

2018-2027 Capital Budget and Plan Submission – Revised

Date:	November 20, 2017
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 review of the 2018-2027 capital budget and plan, and to seek approval for revisions.

The 2018-2027 capital budget and plan submission includes two technological innovation capital projects totalling \$2.870 million debt (\$3.000 million gross) that are currently beyond the debt target and therefore unfunded. City Finance staff has requested that TPL accommodate these projects within the debt target, which would result in displacing other State of Good Repair (SOGR) projects. This report shows the impact of how the two technology projects would be accommodated within the debt target and the impact on the SOGR backlog, and other minor changes to the submission.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the revised 2018-2027 capital budget and plan submission, with the changes summarized in Table 3, of \$21.633 million debt (\$27.751 million gross) for 2018 and \$248.495 million debt (\$354.358 million gross) over 2018 – 2027, comprised of:
 - 1.1 30 projects, as detailed in Attachment 1, totalling \$21.277 million debt (\$27.338 million gross) in 2018 and \$178.755 million debt (\$264.830 million gross) over 2018-2027, which **meets** the City debt targets; and
 - 1.2 seven projects, as detailed in Attachment 2, totalling \$0.356 million debt (\$0.413 million gross) in 2018 and \$69.740 million debt (\$89.528 million gross) over 2018-2027 which **exceeds** the City debt targets.

FINANCIAL IMPACT

The revised 2018–2027 capital submission as shown in Table 1 below is comprised of funding that meets the City’s debt targets of \$178.755 million (\$264.830 million gross) and funding that exceeds the City’s debt targets by \$69.740 million debt (\$89.528 million gross). The un-addressed SOGR backlog is estimated to grow to \$112.966 million by 2027.

Table 1: 2018 - 2027 Capital Budget and Plan Submission - Revised (\$millions)

	<u>2018</u>		<u>2018 - 2027</u>	
	<u>Gross</u>	<u>Debt</u>	<u>Gross</u>	<u>Debt</u>
Funding meeting Debt Targets (Attachment 1)	\$ 27.338	\$ 21.277	\$264.830	\$178.755
Funding exceeding Debt Targets (Attachment 2)	\$ 0.413	\$ 0.356	\$ 89.528	\$ 69.740
Total Budget Submission	\$ 27.751	\$ 21.633	\$354.358	\$248.495
Remaining Unfunded SOGR Backlog			\$112.966	

The complete ten-year capital submission summary with gross and debt funding for capital projects is included in Attachments 1, 2018-2027 Capital Budget and Plan Submission meeting Debt Targets and Attachment 2, 2018-2027 Capital Budget and Plan Submission exceeding Debt Targets.

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

DECISION HISTORY

At the meeting on September 25, 2017, the Library Board approved the [2018-2027 Capital Budget and Plan](#) of \$23.003 million debt (\$28.755 million gross) in 2018 and \$251.365 million debt (\$357.408 million gross) over 2018-2027, which is comprised of \$178.755 million debt (\$264.880 million gross) meeting debt target and \$72.610 million debt (\$92.528 million gross) above the debt target

Table 2: 2018 - 2027 Capital Budget and Plan Submission (\$millions)

	<u>2018</u>		<u>2018 - 2027</u>	
	<u>Gross</u>	<u>Debt</u>	<u>Gross</u>	<u>Debt</u>
Funding meeting Debt Targets	\$ 26.842	\$ 21.277	\$264.880	\$178.755
Funding exceeding Debt Targets	\$ 1.913	\$ 1.726	\$ 92.528	\$ 72.610
Total Budget Submission	\$ 28.755	\$ 23.003	\$ 357.408	\$ 251.365
Remaining Unfunded SOGR Backlog			\$111.635	

ISSUE BACKGROUND

The 2018-2027 capital budget and plan submission included two technological innovation capital projects – Expansion of Technological Efficiencies and Answerline and Community Space Rental Modernization - totalling \$2.870 million debt (\$3.000 million gross) that are currently beyond the debt target and therefore unfunded. The associated operating budget savings of \$0.950 million was therefore uncertain. City Finance staff has requested that TPL accommodate these projects within the debt target, which will result in displacing other SOGR projects.

