

August 21, 2006

To: Josie La Vita  
Director of Financial Planning

From: Josephine Bryant  
City Librarian

Subject: Toronto Public Library 2007 – 2011 Capital Budget and Plan

## **2006 ACCOMPLISHMENTS**

The Toronto Public Library (TPL) is projecting that 96% of the \$15.4 million gross 2006 approved capital budget will be committed and spent by the end of the year. The 2006 capital budget includes \$10 million in debt funding plus an additional \$1 million from a City reserve for Information Technology (IT) equipment replacement.

2006 highlights include:

- Re-opening of branches:
  - Morningside branch, relocated from a mall onto City-owned land next to a community centre, in May 2006;
  - Pape/Danforth renovated branch, in August 2006;
- At the Toronto Reference Library the transformation of the main floor was significantly advanced. A performance stage in the atrium, a new Centre for People with Disabilities, a small browsing circulating collection in a comfortable lounge environment, bookable group study rooms, an improved combined entrance/exit/security and a new information desk have all been successfully commissioned. Plans for new program areas and the renovation of the upper floors were well advanced;
- The Multi-branch Minor Renovation Program will have impacted 17 branches with 21 projects addressing flooring (5), roofing (4), shelving (4) and building systems (8);
- For the Virtual Branch and electronic services:
  - A user experience project was initiated focusing on information architecture, which will provide a new design for the TPL website that includes improved usability and better integration of TPL web services;
  - An award of contract was made for the purchase of a new Integrated Library System and implementation is underway;
  - A re-designed Kids Space website went live in February 2006. Developed with the input of children, parents and teachers, the website is focused on stories and learning in all its forms, including reading, listening and creating web activities for children up to age 12;
  - Additional interactivity and improved layout for Ramp homepage, the teen website;
  - Improved performance for websites devoted to digitized special collections;

- Book Buzz, the library's online book discussion groups, was launched in March 2006. Monthly book discussions are complemented by live chats with authors, contests, book reviews, and recommended reads;
- Increased disk space for digitized special collections and administrative purposes by 1.3 terabytes.

## **STRATEGIC DIRECTION**

TPL's capital planning framework is informed by its Strategic Plan and Service Delivery Model, in order to meet Toronto's present and future needs. The 2007-2011 capital budget and plan substantially meets the City assigned debt targets and deals with the following priorities:

- The need to address a backlog of repair projects;
- The need for an appropriate physical plant annual state of good repair (SOGR) program;
- The growing demands placed on TPL's "Virtual Branch" and the need for maintaining and upgrading electronic technologies in delivering library services.

Other considerations include the City's list of priority neighbourhoods and coordination with other City partners as factors in determining overall project timing.

### **Buildings**

TPL's capital budget and plan recognizes the importance of public spaces in communities and addresses the continued revitalization of public buildings resulting in additional and more adequate space for public programming, increased collections and public meeting facilities, which contributes to Council's priority of improving services to the public.

Key to supporting TPL's strategic direction is the need to keep its existing assets in an acceptable state of good repair. Today, the average TPL building is 35 years old and one third of the branches have not had a major renovation in over 20 years.

### **Virtual Branch**

The capital plan also addresses the need to maintain TPL's \$28.3 million investment in information technology infrastructure. A key component of TPL's service delivery strategy is the creation of a Virtual Branch for electronic information services. The use of technology makes it easier for Toronto citizens to find information, to access library and government services and to conduct business and personal transactions on-line. It has allowed TPL to manage increasing demand in an effective and efficient manner, without adding staff.

TPL has addressed the "digital divide barrier" by providing more than 1,460 PCs with high-speed public Internet access in all 99 branches. Training is provided in classroom settings in 13 branches across the City. The Library's web site provides 24/7 access to the library catalogue with its 11 million items as well as a variety of digital information resources and services for users, including specialized gateways for children and youth, digital special collections and access to commercial full-text databases. More than 21 million searches of TPL's online resources were conducted in 2005. The online catalogue allows customers to

reserve library materials without staff intervention and to check the status of current transactions with TPL. More than 5.8 million reserves were placed in 2005. TPL's library catalogue and circulation systems support more than 30.5 million circulation transactions per year – the 2<sup>nd</sup> highest in the world. Radio Frequency Identification (RFID) technology, introduced in two branches, presents opportunities for self-service checkout in these branches.

