



To: Toronto Public Library Board – July 15, 2002

From: City Librarian

Subject: **Jane Sheppard Neighbourhood Branch Library Relocation – Capital Funding**

Purpose:

To obtain Toronto Public Library Board approval of proposed funding for the capital project to relocate the Jane Sheppard Neighbourhood Branch Library and to seek authorization to request pre-approval of this project by Policy and Finance Committee and Council in October 2002. An overview of the anticipated process to implement this capital project is provided for information.

Funding Implications and Impact Statement:

The gross cost of constructing and furnishing a 7,000 square foot library is estimated at \$2.038 million (excluding land).

An estimated net project cost of \$0.284 million has been calculated by deducting:

- the debenture value equivalent of net savings from foregoing the current leasing arrangement;
- development charges for which the project is deemed eligible; and
- certain cost-efficiencies achieved by co-developing the site through Shelter, Housing and Support.

The net annual cost savings from foregoing the lease is estimated at \$81,000. Additional tax revenues accruing to the City on the vacated premises is estimated at \$5,000 per annum. These cost savings would be used by the City to pay for a portion of the debentures necessary to finance the cost of the new library.

The concurrence of Policy and Finance Committee and Council is required to ensure that only the net project cost is attributed to the Library's total approved capital budget.

Recommendation:

It is recommended that the Toronto Public Library Board:

- (1) approve the capital funding of the Jane Sheppard Neighbourhood Branch Library relocation in co-development through Shelter, Housing and Support at a net capital project cost estimated at \$0.284 million; and

- (2) submit a request to Policy and Finance Committee for pre-approval of the Jane Sheppard Neighbourhood Branch Library relocation in co-development through Shelter, Housing and Support on condition that only the net project cost be attributed to the Library's total approved capital budget.

Background:

Jane Sheppard Neighbourhood Branch Library has occupied 3,500 square feet of leased space in the Jane Sheppard Mall since 1989. Although the leased space is attractive and centrally located in the community, its small size is an impediment to meeting the community's needs, and the cost of leasing adds to the operating budget. In 1999, a city-owned property near the Jane Sheppard Mall became available for the possible use of City departments as well as its agencies, boards and commissions. The Library expressed an interest in the property, but was unable to commit to advance this project into the first five years of its capital plan. Shelter, Housing and Support Division was given priority to develop the property under the City of Toronto's *Housing First* policy and has proceeded with plans to develop transitional housing. Staff discussions indicate that the property could accommodate both uses. Preliminary feedback at a community meeting was quite supportive of a new neighbourhood library.

At its meeting of May 13, 2002, the Library Board approved a motion by Councillor Augimeri requesting a staff report on the possible relocation of the Jane Sheppard branch and the potential impact of this relocation on existing priorities within the capital budget.

At its meeting of June 10, 2002, the Board adopted the following staff recommendations:

- (1) The Toronto Public Library Board endorse the relocation of the Jane Sheppard branch to a City-owned property at 1900 Sheppard Avenue West and that the branch meet the minimum standard for neighbourhood branches;
- (2) The Jane Sheppard branch relocation be included in the Library's 2003 – 2007 capital program at minimal or no net cost to the Library or the City of Toronto; and
- (3) Staff report to the next Board meeting on options for accommodating the Jane Sheppard relocation with minimal or no impact on the capital and operating budgets of the Library and the City.

This report provides a funding plan which would have minimal impact on the Library's 2003 – 2007 capital program and outlines the approval and implementation processes for this project.

Comments:

Relocation of the Jane Sheppard branch has been part of the Library's long-term capital plan since amalgamation. The capital plan includes the relocation of a number of leased facilities to owned Library buildings. The objectives of these projects are generally to reduce operating costs, which are higher in leased branches, and to improve services by providing additional

space. The main obstacle to achieving these objectives is the availability and cost of suitable properties. It was this opportunity to obtain a site close to the existing library that prompted Library staff to express an interest in the City-owned property at 1900 Sheppard Avenue West.

