

Report to / Rapport au:

**Ottawa Public Library Board
Conseil d'administration de la Bibliothèque publique d'Ottawa**

December 11, 2018 / 11 décembre 2018

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File Number: OPLB-2018-1202

SUBJECT: OPL Fundraising Feasibility Study

OBJET: Étude de faisabilité d'une campagne de financement de la BPO

REPORT RECOMMENDATIONS

That the Ottawa Public Library (OPL) Board:

- 1. Receive the KCI Study Report: Key Findings and Recommendations (Document 1);**
- 2. Approve proceeding with the development and implementation of a detailed Fundraising Strategy as further defined in this report;**
- 3. Approve the creation of a Fundraising Ad hoc Committee of the 2019 – 2022 OPL Board, composed of two trustees; and,**
- 4. Direct staff to include two full-time equivalent positions for Fundraising in the 2019 draft operating budget for consideration by the 2019 – 2022 OPL Board.**

RECOMMANDATIONS DU RAPPORT

Que le Conseil d'administration (C.A.) de la Bibliothèque publique d'Ottawa (BPO) :

- 1. prenne connaissance du rapport d'étude KCI : Faits saillants et recommandations (document 1);**
- 2. approuve l'élaboration et la mise en œuvre de la stratégie de financement détaillée qui est écrite dans ce rapport;**
- 3. approuve la création d'un comité de financement spécial du C.A. 2019-2022 de la BPO, qui serait composé de deux administrateurs(trices); et**
- 4. demande au personnel d'inclure deux postes d'équivalent temps plein pour la campagne de financement dans le budget provisoire de fonctionnement de 2019, pour étude par le C.A. 2019-2022.**

BACKGROUND

As per the *Public Libraries Act, RSO 1990, c.P.44 (the Act)*, the Ottawa Public Library (OPL) Board retains accountability for the full range of decisions affecting the organization. The Board has decided, however, to use a model of governance that focuses Trustee attention on setting strategic direction and objectives, making decisions on major projects, and monitoring performance.

In keeping with Board Policy *OPLB-002 Delegation of Authority*, the Board retains authority to approve frameworks for advocacy, fundraising, and major sponsorships, and delegates to the CEO authority for their implementation and management.

In 2015, OPL conducted a high-level investigation of fundraising potential. It was estimated at that time that approximately \$3M could be raised, exclusive of the cost to develop and run a fundraising campaign. This review was completed prior to the decision to build a new Ottawa Central Library, and the decision to collaborate with Library and Archives Canada (LAC).

In January 2017, the Ottawa Public Library Board received report OPLB-2017-0101 - Central Library Development Project: Ottawa Public Library-Library and Archives

Canada Joint Project, indicating that a potential funding strategy to offset the City/OPL portion of the debt financing costs for the new Joint Facility could be the development and implementation of a capital fundraising campaign. Funds raised could be allocated as an additional funding source for the facility or could be recognized as annual revenue to help offset increases in operating costs.

A Fundraising Feasibility Study to analyze opportunities for a capital fundraising campaign was undertaken in 2018 to identify options, required resources, and potential funding sources, as well as to make recommendations. The objective was to develop a business case that was measurable, achievable, and representative of local conditions, to be used to determine the value for money of a potential fundraising campaign.

Following a competitive Request for Proposals process, OPL engaged KCI (Ketchum Canada 2002 Inc.) to assess the potential for both general and capital fundraising campaigns, with the capital campaign's initial focus being the Ottawa Central Library. KCI is a management consulting firm focused on revenue generation in the not-for-profit sector, with a track record of success with libraries across Canada.

The purpose of this report is to provide conclusions from the KCI Study Report: Key Findings and Recommendations (Document 1), and to support the decision to proceed with a fundraising campaign as described in this report.

DISCUSSION

Methodology

The study requirements included conducting an environmental scan on trends and best practices related to types of fundraising campaigns; obtaining local community perceptions and sentiments of the importance of the need for which the money is to be raised; confirming perceptions of OPL, its mission, and the Ottawa Central Library project; assessing the potential donor base; identifying potential fundraising campaign types and targets; and, determining the availability of strong fundraising leadership.

Using the results of the research, KCI prepared a comprehensive feasibility study on the potential for an OPL fundraising campaign that would address operating model options (including human and financial resources required and the preparedness of OPL to undertake such a campaign). The study also explored external factors that could

influence the outcome of the campaign, and the extent and type of communications / marketing required before and during the campaign in order to achieve success.

KCI worked with staff to identify potential internal and external stakeholders for consultation, and to develop a position paper for discussion. The position paper centered on six themes (referenced in Document 1, p. 5):

1. Profile of OPL;
2. Positioning the Case;
3. Campaign Strategy;
4. Goal and Financial Support;
5. Institutional and Volunteer Leadership; and,
6. Timing.

