



## STAFF REPORT ACTION REQUIRED

12.

### 2009 – 2013 Capital Budget Submission

<b>Date:</b>	September 15, 2008
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

### **SUMMARY**

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The purpose of this report is to obtain Toronto Public Library Board approval for the 2009 – 2013 Capital Budget Submission.

A presentation on the 2009 – 2013 Capital Budget Submission will be made at the Board meeting.

### **RECOMMENDATIONS**

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The City Librarian recommends that the Toronto Public Library Board:

1. Adopts the 2009 – 2013 Capital Budget Submission, which has been provided to the City for discussion and consideration;
2. Authorizes and directs the appropriate staff to take the necessary action to give effect thereto.

### **FINANCIAL IMPACT**

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The capital budget submission requests funding approval of \$14.2 million debt (\$23.650 million gross) in 2009 and \$52.4 million debt (\$93.954 million gross) over 2010 – 2013.

The gross capital budget request is comprised of City debt funding and non-debt sources of funding such as contributions from developers, the Partnership Opportunity Legacy Fund and a transfer from the operating budget.

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

## ISSUE BACKGROUND

Section 24(1) of the Public Libraries Act requires the Library Board to submit to City Council annually, estimates of all amounts required during the year for the purposes of the Board. This report covers the capital budget request.

## COMMENTS

The capital budget transmittal letter dated August 15, 2008 and addressed to Josie La Vita, Director of Financial Planning at the City, is appended as Attachment 1 to this report. Appendix 1 of the attached transmittal letter lists gross and debt funded cash flows of each project included in the capital budget, and Appendix 2 describes the status of each 2009 project.

A summary of the Library's 2009 - 2013 capital budget request is shown below.

	2009	2010	2011	2012	2013	Total 2009-2013
Buildings - Gross	17,209	17,187	21,041	17,136	16,191	88,764
IT - Gross	6,441	6,675	6,708	4,508	4,508	28,840
<b>Total Gross Budget Request</b>	<b>23,650</b>	<b>23,862</b>	<b>27,749</b>	<b>21,644</b>	<b>20,699</b>	<b>117,604</b>
Other Sources of Funding						
- Development Charges	(6,623)	(4,965)	(10,341)	(7,936)	(6,991)	(36,856)
- Section 37 / 45 Reserves	(50)	(1,808)	(1,500)			(3,358)
- Transfer from Operating Budget	(1,708)	(1,708)	(1,708)	(1,708)	(1,708)	(8,540)
- Partnership Opportunity Legacy	(550)	(550)				(1,100)
- Other External Funding	(519)	(631)				(1,150)
<b>City Debt Funding Request</b>	<b>14,200</b>	<b>14,200</b>	<b>14,200</b>	<b>12,000</b>	<b>12,000</b>	<b>66,600</b>
<b>City Funding Target</b>	<b>11,000</b>	<b>11,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>58,000</b>
<b>Excess of Request Over Target</b>	<b>3,200</b>	<b>3,200</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>8,600</b>

As shown in the table above, TPL's debt budget request is in excess of the City target in 2009, 2010 and 2011. In 2009 and 2010, the \$3.2 million excess is explained by an additional \$1 million to address building state of good repair (SOGR) renovation needs and \$2.2 million for the plan for extending open hours. In 2011, when the City debt target increases to \$12 million, the excess of \$2.2 million is all due to funding for the plan for extending open hours.

Although significant progress has been made on growing the capital envelope since amalgamation, the following issues have created significant pressures on the capital debt target, which is inadequate to meet TPL's needs:

- the rising cost of construction and the need to implement “green” standards for buildings;
- an accumulated \$17 million SOGR backlog for buildings, which keeps growing;
- the demand for new and expanded branches;
- the growing demands for virtual branch e-services; and
- implementation of self-service with the use of Radio Frequency Identification (RFID) technology at larger branches as part of the Board’s plan for extending open hours.

The 2009 – 2013 capital budget request is being made with consideration of the City’s current financial constraints and the Library’s need to address the growing SOGR backlog balanced against the need for Library expansions, growing virtual branch e-services and funding for the plan for extending open hours.

### **2009 Capital Budget Request (\$14.2 million debt):**

The context for the 2009 Capital Budget request of \$23.7 million gross (\$14.2 million debt) is as follows:

- in line with the approved 2008 Capital Budget, before the addition of the Self Service project;
- slows the growth of the \$17 million building SOGR backlog and allows some critical repair issues to be addressed;
- Brentwood renovation to begin in 2009, the only new building renovation project to start in that year;
- new West Waterfront Branch to begin construction;
- Malvern project to add a Pro-Tech Media Centre and an outdoor plaza has been added, assumed to be funded from POL (Partnership Opportunity Legacy) and other external non-debt sources, as per City request and instructions. The other external funding sources have not been secured at this time;
- does not adequately meet all the funding needs for virtual branch e-services, an area experiencing significant demand and growth;
- begins the investment in Self Service which is part of a multi-year, two-pronged approach (also involves funding requests in the operating budget) to achieve the Board’s plan to extend open hours.

### **Impact of 2009 City Target (\$11 million debt):**

Reducing the 2009 capital budget to the City target of \$11 million results in the following:

- \$1 million below the approved 2008 Capital Budget level of \$12 million;
- building SOGR backlog of \$17 million grows at a faster rate;
- Brentwood deferred once again;
- West Waterfront projects would proceed as they are non-debt financed;
- Malvern would proceed if the funding is secured;
- does not adequately meet all the funding needs for virtual branch e-services, an area experiencing significant demand and growth;

- no investment in Self Service and therefore no progress on achieving the Board's plan for extending open hours.

The 2009 Budget Process Timetable is included as Attachment 2.

## **CONTACT**

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## **SIGNATURE**

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Jane Pyper  
City Librarian

## **ATTACHMENTS**

Attachment 1: Transmittal Letter: Toronto Public Library 2009 – 2013 Capital Budget and Plan  
Attachment 2: Toronto Public Library 2009 Budget Process Timetable