



STAFF REPORT ACTION REQUIRED

10.

2011 - 2020 Capital Budget Reductions – City Targets

Date:	December 13, 2010
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 reductions to the 2011 - 2020 capital submission in order to meet City debt targets.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves capital budget reductions totalling \$2 million per year (gross and debt) over 2011 - 2020, and a transfer of the \$228,000 funding (gross and debt) in 2012 for the Union Station Kiosk project to the City's capital budget, in order to meet the City debt targets.

FINANCIAL IMPACT

The capital budget request is being reduced by \$2 million per year (gross and debt) over 2011 - 2020 and a transfer of the \$228,000 funding (gross and debt) in 2012 for the Union Station Kiosk project to the City's capital budget, in order to meet the City targets.

The revised capital budget requests funding approval of \$12.941 million debt (\$20.769 million gross) in 2011 and \$145.484 million debt (\$215.710 million gross) over 2011 - 2020, which meets City debt targets, as detailed in Attachment 1.

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

DECISION HISTORY

The 2011 - 2020 capital submission was approved by the Board at its meeting of September 20, 2010 (<http://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2010/sep20/10.pdf>).

The capital submission requested funding approval of \$14.9 million debt (\$22.8 million gross) in 2011 and \$165.7 million debt (\$235.9 million gross) over 2011 - 2020. The submission includes requests of \$2 million debt annually over 2011 - 2020 to address the state of good repair (SOGR) backlog on a more-timely basis, and this results in exceeding the City debt targets by the same amount.

ISSUE / BACKGROUND

At its May 10, 2010 meeting, the Board received an information report, *Addressing the State of Good Repair Backlog*, which described the current state of the library's infrastructure, quantifying the State of Good Repair (SOGR) backlog, and assessing the adequacy of the approved level of capital funding to meet SOGR needs.

According to a 2009 building condition assessment report (SOGR audit) for all Toronto Public Library (TPL) buildings, the accumulated SOGR backlog was determined to be approximately \$50 million.

In an effort to address the SOGR backlog on a more-timely basis, the 2011 - 2020 capital budget submission included a request for funding for Building Elements projects which exceeded the City targets by \$2 million per year, which would result in halving the backlog by 2020.

COMMENTS

Library staff met with City finance staff to review the original 2011 - 2020 capital submission. City staff will be recommending to Budget Committee that TPL reduce its capital budget by \$2.0 million (gross and debt) per year in order to meet City debt targets.

Furthermore, City staff will recommend that the Union Station Kiosk project and its 2012 funding request of \$228,000 (gross and debt) be transferred to the Union Station Renovation project at the City. This would allow the project to proceed and be funded by another budget, though TRL staff would retain control over the project.

The capital gross and debt request is being reduced by \$2.0 million in 2011, \$2.228 million in 2012 and \$2.0 million each year from 2013 to 2020, for a total reduction of \$20.228 million.

Budget Reductions

The \$2.0 million funding per year requested in excess of City targets for 2011 - 2020 would have allowed TPL to fund Building Elements projects and reduce its SOGR backlog by an additional \$20 million over the period. The eliminated Building Elements projects are: Downsview (\$1.2 million), Richview (\$1.570 million), York Woods (\$1.8 million), Brookbanks (\$0.480 million), Centennial (\$0.4 million), High Park (\$0.4 million), Parkdale (\$0.5 million, Agincourt (\$1.130 million), Barbara Frum (\$1.050 million), Fairview (\$1.470 million), and other branches (\$10.0 million).

The elimination of these projects means that the estimated \$50 million SOGR backlog will be addressed at a slower pace, being reduced to \$42 million (16% reduction) by 2020.

The Agincourt Branch has not had a major renovation since its opening in 1991, and is the second busiest district branch. For the 2010 capital budget, a proposed expansion was removed from the project scope due to funding constraints, leaving a \$11.2 million project for the renovation of the existing 27,000 sq. ft. In the fall of 2009, a \$1.13 million project, 1/3 funded by the Federal Infrastructure Fund (ISF) was introduced to replace the HVAC system, repair the building envelope and reconfigure the public space on the first floor at Agincourt. For the 2011 capital budget submission, the project to renovate the existing 27,000 sq. ft. was replaced with a smaller Building Elements project for \$1.1 million to renovate the second floor, beginning in 2014.

As none of the Building Elements projects are being recommended by the City, this will be taken into consideration when preparing the 2012 capital budget and the prioritization of projects based on need.

CONCLUSION

Ideally, the additional \$2 million annual funding would have allowed the SOGR backlog to be reduced by 50% by 2020. However, the revised capital budget which meets City targets is adequate for TPL's annual capital requirement and does allow some drawdown of the SOGR backlog, though at a slower pace.

CONTACT

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SIGNATURE

Jane Pyper
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ATTACHMENTS

Attachment 1: 2011 - 2020 City Recommended Capital Budget – Gross and Debt Funding