

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** June 2, 2010

**SUBJECT:** GOVERNANCE MODEL FOR POTENTIAL  
TRANSIT VISITOR CENTRE - PHASE 2 STUDY  
CONTRACT TC85-8

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Commission:

- 1) Approve the proposed Not-for-Profit Governance Model for a potential Transit Visitor Centre;
- 2) Approve the formation of a Steering Committee to undertake the activities noted under the Discussion part of this report; and
- 3) Authorize the public release of Appendix 2 entitled 'Comparative Evaluation of the Potential York Mills Site for the Toronto Transit Museum and Visitor Centre' as set out in the Confidential Attachment to the Report 11(a) from the May 6, 2010 Commission meeting for the purpose of progressing the Transit Visitor Centre.

### **FUNDING**

Funds of \$85,000 were available in 2009 to undertake the study and were included under project 3.9 Building and Structures - Transit Visitor Centre (TVC) under the Expansion Category as outlined on pages 907-909 of the 2010-2014 Capital Program which was approved by City Council on December 8, 2009. Phase 2 work brings the total cost to \$185,000, which will be accommodated by under expenditures in other 3.9 Buildings and Structures projects.

No funding is currently approved to proceed with implementation of the Transit Visitor Centre as this project is included below the line and subject to identification of funding before it can proceed. The Transit Visitor Centre - Below the Line is outlined on pages 1577-1580 of the 2010-2014 Capital Program.

## **BACKGROUND**

In April 2009, terms of reference for a study into the potential for a Transit Visitor Centre (TVC) in Toronto were developed and Lord Cultural Resources was selected to conduct the study in June 2009.

The findings and recommendations of Phase 1 of the study were presented at the Commission meeting of February 17, 2010 where the Commission directed TTC staff and Lord Cultural Resources to develop and report on options for governance of the TVC as part of Phase 2 of this study.

## **DISCUSSION**

### **GOVERNANCE**

Four governance models were considered for the TVC:

- Line department of the TTC;
- Arms length institution;
- Not-for-Profit organization; and
- Private ownership.

#### Line Department of the TTC

In this scenario, the TVC employees would be TTC employees and the Director would be hired by the TTC. Funding would be primarily through the TTC Operating Budget.

If a line department museum has a Board, it will be an advisory Board without governing authority.

#### Arm's Length Institution

Arm's length museums differ from line department museums in that they normally have a governing Board.

The arm's length approach is intended to ensure that the museum is not influenced by corporate interest, and to encourage the museum to find additional sources of funding.

TVC staff in this scenario could either be TTC employees or be employed directly by the Board. Due to a heightened perception of their autonomy, arm's length museums are usually more successful in attracting donations of both funds and objects for the collection than line department TVCs. Volunteers would also be more attracted to support an arm's length TVC than a line department institution.

#### Not-for-Profit Organization

The Board of Directors of museums that are incorporated as Not-for-Profit are governing Boards. To achieve Not-for-Profit status, the TVC organization must be incorporated according to provincial law. The Not-for-Profit organization typically owns the TVC collection and may own or lease the land and buildings, and employ the TVC staff.

These types of institutions tend to be the more entrepreneurial in generating earned income. Corporate and other private donations are likely to be far more substantial in this model. The level of volunteer support for a Not-For Profit institution is also higher than with the previous models.

### Private Ownership

Profit making museums would not be classified as museums under the UNSECO definition of 'museum', nor under the definitions of the Canadian, British and American museum associations, all of which define museums as non-profit institutions. The private ownership model would not attract donations or attract volunteers.

### Comparison of Governance Models

The following table summarizes the strengths and weaknesses of the four models of governance in relation to six key factors applied to the TVC. The analysis leads to a recommendation of Not-for-Profit status for the TVC.

<b><i>Factor</i></b>	<b>Line Department</b>	<b>Arm's Length</b>	<b>Not-for-Profit</b>	<b>Private</b>
<i>Ownership</i>	TTC	TTC or TVC	TTC or TVC	Individual or Private Company
<i>Board</i>	Advisory	Governing or Advisory	Governing	Advisory
<i>Funding</i>	Primarily annual allocation from TTC	Grant, earned and private	Earned, grant and private	Parent organization, earned and grant
<i>Donations</i>	Less likely	More likely	Most likely	Not likely
<i>Staff</i>	TTC Employees	TTC or TVC	TVC	Company employees
<i>Volunteers</i>	Difficult	Possible	Most Likely	Rare

### Roles and Responsibilities of a Not-for-Profit Governing Board

The Board would be independent of the TTC with the majority of Board members from outside of the TTC.

The TTC would need to enter into a contractual relationship with the Board to ensure that the TVC achieves agreed objectives, operational benchmarks and targets.

The Board should be mid sized; between 10-15 members. It would be responsible for raising funds so that the organization could achieve the plans it has approved to ensure the continuity of the TVC's mission, mandate and purpose; to advocate for public involvement in the TVC and to assure the financial stability of the TVC.

### Recruitment of Not-for-Profit Board Members

It is important that Board members be selected from the wider community and believe in the mission of the TVC. Two lead champions are recommended to start the recruitment process; one from the TTC (non-staff) and one from the private sector.

- The champions will need to identify other potential Board members who believe in the TVC and have the ability to "give or get" funds. Board members of Not-for-Profits do not receive compensation and instead are expected to donate their time to the organization.
- The TTC and non-TTC champions will have to identify the skills and profiles required of Board members. Ensuring that the champions reflect the diversity of the City's population and the audiences the TVC is intended to serve is critical.
- The non-TTC champion is the most likely to be the Board Chair. The Board Chair should be from the private sector, and believe in the value of what the TVC is seeking to accomplish in conveying the importance of public transportation to our society in the past, present and future. The Board Chair should have the ability to attract other high level Board members.

### **NEXT STEPS**

In advance of the selection of Board members for the TVC, it is recommended that a Steering Committee be established that will include a TTC staff person. Also, the Commission should nominate a Commissioner as the Champion who will identify a private sector champion, who in turn will identify 1-2 private sector supporters that will become members of the Steering Committee and ultimately members of the TVC Board.

The Steering Committee's tasks will include:

- Achieving not-for-profit corporation and charitable status;
- Identifying board members;
- Identifying the availability of funds through private sector contributions;
- The development of the spatial and building service program of requirements for the TVC;
- Development of an interpretive strategy for the TVC which would define the nature and extent of the facility; and
- Preparation of terms of reference for an agreement between TTC and TVC.

One of the first priorities for the Steering Committee would be to raise funds to undertake the activities noted above.

Once the above tasks are completed, a TVC Proposal would be submitted to the Commission for endorsement.

**JUSTIFICATION**

The Not-for-Profit Governance Model is the best suited for a Transit Visitor Centre and a Steering Committee is required to progress the next steps.

May 5, 2010  
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