



STAFF REPORT ACTION REQUIRED

12.

Renewal of the Letter of Understanding between the Toronto Public Library Board and the Toronto Public Library Foundation Board

Date:	December 14, 2009.
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to request that the Toronto Public Library Board authorize the Chair of the Toronto Public Library Board to renew the Letter of Understanding between the Toronto Public Library Board and the Toronto Public Library Foundation Board according to the terms and conditions outlined on pages three to six.

The existing Letter of Understanding was signed in August 1999. Over the past ten years, the Toronto Public Library and the Foundation have enjoyed significant success achieving the goal of providing world class library service to Toronto residents. The letter reaffirms the existing roles and responsibilities of the Library and the Foundation. The Library is responsible for setting fundraising priorities, and both the Library and Foundation work collaboratively to enhance collections, programs, technology, services and buildings. The letter provides for updated administrative practices on the part of the Foundation to reflect the expanded success and scope of their operations and resources.

The revised Letter of Understanding will be reviewed by legal counsel prior to formal signoff by the chair of each respective board.

Recognizing the growth of the Foundation, it is appropriate to review and refresh elements to create a new Letter of Understanding.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. authorizes the Board Chair to renew the Letter of Understanding between the Toronto Public Library Board and the Toronto Public Library Foundation Board in accordance with the terms and conditions as outlined on pages three to six.

Implementation Points

The Letter of Understanding will be reviewed by legal counsel. Once the final draft is reviewed it will be signed by the Chair of the Toronto Public Library Foundation Board and the Chair of the Toronto Public Library Board.

FINANCIAL IMPACT

Funding provided by the Foundation is used to supplement and enhance the Library's operating and capital budgets for areas such as programs, collections, technology, services and buildings. Since the inception of the Foundation in 1998, the Foundation has raised thirty-eight million dollars. The Library, therefore, benefits financially from the success of the Foundation.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

ISSUE BACKGROUND

In March 1998, the Toronto Public Library Board adopted the Metropolitan Toronto Reference Library Foundation as the Foundation for the new Toronto Public Library. Shortly thereafter the Foundation assumed responsibility for all fundraising and changed its name formally to the Toronto Public Library Foundation. The Letter of Understanding dated August 28, 1999 confirmed this arrangement and the agreed upon roles and responsibilities for each entity.

The Letter of Understanding is currently in force, and outlines the roles and responsibilities as agreed between the Toronto Public Library Board and the Toronto Public Library Foundation Board.

The Foundation and the Library have enjoyed significant success. Recognizing the growth of the Foundation, it is appropriate to review and refresh elements to create a new Letter of Understanding.

COMMENTS

The renewed Letter of Understanding outlines the roles, responsibilities and relationship between the Toronto Public Library Foundation Board (The Foundation) and the Toronto Public Library Board (The Library).

The Letter of Understanding will have the following terms and conditions:

- Roles;
- Appointment;
- Responsibilities;
- Governance;
- Independence issues;
- Relationship issues;

- Administrative issues.

Roles

The Library provides comprehensive and efficient public library services that reflect the community's unique needs. The Foundation seeks funds for charitable purposes to enhance or improve the resources and services provided by the Library.

The Objects of the Corporation of the Foundation are used to describe the Foundation role, and the powers and duties of a public library board from the Public Libraries Act and the Mission Statement describe the roles of the Library.

Appointment

To ensure a coordinated and integrated approach to all potential funding sources, the Foundation will be responsible for and undertake all fundraising activities on behalf of the Library. All resource raising strategies will be executed in the name of the Foundation, unless otherwise agreed to through mutual consultation.

- For the purposes of the agreement, fundraising is broadly defined to include all gifts, gifts-in-kind, barter, donations, sponsorships, bequests, endowments and donor membership programs;
- Marketing and advertising programs are also included in this definition; however, the Library may engage separately in marketing, media and advertising activities and in securing modest donations for community-based activities;
- In the interest of coordination and consistency and to ensure an integrated approach with current and potential funders or partners, both parties keep each other apprised of these activities and relationships. No representation to funders or potential funders will, knowingly, be made on behalf of the Library by either party, without pre-agreement between the parties.