COMMENTS

This report shows the impact of how the two technology projects would be accommodated within the debt target and the impact on the SOGR backlog, and other minor changes to the submission.

Funding Request Meeting Debt Targets – Revised

The Bayview – Bessarian project is experiencing additional delays, and this has freed up debt room in 2018 and 2019 to accommodate funding for the two technological innovation projects within the debt target in those years. As the debt targets remain fixed over the ten-year period, the Multi-branch Minor Renovation plan needs to be reduced, \$3.153 million gross and \$2.870 million debt, to accommodate the two technology projects, and this will negatively impact the SOGR backlog.

The recently approved Steeles Branch lease renewal, with a small expansion component of 444 square feet, includes \$0.103 million gross (zero debt) of capital work funded by a landlord contribution of \$0.016 million and a draw from the Development Charges (DC) reserve of \$0.087 million. The existing SOGR backlog at Steeles is approximately \$0.200 million and addressing this backlog, including accessibility requirements, at the same time as the expansion renovation is more efficient and less disruptive to service. Therefore, the 2018 Multi-branch project has been increased by \$0.103 gross, zero debt to fund the expansion component and the Multi-branch budget will also be used to address other SOGR needs at the branch.

The budget adjustments are summarized in Table 3 below.

Table 3 - Funding Meeting Debt Targets

2018-2027 CASH FLOWS - GROSS (\$M)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	TOTAL
Original Gross Submission	26.842	34.717	35.071	30.387	24.121	21.757	20.955	22.785	24.572	23.673	264.880
Adjustments:											
Expansion of Technological Efficiencies	0.950	0.650									1.600
Answerline & Community Space Rental Modernization	0.550	0.850									1.400
Bayview - Bessarion	(1.107)			1.107							
Multi-Branch Renovation - Steeles	0.103										0.103
Multi-Branch Renovation			(1.848)	(1.188)	(0.117)						(3.153)
subtotal	0.496	1.500	(1.848)	(0.081)	(0.117)	-	-	-	-	-	(0.050)
Revised Gross Submission	27.338	36.217	33.223	30.306	24.004	21.757	20.955	22.785	24.572	23.673	264.830

2018-2027 CASH FLOWS - DEBT (\$M)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	TOTAL
Original Debt Submission	21.277	21.860	22.077	20.411	17.160	13.410	13.410	16.330	16.410	16.410	178.755
Adjustments:											
Expansion of Technological Efficiencies	0.881	0.650									1.531
Answerline & Community Space Rental Modernization	0.489	0.850									1.339
Bayview - Bessarion	(1.076)	(1.425)	1.313	1.188							
Multi-Branch Renovation		(0.075)	(1.607)	(1.188)							(2.870)
Wychwood	(0.294)		0.294								-
subtotal	-	-	-	-	-	-	-	-	-	-	-
Revised Debt Submission	21.277	21.860	22.077	20.411	17.160	13.410	13.410	16.330	16.410	16.410	178.755

Details of the revised 2018-2027 capital budget and plan of \$21.277 million debt (\$27.338 million gross) for 2018 and \$178.755 million debt (\$264.830 million gross) over 2018-2027, which meets City debt targets are presented on Attachment 1.

Funding Request Exceeding Debt Targets - Revised

As the two technology projects have now been accommodated within the debt target, there remains seven capital projects that exceed the City’s debt targets and are considered unfunded requests. Details of the total revised unfunded requests of \$69.740 million debt (\$89.528 million gross) over 2018-2027 are presented on Attachment 2. These projects will be considered for funding through the budget review process.

SOGR Backlog

As noted above, the Multi-branch Minor Renovation plan has been reduced to accommodate the two technology projects, and this will increase the SOGR backlog over the ten-year period by \$1.331 million.

