



STAFF REPORT ACTION REQUIRED

20b.

Budget Committee – 2013 - 2022 Capital Budget and Plan Submission

Date:	June 25, 2012
To:	Toronto Public Library Board
From:	Budget Committee

SUMMARY

The purpose of this report is to seek Board approval for the 2013 – 2022 capital budget and plan submission, which has been amended to include an additional \$2 million debt financing each year to expedite addressing the state of good repair backlog, which results in the capital submission exceeding the City debt targets by \$2 million each year.

RECOMMENDATIONS

The Budget Committee recommends that the Toronto Public Library Board:

1. receives the 2013 – 2022 capital budget and plan submission which meets the City debt targets, and requests funding of \$11.0 million debt (\$25.3 million gross) in 2013 and \$153.7 million debt (\$215.8 million gross) over 2013 – 2022;
2. amends the capital budget and plan submission by adding \$2 million per year over 2013 – 2022 to address state of good repair backlog needs, which would result in exceeding the City debt targets by \$2 million per year and requests funding of \$13.0 million debt (\$27.3 million gross) in 2013 and \$173.7 million debt (\$235.8 million gross) over 2013 – 2022; and
3. requests that the City Librarian revise the Multi-Branch Renovation Program and other appropriate sections of the report to reflect the additional \$2 million capital request for 2013.

FINANCIAL IMPACT

The amended capital submission, which exceeds the City debt targets by \$2 million per year, requests funding approval of \$13.0 million debt (\$27.3 million gross) in 2013 and \$173.7 million debt (\$235.8 million gross) over 2013 – 2022, as detailed in Attachment 1.

The gross capital budget request is comprised of City debt funding and non-debt sources of funding such as: development charges, Section 37 and other contributions from developers; funding from the Toronto Public Library Foundation; and a transfer from the operating budget.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

The Board Budget Committee reviewed two 2013 – 2022 Capital Budget and Plan submission scenarios: one to meet the City’s annual debt targets; and one which increases the state of good repair spending by \$2 million per year and exceeds the annual debt targets by \$2 million per year. At its meeting on June 11, 2012, the Budget Committee adopted the following motions:

1. *receives the 2013 – 2022 capital budget and plan submission which meets the City debt targets, and requests funding of \$11.0 million debt (\$25.3 million gross) in 2013 and \$153.7 million debt (\$215.8 million gross) over 2013 – 2022;*
2. *amends the capital budget and plan submission by adding \$2 million per year over 2013 – 2022 to address state of good repair backlog needs, which would result in exceeding the City debt targets by \$2 million per year and requests funding of \$13.0 million debt (\$27.3 million gross) in 2013 and \$173.7 million debt (\$235.8 million gross) over 2013 – 2022; and*
3. *requests that the City Librarian revise the Multi-Branch Renovation Program and other appropriate sections of the report to reflect the additional \$2 million capital request for 2013.*

BACKGROUND

The 2013 – 2022 Capital Budget and Plan submission presented to the Budget Committee at its meeting of June 11, 2012, appended as Attachment 2, provides background information on the planning process and framework used to develop the capital submission, strategic priorities, the 2013 – 2022 capital funding request, challenges and issues, and detailed business cases for each project, including additional details for the Multi-branch, Technology Asset Management Program and Virtual Branch projects.

The Budget Committee considered, but did not recommend a 2013-2022 Capital Budget and Plan submission which met the City debt targets, as summarized below and detailed in Page 25 of Attachment 2 of this report:

