

Sustaining the Vibrancy of Campbell House Museum

Date: October 2, 2019

To: Economic and Community Development Committee

From: General Manager, Economic Development and Culture

Wards: 10 - Spadina-Fort York

SUMMARY

Campbell House Museum is a City-owned building, situated on land leased from Canada Life Assurance Company at the north-west corner of Queen and University Avenue. It is operated by the Sir William Campbell Foundation with oversight by the City-appointed Campbell House Board of Management.

Since 1972, the Museum's largest source of operating and capital funds has been The Advocates' Society (TAS). TAS began reducing its support to the Museum in 2018 and will likely provide its final grant in 2020. In response, the Foundation (whose board of directors is composed of TAS members) has proposed winding up its affairs and transferring responsibility for the Museum and the House to the City of Toronto under the Economic Development and Culture Division.

This report recommends a different approach to that proposed by TAS to sustain the vibrancy of Campbell House Museum. The recommended approach would have the Foundation continue to exist as a charitable body, with changes made to the composition of its board to replace TAS members with community representatives. The Museum would continue to be governed by the Foundation and the Board of Management with new members. The City would increase its annual grant to replace funding from TAS, and would assume responsibility for capital maintenance and repairs at the Museum.

RECOMMENDATIONS

The General Manager, Economic Development and Culture, recommends that:

1. City Council extend its appreciation to The Advocates' Society for its past and present support to Campbell House Museum.

2. City Council request The Advocates' Society to maintain its financial support for Campbell House Museum beyond 2020.
3. City Council request the Sir William Campbell Foundation to maintain its charitable status, seek broader community representation on its board of directors, and continue to manage Campbell House Museum.
4. City Council approve the additional \$32,000 grant request made in 2019 by the Sir William Campbell Foundation to operate Campbell House Museum, to be funded from the 2019 approved operating budget for Economic Development and Culture.
5. City Council direct the General Manager, Economic Development and Culture to ensure that any future increases in the grant made annually through Economic Development and Culture to the Sir William Campbell Foundation be commensurate with reductions in the grant made annually by The Advocates' Society to the Foundation to operate Campbell House Museum.
6. City Council direct the General Manager, Economic Development and Culture, to negotiate the following amendments to the 1971 agreement between the City of Toronto and the Sir William Campbell Foundation:
 - a. remove all references and obligations in relation to The Advocates' Society;
 - b. reduce the Foundation's financial obligations in a manner commensurate with the Campbell House Board of Management assuming responsibility for capital maintenance and repairs of the Campbell House on a permanent basis; and
 - c. any other terms that may be mutually satisfactory to both parties, to the satisfaction of the General Manager, Economic Development and Culture, in consultation with the City Solicitor and the City Manager.
7. City Council authorize the General Manager, Economic Development and Culture, to sign the amending agreement with the Sir William Campbell Foundation as referenced in recommendation 6 of this report.
8. City Council amend Chapter 68 of the Municipal Code of the former City of Toronto to:
 - a. add capital maintenance and repairs to the responsibilities of the Campbell House Board of Management and to make capital expenditures in accordance with the applicable budget allocation, year over year; and
 - b. reflect amendments to the 1971 agreement between the City of Toronto and the Sir William Campbell Foundation, as necessary.
9. City Council direct the General Manager, Economic Development and Culture to include Campbell House Museum in the City's 10-Year Capital Budget and Plan submission as part of the 2020 Budget process for consideration, once the 1971

agreement between the City of Toronto and the Sir William Campbell Foundation and Chapter 68 of the Municipal Code of the former City of Toronto have been amended.

10. City Council direct the General Manager, Economic Development and Culture to include the 2020 increase in the grant to the Sir William Campbell Foundation in the Economic Development and Culture's 2020 Operating Budget submission for consideration.

FINANCIAL IMPACT

The City has long supported the operations of Campbell House Museum by making an annual grant to the Sir William Campbell Foundation through the Community Partnership and Investment Program administered by Economic Development and Culture. A grant of \$37,000 was provided to the Foundation in 2018.

The same level of funding is available in the 2019 Approved Operating Budget for Economic Development and Culture.

However, increasing the City's annual grant to the Foundation to offset the reduction in financial support from TAS will require an additional \$32,000 in 2019, an additional \$12,000 in 2020, and possibly an additional \$60,000 in 2021, for a total future annual increase of \$104,000, subject to annual economic factors.

An increase in the 2019 grant will be accommodated within Economic Development and Culture's 2019 Council Approved Operating Budget. Staff will investigate funding options for the additional funds required in 2020 and 2021 and will include them for consideration in Economic Development and Culture's Operating Budget submissions for those years.

Currently, the City does not have a capital program to maintain the Campbell House Museum in a state of good repair, consistent with heritage conservation standards. A recently completed building condition audit identified \$1.8 million in capital maintenance for Campbell House, which includes regular investment in ongoing state of good repair. This information will be added to Economic Development and Culture's SOGR Backlog, submitted annually with the Capital Budget and Plan, and will be used for future budget planning.

