



## STAFF REPORT ACTION REQUIRED

### Review of the Marcus Garvey Centre for Leadership and Education

<b>Date:</b>	January 22, 2009
<b>To:</b>	Community Development and Recreation Committee
<b>From:</b>	General Manager, Parks, Forestry and Recreation Executive Director, Social Development, Finance and Administration
<b>Wards:</b>	Ward 7 – York West
<b>Reference Number:</b>	

#### SUMMARY

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This report responds to a Council direction to review the City's relationship with and interest in the Marcus Garvey Centre for Leadership and Education (MGCLE) which occupies a City-owned facility at 160 Rivalda Road. The Centre, which was established to provide leadership development and training skills to African-Canadian youth in the Jane-Finch and Jamestown priority neighbourhoods, has very limited sources of revenue and has not been able to meet its programming objectives and financial obligations. Because the Centre has been unable to consistently pay utility bills, these costs have been assumed by Parks, Forestry and Recreation on behalf of the Centre.

A City staff team has reviewed the situation of the MGCLE and concluded that the Centre has the potential to play a valuable role in serving youth in underserved neighbourhoods. This report recommends that the current lease with MGCLE be terminated and replaced with a one-year lease covering a portion of the space in the facility appropriate to the Centre's current needs. The remainder of the facility would be leased to another organization. The report also recommends that the amount of \$63,409.25, owing to the City by the Centre for utility costs from 2002 to 2008, be forgiven. The report further recommends that Parks, Forestry and Recreation pay the utility costs of the Centre until the expiry of the new lease and that the Executive Director of Social Development, Finance and Administration and the General Manager of Parks, Forestry and Recreation report back to the Community Development and Recreation Committee in February 2010 on the financial viability of MGCLE and recommend whether the lease with the organization should be renewed.

Contingent upon the outcome of this review, City Council has approved allocation of \$40,000 from the Service Development Investment Program to assist MGCLE. Staff from Social

Development, Finance and Administration will continue to work with the MGCLE Board of Directors to resolve the governance and strategic planning issues it faces.

## **RECOMMENDATIONS**

**The General Manager of Parks, Forestry and Recreation and the Executive Director of Social Development, Finance and Administration recommend that:**

1. The current lease between the City of Toronto and the Marcus Garvey Centre for Leadership and Education (MGCLE) for the building at 160 Rivalda Rd be terminated;
2. The City of Toronto enter into a one-year lease agreement with MGCLE for rental of a portion of the space in the building commensurate with the Centre's current needs, as determined by the Executive Director of Social Development, Finance and Administration (SDFA) and the General Manager of Parks, Forestry and Recreation (PFR) and upon terms and conditions satisfactory to them and in a form acceptable to the City Solicitor, at a nominal basic rent of \$1.00;
3. Parks Forestry and Recreation pay the facility utility costs of MGCLE for the one-year term;
4. PFR staff identify one or more new tenants who would pay rents at market value to lease the remaining portion of the building not occupied by MGCLE;
5. The current outstanding receivable balance for utility costs in the amount of \$63,409.25 be forgiven;
6. Staff from the Social Development, Finance and Administration Division work with the board of directors of MGCLE to enhance the organization's governance procedures and to assist it to develop a viable service model and a sustainable financial structure; and
7. The Executive Director of Social Development, Finance and Administration and the General Manager of Parks, Forestry and Recreation report back to the Community Development and Recreation Committee in February 2010 on the financial viability of MGCLE and recommend whether the lease with the organization should be renewed.

### **Financial Impact**

The City of Toronto will continue to pay all utility costs for the one-year term of the agreement to ensure continued operation of the Marcus Garvey Centre for Leadership and Education. Estimated yearly utility cost will be approximately \$10,000 and will be absorbed within the Parks, Forestry and Recreation 2009 Operating Budget.

Contingent on the outcome of this review, City Council in 2008 allocated \$40,000 from the Service Development Investment Program (SDIP) to assist MGCLE. The investment is intended to assist the organization with capacity building. It will be used to enhance MGCLE governance procedures and to assist in development of a service model and may be renewed.

The Deputy City Manager and Chief Financial Officer have reviewed this report and agree with the financial impact information.