## 2007-2011 CAPITAL BUDGET AND PLAN REQUEST

The 2007-2011 capital budget and plan request is summarized below:

	2007	2008	2009	2010	2011	Total 2007-2011
Buildings - Gross	10,751	13,105	14,157	13,805	16,450	68,268
IT - Gross	4,337	3,895	3,958	3,958	3,958	20,106
<b>Total Gross Budget Request</b>	<b>15,088</b>	<b>17,000</b>	<b>18,115</b>	<b>17,763</b>	<b>20,408</b>	<b>88,374</b>
Other Sources of Funding						
- Development Charges	(2,629)	(2,773)	(5,407)	(3,247)	(6,200)	(20,256)
- Section 37 Reserves	(52)	(1,500)	-	(1,808)	(1,500)	(4,860)
- Operating Savings	(1,407)	(1,727)	(1,708)	(1,708)	(1,708)	(8,258)
	11,000	11,000	11,000	11,000	11,000	55,000
- City IT Reserve	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(5,000)
<b>City Debt Funding Request</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>50,000</b>
City Funding Target	10,000	10,000	10,000	10,000	9,600	49,600

For the first four years, 2007 – 2010, the funding request of \$10 million debt annually meets the assigned City target. The target was established as part of the review of the 2007-2010 Capital Plan which was approved by Council in July 2006. In 2011, the debt target has been reduced to \$9.6 million while TPL's debt request remains at \$10 million.

Details of the projects comprising the 2007-2011 capital budget and plan are shown on Appendix 1, grouped by previously approved, new and scope changes, and future year projects. The Status of Previously Approved Projects is shown on Appendix 2 and New Projects are described on Appendix 3.

## CHALLENGES AND ISSUES

### Adequacy of Annual Capital Funding

By applying an industry standard benchmark of 2% to the current replacement value of \$540 million (1.8

million square feet) of buildings maintained by TPL, this establishes an annual SOGR capital maintenance requirement of \$10.8 million. Removing the costs for the new Waterfront and Scarborough Civic Centre branches and any other expansion projects results in a gross funding request for buildings averaging \$9.8 million annually over the next 5 years. When compared to the \$10.8 million benchmark, there is a funding shortfall of \$1 million each year. Due to past under-funding, there is an estimated \$14 million in accumulated building SOGR backlog which will grow to \$19 million by 2011.

The Toronto Reference Library, which is 30 years old and represents 23% of the total square footage of TPL, requires a significant investment to retrofit and renovate the building. Due to past insufficient capital funding, and a restricted funding envelope going forward, the renovation and retrofit of the building is proceeding at a slow pace which complicates the planning and execution of the project.

With a constant \$10 million annual debt target and no adjustment for rising construction costs, the funding envelope decreases in real dollars over 2007-2010. After 2010 when the annual debt target is lowered to 9.6 million, the funding envelope decreases at a faster rate.

### Virtual Branch Needs

In order to address the continually increasing public demand for electronic services, TPL must keep its systems in a state of good repair using current technologies. These systems support both the in-branch systems and the use of the TPL's online resources from home, work, or school. Building and storing online digital content, such as the original 1947 development proposal for Regent Park, found in Ontario History Quest, requires the necessary technical infrastructure to be maintained. Currently, all of the SOGR requirements for technology must be accommodated within a restricted funding envelope, reducing the funds available for capital maintenance on buildings.

The City has committed to fund TPL's Technology Asset Management Program (TAMP) in the amount of \$1 million annually from a reserve fund. To meet target, estimated costs were revised, the replacement of major systems was deferred beyond 2011, annual cash flows were smoothed out and other sources of funding were identified. Debt funding in the amount of \$0.5 million annually will be required for TAMP, which will once again place further pressure on the capital envelope for buildings.

RFID technology offers significant opportunities for self-service and reduced materials handling, but the cost of implementation across the whole library system would be significant. An evaluation of the pilot projects at Malvern and St. James Town indicates that library users are embracing self-service but that the full benefits of reduced materials handling will only be achieved with full RFID implementation.

### Demand for New Branches

TPL continues to receive requests for new library branches. At its meeting in June 2004, the TPL Board endorsed a strategy of maintaining existing branches by enhancing services and facilities at these locations and planning for additional branches in the Waterfront and Scarborough City Centre areas only. These projects are targeted to begin in 2008 and 2010, respectively. The cost of new branches place further pressure on a budget which may only be adequate to fund urgent building needs. In addition, new branches create pressures on the operating budget.

## Externally Driven Capital Projects

On occasion, capital project opportunities arise which have not been anticipated or included in the capital program. These projects are assessed according to a process approved by the Library Board at its April 2005 meeting. While these projects may be worthwhile and advance Council priorities, if the capital funding envelope remains unchanged, then the result is that other priority projects will be displaced.