2013 - 2022 Capital Submission Summary - Meets City Debt Target (\$000's)													
	2013	2014	2015	2016	2017	Total 2013-2017	2018	2019	2020	2021	2022	Total 2018-2022	Total 2013-2022
Buildings - Gross	21,109	17,137	13,382	14,699	15,794	82,121	16,780	20,313	17,068	14,439	15,135	83,735	165,856
IT - Gross	4,188	4,448	5,106	5,166	5,316	24,224	5,390	4,998	5,058	5,118	5,178	25,742	49,966
Total Gross Request	25,297	21,585	18,488	19,865	21,110	106,345	22,170	25,311	22,126	19,557	20,313	109,477	215,822
Non-Debt Sources of Funding													
- Development Charges	5,223	3,587	930	2,326	2,117	14,183	3,049	6,130	2,885	256	1,885	14,205	28,388
- Section 37 and Dev. Contrib.	678	1,008	1,100	-	800	3,586	-	-	-	-	-	-	3,586
- City Reserves	-	347	-	233	-	580	-	-	-	-	-	-	580
- Transfer from Library													
Operating Budget	1,888	1,948	2,008	2,068	2,128	10,040	2,188	2,248	2,308	2,368	2,428	11,540	21,580
- Donations	6,540	1,465	-	-	-	8,005	-	-	-	-	-	-	8,005
Total Non-Debt Funding	14,329	8,355	4,038	4,627	5,045	36,394	5,237	8,378	5,193	2,624	4,313	25,745	62,139
City Debt - MeetsTarget	10,968	13,230	14,450	15,238	16,065	69,951	16,933	16,933	16,933	16,933	16,000	83,732	153,683

COMMENTS

Addressing the Library Buildings State of Good Repair Backlog

The key objective of the 2013 – 2033 Capital Budget and Plan is to address the state of good repair (SOGR) of buildings, which have an accumulated state of good repair backlog of approximately \$48.1 million.

Based on a 10-year capital program submission which meets the City's debt targets, at the end of 10 years the SOGR backlog would decrease from \$48.1 million to \$38.0 million by the end of 2022, a 21% decline. At this rate of spending, it would take a further 38 years to eliminate the backlog.

To expedite addressing the SOGR backlog, the Budget Committee is recommending that an additional \$2 million of capital funding per year be requested, which would reduce the backlog to \$18.0 million by the end of 2022, which is a 63% reduction. Maintaining this rate of expenditure, and assuming the debt targets are adjusted for inflation pressures beyond the 10 year plan, the Library would be able to eliminate the building state of good repair backlog within a further 6 years.

Revised Capital Submission

The \$2 million additional funding per year would allow the acceleration of the Multi-branch SOGR project to address the SOGR building backlog. The amended 10 year summary budget request is shown below and detailed in Attachment 1.

Amended 2013 - 2022 Capital Submission Summary - Additional \$2M per year SOGR Funding													
Exceeds City Debt Targets (\$000's)													
	2013	2014	2015	2016	2017	Total 2013-2017	2018	2019	2020	2021	2022	Total 2018-2022	Total 2013-2022
Submission - Meets City debt targets	25,297	21,585	18,488	19,865	21,110	106,345	22,170	25,311	22,126	19,557	20,313	109,477	215,822
Additional multi-branch SOGR	2,000	2,000	2,000	2,000	2,000	10,000	2,000	2,000	2,000	2,000	2,000	10,000	20,000
Amended Total Gross Request	27,297	23,585	20,488	21,865	23,110	116,345	24,170	27,311	24,126	21,557	22,313	119,477	235,822
Submission - Meets City debt targets	10,968	13,230	14,450	15,238	16,065	69,951	16,933	16,933	16,933	16,933	16,000	83,732	153,683
Additional multi-branch SOGR	2,000	2,000	2,000	2,000	2,000	10,000	2,000	2,000	2,000	2,000	2,000	10,000	20,000
Amended Total Debt Funding	12,968	15,230	16,450	17,238	18,065	79,951	18,933	18,933	18,933	18,933	18,000	93,732	173,683
Amended submission exceeds City Debt Targets	2,000	2,000	2,000	2,000	2,000	10,000	2,000	2,000	2,000	2,000	2,000	10,000	20,000
Multi-branch renovation SOGR project													
Mult-branch Submission - Meets City debt targets	2,500	2,500	3,065	3,078	3,000	14,143	3,000	3,000	3,000	3,000	3,000	15,000	29,143
Additional multi-branch SOGR funding	2,000	2,000	2,000	2,000	2,000	10,000	2,000	2,000	2,000	2,000	2,000	10,000	20,000
Amended multi-branch renovation	4,500	4,500	5,065	5,078	5,000	24,143	5,000	5,000	5,000	5,000	5,000	25,000	49,143

The following table details the allocation of the Multi-branch renovation program (SOGR) budget for 2013, based on additional funding of \$2 million to accelerate the reduction in the SOGR backlog. The budget allocation is prioritized according to the Building Condition Assessment report, prepared in 2009 and updated annually. The allocation is reviewed annually and adjusted as necessary to address health & safety and unanticipated/emergency repairs.

