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To: Toronto Public Library Board – June 19, 2006

From: City Librarian

Subject: **2007 - 2010 Reduced Capital Plan – Meets City Targets**

Purpose:

To obtain Toronto Public Library Board approval for the 2007 – 2010 Reduced Capital Plan, which includes reductions to meet the annual City funding target of \$11 million.

Funding Implications and Impact Statement:

The 2007 - 2010 Reduced Capital Plan seeks City funding approval for a four-year gross plan of \$70.771 million gross and \$44.0 million City funding, as detailed in Attachment 1.

Recommendation:

It is recommended that the Toronto Public Library Board:

- (1) approve the 2007 - 2010 Reduced Capital Plan; and
- (2) authorize and direct Library staff to request appropriate scope changes and to take the necessary actions to give effect thereto.

Background:

At its meeting of December 8, 9 and 12, 2005, the 2006 Capital Budget was approved by Council with direction for City Programs and Agencies, Boards and Commissions to report back by June 2006, with a revised 2007 - 2010 Capital Plan that meets the City's debt affordability targets.

The 2007 – 2010 Revised Capital Plan was approved by the Library Board at its meeting on May 15, 2006, with a gross total of \$72.8 million and City funding of \$46.0 million, or City funding at \$11.5 million each year (see Attachment 2).

The annual funding target established by the City for the Library is \$11 million comprised of \$10 million debt and \$1 million from a City Information & Technology Reserve.

On June 1, 2006 Library staff met with the City Manager and Deputy City Manager / Chief Financial Officer, to review the 2007 - 2010 Revised Capital Plan. The discussion centered

around funding for the Technology Asset Management Program (TAMP), which the City has committed to fund \$1 million each year, whereas TPL's needs are \$1.5 million annually. TAMP is the program to replace IT hardware and software at the end of their life cycle.

Within the context of the City's financial challenges, the City Manager asked that the Library submit the impact of reducing its budget request to meet the recommended City target, and present this to the next Budget Advisory Committee meeting. To meet target, the Library would need to reduce its budget request by \$0.5 million each year, or \$2 million over 2007 - 2010.

Comments

Library staff have reviewed options to reduce the budget, and are recommending that the start of construction of the following three projects be delayed:

- a) delay the start of construction for the Dufferin/St. Clair Branch Renovation, by six months, but construction still to start in 2007;
- b) delay start of construction for the Brentwood Branch Renovation by one year, from 2008 to 2009; and
- c) delay the start of construction of the Cedarbrae Branch Renovation by six months, but construction still to start in 2008.

Construction delays may result in higher maintenance or project costs, but the recommended changes allow the Library to meet City requirements, as shown in the following table:

Description	2007	2008	2009	2010	Total 2007-2010
① Requested City Funding	11,500	11,500	11,500	11,500	46,000
Adjustments:					
a) Dufferin / St. Clair	(500)	500			-
b) Brentwood			(1,513)	(487)	(2,000)
c) Cedarbrae		(1,000)	1,013	(13)	-
② City Funding Target	11,000	11,000	11,000	11,000	44,000

Attachment 1 shows the 2007 - 2010 Capital Plan with the recommended adjustments to meet the City target. A reduction to TAMP funding is not an option being considered due to the need to keep the IT infrastructure current.

Included in Attachment 1 is the request for approval of a scope change to increase the budget of S. Walter Stewart by \$1.411 million gross (\$1.290 million debt) so that the construction tender can be awarded according to schedule.

Council approval of the 2007 - 2010 Reduced Capital Plan will establish a five-year plan and capital spending envelope for the Library, and allow the City to make long-term strategic decisions prior to setting annual fiscal targets.

The next budget cycle is expected to start in mid-August 2006, when the Library will submit its 2007 Capital Budget and four-year 2008 - 2011 Capital Plan.

Conclusion:

This 2007 - 2010 Reduced Capital Plan seeks Council approval for a four-year funding envelope of \$70.771 million gross (\$44 million City funding), which meets the annual City funding target of \$11 million.

Library staff recommended reductions contained in this report, which are subject to Board approval, have been submitted to the Budget Advisory Committee meeting scheduled for June 16, 2006.

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Attachments:

Attachment 1: 2007 - 2010 Reduced Capital Plan Submission: Meets City Targets
Attachment 2: 2007 - 2010 Revised Capital Plan Submission: Board Approved May 15, 2006