

Section 37 Funding

Date:	April 23, 2013
To:	Budget Committee
From:	City Librarian

SUMMARY

The purpose of this report is to respond to a motion from the Toronto Public Library Board meeting on March 27, 2013 that requested that staff report to the next Budget Committee meeting on:

- a. the process by which Library priorities are identified in Section 37 discussions; and*
- b. recommended strategies to increase Section 37 contributions to the Library.*

RECOMMENDATIONS

The City Librarian recommends that the Budget Committee recommends that the Toronto Public Library Board approves strategies for increasing Section 37 funding for the Library that include:

1. providing local Councillors with a copy of the Library's response to development proposals;
2. meetings with Councillors to discuss Library enhancements that qualify as appropriate community benefits to attract Section 37 funding in their wards, especially those with significant development activity; and
3. meeting periodically with the City Planning Division to provide updates on the Library's branch needs and opportunities for community benefit projects suitable for Section 37 funding.

FINANCIAL IMPACT

Section 37 funds are a source of funding for the Library's capital budget that is intended to provide community benefits related to population growth. Section 37 funding increases the gross capital budget and does not impact debt levels.

A listing of approved Section 37 agreements that provide potential funding for the Library of up to \$15.3 million is provided in Attachment 1.

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

DECISION HISTORY

At the meeting on March 27, 2013, the Library Board reviewed the *Capital Budget Adjustments* report and adopted the following amending motion:

1. *requests staff to report to the next meeting of the Board Budget Committee on:*
 - a. *the process by which Library priorities are identified in Section 37 discussions; and*
 - b. *recommended strategies to increase Section 37 contributions to the Library.*

This report responds to the motion.

BACKGROUND

Section 37 of Ontario's Planning Act permits municipalities to approve zoning by-law amendments for increases in permitted height and/or density for developments in return for the provision of community benefits. In Toronto, the Section 37 policies of the Official Plan currently limit community benefits to capital facilities or cash contributions for specific capital facilities within the local community in which the contributing development project is located. Section 37 expenditures on capital facilities must result in new or enhanced services for the community to meet the needs of a growing population and cannot be used for state of good repair work.

A Protocol for Negotiating Section 37 Community Benefits was adopted by City Council at the meeting of December 11-13, 2007, and a summary is shown on Attachment 2. The Protocol deals with the process by which community benefits are negotiated by City Planning staff, with the involvement of the Ward Councillor and with community consultation. The complete document produced by City Planning Division entitled *Implementation Guidelines for Section 37 of the Planning Act (as adopted by City Council at its meeting on November 19-20, 2007) and Protocol for Negotiating Section 37 Community Benefits (as adopted by City Council at its meeting of December 11-13, 2007)* can be found at: <http://www.toronto.ca/planning/section37.htm>.

City Planning Division is charged with negotiating Section 37 agreements with developers and part of the process involves consultation with stakeholders that includes the ward Councillor, City Divisions and Agencies, and the local community. The Library is one of many City Divisions and Agencies that provide input, including a listing of potential community benefits, for development applications, and are eligible to receive Section 37 funding. As well, many community arts and culture groups are interested in greater access to Section 37 benefits. In 2012, the City initiated a long-term planning process for cultural infrastructure city-wide, including accessing and using Section 37 funds for arts and culture facilities. Reports on this initiative will be released this spring.

COMMENTS

Library Priorities for Section 37 Funding

In 2008, Library staff met with the City Planning Division to get a better understanding of Section 37 funding and processes around its approval, and to provide information to Planning staff on Library capital projects and needs that could be suitable community benefits eligible for Section 37 funding. This meeting was part of the Library's strategy for accessing additional Section 37 funding where appropriate in a more focussed and systematic approach.

As part of the City planning process, the Library is asked to comment on all development proposals as to their possible impact on Library services. The Library also participates in community services and facilities needs assessment studies and community consultations. The Library responds to development proposals with the following considerations:

- community benefit opportunities at a particular branch within the vicinity which could expand or enhance service, and how this work could be leveraged with existing state of good repair funding to maximize the outcome, manage higher activity and provide services to an increased population;
- strategic service priorities of the Library, e.g. computer and media learning/labs, interactive early literacy centres or self-service options;
- specific needs at local branches and communities, e.g., expansion of a branch, a reading garden or improved streetscape; and
- capital project funding needs; e.g. existing project budgets not able to fund desirable service enhancements that represent a community benefit.

Access to Section 37 funding is unpredictable as it is dependent on development activity and the agreement negotiations are handled by the Planning Division with the local Councillor having a significant role in determining which community benefits receive funding. In addition, the timing for the actual receipt of Section 37 funds by the City is uncertain as it is dependent on the development receiving approval and actual construction attaining identified milestones. If any capital work is dependent on full or partial funding from Section 37, then the work may be need to be delayed until the Section 37 funds are collected. Depending on the scale and scope of a development, it may be more than five years after the agreement has been approved for the Section 37 funds to be collected. If the development does not proceed, then the Section 37 agreement is cancelled.

The Library's efforts are proving successful in securing Section 37 funding for community benefits. Information on current Section 37 agreements has been obtained from the Planning Division and agreements that impact the Library are listed on Attachment 1 and summarized below:

Section 37 Summary

Current Approvals (Secured Amounts)	A	15,334,305
Received by City	B	6,883,345
Interest Earned	C	242,164
Spent on Community Benefits through Capital Budget	D	2,689,000
Balance of Amount Received and Unspent	$E = B + C - D$	4,436,510
Balance of Amount Secured but not Received	$F = A - B$	8,450,960

Of the \$15.3 million in secured Section 37 funding, \$6.9 million has been received and \$0.2 million of interest earned. An amount of \$2.7 million has been spent on Library community benefits through the capital budget, leaving a balance of \$4.4 million unspent. The majority of the unspent funds will be expended in 2013 for Fort York (\$3.6 million) and Northern District (\$0.4 million).

In addition to the approved Section 37 agreements, the Library is in discussion with the Planning Division and Councillors on other potential agreements for community benefits. For example, there is a potential for a development at 2-8 Gloucester Street to provide Section 37 funding of \$0.5 million for the Toronto Reference Library, which was considered at the Toronto and East York Community Council meeting on April 9, 2013. Other branch projects under consideration for Section 37 funding include Centennial, Mount Pleasant, Deer Park and Wychwood.

Strategies to Increase Section 37 Funding

Additional strategies to increase Section 37 funding include:

1. providing local Councillors with a copy of the Library's response to development proposals;
2. meetings with Councillors to discuss Library enhancements that qualify as appropriate community benefits to attract Section 37 funding in their wards, especially those with significant development activity; and
3. meeting periodically with the City Planning Division to provide updates on the Library's branch needs and opportunities for community benefit projects suitable for Section 37 funding.

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SIGNATURE

Jane Pyper
City Librarian

ATTACHMENTS

- Attachment 1: Summary of Section 37 Agreements – Community Benefits for Library Service
- Attachment 2: Protocol for Negotiating Section 37 Community Benefits