## Multi-branch Minor Renovation Project

With all the pressures being placed on the funding envelope, the multi-branch minor renovation project has been scaled back from \$1.7 million in 2006, down to an annual average of \$0.9 million over 2007-2011. The multi-branch project allows cost-effective maintenance on a number of branches each year and it also delays major renovation needs. In the past, the multi-branch project provided some flexibility to handle unexpected capital needs but with the reduced funding level this flexibility is significantly reduced.

## **CONCLUSION**

The 2007-2011 capital budget and plan as submitted provides TPL with flexibility to respond to project delays, and should result in a greater ability to manage and control the level of expenditure. A five-year approved capital budget and plan will improve long-term capital planning.

### Contact Name:

Larry Hughsam, Director, Finance and Treasurer, Phone: 397-5946, Fax: 393-7115, E-mail: [lhughsam@torontopubliclibrary.ca](mailto:lhughsam@torontopubliclibrary.ca)

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City Librarian

### List of Attachments:

Appendix 1 – 2007 – 2011 Capital Budget – Gross and Debt Funding  
Appendix 2 – Status of Previously Approved Projects  
Appendix 3 – New Projects

Copies to: Bert Riviere, Alan Cohen, Zahir Kachra

**Toronto Public Library**  
**2007 - 2011 Capital Budget and Plan - Gross and Debt Funding**  
(000's)

PROJECT NAME	TOTAL PROJ COST	GROSS CASH FLOW								DEBT FUNDED CASH FLOW							
		2006 Est. Carry-Forward	2007	2008	2009	2010	2011	Total 2007-2011	2012-2016	2007	2008	2009	2010	2011	Total 2007-2011	Total 2012-2016	
<b>Previously Approved Projects</b>																	
Bloor/Gladstone Renov.& Expansion	7,976	100	1,823	3,231	1,664	250	6,968	0	980	1,917	0	250	3,147	0			
Dufferin/St. Clair Renovation	2,448		575	873	600		2,048	0	575	873	600		2,048	0			
Jane/Dundas Renovation	2,664		626	984	100		1,710	0	626	984	100		1,710	0			
Jane Sheppard Relocation	2,053	322	320	717	445		1,482	0	0	385	445		830	0			
S.Walter Stewart Renovation	5,089		1,555	1,464	0		3,019	0	1,555	1,464	0		3,019	0			
Integrated Library System	3,500		500				500	0	500				500	0			
	23,730	422	5,399	7,269	2,809	250	15,727	0	4,236	5,623	1,145	250	11,254	0			
<b>New Projects and Scope Changes</b>																	
Bloor/Gladstone Renov.& Expansion	24		24				24	0	24				24	0			
Dufferin/St. Clair Renovation	1,025		525	500			1,025	0	473	500			973	0			
Jane/Dundas Renovation	786		786				786	0	744				744	0			
S.Walter Stewart Renovation	1,411		709	573	129		1,411	0	588	573	129		1,290	0			
Brentwood Renovation	6,217		248			2,520	2,600	5,368	849			1,192	2,600	3,792	849		
Cedarbrae Renovation	6,500		480	1,074	3,643	1,303	6,500	0	280	959	3,643	1,303	6,185	0			
Multi-branch Minor Renov.2007-09	2,486		846	847	793		2,486	0	759	809	757		2,325	0			
Thornclyffe Renovation	2,590		734	639	400	727	2,500	0	32	189	211	694	1,126	0			
TRL Renovation	17,532		1,500	1,500	3,000	3,000	2,500	11,500	6,032	1,364		2,865	2,865	79	7,173	6,032	
Tech. Asset Mgmt.Prog.2007-2009	9,190		2,837	3,145	3,208		9,190	0	500	500	500		1,500	0			
Virtual Branch Servs.2007-2009	2,500		1,000	750	750		2,500	0	1,000	750	750		2,500	0			
	50,261	0	9,689	9,028	11,923	7,550	5,100	43,290	6,881	5,764	4,280	8,855	6,054	2,679	27,632	6,881	
<b>Future Year Projects 2008-2016</b>																	
Mount Dennis Renovation	3,879			272		1,620	1,599	3,491	388		97		1,620	1,599	3,316	388	
Waterfront Construction	7,420			431	2,835	2,654	1,500	7,420	0						0	0	
Bayview Relocation	4,363				270			270	4,093						0	1,266	
Scarborough Centre Construction	5,349				278		2,236	2,514	2,835						0	1,667	
Fairview Entrance/Theatre Reno Ph2	4,081					300	1,785	2,085	1,996				1,279	1,279	1,996		
Multi-branch Minor Renov.2010-16	6,910					509	1,401	1,910	5,000			486	1,338	1,824	4,775		
Parliament Renovation	5,151					362		362	4,789			130	0	130	4,789		
Sanderson Renovation	3,471					267	1,307	1,574	1,897			111	1,307	1,418	1,897		
Weston Renovation	4,308					293		293	4,015			99	0	99	4,015		
Albion Renovation	10,303						730	730	9,573				266	266	9,573		
Albert Campbell Renovation	8,441						592	592	6,999				212	212	6,999		
High Park Renovation	2,890						200	200	2,690				70	70	2,690		
Agincourt Renovation	8,462							0	7,503				0	0	7,122		
Agincourt Expansion	5,464							0	4,824				0	0	981		
North York Central Renovation	14,256							0	9,318				0	0	8,676		
Jones Reconstruction	3,929							0	3,036				0	0	2,069		
Eglinton Square Relocation	5,480							0	4,432				0	0	2,248		
Northern District Renovation	7,024							0	2,961				0	0	2,645		
Tech. Asset Mgmt.Prog.2010-2016	22,456					3,208	3,208	6,416	16,040			500	500	1,000	2,500		
Virtual Branch Servs.2010-2016	5,250					750	750	1,500	3,750			750	750	1,500	3,750		
	138,887	0	0	703	3,383	9,963	15,308	29,357	96,139	0	97	0	3,696	7,321	11,114	70,046	
<b>TOTAL SUBMISSION</b>	<b>212,878</b>	<b>422</b>	<b>15,088</b>	<b>17,000</b>	<b>18,115</b>	<b>17,763</b>	<b>20,408</b>	<b>88,374</b>	<b>103,020</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>50,000</b>	<b>76,927</b>	
<b>CITY FUNDING TARGET</b>										<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>9,600</b>	<b>49,600</b>	<b>48,000</b>	