The revised 2018-2027 capital budget and plan submission of \$21.633 million debt (\$27.751 million gross) for 2018 and \$248.495 million debt (\$354.358 million gross) over 2018-2027 would result in the SOGR backlog growing to \$112.966 million by 2027. A new DC by-law is expected to be approved by City Council in the first quarter of 2018, and this may increase the amount of DC funding available for some of TPL’s capital projects that would allow freed-up debt to be returned to the Multi-branch Minor renovation project in future budget submissions. The new DC by-law may also free up debt funding at the City, which could help with TPL’s SOGR backlog.

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946;
E-mail: lhughsam@torontopubliclibrary.ca

SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

- Attachment 1: 2018-2027 Capital Budget and Plan Submission – Revised Project funding request meeting Debt Targets
- Attachment 2: 2018-2027 Capital Budget and Plan Submission – Revised Project funding request which exceeds Debt Targets

TORONTO PUBLIC LIBRARY
2018 - 2027 Capital Budget and Plan - Gross and Debt Funding
Project Funding Meeting Debt Targets
(\$millions)

Attachment 1

	PROJECT INFORMATION					GROSS											TOTAL 2018 - 2027	DEBT											TOTAL 2018 - 2027				
	PROJECT NAME	Cost Est.	Develop. Charges	S. 37/ 45/ Reserves	Other Funding	Debt	2018	2019	2020	2021	2022	TOTAL 2018- 2022	2023	2024	2025	2026		2027	TOTAL 2023- 2027	2018	2019	2020	2021	2022	TOTAL 2018-2022	2023	2024	2025		2026	2027	TOTAL 2023- 2027	TOTAL 2018- 2027
1	Tech Asset Mgmt Prg (TAMP)	45.164	1.869	-	13.780	29.515	4.100	3.883	4.100	4.100	4.100	20.283	4.900	5.110	4.940	5.831	4.100	24.881	45.164	2.722	2.463	2.722	2.360	2.722	12.989	3.013	3.133	3.562	4.329	2.489	16.526	29.515	
2	Virtual Branch Services (VBS)	15.000	13.440	-	-	1.560	1.500	1.500	1.500	1.500	1.500	7.500	1.500	1.500	1.500	1.500	1.500	7.500	15.000	0.355	0.050	0.250	0.050	0.250	0.955	0.050	-	0.250	-	0.305	0.605	1.560	
3	Multi-Branch Renovation Program (SOG)	50.115	4.083	-	0.081	45.951	4.664	5.732	4.027	5.251	4.976	24.650	5.093	5.093	5.093	5.093	5.093	25.465	50.115	4.457	5.181	3.728	5.217	4.207	22.790	4.803	4.383	4.686	4.654	4.635	23.161	45.951	
4	Integrated Payment Solutions	1.100	0.048	-	-	1.052	1.100	-	-	-	-	1.100	-	-	-	-	-	-	1.100	1.052	-	-	-	-	1.052	-	-	-	-	-	-	1.052	
5	Equipment for Operational Efficiencies	0.350	0.015	-	-	0.335	0.350	-	-	-	-	0.350	-	-	-	-	-	-	0.350	0.335	-	-	-	-	0.335	-	-	-	-	-	-	0.335	
6	Albion	15.307	2.629	-	-	12.678	0.200	-	-	-	-	0.200	-	-	-	-	-	-	0.200	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Bayview-Bessarion	12.622	6.630	-	0.580	5.412	-	4.067	5.782	2.002	-	11.851	-	-	-	-	-	-	11.851	-	1.244	2.789	1.188	-	5.221	-	-	-	-	-	-	5.221	
8	Wychwood	10.133	5.495	1.500	0.600	2.538	2.678	5.206	0.627	-	-	8.511	-	-	-	-	-	-	8.511	0.968	0.858	0.573	-	-	2.399	-	-	-	-	-	-	2.399	
9	North York Central Phase 1	14.974	1.438	-	4.000	9.536	2.323	-	-	-	-	2.323	-	-	-	-	-	-	2.323	2.056	-	-	-	-	2.056	-	-	-	-	-	-	2.056	
