



STAFF REPORT ACTION REQUIRED

18.

2018-2027 Capital Budget and Plan Adjustment for North York Central Library Project

Date:	May 28, 2018
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

This report requests Toronto Public Library (TPL) Board endorsement to seek City approval for an in-year capital budget adjustment to increase the approved capital budget for the North York Central Library (NYCL) Phase 1 project by \$2.500 million gross (zero net) due to higher costs related to scope changes and cost escalation. The increase is funded from additional operating savings due to the extended branch closure for construction in 2018 of \$2.250 million, as well as development charges (DC) funding of \$0.250 million. The adjustments will have a zero debt impact on the 2018-2027 capital budget and plan. The total project cost of the NYCL project will increase to \$17.474 million.

This adjustment is subject to City approval.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses the 2018 capital budget adjustment to increase the cost of the North York Central Library Phase 1 project by \$2.500 million, from \$14.974 million to \$17.474 million, with 2018 cash flow increasing from \$2.781 million to \$5.281 million funded by \$2.250 million of additional operating savings due to the extended branch closure for construction in 2018 and \$0.250 million of development charges, with no impact to City debt; and
2. authorizes staff to forward the capital budget adjustments to the City to seek approval.

FINANCIAL IMPACT

The budget for the NYCL Phase 1 project is being increased by \$2.500 million gross and \$0 debt, funded by \$2.250 million of additional operating savings due to the extended branch closure for construction in 2018 and \$0.250 million of development charges. This adjustment

increases the gross cost of the NYCL Phase 1 project from \$14.974 million to \$17.474 million with 2018 gross cash flow increasing from \$2.781 million to \$5.281 million. 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.ii. and 105b) that included a \$14.974 million project cost for the NYCL Phase 1 capital project with \$2.781 million cash flow in 2018. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

ISSUE BACKGROUND

NYCL is a 168,022 sq. ft. branch spread over seven floors, with a planned renovation split into two separate phases. Phase 1 of the renovation was approved in 2015 at a cost of \$14.974 million with cash flows over 2015 to 2018. In February 2018, Council approved Phase 2 of the NYCL project at a cost of \$10.880 million with cash flows over 2018 to 2020.

The scope for Phase 1 of the NYCL renovation project includes the renovation and reconfiguration of floors 1 to 5 and addresses several State of Good Repair (SOGR) issues. NYCL was closed in December 2016 and the plan was to re-open the branch in early 2018. The current plan is to re-open most of the branch in the summer of 2018.

COMMENTS

The longer than expected library closure provided an opportunity to do additional SOGR work (e.g. exterior cladding and roofing) discovered during construction that was not in the original scope of work, and therefore an increase to the project budget to address the scope changes and cost escalations is required.

The benefits of the scope increase and the completion of this work during the current branch closure include:

- avoids additional library closures in the future;
- minimizes further cost escalation;
- further reduces the SOGR backlog;
- lessens disruption to service, staff and the public when the branch re-opens;
- more effective project planning.

The extended closure of the branch in 2018 will generate additional operating savings in staffing and operating costs of approximately \$2.250 million. As these operating cost savings are a direct result of the delayed re-opening of NYCL, the proposal is to apply the anticipated operating cost savings to fund the additional scope changes and cost escalation for Phase 1.

TPL is requesting a budget adjustment to increase the cost of the NYCL Phase 1 project by \$2.500 million, from \$14.974 million to \$17.474 million, with 2018 cash flow increasing

from \$2.781 million to \$5.281 million, funded from additional operating savings due to the extended branch closure for construction in 2018 of \$2.250 million and DC funding of \$0.250 million, with no impact to City debt as show in Table 1 below. The re-allocation of the operating savings to fund the increased budget prevents the displacement of other SOGR projects in the Multi-Branch SOGR program, which would be the only other funding source.

Table 1: North York Central Library Capital Budget
(\$ Millions)

Approved Budget	Actual to date	2018 Budget	Project Cost
DC	0.713	0.725	1.438
Operating Savings	4.000	-	4.000
Debt	7.480	2.056	9.536
2018 Approved Budget	12.193	2.781	14.974

Budget Adjustment	Actual to date	2018 Budget	Project Cost
DC	-	0.250	0.250
Operating Savings	-	2.250	2.250
Debt	-	-	-
Total Adjustment	-	2.500	2.500

Revised Budget	Actual to date	2018 Budget	Project Cost
DC	0.713	0.975	1.688
Operating Savings	4.000	2.250	6.250
Debt	7.480	2.056	9.536
2018 Revised Budget	12.193	5.281	17.474

This adjustment is subject to City approval.

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SIGNATURE

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