Appendix 1

### **TORONTO PUBLIC LIBRARY 2007-2011 CAPITAL BUDGET AND PLAN**

#### **STATUS OF PREVIOUSLY APPROVED PROJECTS**

##### **Jane/Sheppard Neighbourhood Library Relocation**

This project is for the relocation of the library from a small, undersized leased space in a mall (3,500 sq. ft.) to City-owned land at 1900 Sheppard Avenue West (7,000 sq. ft.). The cost of the project is \$2.053 million gross and is to be funded from development charges, operating lease savings and debt. The project is dependent upon a co-development between TPL and Shelter Housing and Support through Let's Build. The project has been delayed for a number of years and the projected cash flows have been adjusted to reflect future potential delays.

##### **S. Walter Stewart District Library Renovation**

This state of good repair project will provide for the complete renovation and space revitalization of the 25,860 sq. ft. S. Walter Stewart District Library. The renovation involves internal and external repairs to the building structure, improved accessibility through installation of a new entrance and elevator, and improvements to security and information technology infrastructure. The project also includes the construction of a user education computer centre and revitalization through reconfiguration of the existing floor plans to provide improved access to collections and services. The construction tender was awarded in July 2006 and the complete project will be funded over 5 years at a gross cost of \$6.5 million.

##### **Bloor/Gladstone District Library Renovation & Expansion**

This project is comprised of a state of good repair renovation component and an expansion component. Renovation to will be done to the existing 11,397 sq. ft. space, and a 9,230 sq. ft. expansion will almost double the size of the library. The expansion component of the project will address community demands (library serves a population of 186,000), including the purchase of 10,000 additional collection items, a user education computer centre and installation of elevators. The functionality of the branch will be improved through integration of services within the new building. There have been delays due to approvals pertaining to the heritage component of the building and site plans. The complete project is being funded over 6 years at a gross cost of \$8 million.

##### **Jane/Dundas Neighbourhood Library Renovation**

This project is for the renovation of the 11,600 sq. ft. Jane/Dundas Neighbourhood Library, at a gross cost of \$3.450 million funded over 4 years. This will include interior and exterior repairs to the building structure and renovations to the interior to improve and enhance service and to address accessibility deficiencies including the installation of an elevator. The construction tender will be awarded in September 2006 and the branch will close at that time.

### **Dufferin/St. Clair Neighbourhood Library Renovation**

This state of good repair project is for the renovation of the 11,208 sq. ft. Dufferin/St. Clair Neighbourhood Library, at a gross cost of \$3.473 million funded over 4 years. This will include interior and exterior repairs to the building structure and renovations to the interior to improve and enhance service and to address accessibility deficiencies including installation of an elevator. The murals are being restored prior to the construction work which is expected to commence in 2007.

