

To: Toronto Public Library Board – June 14, 2004
From: City Librarian
Subject: **Morningside Branch Library Capital Project**

Purpose:

To update the Toronto Public Library Board on a motion received from City Council at its meeting of March 1, 2004, concerning project management fees for the Morningside Branch Relocation capital project.

Funding Implications and Impact Statement:

The Council motion requests the Library Board to consider decreasing the project management fees for the Morningside relocation project from \$100,405 to \$36,650, and to use the \$63,745 reduction (note that the motion had a mathematical error – the amount should be \$63,755) to purchase books.

The total approved capital construction budget for Morningside remains unchanged at \$2,329,686 gross and \$1,543,686 net debt, after development charge funding of \$622,000 and operating cost savings of \$164,000 from the library closure.

Recommendation:

It is recommended that the Toronto Public Library Board receive the *Morningside Branch Library Capital Project* report for information.

Background:

At its meeting of October 20, 2003, the Library Board approved the *Morningside Branch Library Relocation* report, for the relocation and construction of the Morningside branch at the Heron Park site. A similar report was submitted to Budget Advisory Committee (BAC) for consideration at its meeting on January 20, 2004. BAC recommended the report to Policy and Finance (P&F) for its meeting on February 24, 2004. P&F recommended the report to City Council for its meeting on March 1, 2004, when Council approved the report.

A costing analysis, attached as Appendix 1, was included in the report to Council. The costing analysis shows that the project management fees are \$36,650 under the Lease option and \$100,405 under the approved Construction option. The Council motion states:

City Council on March 1, 2 and 3, 2004, amended this Clause to provide that the Toronto Public Library be requested to approve the Project Management cost at \$36,650.00 and to use the balance of the funds in the amount of \$63,745.00 to purchase books for the Library.

Comments:

There is recognition that significant staff resources are dedicated to executing capital projects, and as such, a portion of staff salaries can justifiably be charged to projects. As a result of a decision made during consideration of the 2000 Operating Budget, guidelines issued by the City allow project management fees to be charged on capital projects for up to ten percent of the project cost. In the case of the Morningside project, the Library applied approximately five percent for project management fees, which is within the budget guidelines and in line with other City departments' practices.

Under the Lease option, the project scope is limited with a gross construction cost of \$750,000 and project management fees of \$36,650, or approximately half of a full-time staff. Under the approved Construction option, the gross construction cost of \$2,329,868 results in a project management fee of \$100,405, or just over one full-time staff. Project management fees are an important component of a capital project and without adequate staff resources, it would be difficult to execute the Morningside construction project.

Conclusion:

Reducing project management fees for the Morningside project would result in inadequate resources required to execute the project. Project spending will be carefully monitored and if there are any savings, priority will be given to purchasing additional library materials for the branch.

Contact:

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946; Fax: 416-393-7115;
E-mail: lhughsam@tpl.toronto.on.ca

Josephine Bryant
City Librarian

List of Attachments:

Appendix 1: Toronto Public Library – Morningside Neighbourhood Branch Library – Analysis of Relocation Options