Economic Development and Culture has included \$1.8 million, funded by debt, in its 2020-2029 Capital Budget and Plan submission for consideration as part of the 2020 Budget process if the City assumes the capital maintenance and repairs for Campbell House Museum. Of the \$1.8 million, cash flow funding of \$0.100 million is included in 2021 to address urgent fire and life safety upgrades as identified in the building condition audit.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On May 10, 2018, the Economic Development Committee considered a letter from Councillor Joe Cressy and requested the General Manager, Economic Development and Culture, "to conduct a review of Campbell House Museum in the interest of maintaining it for public use" and report back to the Committee in 2019. The review was to consider: (a) the operations, funding and vision of Campbell House Museum; and (b) options for the sustainability of Campbell House Museum as a City-owned building.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.ED29.11>

COMMENTS

Challenges Facing Campbell House and Its Museum:

A Georgian-style landmark in downtown Toronto, Campbell House dates from 1822 and is associated with Chief Justice Sir William Campbell. Facing demolition in the late 1960s, the House was donated to The Advocates' Society (TAS), who moved it across town to its current location at 160 Queen St. West, then paid for all of its restoration and most of its operation as a public museum. TAS used part of the building as its club house. TAS's members were cross-appointed to the Sir William Campbell Foundation, which operates Campbell House Museum.

This arrangement held from 1972 until 2017, when TAS informed the Foundation that it was reducing its financial support to the Museum and changing its relationship with the Foundation. Annual funding was to be cut from about \$104,000 in 2017 to \$84,000 in 2018, then to \$72,000 in 2019 and \$60,000 in 2020. The grant would be reviewed by the TAS Board in 2021. In the meantime, TAS would no longer appoint its members to the Foundation's board.

In response, the Sir William Campbell Foundation's board of directors adopted the following motion in 2018:

"(b) authorize the Executive to discuss and enter into an agreement with the City of Toronto to assume full financial and operational responsibility for Campbell House, and the museum within it, and make every effort to ensure the museum employment of the Director/Curator and Assistant Curator with the City; and

(c) once this agreement is in place, to transfer the [Foundation's] collection of artefacts to the City of Toronto, a qualified donee; and

(d) seek Voluntary Revocation of the [Foundation's] charitable status, and thereafter to wind up the [Foundation], and transfer any remaining assets to the City of Toronto or another qualified donee."

The Foundation's motion was communicated to Councillor Joe Cressy, Council's appointee to the Campbell House Board of Management, who brought the matter to the attention of the Economic Development Committee. This report proposes a way forward in addressing these challenges.

Current Institutional Arrangements:

Campbell House is a complex property with several overlapping institutional arrangements originally formulated in the early 1970s. The key points are:

- The building known as Campbell House is owned by the City of Toronto, while its contents (including the artifact collection) are owned by the Sir William Campbell Foundation;
- The land on which Campbell House sits is owned by Canada Life (now part of Great-West Life) and is leased to the City until 2099; instead of paying ground rent for this lease, the City covers the property taxes on the Campbell House property;
- The leased land around Campbell House and the surrounding public sidewalks are maintained by the City, while the private walkway along the north side of the property is maintained by Canada Life;
- The City is not responsible for the maintenance of the Campbell House building or the operation of Campbell House Museum;
- Under the Toronto Municipal Code, the Campbell House Board of Management is appointed by City Council to oversee operations of the House and its grounds; the Board of Management consists of three members nominated by the Sir William Campbell Foundation and one appointed by Council;
- The Foundation, a charitable body, received Letters Patent in 1970 and is responsible for funding and carrying out the maintenance and operations of Campbell House Museum; Museum staff are employees of the Foundation;
- TAS developed a memorandum of understanding with the Foundation in 1977, whereby two-thirds of the Foundation's directors and its chair are TAS members; TAS remains a significant funder of Campbell House Museum;
- The relationship between the City and the Foundation is governed by a 1971 agreement;
- No agreements exist between the City and TAS, or between the Foundation and Canada Life.

Campbell House Museum's Mission, Mandate and Program:

City staff reviewed the Campbell House Museum Director/Curator's annual reports for the period 2012-18. Included in this material is the 2013 Strategic Plan and Mission for Campbell House which are deemed to be sound. The yearly program summaries show a diverse mix of art and history exhibitions, theatre performances, concerts, literary readings and lectures being offered in and around the House. This approach appears to be a sound way of appealing to a variety of adult audiences.

City staff also reviewed annual attendance for the period 2013-18 and financial information for the period 2012-18. Total attendance at Campbell House Museum reached 20,410 in 2018, below the average attendance for the 2013-18 period (26,697). However, these figures are higher compared to small historic site museums operated by the City. In 2018, the Museum showed total revenue of \$318,817 against total expenses of \$307,524, for a surplus of \$11,292. The House has shown a small cash surplus in five of the seven years during the 2012-18 period. Such positive financial performance is atypical for a small historic site museum.

Based on the above, City staff view Campbell House Museum as a well-managed operation which is meeting community needs. The following sections outline how the vibrancy of the Museum can be sustained, in part through increased City support.