2013 Branch (category)	Allocation	Description	Ward
Rexdale (HVAC)	\$125,000	Replacement of HVAC equipment	2
Davenport (Building Envelope)	\$150,000	Water penetration building exterior – East elevation	21
Malvern (Lighting)	\$300,000	Health & safety concern due to fire in lighting fixtures; inadequate lighting levels in seating and stack areas	42
Maria Shchuka (flooring)	\$625,000	Original flooring materials require replacement due to excess wear	15
Fairview (Fire Alarm System)	\$200,000	Upgrades required to meet current building code	33
Parkdale (Roof)	\$120,000	End of useful life replacement	14
Richview (Roof)	\$180,000	End of useful life replacement	4
Downsview (Roof)	\$140,000	End of useful life replacement	9
Agincourt (Roof)	\$100,000	End of useful life replacement	40
York Woods (Roof)	\$265,000	End of useful life replacement	8
Gerrard Ashdale (Roof)	\$52,000	End of useful life replacement	30
York Woods (parking lot paving)	\$250,000	Uneven surfaces; areas sinking	8
Don Mills (Roof)	\$175,000	End of useful life replacement	25
Don Mills (shelving & furniture, flooring, millwork)	\$460,000	Installation of sorter in workroom requires changes to circulation area; flooring needs replacing once circulation counter layout is changed; self-service makes it possible to create more public space; furniture and shelving past end of life	25

2013 Branch (category)	Allocation	Description	Ward
Don Mills (parking lot paving)	\$35,000	Resurfacing required due to numerous pot holes and alligator cracking	25
Steeles (millwork, building envelope)	\$90,000	Corroding in front vestibule; millwork needs to be replaced	39
Rexdale (Washrooms)	\$20,000	Fixtures need to be replaced; will use water saving fixtures	2
Northern District (building envelope)	\$200,000	Replacement of deteriorated retaining walls and walkways.	16
Spadina Road (Shelving & furniture, millwork, windows/skylight, HVAC, fire alarm system)	\$300,000	Replacement of shelving and furniture past end of life and building HVAC and life safety equipment.	20
Barbara Frum (shelving & furniture)	\$60,000	Replacement of shelving and furniture past end of life	15
NYCL (Elevator upgrades)	\$500,000	Refurbish public elevators to eliminate service outages	23
NYCL (washrooms, furniture replacement)	\$40,000	Fixtures need to be replaced; will use water saving fixtures; replace worn out furniture in public areas	23
Unanticipated/emergency repairs	\$113,000		
Budget	\$4,500,000		

2013 Capital Budget Process Timetable

The currently known dates for the 2013 capital budget administrative and political review process are shown on the table below:

TORONTO PUBLIC LIBRARY 2013 CAPITAL BUDGET PROCESS TIMETABLE	
ACTIVITY	DATE
ADMINISTRATIVE REVIEW	
1) Director of Financial Planning Department - review	June 5
2) Director of Financial Planning Department - outstanding issues	September 5-7
3) City Manager, Deputy City Manager and Chief Financial Officer - final meeting	October 29
POLITICAL REVIEW	
4) Informal review Meeting with Budget Committee Reps	September 5 - October 19
5) Budget Committee Public Budget Introduction / Media Briefing	November 29
6) Budget Committee Hearings - Councillors and Public	TBD
7) Budget Committee Review / Wrap-up	TBD
8) Executive committee Review	January 10
9) Council Approval	January 15-17

CONTACT

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SIGNATURE

Jane Pyper
City Librarian

ATTACHMENTS

Attachment 1: Amended 2013 – 2022 Capital Submission Gross and Debt Funding
Attachment 2: 2013 – 2022 Capital Budget and Plan Submission Report to the Library
Board Budget Committee