10	North York Central Phase 2	10.880	0.980	-	-	9.900	2.664	5.264	2.952	-	-	10.880	-	-	-	-	-	-	10.880	2.664	4.284	2.952	-	-	9.900	-	-	-	-	-	-	9.900	
11	Dawes Road	13.263	8.638	-	-	4.625	1.114	0.322	0.184	4.781	4.347	10.748	-	-	-	-	-	-	10.748	0.277	-	-	1.778	2.520	4.575	-	-	-	-	-	-	4.575	
12	St. Clair/Silverthorn	2.897	0.420	-	-	2.477	1.529	0.300	-	-	-	1.829	-	-	-	-	-	-	1.829	1.529	0.300	-	-	-	1.829	-	-	-	-	-	-	1.829	
13	Albert Campbell	12.165	1.095	-	-	11.070	0.300	4.959	4.269	2.372	-	11.900	-	-	-	-	-	-	11.900	0.300	3.992	4.269	2.372	-	10.933	-	-	-	-	-	-	10.933	
14	Centennial	6.389	2.423	-	-	3.966	0.167	0.167	2.232	2.323	1.500	6.389	-	-	-	-	-	-	6.389	0.167	-	1.383	1.297	1.118	3.965	-	-	-	-	-	-	3.965	
15	York Woods	8.344	0.752	-	-	7.592	2.070	2.318	3.411	0.545	-	8.344	-	-	-	-	-	-	8.344	2.070	1.570	3.411	0.541	-	7.592	-	-	-	-	-	-	7.592	
16	Guildwood	1.183	0.439	-	0.100	0.644	0.592	0.591	-	-	-	1.183	-	-	-	-	-	-	1.183	0.548	0.096	-	-	-	0.644	-	-	-	-	-	-	0.644	
17	Perth/Dupont - 299 Campbell Avenue	4.312	2.112	1.100	1.100	-	0.080	-	3.483	0.749	-	4.312	-	-	-	-	-	-	4.312	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	Parliament Street	16.374	5.605	-	-	10.769	0.407	0.408	-	4.301	4.188	9.304	3.863	2.448	0.759	-	-	7.070	16.374	0.407	0.322	-	3.226	3.325	7.280	2.200	1.249	0.041	-	-	3.490	10.770	
19	Northern District	11.744	1.056	-	-	10.688	-	-	0.656	2.382	3.002	6.040	3.378	2.326	-	-	-	5.704	11.744	-	-	-	2.382	2.857	5.239	3.147	2.302	-	-	-	5.449	10.688	
20	High Park	6.898	0.621	-	-	6.277	-	-	-	0.197	-	0.197	0.197	2.927	3.577	-	-	6.701	6.898	-	-	-	-	0.161	0.161	0.197	2.343	3.576	-	-	6.116	6.277	
21	St. Lawrence	21.976	16.879	-	-	5.097	-	-	-	0.194	-	0.194	0.133	-	4.184	4.311	4.771	13.399	13.593	-	-	-	-	-	-	-	-	1.921	0.833	0.772	3.526	3.526	
22	Agincourt	1.125	-	1.125	-	-	-	-	-	-	-	-	1.125	-	-	-	-	1.125	1.125	-	-	-	-	-	-	-	-	-	-	-	-	-	
23	Bridlewood	1.900	-	1.900	-	-	-	-	-	-	-	-	1.100	0.800	-	-	-	1.900	1.900	-	-	-	-	-	-	-	-	-	-	-	-	-	
24	Sanderson	6.981	0.628	-	-	6.353	-	-	-	-	-	-	0.193	0.194	2.450	2.127	2.017	6.981	6.981	-	-	-	-	-	-	-	-	2.209	2.127	2.017	6.353	6.353	
25	Weston	10.368	0.934	-	-	9.434	-	-	-	-	-	-	0.275	0.276	-	2.662	3.073	6.286	6.286	-	-	-	-	-	-	-	-	-	2.282	3.073	5.355	5.355	
26	Mimico	10.335	0.930	-	-	9.405	-	-	-	-	-	-	-	0.281	0.282	2.637	2.707	5.907	5.907	-	-	-	-	-	-	-	-	0.085	2.185	2.707	4.977	4.977	
27	Queen Saultier - Port Lands New Construction	16.870	12.812	-	-	4.058	-	-	-	-	-	-	-	-	-	0.411	0.412	0.823	0.823	-	-	-	-	-	-	-	-	-	-	0.412	0.412	0.412	
28	Expansion of Technological Efficiencies	1.600	0.069	-	-	1.531	0.950	0.650	-	-	-	1.600	-	-	-	-	-	1.600	1.600	0.881	0.650	-	-	-	1.531	-	-	-	-	-	1.531		
29	Answerline & Community Space Rental Modernization	1.400	0.061	-	-	1.339	0.550	0.850	-	-	-	1.400	-	-	-	-	-	1.400	1.400	0.489	0.850	-	-	-	1.339	-	-	-	-	-	1.339		
30	Project Funding Meeting Debt Targets	331.769	92.101	5.625	20.241	213.802	27.338	36.217	33.223	30.306	24.004	151.088	21.757	20.955	22.785	24.572	23.673	113.742	264.830	21.277	21.860	22.077	20.411	17.160	102.785	13.410	13.410	16.330	16.410	16.410	75.970	178.755	