## **DECISION HISTORY**

On July 9, 1997, the former City of North York Council, through resolution #97-15, directed that the building at 160 Rivalda Road be dedicated for community uses such as leadership, training, basic trade skills and education. This was a legacy agreement resulting in a lease with the Marcus Garvey Centre for the purposes of a community centre and as a training centre for teaching computer skills and basic trades skills and to support micro businesses, training needs, skills upgrading, viable cottage industries and the aspirations of African Canadian youth. The Centre opened January 1, 2002 under a 15-year lease agreement ending December 31, 2016.

At its meeting of June 23 and 24, 2008, City Council adopted a report to Community Development and Recreation Committee, titled Marcus Garvey Centre for Leadership and Education. The report recommended that staff review the City's relationship with, and interest in, the Marcus Garvey Centre, and also review the centre's financial position its current and potential revenues and the appropriateness of the current location in serving the target population. Staff were directed to report to Council on the resources required to effectively manage the centre. Because there were concerns about the uses to which the facility was being put, Council adopted a motion reiterating, that under the terms of the lease with the City, 160 Rivalda Road could not be sub-leased or used for night-club or after-hours purposes.

## **ISSUE BACKGROUND**

Over the past five years the City of Toronto has invested significant financial and staff resources in improving outcomes in Toronto's 13 priority neighbourhoods. The focus of much of this work has been to develop more programs to serve racialized youth. Providing more skills training and leadership development opportunities in neighbourhoods such as Jane-Finch and Jamestown is an important component of the Community Safety Plan adopted unanimously by City Council in 2004.

The June report to Community Development and Recreation Committee highlighted some of the challenges facing the Marcus Garvey Centre for Leadership and Education and some of the issues related to its tenancy in the City-owned building at 160 Rivalda Road. The report emphasized that the City has dual interests in the Centre both as landlord and a program interest in terms of strengthening community infrastructure in one of the City's priority neighbourhood areas.

Because the Centre has no ongoing source of revenue it has not been able to consistently provide the skills training and other services which it was set up to deliver. In addition to preventing the Centre from meeting its service goals, the lack of revenue has also meant that MGCLE has been consistently unable to meet its obligations to pay for the cost of utilities. To date, the City of Toronto had paid \$63,409.25 in utility costs on behalf of the Centre. Although the Centre was invoiced for these expenses, it had not reimbursed the City as of January 2009.

As well as contravening the terms of its lease with the City by not paying utility bills, the Centre's board of directors acknowledged that the facility had been used for purposes such as fund-raising for the organization's operating costs which were not permitted in the lease. In

addition, the Centre was unable to comply with a City request to provide documentation such as financial statements, proof of proper use of the facility and Articles of Incorporation.

Following Council adoption of the June report, an interdivisional staff team was formed to review the situation of the Marcus Garvey Centre for Leadership and Education and its relationship to the City. The review was led by staff from Social Development, Finance and Administration and included representatives of Parks, Forestry and Recreation and City Planning.

## **COMMENTS**

The review team conducted extensive discussions with the board of directors of the Marcus Garvey Centre about the revenue and governance challenges facing the organization. Team members also consulted with area residents and other community organizations to determine the service needs of African-Canadian youth in the Jane-Finch and Jamestown areas and the potential capacity of the MGCLE to meet those needs. Discussions were also held with the ward councillor. In addition, the review team examined governance models including those used for the Association of Community Centres (AOCCs) and the City's arena boards of management.

### **Findings of the Review**

#### **Service Need**

Demographic analysis of the area to be served by the Centre reveals that people of colour make up 71 per cent of the Jane Finch neighbourhood area and 85 per cent of the Jamestown area. The proportion of African-Canadian youth in both neighbourhood areas is over 20 per cent. There are high rates of youth unemployment.

Community agencies report there is a shortage of skills-training services for this population group in the vicinity of the Centre and that there is generally insufficient space available for community programming in the area. There was agreement that if MGCLE could establish a stable source of funding it has the potential to effectively deliver much needed services to African-Canadian youth in Jane-Finch and Jamestown priority neighbourhoods. There was particular interest in the Centre's potential to use its industrial kitchen facilities to train local youth in catering skills. The kitchen facilities were donated to the Centre by the Golden Griddle.

Several service providers observed that the Centre is not well served by public transit and that this may have inhibited its effectiveness in the past. Planning work is now underway which may result in improved transit service.

The Centre has successfully offered tutoring and leadership development programs to local youth, largely on a volunteer basis. A new tutoring program for children aged 7 to 16, on math and science skills began in January. A survey of program participants indicates that there is high level of satisfaction with programming offered by MGCLE.

