

To: Budget Advisory Committee

From: City Librarian

Subject: **Toronto Public Library Long Term 5-Year \$50 Million Capital Budget**

Purpose:

To provide information to Budget Advisory Committee (BAC) on a Toronto Public Library (TPL) 5-year (2004-2008) \$50 million capital budget, as recommended by the Chief Administrative Officer (CAO) and Chief Financial Officer and Treasurer (CFO).

Funding Implications and Impact Statement:

The establishment of a 5-year \$50 million capital budget at \$10 million per year would provide stability to funding levels and allow for better planning.

Background:

At its Special Meeting held on March 4, 5, 6, 7 and 8, 2002, City Council recommended that the Chief Administrative Officer report back in 2003 on a long term capital budget strategy for the Toronto Public Library. The report to BAC from the CAO and CFO recommends an annual capital funding target of \$10 million per year for 2004-2008.

In addition, in its meeting on December 6, 2002, Budget Advisory Committee requested that the Toronto Public Library submit a long term, 5-year, \$50 million capital budget at \$10 million per year for its wrap-up meetings in January/February 2003.

This report shows how a 5-year \$50 million capital plan could be administered. The attached plan has been reviewed with members of the Board's Budget Group, but not the full Library Board.

Comments:

Of the 98 existing library branches, only 31 are less than 20 years old. Twelve of the branches are more than 80 years old. Only 40 branches have undergone any major renovation in the last ten years. Capital expenditures would be required to bring electrical standards up to date for the use of computers, to improve heating systems, refurbish worn out furniture, meet accessibility guidelines and to undertake basic building repairs.

Over 18 million visits were made to Toronto public libraries last year which is up by 15 per cent since amalgamation. Circulation of library materials is also up by seven per

cent for a total of 17.5 per cent over the last 4 years and visits to the library web site increased by 796 per cent over the same period. All these dramatic increases exert pressure on TPL's buildings, staff and services.

TPL's capital budget is informed by the following:

- a) The planning framework for dealing with the branch infrastructure as provided by the Service Delivery Model, Strategic Plan, the NORR report on building condition analysis, the Wong Gregerson Architects state of good repair report and Hanscomb order of magnitude estimates;
- b) The need to address a critical backlog of repair projects;
- c) The need for an appropriate annual state of good repair (SOGR) program;
- d) The need for new electronic technologies in delivering library services; and
- e) The need for expansion of some of the existing District and Neighbourhood libraries.

Impact Of Meeting \$10 Million Annual Target

TPL recognizes the City's current financial issues and the need to minimize debt service costs. Table 1 below outlines the proposed adjustments to the Library Board's 5-year capital budget to meet its \$50 million capital funding target.

Table 1: Adjustments to Meet the 2004-2008 \$50M Capital Funding Target

	Total for the 5-Year Period 2004-2008 (\$000s)					
	Budget Submission	EMT Adjust.	EMT Revised	Project Scope Reductions	Project Deferrals	\$50M Target
Previously Approved Projects - Not Impacted	10,509		10,509			10,509
Other Projects - Not Impacted	5,929	195	6,124			6,124
Projects Impacted by Scope Reductions	27,542	(2,500)	25,042	(7,042)		18,000
Projects Impacted by Deferrals	39,405		39,405		(20,687)	18,718
Gross Funding Projects	83,385	(2,305)	81,080	(7,042)	(20,687)	53,351
External Funding Source		(2,085)		(2,085)		(2,085)
Net Funding Projects	81,300	(2,305)	78,995	(7,042)	(20,687)	51,266

TPL's original submission for the 2004-2008 Capital Budget included a net funding request of \$81.3 million, which was reduced by \$2.3 million to \$79 million during the Executive Management Team (EMT) review. EMT recommended the Multi-branch painting program (\$2.5 million) be transferred and phased into the operating budget, and the start of Pape/Danforth project (\$0.2 million in the first year) be deferred by 1 year to 2004.

To meet the \$50 million capital funding target for 2004-2008 a reduction of approximately \$27.7 million of capital funding is required. This reduction is achieved by reducing the scope on three projects (\$7.0 million) and deferring 15 projects into future

years (\$20.7 million). Appendix 1 provides a detailed break-down by project as well as the impacts of the reductions and deferrals.

Appendix 2 outlines the TPL's proposed 2004-2008 capital program with an annual target of approximately \$10 million, for a grand total for the 5-year period of \$51.3 million. In 2004, the net funding amount of \$11.4 million net is slightly higher than the recommended target, which is primarily caused by \$7.1 million net funding required to complete previously approved projects. As shown in appendix 2, the \$10 million annual funding allows TPL to achieve a SOGR program which includes the Multi-branch renovation program, electronic information services, the continual revitalization of the Toronto Reference Library and 2 branch renovations per year.

The proposed 5 year \$50 million capital plan as illustrated on the attached appendices 1 & 2 does not account for any projected population growth. The City of Toronto Urban Development Services Department estimated that Toronto's population is anticipated to grow by approximately 130,000 people over the next 5 years. Depending on where the growth takes place in the City, new library branches and/or expansion of existing branches may be necessary to respond to this need for additional library service.

Funding History:

Below is the capital funding history for TPL since amalgamation:

	Gross (in \$M)	Net (in \$M)
1998	\$ 1.8	\$ 1.8
1999	\$ 3.8	\$ 3.8
2000	\$ 7.0	\$ 6.4
2001	\$12.0	\$11.3
2002	\$11.8	\$ 9.6
Average	\$ 7.3	\$ 6.6

While the annual net capital funding has grown significantly over the last five years, based on the CAO/CFO recommended annual target of \$10 million, TPL has been underfunded by \$17.1 million net.

Conclusion:

A long-term annual capital target of \$10 million for maintaining existing facilities may be reasonable given the City's financial constraints, however, given TPL's aging facilities, the significant increase in library use, and the capital underfunding since amalgamation, there is a short-term need over the next few years for additional funding to address a backlog of repairs. In addition, the anticipated population growth over the next five years may necessitate development of additional library branches or expansion of existing branches to meet increase demand for library usage.

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City Librarian

List of Attachments:

Appendix 1 – Adjustments to Meet 2004-2008 \$50 Million Capital Funding Target
Appendix 2 – 2004-2008 Capital Budget at \$10 Million Per Year