Requests for consultations were issued to more than 50 potential participants. Internal consultations included OPL, City, and LAC leadership, Board, and Council. External consultations included key opinion leaders, major philanthropists, corporate leaders, and partner groups, at both the local and national levels.

Key to the discussions was testing of a potential fundraising goal, with the planned objective between \$10M and \$15M, broken down into four categories:

- Community engagement (numerous gifts at less than \$10K, representing two percent of the goal);
- Major gifts (gifts between \$10K and \$100K, representing 20 percent of the goal);
- Leadership Gifts (gifts between \$250K and \$2.5M, representing 45 percent of the goal); and,
- Aspirational Gifts (one gift at \$5M representing 33 percent of the total goal).

Input from the environmental scan, the internal and external consultations, as well as expertise from KCI have formed the basis of the recommendations included in this report.

Key Findings and Analysis

The key findings from the consultations are summarized as follows:

- 1. Excitement for the project and for what it means for Ottawa** – The OCL project is an opportunity to revitalize Ottawa's image, with many emphasizing

that the design and experience should be sources of pride for residents. Community engagement will be critical to generating and maintaining excitement. The collaboration with LAC is seen as an opportunity to ensure service integration, where appropriate, with complementary offerings. The potential synergies make this more than a facility, but rather an experience.

- 2. Communications is key, especially regarding the role of the library, which remains subject to differing views** – While many participants see libraries as community hubs, places of equalization and accessibility, etc., there are those who believe libraries are losing relevance. Libraries have evolved and there is a strong need for a communication plan both in general and targeted to the fundraising initiative. OPL is seen as a “low-key” organization and not part of daily conversations. More work is needed to increase awareness and understanding of its role in, and impact on, the community. Case and key messaging needs to be consistent across partners.
- 3. The “story” and right mix of programming will attract donors, partners, and supporters** – Ottawa has a small but generous philanthropic community, and obtaining contributions requires strong commitment. However, there is a lot of competition and donor fatigue is a reality. OPL needs to position itself in the philanthropic marketplace, and investment will hinge on its ability to tell the story. Linkages and integration with other initiatives (e.g. Smart City Strategy), and educational and cultural organizations will help draw attention and support. Demonstrating the economic and social impact of this investment will be critical.
- 4. Thoughtful and careful planning, including alignment will be important** – With any project, ensuring appropriate planning and resourcing is a prime factor for success. Given the timing of other external fundraising campaigns, OPL’s target goal, and the need for integration with other communications and marketing activities, the campaign should be handled in-house (although seeking external partner support may be wise for endowment funds). As such, a recommendation will be to hire individuals into the organization who report through the OPL’s existing structure, as further described in the Financial Implications section of this report.

5. **Core group of champions required for success** – This is a complex project with three key partners, and the institutional leadership is generally well-received. External champions should be comprised of fresh faces in Ottawa's philanthropic community to help demonstrate the changing nature of the city.
6. **Many ready to consider supporting the project** – While timing may present challenges, the campaign roll-out should be aligned with the project planning, specifically the availability of architectural renderings and images. More information is required regarding the "story" and impact, however, a solid indication of support was received. Participants are open to conversations around partnerships with OPL, expressing a desire for engagement beyond simply financial contributions.

In summary, KCI offered the following observations:

- The Ottawa Central Library project is a great opportunity for OPL to position itself in the marketplace, and to engage and mobilize the community;
- A number of opportunities and challenges were identified – most of which are consistent within the non-profit sector (e.g. importance of clearly articulating the case and impact of projects, building a base of major supporters);
- OPL needs to explain how government funding cannot cover everything, and the importance of philanthropy and partnerships to support its vision and major new developments;
- Investment in a mobilization plan is needed to build awareness and help increase understanding of the role of the library;
- Substantial attention to space utilization and programming, and talking about the impact of the development priorities, are required, and must be thoroughly described in proposals and communications materials;
- The fundraising effort should focus on OPL programming needs, especially new and enhanced programs and services, including those planned in collaboration with Library and Archives Canada (LAC);
- Naming opportunities could be tied to either OPL programs or spaces;
- A highly customized fundraising strategy will be required;
- Champions want to be involved based on their connections, expertise, and interest;

- Target goal can be secured through a mix of monetary contributions, gifts-in-kind, and partnerships; and,
- Fundraising should be led by a team internal to the OPL (i.e. not a Foundation), to ensure solid linkages with programming, communications, and marketing.

KCI's conclusion is that a fundraising goal between \$10M and \$15M is attainable. Many participants saw the central library as an opportunity to define the "new Ottawa" – a progressive, innovative, and collaborative initiative with the smart city strategy, anchoring Ottawa's downtown, and championed by new leaders and influencers. Participants were excited about potential programming opportunities, indicating that efforts need to go beyond philanthropy to leveraging networks, building on connections, and encouraging collaboration and integration across the city's academic, economic, arts, culture, and social sectors. This is consistent with OPL's mission to inspire learning, spark curiosity, and connect people. To be successful, however, financial investment in the planning and management of fundraising and communications activities is required.