Governance:

TAS was the driving force behind creating the Sir William Campbell Foundation and securing its status in 1970 as a charitable body with broad objects regarding heritage conservation. All of the Foundation's board of directors are currently members of TAS. However, neither the Foundation's Letters Patent nor its by-laws require the Foundation's board to be TAS members. Other community members could be recruited to serve on the Foundation, with a focus on fund-raising to support the day-to-day operations and any special projects associated with Campbell House Museum.

Consistent with this approach, which sees the Foundation continuing to play a leadership role in sustaining the Museum, this report recommends that Council ask the Foundation not to seek voluntary revocation of its charitable status or wind up its affairs. The Foundation should retain its assets and continue to operate Campbell House Museum.

City Council created the Campbell Board of Management in 1971 to provide oversight for the House as a City asset. One Member of Council is currently appointed to the Board. All of the non-Council appointees to the Board are simultaneously members of TAS and the Sir William Campbell Foundation. Once community members are recruited to serve on the Foundation's board of directors, the indirect representation of TAS members on the Board of Management could come to an end.

Giving effect to these new arrangements would require the City to negotiate amendments to its 1971 agreement with the Foundation, and then amend Chapter 68 of the Toronto Municipal Code.

Funding and Operational Responsibility:

In 2018, Campbell House Museum's funding came primarily from TAS's grant (\$84,000), room rentals (\$78,000), admission fees, programs, and special events (\$37,000), the City of Toronto's grant (\$37,000) and the Province of Ontario's grant (\$25,000). The amount of funding provided by the City and the Province has been unchanged since 2012, while room rental revenues have risen slightly.

As TAS has been the largest single source of revenue for Campbell House Museum since 1972, its reduced financial support would undermine the Museum's viability without replacement funding. This report recommends that Council commend TAS for its efforts to preserve and restore Campbell House and operate it as a public museum, while urging TAS to remain a valued funder of the Museum.

Assuming, however, that TAS's financial support is reduced and possibly ended, two options have been identified regarding the City's future engagement with Campbell House Museum:

1. Full takeover by the City of all operations and maintenance at Campbell House Museum. This option, proposed by the Sir William Campbell Foundation, requires an additional \$505,000 to \$555,000/year in the City's operating budget. This amount is based on the City's current staffing model for its small historic site museums, plus an allowance for custodians, repairs, materials, supplies, and administrative supports.

2. Increased City grant to Campbell House Museum to cover the withdrawal of financial support by The Advocates' Society. This option, recommended by City staff, would require an additional \$32,000 in 2019, an additional \$12,000 in 2020, and, should TAS eliminate its grant entirely, an additional \$60,000 in 2021. This would result in a total operating budget pressure of \$104,000, exclusive of economic factors, which will be addressed during future-year Operating Budget processes. Campbell House Museum staff would remain employees of the Sir William Campbell House Foundation, which would continue to oversee day-to-day operations at the House.

The Foundation recently submitted its annual (2019) grant application to the City in the amount of \$69,000. This represents an increase over 2018 of \$32,000 and is consistent with the approach recommended by staff in this report. Should Council adopt the recommendations made here, staff will reallocate funds within the 2019 grant envelope administered by Economic Development and Culture and address the budget pressure during the 2020 operating budget process. The additional funds required in 2021 will be included for consideration in Economic Development and Culture's operating budget submission for that year.

Capital Maintenance and Repairs:

Under the 1971 agreement between the City and the Sir William Campbell Foundation, the latter was responsible for all maintenance and repairs related to the House. Capital work was covered by the Foundation's "building fund" until it was exhausted in 2018. The Foundation has no financial capacity to keep the House in a state of good repair or respond to urgent maintenance issues. This places a City asset at risk.

Under the current arrangement, the City is responsible for annual Designated Substance Reports (including an asbestos survey) and includes Campbell House in its Electrical Safety Authority inspection contract. The City has also begun to report all Fire Life Safety inspections through the FLS Document Library, as is done with all EDC properties.

In 2019, the City commissioned a building condition audit to determine the House's long-term capital requirements. The audit recommends that, over the next ten years, up to \$1.8 million will be required to maintain the House in a state of good repair, consistent with the highest heritage conservation standards. This will be added to Economic Development and Culture's State of Good Repair Backlog for future capital budget planning. About \$100,000 will be required soon (2021) to address code deficiencies relating to fire and life safety. These pressures will be addressed in the 2020 and later year capital budget requests.

It is recommended that the 1971 agreement be renegotiated so that the Foundation remains responsible for day-to-day maintenance and repairs (operating), while the City becomes responsible for state of good repair (capital) work. Related amendments to the Toronto Municipal Code are also required. Once this is done, Campbell House can be placed within the City's capital planning framework to protect the asset. This approach is taken to other City-owned heritage properties managed by Museums and Heritage Services which are leased to and operated by third parties.

The Sir William Campbell Foundation, the City Solicitor, and the City Manager were consulted during the preparation of this report.

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SIGNATURE

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