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To: Toronto Public Library Board – February 16, 2004

From: City Librarian

Subject: **2004 Capital Budget – EMT Recommended Budget**

Purpose:

To inform the Toronto Public Library Board of the Executive Management Team (EMT) recommended 2004 Capital Budget.

Funding Implications and Impact Statement:

The EMT recommended 2004 Capital Budget will result in a funding envelope of \$10.895 million gross and \$10.000 million net. The 2004 funding envelope results in a reduction of \$0.910 million gross and \$1.467 net from the budget submission of \$11.805 million gross and \$11.467 million net.

Recommendation:

It is recommended that the Toronto Public Library Board adopt the *2004 Capital Budget – EMT Recommended Budget* report which results in a capital funding envelope of \$10.895 million gross and \$10.000 million net in 2004.

Background:

At its meeting of September 15, 2003, the Library Board received the Toronto Public Library 2004-2008 capital budget submission. The capital budget submission requested \$11.805 million gross and \$11.467 million net in 2004. An amount of \$0.850 million in carry-forwards from 2003, which do not impact debt, were not included in these figures.

On October 9, 2003, Library staff met with the City's Chief Administrative Officer (CAO) and Chief Financial Officer (CFO) to review the capital budget submission. This report covers the capital budget that is being recommended by the City's EMT.

Comments:

At the CAO/CFO review of October 9, 2003, certain revisions were made to the 2004 capital budget submission, resulting in an overall decrease of \$0.910 million gross and \$1.467 million net to the budget request. A summary of EMT recommended adjustments is shown in the table below.

2004 Original Submission	EMT Recommendations (\$000's)				
	Deferrals	Reductions	Additions	Recommended Budget	
Total Gross Capital	11,805	(1,159)	(570)	819	10,895
Less: Development Charges	(338)	262	-	(819)	(895)
Total Net Capital	<u>11,467</u>	<u>(897)</u>	<u>(570)</u>	<u>-</u>	<u>10,000</u>

Attachment 1 shows the project details of the EMT recommended funding deferrals, reductions and additions required to arrive at \$10.895 million gross and \$10.000 million net.

**Deferrals (\$1.159 million gross and \$0.897 million net)**

Funding deferrals involve moving the cash flow into the next year, 2005. Deferrals delay completion of projects, but do not impact the overall scope of the project. Deferrals to existing projects include:

- Public Database Remediation (\$0.065 million gross and net) - Project to be completed in 2005.
- Intranet Document Management (\$0.065 million gross and net) - Project to be completed in 2005.
- Long Branch Renovation (\$0.265 million gross and net) - Delayed re-opening until 2005.
- Fairview Theatre Renovation (\$0.090 million gross and net) - Renovations to be completed in 2005.
- Morningside Renovation (\$0.750 million gross and \$0.412 million net) - The Morningside Relocation option, based on a new lease within a new mall at \$0.750 million gross and \$0.412 million net in 2004, was superseded by the construction of a new library on City-owned land to be located at Heron Park Community Centre, as approved by the Library Board and Council. The total cost of reconstruction is \$2.330 million gross, \$1.544 million net. Funding of \$0.076 million gross (\$0 net) has been recommended in 2004.

### **Reductions (\$0.570 million gross and net)**

Reductions in scope delay needed repairs and may result in higher future costs. Reductions to new projects include:

- Toronto Reference Library Renovation & Retrofit (\$0.350 million) - A reduction in the scope of this multi-year project will delay the integrated entrance/exit and the upgrade of the book security system.
- Electronic Information Services (\$0.150 million) - A reduction will limit the amount of disk space available for digitization of library collections. This would reduce the availability of digitized collections to the public through the internet.
- Fairview Theatre Renovation (\$0.070 million) - A reduction will limit the purchase and installation of audio and visual equipment.

### **Additions (\$0.819 million gross and \$0 million net)**

Additional funding is offset by drawing down on expected new and existing Development Charge reserves. A new Development Charge Study will be presented to Council in mid-2004.

- Toronto Reference Library (\$0.119 million) - Re-instatement of some of the reductions will enable part of the integrated entrance component to be undertaken.
- Beaches (\$0.200 million) - Additional funding for this previously approved project will address anticipated cost increases related to construction.
- Jane Sheppard (\$0.500 million) - Additional funding for this previously approved project will address anticipated cost increases.

### Conclusion:

The EMT recommended 2004 Capital Budget of \$10.895 million gross and \$10.000 million net represents a continued strategy towards meeting TPL's requirements: to address a critical backlog of repairs; for an annual state-of-good repair program; for expansion projects to meet service demands; and for new technologies in delivering library services.

The 2004 EMT recommended capital budget also meets the \$10.000 million annual target approved by City Council in 2003. This long-term capital funding target of \$10 million per year may be reasonable given the City's current financial constraints. However, given TPL's aging facilities, the significant increase in Library use, and the capital under-funding since amalgamation, there continues to be a short-term need over the next few years for additional funding to address a backlog of repairs. In addition, the long-term capital funding target does not account for any anticipated population growth. The City of Toronto Urban Development Services Department estimated that Toronto's population is anticipated to grow by approximately 138,000 people over the next five years. Depending on where the growth occurs in the City, new Library branches or expansion of existing branches may be necessary to respond to this need for additional library service.

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City Librarian

List of Attachments:

Attachment 1: Toronto Public Library – 2004 Capital Budget – Executive Management  
Team Recommended