



STAFF REPORT ACTION REQUIRED

14.

2018-2027 Capital Budget and Plan Adjustments for Wychwood Branch Capital Project

Date:	April 30, 2018
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

This report requests Toronto Public Library (TPL) Board endorsement to seek City approval for in-year capital budget adjustments to increase the approved capital budget for the Wychwood Branch project by \$5.663 million gross to ensure adequate funding is in place to tender and award the construction contract. The increase is predominately funded by \$4.509 million of development charges (DC), along with \$0.800 million from operating savings due to branch closure during the construction and \$0.354 million debt. This budget adjustment increases the Wychwood Branch project to \$15.796 million. The \$0.354 million debt will be transferred from the Multi-Branch State of Good Repair (MB SOGR) program and results in no net debt impact on the 2018-2027 capital budget and plan.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses the following adjustments to TPL's 2018-2027 capital budget and plan with no net impact on annual debt levels:
 - a. increase the cost of the Wychwood Branch capital project by \$5.663 million, from \$10.133 million to \$15.796 million, funded by \$4.509 million from the development charges reserve fund (XR2115), \$0.800 million operating savings from branch closure and \$0.354 million from debt originally planned for the Multi-Branch State of Good Repair program; and
 - b. decrease the project cost of the Multi-Branch State of Good Repair program in 2020 by \$0.354 million gross and debt from \$4.027 million to \$3.673 million; and
2. authorizes staff to forward the capital budget adjustments to the City for approval.

FINANCIAL IMPACT

The budget for the Wychwood Branch project is being increased by \$5.663 million gross, funded by \$4.509 million DC, \$0.800 million operating savings from the branch closure and \$0.354 million debt. This adjustment increases the gross cost of the project from \$10.133 million to \$15.796 million. Annual cash flows are as shown in Table 1 and may be further refined as part of the 2019 budget:

Table 1: Wychwood Branch Capital Budget
(\$ Millions)

	Actual to date	2018 Budget	2019 Plan	2020 Plan	Total
Approved Budget					
DC	0.402	2.186	2.853	0.054	5.495
Debt	0.139	0.968	0.858	0.573	2.538
Section 37	-	0.485	1.015		1.500
PF&R Contribution	-	0.120	0.480		0.600
2018 Approved Budget	0.541	3.759	5.206	0.627	10.133
Budget Adjustment					
DC			(0.400)	4.909	4.509
Debt				0.354	0.354
Operating Savings			0.400	0.400	0.800
Total Adjustment	-	-	-	5.663	5.663
Revised Budget					
DC	0.402	2.186	2.453	4.963	10.004
Debt	0.139	0.968	0.858	0.927	2.892
Section 37	-	0.485	1.015	-	1.500
PF&R Contribution	-	0.120	0.480	-	0.600
Operating Savings			0.400	0.400	0.800
2018 Revised Budget	0.541	3.759	5.206	6.290	15.796

In order for this change to have no net impact to annual debt funding, the total Multi-Branch State of Good Repair program is being decreased by \$0.354 million gross and debt with 2020 cash flow decreasing from \$4.027 million to \$3.673 million.

The operating budget savings resulting from the temporary closure will be used to partially fund the project in the amount of \$0.400 million in each of 2019 and 2020 and the operating budgets for these years will be adjusted to reflect this.

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.i. and 105b) that included \$10.133 million gross for the Wychwood Branch capital project with cash flows over 2018 to 2020.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

ISSUE BACKGROUND

The Wychwood Branch is located in a heritage Carnegie building and serves a diverse and growing community. The branch is in need of significant updating and redesign in order to deliver relevant library services and to provide access to electronic resources. No significant renovation has happened since 1995.

The Wychwood Branch capital project was originally approved by Council in 2014. The start of construction of the project has been delayed due to longer than expected times required for the building permit and site plan approval process. Based on recent experiences with the Bayview-Bessarion and the St. Clair/Silverthorn branch projects, where the initial tenders exceeded the approved budget, it is evident that construction costs in the industry are rapidly rising and cost estimates for some projects are likely understated.

COMMENTS

The approved \$10.133 million project cost was based on a branch size of 15,097 square feet; however, the actual size of the expanded branch will be 17,207 square feet, which incorporates the lawn bowling and senior's space as well as larger public space within the branch. Due to the larger size and higher construction prices, the budget of the capital project is being increased by \$5.663 million, funded predominately by \$4.509 million DC, \$0.800 million operating savings from the branch closure and \$0.354 million debt. This budget adjustment will increase the total project cost of the Wychwood project to \$15.796 million.

The additional funding will allow TPL to award the contract to the lowest bidder, avoid a significant reduction in the project scope, and prevent further delays and potentially higher costs associated with re-tendering the project. Construction is expected to start in the fourth quarter of 2018.

CONTACT

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SIGNATURE

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