Responsibilities

- The Library is responsible for setting identified funding priorities. The Library will work closely with the Foundation to determine appropriate fundraising goals and priorities for the enhancement of the Library;
- The Foundation agrees to seek funding on behalf of the Library toward identified library funding priorities;
- The Foundation will not entertain requests for support that have not been identified by the Library's own corporate priority-setting process;

- The Library staff and Friends of the Library are encouraged to work closely with the Foundation to ensure a fully integrated approach to revenue generation and maximize potential funding for the Library through fundraising;
- The Foundation has exclusive rights to use the Library's cardholder database for the purpose of fundraising on behalf of the Library, based on individuals opting in to the sharing of personal information. The Library shares library cardholder personal information for consenting users as stated in the Toronto Public Library Board's *Access to Information and Protection of Privacy Policy* to the Foundation for fundraising purposes. The Foundation will not engage in the sale or rental of this information to third parties. The Foundation will not use or disclose this information for any purpose other than the 'fundraising purposes' and shall at all times act in acknowledgment of the Library's obligations to comply with the Municipal Freedom of Information and Protection of Privacy Act;
- The Foundation will remain at arms length to the City of Toronto and will normally be represented by the Library on matters of relevant mutual interest. This arrangement does not preclude direct Foundation/City communication when warranted.

Governance

To ensure communication, collaboration and cooperation between the Library and Foundation, the Toronto Public Library Foundation Board has representation from Toronto Public Library Board and staff.

- A member of the Library Board participates as an ex-officio, voting, Director of the Foundation and the CEO of the Library (City Librarian) is an ex-officio, non-voting director of the Foundation;
- In keeping with the spirit of equitable exchange of information, the Library Board invites the Chair of the Foundation, and/or their designate, to attend all public meetings of the Library Board and the President of the Foundation is an ex-officio member of the Library's Senior Management Team.

Independence issues

It is important to maintain the independence of the Foundation and the Library, and understand the responsibility of the Library as a public institution.

- Both the Foundation and the Library retain the right to set policies pertaining to fundraising, sponsorship, and advertising, but in so doing, will respect the responsibilities and policies of the other;

- The Foundation respects the Library's right to refuse any gift, sponsorship or advertisement that is deemed inappropriate for the Library or is not in keeping with the Library's policies;
- Neither party shall expect to have undue influence over the operations or direction of the other party.

Relationship issues

The Library and the Foundation work closely on fundraising priorities as identified by the Library.

- On a regular basis the Library makes a formal (written) request to the Foundation Board stating the fundraising priorities and purposes for which funds are being sought;
- The Foundation agrees to seek funding on behalf of the Library towards identified library funding priorities, and there should be ongoing dialogue and protocols established to ensure successful implementation and reporting mechanisms for the funding requests;
- Sufficient consultation is required throughout the process of fundraising so as to ensure the Foundation can respond appropriately and to ensure the Library can fulfill on implementation of the funding request and that the funds are used for the purpose as agreed;
- Both parties will respect each other's business requirements for successful fulfilment of their respective mandates and will work collaboratively to support each other's effectiveness.

Administrative issues

The Foundation is a separate organization from the Library and is responsible for its employees and employment matters.

In recognition of the significant funds raised through the Foundation for the Library, the Library provides the following in-kind support:

- The Library shall provide office space, furniture and standard office equipment for the Foundation at 789 Yonge Street for Foundation staff, including the provision of services such as utilities, cleaning, insurance and maintenance;
- Use of Library meeting and facility rooms;

- Finance & Administration Department staff support to manage payroll, issuing cheques, depositing funds, audit services and the preparation of financial statements, etc. as required by the Foundation;
- Marketing and Communications staff support including media and public relations, advertising and promotional development and support (e.g. design and production), and strategic communications.

Recognizing that Foundation activities may increase in complexity or volume, the provision of support services will be revisited every two years.

Change in Status

Both the Foundation and the Library are incorporated and registered as charitable organizations under the Income Tax Act. Both are qualified as donees. In the event of the dissolution of the Foundation, all the assets of the Foundation will be passed into the 'trust' of the Toronto Public Library (the donees), as per the Toronto Public Library Foundation charter section VI:

'It is specially provided that in the event of dissolution or winding-up of the Corporation, all its remaining assets after payment of its liabilities shall be distributed to one or more qualified donees as defined under the provisions of the Income Tax Act or, registered charitable organizations in Canada. (Object VI, April 21, 1997. Incorporation)

The purpose of this report is to request that the Toronto Public Library Board authorize the Chair of the Toronto Public Library Board to renew the Letter of Understanding between the Toronto Public Library Board and the Toronto Public Library Foundation Board according to the terms and conditions as outlined on pages three to six.

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SIGNATURE

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