KCI also provided a list of potential risks to achieving the identified commitment. Risks include insufficient resourcing of the campaign, the ability to obtain leadership level gifts early in the campaign, timing, and other competitive campaigns in the marketplace.

Financial Investment

To achieve the \$10M to \$15M fundraising goal, the required financial investment is \$1.72M over five years, representing approximately 17 percent of the low-end target. Table 1 provides a summary of the investment.

Of the total OPL investment required, \$455K is allocated to campaign planning and communications (specifically, the development of the fundraising strategy, communications, and marketing). This amount remains available in the Central Library Development Project – Planning Phase funding request in the 2017 capital budget (Report #OPLB-2016-0204).

The remaining \$1.27M is related to compensation associated with the human resources required to carry out the work for the campaign, over the five years. KCI recommended an internal structure of three full-time equivalent (FTE) positions; however, based on OPL's current staffing complement, staff recommend an internal structure of two FTE positions with focused experience in major gifts fundraising and related

communications. The two permanent positions will be engaged no later than June 2019. The 2019 budget impact for the employee complement represents a \$235K base operating increase.

Table 1 – Investment Summary:

Compensation	\$1.27M
2019 Impact (2 FTES)	\$235K
2020 – 2023 Impact	\$1.035M
Planning and Communications (one-time)	\$455K
Total OPL Investment (5 year)	\$1.72M

Fundraising Framework and Timelines

With a clear indication of interest in OPL's fundraising intentions, and the identification of resource requirements, a framework was prepared to guide the development of a detailed strategy, recognizing that the strategy must be dynamic to allow for quick response to changing conditions. The framework elements and timelines are:

1. Planning Phase (Q4 2018 – Q3 2019)
 - a. Develop Fundraising Strategy and specific tactics including:
 - i. Initial investment in communications and marketing plans
 - ii. Recognition and naming opportunities, alongside a review of Board Policy #008 – Donations, Fundraising, Sponsorships, and Advertising
 - b. Develop Case for Support
 - c. Identify Institutional Leadership and respective roles
 - d. Hire and Onboard Experienced Team, including use of external recruitment firm
 - e. Identify Prospect Pool
2. Implementation Phase (Q4 2019 – Q3 2023)
 - a. Recruit Senior Level Champions
 - b. Implement marketing and communications strategies

- c. Identify Pacesetting Donors and Partners ("Top 20")
 - d. Engage community
 - e. Recognize donors and partners
3. Evaluation Phase (2024):
- a. Assess the fundraising effort
 - b. Determine requirement for permanent fundraising program.

Recommendations and Next steps

Based on KCI's research, staff recommend proceeding with the development of a fundraising strategy to support efforts with respect to the Ottawa Central Library, while simultaneously helping to build capacity for a sustainable revenue generation program.

With Board approval, staff will begin the development of the Fundraising Strategy. Due to timing of the 2019 budget process, staff recommend including the request for two full-time equivalent positions in the 2019 operating budget, to come forward in Q1 2019. This will appear as a permanent adjustment to the compensation line.

Staff also recommend the Board's involvement via the establishment of an Ad-Hoc Committee, comprised of two Trustees, to support the development of the Fundraising Strategy, prospect identification and qualification, and participation in cultivation activities. This includes reviewing OPL Board Policy #008 – Donations, Fundraising, Sponsorships, and Advertising to ensure alignment with the Fundraising Strategy.

CONSULTATION

In undertaking the fundraising feasibility study, a number of internal and external consultations took place. Internal consultations included OPL, City, and LAC leadership, including members of the Board and Council. There were 27 external consultations with key opinion leaders, major philanthropists, corporate leaders, and partner groups. The external consultations represented organizations at both the local level and at the national level with a presence in Ottawa. Input from these consultations has formed the basis of the recommendations included in this report.

LEGAL IMPLICATIONS

There are no legal implications associated with this report.

RISK MANAGEMENT IMPLICATIONS

The risk implications of proceeding with the Fundraising Strategy are set out in the body of this report.

FINANCIAL IMPLICATIONS

The financial implications of proceeding with the Fundraising Strategy are set out in the body of this report.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

BOARD PRIORITIES

This report aligns with the Board's 2014 – 2018 strategic priority regarding Central Library Development, as well as decisions made to support the project.

SUPPORTING DOCUMENTATION

Document 1 KCI Study Report: Key Findings and Recommendations

DISPOSITION

With Board approval, staff will begin the development of the Fundraising Strategy using planning funds as identified in the report. Staff will also include the request for two full-time equivalent positions in the 2019 operating budget. In the interim, staff will engage the services of an external firm to manage the recruitment of the specialized fundraising resource. In addition, in Q1 2019, staff will solicit interest from members of the 2019 – 2022 OPL Board to participate on the Ad-Hoc Committee.