



## STAFF REPORT ACTION REQUIRED

12.

### 2012 - 2021 Capital Budget Submission – Revised

<b>Date:</b>	October 17, 2011
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

#### **SUMMARY**

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The purpose of this report is to inform the Toronto Public Library Board about capital budget adjustments, including those required to meet the City-recommended 2012 - 2021 capital budget for the Library, and to request approval of the revised 2012 - 2021 capital budget submission of \$11.8 million debt (\$23.9 million gross) for 2012 and \$149.5 million debt (\$219.0 million gross) over 2012 - 2021. The revised capital budget submission meets City-debt targets.

#### **RECOMMENDATIONS**

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**The City Librarian recommends that the Toronto Public Library Board:**

1. approves the revised 2012 - 2021 capital budget submission of \$11.8 million debt (\$23.9 million gross) for 2012 and \$149.5 million debt (\$219.0 million gross) over 2012 - 2021 as detailed in Attachment 1, which meets City-debt targets.

#### **FINANCIAL IMPACT**

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The 2012 - 2021 capital budget submission is being revised for the following:

1. a \$0.7 million gross and debt reallocation of cash flows in 2012 between the Malvern Branch project and Multi-Branch State of Good Repair (SOGR) project, which was approved by the Board at its September 13, 2011 meeting;
2. a \$0.3 million gross and debt budget transfer from the 2012 Multi-Branch SOGR project to the Self-Service Circulation project to fund an automated sorting system at the Agincourt Branch;
3. deferral of \$2.111 million gross and \$1.729 million debt of 2015 - 2021 cash flows for the Dawes Road project while options are being assessed for the future renovation of the Dawes Road Library;
4. increase the Multi-Branch SOGR project by \$0.143 million gross and debt over 2015 - 2016 to address additional expected SOGR needs for the Dawes Road Library; and

5. increase the 2015 - 2018 cash flow of the Technology Asset Management Program (TAMP) project by \$1.586 million gross and debt to accommodate the next Technology End of Lease Strategy (TELS) cycle for computer replacement.

Project Name	2011	Debt (\$000s)						
		2012 - 2021 Capital Budget and Plan						
		2012	2015	2016	2017	2018	2021	2012 - 2021 Total
1 Malvern Branch: Defer cash flow as project is experiencing expenditure delays	(700)	700						-
1 Multi-Branch SOGR: Advance cash flow to fund budget-saving efficiencies	700	(700)						-
2 Self-Service Circulation: Transfer budget from Multi-Branch SOGR project to fund an automated sorter system at Agincourt Branch		300						300
2 Multi-Branch SOGR: Transfer budget to Self-Service Circulation project		(300)						(300)
3 Dawes Road: Defer cash flows while renovation options are being examined		(413)	(426)	(438)	(452)	*		(1,729)
4 Multi-Branch SOGR: Increase cash flows to address additional expected SOGR needs for the Dawes Road Library		65	78					143
5 Technology Asset Management Program (TAMP): Adjust cash flows to fund the next Technology End of Lease Strategy (TELS) cycle for computer replacement		348	348	438	452			1,586
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* \$0.382 million gross and \$0 debt is deferred for the Dawes Road project in 2021, for a total gross cash flow deferral of \$2.111 million

Details of the revised capital budget request of \$11.8 million debt (\$23.9 million gross) for 2012 and \$149.5 million debt (\$219.0 million gross) over 2012 - 2021, which meets City debt targets, are presented in Attachment 1.

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

## DECISION HISTORY

The original 2012 - 2021 capital budget submission, which met City-debt targets, consisting of \$11.8 million debt (\$23.9 million gross) for 2012 and \$149.5 million debt (\$219.4 million gross) over 2012 - 2021, was approved by the Board at its meeting on June 7, 2011.

A cash-flow reallocation of \$0.7 million between 2011 and 2012, impacting the Malvern Branch and Multi-Bran<sup>ch</sup> SOGR projects, required to fund the capital cost of efficiency consolidations, was approved by the Board at its meeting on September 13, 2011. The cash-flow reallocation impacting 2012 is being addressed in this report.

## COMMENTS

Library staff met with the City Manager and City finance staff throughout the summer to review the Library's 2012 - 2021 capital budget submission.

### Consolidations and Technology Efficiencies

In the Service Efficiency Update report at the September 13, 2011 Board meeting, staff identified a number of efficiencies that would reduce the operating budget, including consolidations and the introduction of technology and automation. Funding for some of the efficiencies would require adjustments to the 2012 capital budget as detailed below:

- a \$0.7 million reallocation of cash flows impacting 2011 and 2012 between the Malvern Branch project and Multi-Bran<sup>ch</sup> SOGR project to fund consolidations; and
- a \$0.3 million budget transfer from the 2012 Multi-Bran<sup>ch</sup> SOGR project to the Self-Service Circulation project to fund an automated sorting system at the Agincourt Branch.

### Technology End-of-Lease Strategy (TELS)

As part of the year 2000 readiness program, the City acquired 2,022 CPUs and 1,201 monitors, 29 servers and 2,717 Computer Associates software licenses for the Library. The City held title to the equipment and software. In 2005, the replacement of the equipment and software was managed by the City, as part of its capital program and funded through the City's Technology End-of-Lease Strategy (TELS). For the 2010/2011 TELS replacement cycle, \$1.617 million of funding was provided to the Library's capital budget from the City's Information Technology Equipment Reserve. Title of the equipment and software will be transferred to the Library upon completion of the 2010/2011 TELS replacement cycle.

Although the City has funded the past and current replacement cycles for equipment and software acquired for the Library through its TELS program, the Library has been informed that the City's Information Technology Equipment Reserve will not have sufficient funds for the future replacement cycles. Accordingly, City staff recommends that the Library revise its 2012 - 2021 capital budget submission to accommodate the funding requirement of \$1.586 million for the next equipment replacement cycle in 2015/2016. An adjustment to the capital budget submission is being proposed, however, funding will be over 2015 – 2018.

## **Dawes Road Project**

The Dawes Road Branch occupies 53% of a residential condominium apartment building, along with eight residential condominium units above the branch. The poor construction of the building and condominium presents many challenges for addressing on-going SOGR maintenance and future renovation plans for this branch. While options for the renovation of the Dawes Road Branch are being examined in consultation with the City's Facilities and Real Estate division, the following actions are being recommended:

- defer \$2.111 million of the 2015 - 2021 cash flow of the Dawes Road project; and
- increase the Multi-Branch SOGR project by \$0.143 million over 2015 - 2016 to address additional expected SOGR needs for the Dawes Road Branch.

## **CONCLUSION**

The revised capital budget request of \$11.8 million debt (\$23.9 million gross) for 2012 and \$149.5 million debt (\$219.0 million gross) over 2012 - 2021, as detailed in Attachment 1, meets the debt targets and the City's recommended capital budget.

## **CONTACT**

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## **SIGNATURE**

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Jane Pyper  
City Librarian

## **ATTACHMENTS**

Attachment 1: Revised 2012 - 2021 Capital Budget Submission – Gross and Debt Funding