



**STAFF REPORT
ACTION REQUIRED
With Confidential
Attachment**

2018-2027 Capital Budget and Plan Adjustment for Dawes Road Branch Project

Date:	June 18, 2018
To:	Toronto Public Library Board
From:	City Librarian
Reason for Confidential Information:	This report involves a proposed or pending acquisition or disposition of land by the Board – <i>Public Libraries Act</i> , R.S.O 1990, Chapter P.44, 16.1(4) (c)

SUMMARY

This report requests Toronto Public Library (TPL) Board endorsement to seek City approval to amend the Toronto Public Library Council-approved 2018-2027 capital budget and plan by adjusting project costs and cash flows for the Dawes Road Branch project by \$10.361 million gross comprised of a \$5.361 million increase due to a larger scope and cost escalation for the branch and \$5.000 million contributed by partners for the project. The revised scope takes advantage of a unique opportunity to address some of the needs of a Neighbourhood Improvement Area (NIA) that is currently underserved. The size of the rebuilt branch is being increased and community partners are being sought to expand services in the area. The cost increases for the larger project will be funded from non-debt sources, mainly development charges as well as external partner funding and operating budget savings from the temporary branch closure during construction. The budget adjustments will have a zero debt impact on the 2018-2027 capital budget and plan. The total project cost of the Dawes Road project will increase to \$23.624 million.

Associated with the expansion of the reconstructed building is a proposal to acquire the property to the west, which will address potential issues with planning and construction and allow for the larger project scope.

This capital budget amendment and property acquisition is subject to City approval.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses the allocation of the one-time savings of \$0.400 million annually in each of the years 2021, 2022 and 2023 arising from the temporary branch closures to fund the increase in the total project costs identified in Recommendation 2;
2. endorses the following amendment to the Toronto Public Library 2018 capital budget and future year commitments that have no debt impact:
 - 2.1 the total project cost of the Dawes Road Branch project be increased by \$10.361 million gross, from \$13.263 million to \$23.624 million, funded by \$6.247 million of development charges, \$5.000 million of partner funding, \$1.200 million of operating savings from branch closure, offset by a reduction in debt of \$2.086 million; and that the project have revised cash flow of \$3.336 million in 2018 and future commitments of \$0.322 million in 2019; \$2.208 million in 2020; \$6.867 million in 2021; \$5.786 million in 2022; and \$3.658 million in 2023; and
 - 2.2 the total cost of the Multi-Branch State of Good Repair project be increased by \$2.086 million, funded by debt; and that the project have revised future commitments of \$4.655 million in 2021 and \$6.497 million in 2022;
3. submits a request to the Real Estate Services Division to negotiate the acquisition of the property municipally known as 82 Chapman Avenue (the “Property”) from its current owner for the consideration outlined in the confidential attachment, and on such other terms and conditions as determined by the Director of Real Estate Services in consultation with the City Librarian, and in a form acceptable to the City Solicitor; and
4. forwards a copy of this report to the City’s Chief Financial Officer for consideration of Recommendations 1 and 2, as part of the City’s overall Capital Variance Report to the City’s Executive Committee for five months ending May 31st, 2018.

FINANCIAL IMPACT

The total project cost for the Dawes Road Branch project is being increased by \$10.361 million gross comprised of a \$5.361 million increase due to a larger scope and cost escalation for the branch and \$5.000 million contributed by partners for the project funded by: \$6.247 million of development charges; \$5.000 million of expected partner funding; \$1.200 million of operating savings from branch closures, offset by a reduction in debt of \$2.086 million. The partner funding includes \$1.200 million of Partnership Opportunities Legacy (POL) funding from Social Development Finance and Administration (SDFA) for a Community Hub. This adjustment increases the total project cost of the Dawes Road Branch project from

\$13.263 million to \$23.624 million. The revised 2018 cash flows and future year commitments are as shown in Table 1:

Table 1: Dawes Road Branch Capital Budget
(\$ Millions)

	Actual/ Budget to date	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget	Total
Approved Budget								
DC	1.397	1.905	0.322	0.184	3.003	1.827		8.638
Debt	0.050	0.277			1.778	2.520		4.625
2018 Approved Budget	1.447	2.182	0.322	0.184	4.781	4.347		13.263
	Actual/ Budget to date	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget	Total
Budget Adjustment								
DC		1.154		2.024	2.251	0.509	0.309	6.247
Debt					(0.565)	(1.521)		(2.086)
Operating Savings					0.400	0.400	0.400	1.200
Subtotal - Branch		1.154		2.024	2.086	(0.612)	0.709	5.361
Partner Funding - POL Funding (SDFA)							1.200	1.200
Partner Funding - Other						2.051	1.749	3.800
Subtotal - Partner Funding		1.154		2.024	2.086	1.439	3.658	5.000
Total Adjustment	-	2.308	-	4.048	4.172	0.827	4.367	10.361
	Actual/ Budget to date	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget	Total
Revised Budget								
DC	1.397	3.059	0.322	2.208	5.254	2.336	0.309	14.885
Debt	0.050	0.277	-	-	1.213	0.999	-	2.539
Operating Savings	-	-	-	-	0.400	0.400	0.400	1.200
Partner Funding - POL Funding (SDFA)	-	-	-	-	-	-	1.200	1.200
Partner Funding - Other	-	-	-	-	-	2.051	1.749	3.800
2018 Revised Budget	1.447	3.336	0.322	2.208	6.867	5.786	3.658	23.624

