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To: Toronto Public Library Board – January 16, 2006

From: City Librarian

Subject: **2006 - 2010 Capital Budget**

Purpose:

To adopt the 2006 - 2010 Council approved Toronto Public Library (TPL) capital budget.

Funding Implications and Impact Statement:

The TPL 2006 - 2010 capital budget, as approved by City Council, is \$14.878 million gross (\$10.509 million debt), including one-year carry-forwards of \$0.832 million gross (\$0.109 million debt), and associated future year cash-flow commitments of \$8.427 million gross (\$6.533 million debt) for 2007 and \$6.325 million gross (\$4.721 million debt) for 2008, as detailed in Appendices 1 and 2.

The operating cost associated with the approved Capital Budget amounts to \$0.248 million in 2006, and this is included in the 2006 operating budget submission to be considered by Council in March 2006.

Financing charges associated with the approved capital budget are budgeted by the City.

Recommendation:

It is recommended that the Toronto Public Library Board:

- (1) adopt the 2006 - 2010 Capital Budget of \$14.878 million gross (\$10.509 million debt), including one-year carry-forwards of \$0.832 million gross (\$0.109 million debt) and associated future year cash-flow commitments of \$8.427 million gross (\$6.533 million debt) for 2007 and \$6.325 million gross (\$4.721 million debt) for 2008, as approved by City Council at its meeting of December 8, 9 and 12, 2005;
- (2) direct staff to report back to the Board, as part of the 2007-2010 Capital Budget review in the spring of 2006, on the following:
 - (a) the feasibility of including a theatre as part of the Albion Library, and the possibility of moving the Albion Library Capital Project forward, as part of the 2007 - 2010 Capital Plan; and

- (b) the feasibility of adding a second storey to the Jane/Sheppard Library (1900 Sheppard Avenue West), to be funded by Parks, Forestry and Recreation, for the purpose of providing children and youth recreation programming; and
- (3) authorize and direct the appropriate staff to take the necessary actions to give effect thereto.

Background:

S24(1) of the Public Libraries Act states:

“A public library board....shall submit to the appointing council, annually on or before the date and in the form specified by the council, estimates of all sums required during the year for the purposes of the board.”

S24(2) of the Public Libraries Act states:

“The amount of the board’s estimates that is approved or amended and approved by the council shall be adopted by the board and shall be paid to the board out of the money appropriated for it.”

This report submits Council approved capital budget for 2006 capital projects and associated future year cash-flow commitments to be adopted by the Library Board.

Comments:

Library Board Review

The 2006 –2010 capital budget submission, approved by the Library Board at its meeting of September 26, 2005, with a total cash-flow of \$89.304 million gross (\$71.113 million debt) is comprised of two components:

- The first component consists of ongoing and new projects starting in 2006 with a total cash-flow of \$33.757 million gross (\$27.077 million debt), as detailed in Appendices 1 and 2, was reviewed in the fall of 2005 and approved by Council in December 2005. Council approval of this component is addressed in this report.
- The other component consists of future year projects starting over the period 2007 - 2010 with a total cash-flow of \$55.547 million gross (\$44.046 million debt), as detailed in Appendix 3, will be reviewed and a funding envelope approved over the spring and summer of 2006.

In response to the City-recommended annual debt target of \$10.0 million for the period of 2006 - 2010, at its meeting of October 24, 2005, the Library Board approved a revised request of \$11.0 million in 2006 and \$11.5 million annually for the period of 2007 - 2010. The 2006 reductions are summarized on the following table:

Library Board Review (\$000's)	2006	
	Gross	Debt
Submission (Excluding 2005 carry-forwards)	17,055	14,341
Board Approved Changes		
Remove the Toronto Reference Library	(1,500)	(1,432)
Reduce the Multi- Branch Minor Renovation Program	(40)	(40)
Remove the Thorncliffe Renovation & Expansion	(1,018)	(1,018)
Reduce the Technology Asset Management Program	(851)	(851)
TPL Revised Budget	13,646	11,000

City Review of the TPL Capital Budget

The table below summarizes the changes to the 2006 TPL Capital Budget recommended at each stage of the City review process.