### **Integrated Library System (ILS) Replacement**

The current ILS is reaching the end of its life and no further product upgrades or support will be available after 2008, at which time the existing system will be 10 years old. In 2005, Council approved this 3 year project for a total cost of \$3.5 million gross, which will allow TPL to replace the hardware, application software and database management system. In 2006 an award of contract was made for the purchase of the new ILS and most of the required hardware and software will be purchased this year. Installation and testing began in August, with an expected "go live" date in the second quarter of 2007. The new ILS will provide an up-to-date system, which will be used to expand and improve virtual services.

### **TORONTO PUBLIC LIBRARY 2007-2011 CAPITAL BUDGET AND PLAN**

#### **NEW PROJECTS**

##### **Toronto Reference Library**

This state of good repair project is part of the continuing revitalization and retrofit of a 30 year old, five-storied, 416,035 sq. ft. central library that serves the entire City of Toronto. The Reference Library is an architectural landmark (built in 1977), Canada's largest public research library and TPL's flagship branch located in the heart of the City. Revitalization of the Library will: address the needs of its service role/users; sustain its municipal and provincial mandate, national and international reputation; be in keeping with the City's goal to revitalize public spaces, improve public service and contribute to the cultural life of the city.

The building structure, life safety, mechanical, electrical and barrier-free deficiencies must be addressed. In addition, redesign and retrofit of the public service areas will consolidate comprehensive collections and allow subject specialized staff in "centres of excellence". The first floor is almost complete and planning and design work for the upper floors is well advanced. This project is on-going and is expected to last for another 7 years at a gross cost of \$17.5 million. The 2007 gross funding at \$1.5 million will provide for construction to begin on the upper floors.

##### **Multi-branch Minor Renovation Program**

This state of good repair project allows TPL to continue with its multi-branch minor renovation program. The total request for the multi-branch program is \$0.846 million gross in 2007, which includes renovations to roofing, building systems (HVAC, elevator, fire alarm), flooring & replacement of shelving and furnishings. The 2007 program includes 14 renovation projects located in 11 branches.

##### **Brentwood District Library**

This project is for the renovation, partial demolition and reconstruction of the branch, which will result in approximately 17,500 sq. ft. The renovation will address structural and mechanical issues that impede service in this 51 year old building and result in an increase in public use floor space. Barrier free access will be provided on all floors including access to washrooms and the community room, and the installation of an elevator. Major developments to the west of the library will result in a significant population increase. The planning and design phase will happen in 2007. The gross cost for the project is \$6.2 million and it is being funded over 4 years.

##### **Cedarbrae District Library**

This busy branch (third busiest district library) will be renovated within the existing footprint (26,200 sq. ft.). The renovation, the first since the branch opened in 1966, will include repairs to the building structure

and mechanical and electrical systems, and improve accessibility. A significant redesign of floor plan layouts will improve sightlines and branch security, and revitalize public space. A new book security and self service system is also planned. The planning and design phase will happen in 2007. The gross cost for this project is \$6.5 million and it is being funded over 4 years.

### **Thorncliffe Neighbourhood Library Renovation & Expansion**

This state of good repair project is for the renovation of 5,000 sq. ft. of the existing library space and an additional 5,000 sq. ft. of library space, currently used by the other partners in the facility, to expand the library. The Thorncliffe Neighbourhood Library is attached to the Jenner Jean Marie Community Centre and the project is in partnership with Parks, Forestry and Recreation and Children's Services. In 2005, Council approved \$0.090 million gross to provide for the design, drawings and cost estimate phase of the project. Full project approval is being sought at this time. The gross project cost is \$2.590 million dollars and construction is expected to start in 2007.

### **Virtual Branch Services**

Information technology initiatives are viewed as essential in delivering library services using today's current technology. As noted above, the new ILS will provide an up-to-date core system, which will allow TPL to integrate a suite of virtual services into a unified, user-centred system which includes: multi-lingual service; enhanced catalogue content; program and events database and registration; upgraded searching and retrieval capabilities; additional digital content; and e-services such as on-line fines payment. The project funding of \$1 million in 2007 will upgrade TPL's web sites and Virtual Reference Library, and ensure that the investment in e-service delivery technology is maintained.

### **Technology Asset Management Program**

TPL operates its own computing center which supports both public library information services and administrative and support services. TPL is responsible for the acquisition, maintenance and replacement of all Information Technology hardware and software owned by the Library. The Technology Asset Management Program (TAMP) will provide for the replacement of existing hardware and software, excluding major systems. This state of good repair project at a gross cost of \$2.837 million in 2007, of which the City is committed to funding \$1 million from an IT reserve, will allow TPL to replace 560 PCs, 780 monitors, 75 printers, 30 servers, 127 data switches, components of the storage area network and various related equipment and software.