The temporary branch closure for construction will result in operating savings of \$0.400 million annually in each of the years 2021, 2022 and 2023 and will be used to partially fund the project in each of those years. These one-time savings will be allocated as contribution to capital as part of the future operating budgets.

The debt of \$2.086 million released from the Dawes Road Branch project will be reassigned to the Multi-Branch SOGR program in the 2021-2022 capital plan. The revised future year commitments are as shown in Table 2 below:

Table 2: Multi-Branch Minor Renovation Program Capital Plan
(\$ Millions)

	2021 Plan	2022 Plan	Total
Approved Budget			
DC	0.034	0.769	0.803
Debt	4.056	4.207	8.263
2018 Approved Plan	4.090	4.976	9.066
	2021 Plan	2022 Plan	Total
Budget Adjustment			
DC			-
Debt	0.565	1.521	2.086
Total Adjustment	0.565	1.521	2.086
	2021 Plan	2022 Plan	Total
Revised Budget			
DC	0.034	0.769	0.803
Debt	4.621	5.728	10.349
2018 Revised Plan	4.655	6.497	11.152

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

DECISION HISTORY

At its meeting on February 12, 2018, City Council approved the Toronto Public Library capital budget through item EX31.2 (105a.ii. and 105b) that included a \$13.263 million project cost for the Dawes Road Branch capital project with cash flows over 2018-2022. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

ISSUE BACKGROUND

The Dawes Road Branch is located in Ward 31, Beaches-East York, and borders the City of Toronto's Taylor-Massey and Oakridge Neighbourhood Improvement Areas. At 6,740 square feet, the branch is undersized and falls below the optimum range of 10,000-20,000 square feet for neighbourhood libraries as outlined in the Library's Service Delivery Model.

Dawes Road Branch serves a high needs, multicultural community. The branch's catchment is 31% larger than the average catchment population of TPL's 81 neighbourhood branches. The branch is well used by the local community, particularly children and low-income families. There are limited community resources and services in the Dawes Road community, with the branch being the only permanent city-operated service. The renovation and expansion at Dawes Road will provide much improved library services, but will also allow for additional space that can be occupied and operated by city departments/divisions/agencies offering much needed community services to a culturally diverse, high needs/low income community.

The branch is located in the base of a building with eight condominium units above and TPL owns 51% of the building. The whole building has high state of good repair needs. The approved 2018 capital budget included a Dawes Road project for \$13.263 million to construct a 14,000 square feet new branch on two floors and includes funding to acquire the

eight condos, demolish the building and rebuild the expanded branch. To date, TPL has been successful in purchasing six of the condominium units. Acquisition of the remaining two units is being pursued and will be finalized either through negotiations with the owners or through expropriation.

COMMENTS

The rebuilding of the branch presents a unique opportunity to address some of the community needs in this NIA by expanding the branch and forming partnerships with other agencies. This approach should result in a shared-use site that is consistent with proper city-building strategies. The scope of the capital project is being revised to increase the size of the rebuilt branch to 20,000 square feet, a properly-sized neighbourhood branch, and community partners are being sought to fund an additional 6,000 square feet to expand services in the area. One partnership already established is with SDFA to build a Community Hub of approximately 2,000 square feet, to be funded with POL funds. TPL will continue to consult with City departments, the local Councillor and TOcore to identify other potential partners. The final size and budget for the building will be adjusted according to the partnerships established and funding received.

Associated with the expansion of the reconstructed building is a proposal to acquire the property to the west that will address potential issues with planning and construction. Staff from the Facilities and Real Estate division has managed to reach an agreement with the owner of 82 Chapman Avenue to purchase the property, as described in the confidential attachment, subject to all the necessary approvals. The acquisition of the property next door, which requires City approval, expands the opportunities for more partners at the site and the larger branch will have significantly improved services, including more meeting room space for library programs, additional technology offerings, expanded and improved areas for teens and children, and additional quiet study space.

CONTACT

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SIGNATURE

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City Librarian

Attachment 1: Confidential Information