



STAFF REPORT INFORMATION ONLY

16.

2016-2025 Capital Budget and Plan Update

Date:	January 25, 2016
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to update the Toronto Public Library Board on the City staff's Preliminary 2016-2025 Capital Budget and Plan (Preliminary Capital Plan). The Preliminary Capital Plan is funded by \$15.575 million debt (\$24.851 million gross) for 2016 and \$159.507 million debt (\$253.308 million gross) over 2016-2025. The Preliminary Capital Plan includes \$5.802 million of additional debt funding beyond the City debt targets.

The Library Board requested a further \$63.267 million of debt funding to help address the buildings state of good repair (SOGR) backlog, which is not included in the Preliminary Capital Plan.

While some progress has been made on increasing the funding from the City, the Preliminary Capital Plan is inadequate to address the Library's SOGR requirements over the 10 years.

FINANCIAL IMPACT

The Preliminary Capital Plan is funded by \$15.575 million debt (\$24.851 million gross) for 2016 and \$159.507 million debt (\$253.308 million gross) over 2016-2025, which includes \$5.802 million of additional debt funding beyond the City debt targets.

The \$5.802 million additional debt funding over the debt target was added to fund Toronto Public Library's (TPL's) share of the parking at the relocated Bayview Branch (\$0.965 million debt, \$2.032 million gross) and accessibility requirements through the Multi-Branch Minor Renovation Program (\$4.837 million debt and gross).

The Preliminary Capital Plan is inadequate to meet the SOGR requirements over the next 10 years. The backlog is expected to increase from \$37.499 million to \$122.993 million, which represents 14.0% of the total asset value by the end of 2025.

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

DECISION HISTORY

At the meeting on June 22, 2015, the Library Board approved the 2016-2025 capital budget and plan submission, which requested funding of \$222.998 million debt (\$319.118 million gross) over 2016-2025, and exceeded debt targets by \$69.293 million over the 10-year period.

At the meeting on September 21, 2015, the Library Board approved the revised 2016-2025 capital budget and plan submission of \$18.238 million debt (\$28.327 million gross) in 2016 and \$225.040 million debt (\$321.833 million gross) over 2016-2025, which exceeded debt targets by \$71.335 million. The revised submission included additional debt funding of \$2.042 million for the Bayview and Dawes Road branch projects.

	Gross (\$'000s)		Debt (\$'000s)	
	2016	2016-2025	2016	2016-2025
Original Submission	28,327	319,118	18,238	222,998
<u>Additional Requests</u>				
Bayview branch - 25 Additional Parking Spaces		1,432		1,432
Dawes Rd branch - Site cost		1,283		610
Total Additional Requests	-	2,715	-	2,042
Revised Submission	28,327	321,833	18,238	225,040
City Debt Targets			15,238	153,705
Exceeds City Debt Targets			3,000	71,335

In response to the direction from the City Financial Planning Division to present a budget that complies with City guidelines to meet debt targets and identify unfunded needs, the revised submission was split into two parts: 1) capital projects funding that meet debt targets and 2) capital projects funding that exceed the debt targets and are therefore unfunded. The Library Board received for information the capital budget scenario that meets City debt targets.

	Gross (\$'000s)		Debt (\$'000s)	
	2016	2016-2025	2016	2016-2025
Budget Scenario Meets City Debt Targets (funded)	24,479	244,695	15,238	153,705
Exceeds City Debt Targets (unfunded)	2,535	81,567	3,000	71,335
Total	27,014	326,262	18,238	225,040

COMMENTS

Library staff presented the capital and operating budgets at the Budget Committee meeting on January 5, 2016.

Preliminary Capital Plan

At the meeting on December 15, 2015, the City's Budget Committee considered the City staff's Preliminary Capital Plan. The Preliminary Capital Plan is funded by \$15.575 million debt (\$24.851 million gross) for 2016 and \$159.507 million debt (\$253.308 million gross) over 2016-2025, which includes \$5.802 million of additional debt funding beyond the City debt targets.

The following table provides a reconciliation of the Preliminary Capital Plan from the budget scenario that meets city targets.

	Gross (\$'000s)		Debt (\$'000s)	
	2016	2016-2025	2016	2016-2025
Budget Scenario meets city targets	24,479	244,695	15,238	153,705
<u>Adjustments</u>				
Bayview Parking Spaces		2,032		965
Multi-Branch Minor Renovation Program - accessibility	337	4,837	337	4,837
	337	6,869	337	5,802
Perth/Dupont branch - additional costs		1,359		-
Dawes Road branch additional costs	35	2,649		1,199
Project deferrals to fund Dawes Rd branch		(2,264)		(1,199)
	35	1,744	-	-
Total Adjustments	372	8,613	337	5,802
Preliminary Capital Plan	24,851	253,308	15,575	159,507
City Debt Targets			15,238	153,705
Exceeds City Debt Targets			337	5,802

Bayview

Additional funding of \$2.032 million gross, funded by \$0.965 million debt and \$1.067 million development charges, has been provided by the City to fund TPL's share of the parking at the relocated Bayview Branch.