### **Programs and Services**

In the past the Centre set out a very ambitious set of programming goals but has lacked stable funding to operationalize those plans. Through discussions with the review team, the directors of MGCLE identified four broad areas in which it wished to develop service capacity:

1. Leadership Development
2. Tutoring, Skills Training and Employment Preparation
3. Business Development
4. Computer Technology

Potential funding sources may be identified for these programming areas once the organization can establish the capacity to manage program grants. The program and service areas are in line with many current funding priorities, and the location of the Centre is in a high priority area for many funders. The partnerships the Centre has with local colleges, universities and non-profit organizations should be an asset when seeking program funding. The business development and computer technology program areas intend to include a social entrepreneurship component.

### **Governance and Planning**

The Board of Directors is made up of volunteers with considerable experience in business, entrepreneurship, education and community leadership. It has shown great commitment in leading the organization during difficult times and its skills and resources will assist the Centre in realizing its programming objectives. A guiding principle of the organization has been autonomy. The board recognizes, however, that in addition to its funding challenges, a number of governance and organizational capacity issues must be addressed before the Centre can reach its service delivery goals and become financially sustainable. To assist the organization improve its capacity in such areas as volunteers and staff training, strategic planning and management system, City Council, at its meeting on December 1, 2 and 3, 2008, approved an allocation of \$40,000 to MGCLE from the Service Development Investment Program. The grant is contingent upon the outcome of the current review.

### **Facility Issues**

The City-owned building at 160 Rivalda Road is 24,000 square feet in area. This is considerably more space than the Centre requires for the foreseeable future. The cost of lighting and heating a building of this size has put continuing financial strain on the organization and has contributed to its ongoing indebtedness to the City. Although the City has made capital investments in the building over the past decade, Facilities and Real Estate staff estimate that the cost of bringing the facility to a state of good repair would be \$1.19 million over the next nine years, including \$432,000 for a new roof.

The terms of the current lease prohibit the organization from raising funds by leasing the facility to other groups. This constraint further limits MGCLE's ability to generate revenue and become more self-sustaining. The review team was concerned that facility was used on the evening of December 28, 2008 for a memorial celebration for a volunteer who has recently died. This use did not have prior authorization from the City.

## **Review Conclusions**

The review team has concluded that:

1. The Marcus Garvey Centre for Leadership and Education has the potential to play an important role in improving outcomes for African-Canadian youth in the underserved priority neighbourhoods of Jane-Finch and Jamestown.
2. It is in the City's interest to continue its dual relationship with MGCLE, as both landlord and builder of community services infrastructure.
3. Because of the emphasis the Centre places on autonomy, the current governance structure is the most appropriate for accomplishing its goals.
4. There are currently significant governance and organizational challenges which require time to resolve.
5. The Centre will require City support in resolving those issues and in developing programming options that can meet community needs and access stable funding.
6. Funding obtained through the Service Development Investment Program will provide a solid basis on which to begin the work of capacity building and program planning.
7. While the facility at 160 Rivalda Road is strategically located, its size exceeds the current needs of MGCLE and puts an undue financial strain on the organization.

## **Proposed Sustainability Plan**

Based on the review team's findings, this report recommends that the City and the Centre enter into a new one-year lease agreement for 160 Rivalda Road under which the Centre's occupancy be scaled back in order to reduce its costs. Part of the facility appropriate for its current scale of operation should be leased to MGCLE. The remainder of the space should be leased to one or more other organizations at market value rents. Preferably these organizations would have goals and programs complementary to those of the Centre.

To assist the Centre achieve financial sustainability, it is recommended that Parks, Forestry and Recreation continue to pay the cost of heating and lighting the portion of 160 Rivalda Road occupied by MGCLE for the new one-year term. It is further recommended that all prior utility bills which should have been paid by the organization under its current lease with the City, should be forgiven. These costs total \$63,409.25 to December 31, 2008.

This report also recommends that staff of Social Development, Finance and Administration continue to work with the Centre's board of directors to clarify programming goals, identify potential sources of stable funding and to strengthen organizational and governance capacity. The renewable investment of \$40,000 from the Service Development Investment Program will help support the capacity-building process.

The Executive Director of Social Development, Finance and Administration and the General Manager of Parks, Forestry and Recreation will report back to the Community Development and Recreation Committee in February 2010 on the financial viability of MGCLE and will recommend whether the lease with the organization should be renewed.

**CONTACT**

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**SIGNATURE**

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