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STAFF REPORT
ACTION REQUIRED

2008 – 2012 Capital Budget - Executive Committee Recommended

Date:	November 27, 2007
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is for the Toronto Public Library Board to review the impact of and approve adjustments to the 2008 – 2012 Capital Budget request to meet the Executive Committee recommended debt target. The Executive Committee recommended target meets the Board requested funding for 2008, 2011 and 2012, but is $1.0 million below the annual requested funding level for 2009 and 2010.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. receives this report outlining the impact of reductions required to meet the Executive Committee's recommended funding debt targets for the 2008 – 2012 Capital Budget;

2. approves 2008-2012 Capital Budget adjustments required to meet the gross and debt funding recommended by Executive Committee, as per Attachments 1 and 2; and

3. authorizes and directs the appropriate staff to take the necessary action to give effect thereto.

FINANCIAL IMPACT

The Executive Committee recommended target meets the Board requested funding for 2008, 2011 and 2012, but is $1.0 million below the annual requested funding level for 2009 and 2010. The Executive Committee recommended 2008 – 2012 capital funding results in a capital budget of $12.850 million debt ($19.049 million gross) for 2008 and $46.0 million debt ($77.964 million gross) for 2009 – 2012.

The Director, Finance and Treasurer has reviewed this report and agrees with the financial impact information.

ISSUE BACKGROUND

Budget Submission Request

The Toronto Public Library's (TPL) 2008 – 2012 original Capital Budget submission of $12.0 million debt ($18.349 million gross) for 2008 and $48.0 million debt ($79.787 million gross) for 2009 – 2012, was approved by the Library Board at the September 17, 2007 meeting. The budget request exceeded the City debt target by $1.0 million each year, or a total of $5.0 million over 2008 – 2012.

City Manager Recommended Budget

The City Manager recommended budget included a $1.0 million debt target increase for 2011 and 2012 only, resulting in an annual funding shortfall of $1.0 million for 2008, 2009 and 2010. At its November 12, 2007 meeting, the Library Board received, but did not approve reductions to achieve the City Manager's recommended debt target, which would have required two-year delays for the Brentwood and Sanderson projects and cash-flow deferrals for a number of other projects.

Revised Budget Request

A revised request and submission of $12.850 million debt ($19.299 million gross) for 2008 and $48.0 million debt ($79.787 million gross) for 2009 – 2012, was approved by the Library Board at the November 12, 2007 Board meeting. This revision added $0.850 million debt ($0.950 million gross) for the 2008 Kennedy / Eglinton renovation and expansion project, to be funded from the City's Partnership Opportunities Legacy Fund without affecting TPL's debt target.

Budget Committee Recommended Budget

At its Capital Budget Wrap-Up meeting held on November 21, 2007, Budget Committee approved a recommendation "that the 2008 Budget Committee Recommended Capital Budget of $11.85 million for the Toronto Public Library Board be increased by $1 million gross and debt to support the completion of an additional two state-of-good-repair projects." The specific building projects discussed at Budget Committee were Brentwood and Sanderson, as well as the Multi-Branch state of good repair program.

Executive Committee Recommended Budget

At its meeting of November 26, 2007, Executive Committee approved Budget Committee recommendations and requested that the Toronto Public Library Board report to Council on what projects are being added in 2008 for the $1 million addition and what projects are being reduced for the $1 million shortfall in 2009 and 2010.

COMMENTS

The addition of $1.0 million to the 2008 debt target provides funding to start the planning for the Brentwood and Sanderson projects, as recommended by Budget Committee and Executive Committee. However, the Executive Committee recommended debt target is $1.0 million below the TPL budget request for each of 2009 and 2010. Reductions to achieve the recommended target are limited because much of the capital funding for 2008 to 2012 has already been committed to multi-year building construction projects, but it requires the deferral of cash-flow funding for the Toronto Reference Library and Scarborough Centre projects. In addition, the five-year budgets for Virtual Branch Services and the Multi-Branch state of good repair program have to be reduced, affecting TPL's ability to develop its virtual branch and respond to unexpected emergency repairs which will lead to higher costs and service disruptions.

Attachments 1 and 2 detail the impact of the reductions on capital projects.

Brentwood

The 2008 funding increase recommended by Executive Committee will provide funding for the planning of this project in 2008 and construction to begin near the end of 2009 and to be completed in 2011, only a few months later than originally planned.

Sanderson

The 2008 funding increase recommended by Executive Committee will fund planning of the Sanderson project in 2008, with construction scheduled to start near the end of 2010 and completed in 2013, only a few months later than originally planned.

Toronto Reference Library

To meet the recommended debt targets each year, cash-flow funding of $1.2 million would be deferred from 2008 and 2009 and reinstated in 2010 for no net change over the five years. The deferral of funding for the $30.0 million TRL project lengthens and complicates this project which includes a public capital funding campaign.

Virtual Branch Services

To meet the recommended debt targets each year, cash-flow funding of $0.4 million would be deferred from 2008 and 2009 to 2010, but it will also require a reduction of $0.6 million in 2012, which affects TPL's ability to keep its branch and on-line systems in a state of good repair using current technologies and to address the continually increasing public demand for electronic services.

Multi-branch Minor Renovation

In 2008, the multi-branch minor renovation budget will increase by $0.446 million to meet the recommended debt target. In 2009 and 2010, cash-flow funding would be reduced by $1.01 million with a further reduction in 2011 and 2012 of $1.049 million. This will affect TPL's ability to address state-of-good-repair deficiencies in order to maintain the functionality of branches until a major renovation can be executed.

Thorncliffe and Scarborough Centre

Cash-flows were re-allocated between years for both Thorncliffe and Scarborough Centre to reflect the most current construction schedule outlook.

CONTACT

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Josephine Bryant
City Librarian

ATTACHMENTS

Attachment 1: Executive Committee Recommended 2008 – 2012 Capital Budget – Gross
Attachment 2: Executive Committee Recommended 2008 – 2012 Capital Budget – Debt