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To: Toronto Public Library Board – December 13, 2004

From: City Librarian

Subject: **2005-2009 Capital Budget – EMT Recommended Budget**

Purpose:

To inform the Toronto Public Library Board of the impacts of the Executive Management Team (EMT) recommended revisions and reductions to the 2005-2009 Capital Budget.

Funding Implications and Impact Statement:

The EMT recommended capital budget will result in a funding envelope of \$13.626 million gross (excluding one-year carry-forwards) and \$9.910 million net for 2005 and \$31.976 million gross (excluding one-year carry-forwards) and \$24.183 million net over 2005-2009. The 2005 recommended budget results in an addition of \$1.459 million gross and a reduction of \$0.752 million net from the budget submission of \$12.167 million gross (excluding one-year carry-forwards) and \$10.662 million net.

Recommendation:

It is recommended that the Toronto Public Library Board:

- (1) receive the *2005 – 2009 Capital Budget – EMT Recommended Budget* report which results in a capital funding envelope of \$13.626 million gross (excluding one-year carry-forwards), \$9.910 million net in 2005 and \$31.976 million gross (excluding one-year carry-forwards), \$24.183 million net over 2005-2009, and
- (2) provide direction to staff.

Background:

The Toronto Public Library 2005-2009 Capital Budget was submitted to the City of Toronto in September 2004 for review. The capital budget submission requested \$12.167 million gross, including \$0.483 million carry-forwards from 2003, and \$10.662 million net in 2005. One-year carry-forwards, which do not impact debt, were not included in these figures. At its meeting on November 15, 2004, the Library Board received and approved the Toronto Public Library 2005-2009 capital budget submission. At the same meeting, a deputation was made by Councillor Jane Pitfield (Ward 26 – Don Valley West) requesting that the Library Board consider the addition of the Thorncliffe Branch renovation project to the 2005-2009 Capital Budget Submission.

During the administrative review of the budget submission, meetings were held with the City's Chief Administrative Officer (CAO) and Chief Financial Officer (CFO), which resulted in recommended revisions and reductions to the original budget submission and formed the basis for the EMT Recommended Budget. On December 6, 2004 the CAO/CFO presented the EMT Recommended Budget.

Comments:

During budget discussions with the CAO/CFO, it was recommended that funding for the Technology Asset Management Program (TAMP) be transferred from the Library's Operating Budget to the Capital Budget and that \$0.752 million of reductions be made to the submission. The table below is a summary of the 2005 Capital Budget recommended by the City's EMT.

2005 Submission	EMT Recommendations		
	Revision	Reduction	Recommend Budget
Total Gross Capital	12,167	2,211	(752) 13,626
Less: Alternative Financing	(1,505)	(2,211)	- (3,716)
Total Net Capital	10,662	-	(752) 9,910

Excluding one-year carry-forwards

Attachment 1 shows the project details of the EMT recommended \$2.211 million TAMP budget transfer and the \$0.752 million reductions.

Budget Revisions (\$2.211 million gross and \$0 net)

During the Operating Budget discussions, the CAO/CFO recommended that based on a new City Policy, funding for the Technology Asset Management Program (TAMP) be moved from the Library's Operating Budget to the Capital Budget. The TAMP initiative is a program that will provide for the scheduled replacement or upgrade of Library-owned hardware and software on a continual basis. The impact on the 2005 Capital Budget will be an increase of \$2.211 million gross and \$0 net, as the project will be funded by a transfer of \$1.211 million from the Library's Operating Budget ("Capital from Current"), and the remaining \$1.0 million from other (non-debt) City funding. This change in policy will significantly impact the size of the Library's 2005 gross capital budget, and future year funding requests over 2006-2009 will add \$17.805 million gross to the Capital Budget. To avoid placing further pressure on the Council-approved \$10 million net Capital funding envelope for the Library, City staff agreed that current and future funding for TAMP should not be funded by City debt. However, if future TAMP requests are funded through debt, and the Capital funding envelope remains at \$10 million, this will cause a significant disruption to the Library's planned Capital Program. Future year requirements will be requested on a year-to-year basis.

Budget Reductions (\$0.752 million gross and net)

Reductions in scope delay needed repairs and may result in higher future costs. Reductions to new projects include:

- Toronto Reference Library Renovation and Retrofit (\$0.376 million) – A reduction in the scope of this multi-year project will not allow for the conversion of the four existing gas fire suppression systems in 2005. This component of the building retrofit will not be addressed until 2006.
- Multi-branch Minor Renovation Program (\$0.376 million) – A reduction in the scope of this multi-year project will reduce the number of branches that would benefit from the program funding, which allows for repairs to building systems, flooring, roofing and replacement of shelving and furnishings. Renovations at these branches will not be addressed until 2006.

Thorncliffe Branch Capital Project

The implications of adding the Thorncliffe Branch renovation project to the 2005-2009 Capital Budget Submission are covered in a separate Board report.

Future Year Projects

No approval is being sought at this time for Future Year Projects, which are scheduled to begin after 2005.

Conclusion:

Reductions delay needed repairs and may result in higher future costs. However, significant progress has been made with respect to the level of capital budget funding for the Library. The 2005 EMT recommended budget of \$9.910 million net approximately reflects the long-term capital funding target for the Library, as approved by Council early in 2003, and represents the Library's capital budget at a level that more adequately meets its needs.

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List of Attachments:

Attachment 1: Toronto Public Library – 2005-2009 Capital Program – EMT Recommended