City Review (\$000's)	2006			
	Gross	City Funding		
		Debt	IT Reserve	Total
Administration Recommended (Excl. 2005 Carry-fwd)	12,646	10,000		10,000
City Political Review				
BAC Recommendations	1,000		1,000	1,000
Council Recommendations	400	400		400
Council Approved Budget (Excl. 2005 Carry-fwd)	14,046	10,400	1,000	11,400
2005 Carry-forward projects	832	109		109
Council Approved Budget (Incl. 2005 Carry-fwd)	14,878	10,509	1,000	11,509

As a result of the administrative review of the TPL capital budget submission, which consisted of a series of meetings with the City Manager, Deputy City Managers, Chief Financial Officer and Budget Advisory Committee representatives, an annual debt target of \$10.0 million for the period of 2006 - 2010 was recommended for the Library.

During its review held on November 17, 2005, the Budget Advisory Committee (BAC) recommended that the TPL budget be increased annually by \$1.0 million, to a total of \$11.0 million annually, funded in 2006 from the IT Corporate Reserve Fund, and directed Financial Planning to explore the use of other reserve funds to reduce the debt requirements for the 2007 - 2010 period.

At its meeting of December 8, 9 and 12, 2005, City Council further amended the TPL Budget by adding \$0.400 million in 2006 for urgent roofing repairs and the upgrade of the fire alarm system at the Toronto Reference Library.

The Toronto Public Library Capital Budget approved by City Council consists of \$14.878 million gross (\$10.509 million debt), including one-year carry-forwards of \$0.832 million gross (\$0.109 million debt) and associated future year cash-flow commitments of \$8.427 million gross (\$6.533 million debt) for 2007 and \$6.325 million gross (\$4.721 million debt) for 2008, as detailed in Appendices 1 and 2.

The 2006 – 2010 Council approved capital budget is comprised of the following 12 initiatives:

- Projects currently underway include: Jane/Sheppard relocation; Morningside relocation; Pape/Danforth renovation; S.W. Stewart renovation; Bloor/Gladstone renovation and expansion; Integrated Library System replacement;
- Jane/Dundas renovation;
- Dufferin/St Clair renovation;
- Critical components of the Toronto Reference Library fire system and roofing repairs;
- Electronic Information Services initiatives include: upgrades and improvements to TPL web sites and Virtual Reference Library and acquisition of additional disk space;
- replacement of existing hardware and software through the Technology Asset Management program;
- continuation of the multi-branch State-of-Good-Repair program which includes roofing, building systems, flooring, shelving and furnishing programs;

Future year projects, which start in 2007 or later, are summarized in Appendix 3. These projects are not part of the December 2005 Council approved budget and therefore are not listed above.

Additional Council Recommendations

In addition to specific financial recommendations, City Council recommended the following:

That the Chair, Toronto Public Library Board be requested to:

- (i) *report to the Policy and Finance Committee on the feasibility of including a theatre as part of the Albion Library Project; and*
- (ii) *consider moving the Albion Library Capital Project forward as part of the 2007 - 2010 Capital Plan.*

City Council also amended the Parks, Forestry and Recreation Program Budget by adding that:

the General Manager, Parks, Forestry and Recreation, in consultation with the Chief Librarian, be requested to report to the Economic Development and Parks Committee, in the Spring of 2006, on the feasibility of adding a second storey to the 1900 Sheppard Avenue West Library facility, for the purpose of providing children and youth recreation programming.

Conclusion:

The 2006 Council approved capital budget of \$14.878 million gross (\$10.509 million debt), including one-year carry-forwards of \$0.832 million gross (\$0.109 million debt), and associated future year cash-flow commitments of \$8.427 million gross (\$6.533 million debt) for 2007 and \$6.325 million gross (\$4.721 million debt) for 2008, continues to support the strategy that the Library has undertaken to address critical backlog of building repairs, to maintain a consistent asset state-of-good repair program and to accommodate technology update and replacement needs.

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List of Attachments:

Appendix 1: Toronto Public Library – Council Approved 2006 – 2010 Capital Budget – Debt
Appendix 2: Toronto Public Library – Council Approved 2006 – 2010 Capital Budget – Gross
Appendix 3: Toronto Public Library – Future Projects to be reviewed and approved in 2006.