In the 2002 capital budget submission, the Jane Sheppard project was forecast to start in 2010, at a total cost of \$4.031 million. The higher cost can be attributed to the inclusion of land costs (estimated at \$1.260 million); the slightly larger size of the branch, at 7,500 square feet; and an inflation factor compounded over ten years. As a participant in the City's process for the distribution of surplus property, the Library would not incur any land costs. There are further economies available in co-developing the property through Shelter, Housing and Support.

Attachment 1 provides a breakdown of the total construction cost of \$2.038 million. It also details the funding sources which reduce the net capital cost to \$0.284 million. Within the Library's capital spending envelope, which has been approximately \$12 million over each of the past two years, the net capital cost of this project would have quite a limited impact. Assuming that the cash flow would be spread over two years, it would represent less than two percent (2%) of the Library's total approved annual capital expenditures. On a gross cost basis, however, this project represents approximately nine percent (9%) of the Library's annual funding.

Project Approval and Implementation:

The City of Toronto's budget process includes an option for pre-approval of capital projects in the fall. Pre-approval expedites the implementation of a project in circumstances where it would be prudent not to wait for final approval of the City's entire capital budget. Requests for pre-approval of 2003 projects would be considered by Council in October of 2002. The Library's complete 2003 capital budget will not be approved until February of 2003.

The timing of the Library's request for funding to proceed with the relocation of Jane Sheppard branch is linked to the priority given to Shelter, Housing and Support, under Council's *Housing First* policy, to develop the 1900 Sheppard Avenue West property.

Shelter, Housing and Support has a qualified partner, Youth Clinical Services, which is prepared to proceed with the development of transitional housing. Youth Clinical Services is a well-regarded social-service agency with a thirty-year history in the northwest area of the city. The agency provides employment counselling services to youth. The aim of the transitional housing at 1900 Sheppard Avenue West will be to assist young families, primarily single parents who currently lack stable housing, to make the transition to the general housing market. Youth Clinical Services will have staff on site. Shelter, Housing and Support maintains an on-going relationship with all clients, such as Youth Clinical Services, to ensure that the City's housing objectives are met.

Community Services Committee provided conditional approval in January of this year for SCPI (Federal Government) funding for the project by Youth Clinical Services. Community Services Committee will be requested to finalize the approval in September. At that time, Administration Committee may be asked to declare the property surplus for the use of both Youth Clinical Services through Shelter, Housing and Support, and the Library.

Project approval will permit Youth Clinical Services to proceed, in the fall of 2002, with a planning application to develop the property. A report from Planning staff will be considered by North York Community Council, and the applicant will be required to enter into a process of community consultation. The inclusion of a library on the site would influence the number and configuration of housing units, the parking requirements and, indeed, the entire site plan. It is important for the Library to participate in planning of the project from this stage forward. Depending on the time required to complete the planning process, construction could proceed in summer or fall of 2003.

By requesting pre-approval of this project, the Library Board would clearly be adjusting its timetable to accommodate the City's overall priority of creating affordable housing. Although this project would benefit Library service to the local community, the Board has taken the position that it should not displace or delay previously established priorities. For this reason, the request for pre-approval should include the condition that only the net cost of the project be included in the Library's 2003 – 2007 capital envelope. Whereas the net cost of the project would have a minimal impact on the capital budget, attributing gross project costs to the Library's capital envelope would have the effect of delaying another project.

Conclusion:

By using cost savings from foregoing an existing lease to finance debentures, by achieving cost efficiencies through co-development, and by allocating development charges to this project, it is possible to significantly reduce the net cost of relocating the Jane Sheppard branch. At an estimated net capital cost of \$0.284 million, the project would have a minimal impact on the Library's capital budget and no impact on operating costs. Submission of a request for pre-approval is recommended to expedite the process.

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City Librarian

List of Attachments:

Proposed Relocation to 1900 Sheppard Ave. – Jane Sheppard Neighbourhood Branch