TORONTO PUBLIC LIBRARY
2018 - 2027 Capital Budget and Plan - Gross and Debt Funding
Project Funding Exceeding Debt Targets
(\$millions)

Attachment 2

	PROJECT INFORMATION					GROSS										TOTAL 2018 - 2027	DEBT										TOTAL 2018 - 2027			
	Cost Est.	Develop. Charges	S. 37/ 45/ Reserves	Other Funding	Debt	2018	2019	2020	2021	2022	TOTAL 2018-2022	2023	2024	2025	2026		2027	TOTAL 2023- 2027	2018	2019	2020	2021	2022	TOTAL 2018-2022	2023	2024		2025	2026	2027
1 Downsview	8.036	0.723	-	-	7.313	0.219	0.220	-	3.169	2.367	5.975	2.061	-	-	-	2.061	8.036	0.179	0.220	-	2.486	2.367	5.252	2.061	-	-	-	-	2.061	7.313
2 Richview	3.410	0.307	-	-	3.103	0.194	1.185	1.007	1.024	-	3.410	-	-	-	-	-	3.410	0.177	0.895	1.007	1.024	-	3.103	-	-	-	-	-	-	3.103
3 Lillian H Smith	16.650	6.142	-	-	10.508	-	-	-	0.380	0.381	0.761	4.118	4.242	4.017	3.512	15.889	16.650	-	-	-	0.312	0.381	0.693	1.905	2.950	2.686	2.274	-	9.815	10.508
4 Toronto Reference Library	21.587	1.942	-	-	19.645	-	0.312	0.885	4.670	4.725	10.592	5.416	5.579	-	-	10.995	21.587	-	0.204	0.885	2.836	4.725	8.650	5.416	5.579	-	-	-	10.995	19.645
5 Barbara Frum	13.710	1.233	-	-	12.477	-	-	-	-	-	-	0.377	0.378	4.682	4.103	4.170	13.710	-	-	-	-	-	-	0.309	0.378	3.517	4.103	4.170	12.477	12.477
6 Parkdale	19.285	1.736	-	-	17.549	-	-	-	-	0.509	0.509	0.511	-	4.127	4.252	4.910	13.800	-	-	-	-	0.417	0.417	0.511	-	2.483	4.252	4.910	12.156	12.573
7 City Hall	11.826	7.705	-	-	4.121	-	0.107	0.480	-	3.798	4.385	3.682	3.759	-	-	7.441	11.826	-	-	0.059	-	1.014	1.073	1.126	1.922	-	-	-	3.048	4.121
Projects exceeding debt targets	94.504	19.788	-	-	74.716	0.413	1.824	2.372	9.243	11.780	25.632	16.165	13.958	12.826	11.867	9.080	63.896	0.356	1.319	1.951	6.658	8.904	19.188	11.328	10.829	8.686	10.629	9.080	50.552	69.740

Note: Additional SOGR Backlog which grows to \$112.966 million by 2027 is not included in the Budget Submission.