such as board code of conduct, procurement guidelines, staff recruitment practices, and more;
7. Development and board approval of an Operational Plan that defines how resources are to be allocated to achieve short-term goals; and
8. Recruitment of additional staff to oversee day-to-day business and operate the facility, assuming that AMA staff would remain in place.

The Town is also required to undertake public engagement initiatives throughout the process although the exact timing and level of engagement would need to be determined.

Financial Implications

At this time there are no financial implications of note. As part of the ongoing review of the Town's desired Library Square Governance model, the financial implications of each will be examined at this time.

Communications Considerations

Throughout the Library Square project, the Town has engaged the community through in-person consultation opportunities, public meetings and extensive and ongoing interviews with stakeholders. For the overall project, Corporate Communications and Community Services have been, and will continue to utilize the Involve stage of the International Association of Public Participation (IAP2) Spectrum. This means that we have, and will continue to, engage the community throughout the process to ensure that public concerns are consistently understood and considered. We will also work with the public to ensure that their concerns are directly reflected in the project, and although Council has final decision-making with regards to this project, it is expected that public feedback be a factor in that process.

Link to Strategic Plan

The development of Library Square supports the following Strategic Plan goals and key objectives:

Supporting an exceptional quality of life for all in its accomplishment in satisfying requirements in the following key objectives within these goal statements:

- **Invest in sustainable infrastructure**
- **Celebrating and promoting our culture**
- **Encourage an active and healthy lifestyle**
- **Strengthening the fabric of our community**

Enabling a diverse, creative and resilient economy in its accomplishment in satisfying requirements in the following key objectives within these goal statements:

- **Promoting economic opportunities that facilitate the growth of Aurora as a desirable place to do business**

Alternative(s) to the Recommendation

1. Council may direct staff to continue to explore the feasibility of the Municipal Service Board model.
2. Council may provide further direction.

Conclusions

This report presents Council with observations and recommendations that arose from the Library Square Governance Review. Based on extensive research and consultation, staff are seeking Council's direction to remove the Municipal Service Board from further consideration as the future governance model for Library Square. Furthermore, staff are seeking direction to continue to explore the feasibility of the Direct Delivery and Hybrid models with key stakeholders and return with a follow-up report that makes final recommendations regarding the preferred governance model for Library Square.

Attachments

No attachments.

Previous Reports

CMS19-005 – Library Square Project Update - GC Template, February 12, 2019

FS19-012 – Library Square – Financial Strategy, March 21, 2019

CMS19-009 – Library Square - Proposed Operating Plan, March 21, 2019

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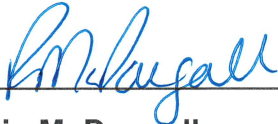
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Pre-submission Review

Reviewed by Financial Services, Legal Services, Corporate Communications and the CAO by February 20, 2020

Departmental Approval

Approved for Agenda



**Robin McDougall
Director
Community Services**



**Doug Nadorozny
Chief Administrative Officer**