



STAFF REPORT ACTION REQUIRED

2017-2026 Capital Budget and Plan – Update

Date:	December 12, 2016
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to update the Toronto Public Library (TPL) Board on the status of the 2017-2026 Capital Budget and Plan.

At its meeting on December 6, 2016, the City's Budget Committee considered the 2017 Tax-Supported Capital and Operating Budget as presented by the City Manager. The 2017-2026 Preliminary Capital Budget and Plan ("Preliminary Plan") for TPL included increased funding beyond the debt target, but is below the Board submission.

The Preliminary Plan was \$19.967 million debt (\$29.525 million gross) for 2017 and \$182.312 million debt (\$275.367 million gross) over 2017-2026. The Preliminary Plan includes \$22.880 million debt (\$24.936 million gross) of additional funding beyond the debt targets, primarily in the first five years. The Preliminary Plan is \$33.687 million of debt funding (\$38.358 million gross) below the Board's submission.

Final budget approval by City Council is expected on February 15 and 16, 2017.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. considers the Preliminary 2017-2026 Capital Budget and Plan of \$19.967 million debt (\$29.525 million gross) for 2017 and \$182.312 million debt (\$275.367 million gross) over 2017-2026, which is \$22.880 million debt (\$24.936 million gross) of additional funding beyond the debt targets.

FINANCIAL IMPACT

The Preliminary Plan is funded by \$19.967 million debt (\$29.525 million gross) for 2017 and \$182.312 million debt (\$275.367 million gross) over 2017-2026, which includes \$22.880 million of additional debt funding beyond the City debt targets.

The \$22.880 million additional debt funding over the debt target was added to fund TPL's capital investment in technological innovation (\$3.879 million debt, \$4.056 million gross), North York Central Library Renovation Phase 2 (\$9.901 million debt, \$10.880 million gross) and the Multi-Branch Minor Renovation Program (\$9.100 million debt, \$10.000 million gross) for State of Good Repair (SOGR) & accessibility requirements.

The Preliminary Plan is \$33.687 million of debt funding (\$38.358 million gross) below the Board's submission.

Based on the Preliminary Plan, the SOGR backlog, over the next 10 years, is expected to increase from \$52.807 million to \$136.947 million, which represents 14.2% of the total asset value, by the end of 2026.

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

BACKGROUND

At the meeting on September 26, 2016, the Library Board endorsed a revised [2017-2026 Capital Budget and Plan](#) of \$19.967 million debt (\$29.525 million gross) in 2017 and \$215.999 million debt (\$313.725 million gross) over 2017-2026, which is comprised of \$159.432 million debt (\$250.431 million gross) meeting debt target and \$56.567 million debt (\$63.294 million gross) above the debt target.

2017-2026 Capital Budget and Plan Submission

Summary (\$'000s)

	<u>Gross</u>	<u>Debt</u>
Request meeting Debt Target	250,431	159,432
Request above Debt target	63,294	56,567
Total Budget Submission	313,725	215,999

COMMENTS

Preliminary Capital Plan

At the meeting on December 6, 2016, the City's Budget Committee considered the [2017 Preliminary Operating Budget & 2017-2026 Capital Budget & Plan](#) as presented by the City Manager. The 2017-2026 Preliminary Plan for TPL is \$182.312 million debt (\$275.367 million gross), which includes \$22.880 million of additional debt funding (\$24.936 million gross) beyond the City debt targets, primarily in the first five years, but is \$33.687 million debt (\$38.358 million gross) less than the Board submission as shown in the following table.

2017-2026 Capital Budget and Plan

Summary (\$'000s)

	Board Submission		Preliminary Plan		Not Funded	
	<u>Gross</u>	<u>Debt</u>	<u>Gross</u>	<u>Debt</u>	<u>Gross</u>	<u>Debt</u>
Request meeting Debt Target	250,431	159,432	250,431	159,432	-	-
Request above Debt target	63,294	56,567	24,936	22,880	38,358	33,687
Total Capital Budget	313,725	215,999	275,367	182,312	38,358	33,687

Details of the Preliminary Plan are shown on Attachment 1. Projects included in the funding above debt target include two projects for capital investment in technological innovation, additional funding for Multi-Branch Minor Renovation program and funding for Phase 2 of the North York Central Library Renovation.

Attachment 2 lists the projects that are not funded in the Preliminary Plan, but were included in the Board submission. It should be noted that there are significant SOGR needs that were not included in the Board's submission.

SOGR Backlog

Based on the Preliminary Plan of \$22.880 million debt (\$24.936 million gross) over 2017-2026, the SOGR backlog is projected to be \$136.947 million at the end of 2026.

Next Steps

TPL will be presenting its budgets to the Budget Committee on December 20, 2016. Budget Committee meetings, including public consultation, will be held throughout January with a final meeting on January 24, 2017. The Executive Committee will meet on February 7 to review Budget Committee recommendations and Council will meet on February 15 and 16 to approve the 2017-2026 Capital Budget and Plan.

CONTACT

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SIGNATURE

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City Librarian

ATTACHMENTS

- Attachment 1: 2017-2026 Preliminary Plan – Gross and Debt Funding
- Attachment 2: 2017-2026 Projects in Board submission, but not included in Preliminary Plan