Multi-Branch Minor Renovation Program

Additional funding of \$4.837 million debt and gross has been provided by the City for accessibility requirements.

Perth/Dupont

A report on zoning for 299 Campbell Ave., the proposed site for the relocated Perth/Dupont Branch, was considered by Toronto and East York Community Council on November 10 and

Council on December 9-10, 2015. The report described the community benefits to be secured from an agreement with the Developer under Section 37 of the Planning Act for the proposed development. The community benefits detail three possible options, of which one option is for the developer to provide 10,000 sq. ft. to the City for a cost of \$1.1 million, to be used by TPL for a branch. This option was included in TPL's capital submission. The City has decided that the \$1.1 million cost of the shell space will be added to TPL's capital plan funded from the City's Land Acquisition Reserve Fund (LARF). When the current branch site is sold, then the proceeds will be returned to LARF. In addition, the construction cost of the project have increased by approximately \$0.245 million and this is being funded from available Section 37 funding, for a total gross project increase of \$1.359 million (\$0 debt). These terms and conditions were reported to the Library Board at its meeting on November 23, 2015.

Dawes Road

The additional costs for Dawes Road Branch of \$2.649 million gross (\$1.199 million debt) were accommodated within the assigned debt targets by deferring two other SOGR projects, Weston and Sanderson branches.

Details of the Preliminary Capital Plan are on Attachment 1.

Unmet Needs (Not included in Preliminary Capital Plan)

The Library Board approved a capital request that was \$71.335 million in excess of debt targets to partially address SOGR and service infrastructure needs. Out of the \$71.335 million additional debt request, the following costs are included in the Preliminary Capital Plan:

- Additional \$5.802 million debt funding over the debt target was added to the Preliminary Capital Plan to fund TPL's share of the parking at the relocated Bayview Branch and accessibility requirements through the Multi-Branch Renovation program;
- \$1.067 million of parking cost at the Bayview Branch that was previously shown as funded from debt was changed to be funded from development charges;
- Two projects, Weston and Sanderson, were deferred in order to fund the additional costs for Dawes Road of \$2.649 million gross (\$1.199 million debt).

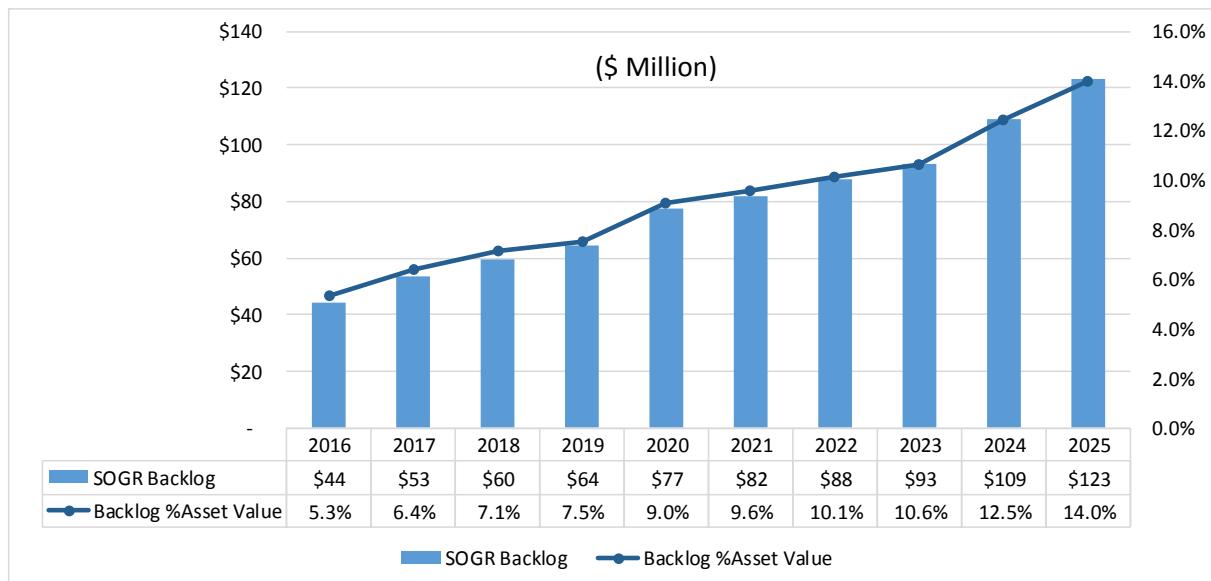
	Gross (\$'000s)		Debt (\$'000s)	
	2016	2016-2025	2016	2016-2025
Exceeds City Debt Targets (unfunded)	2,535	81,567	3,000	71,335
Projects funded in Preliminary Capital Plan				
Bayview Parking Spaces		(2,032)		(965)
Multi-Branch Minor Renovation Program - accessibility	(337)	(4,837)	(337)	(4,837)
Additional costs funded by City over the debt target	(337)	(6,869)	(337)	(5,802)
Bayview Parking Spaces - non-debt (DC) funding				(1,067)
Defer two SOGR projects to fund additional costs for Dawes Road	(35)	(2,649)	(702)	(1,199)
Additional costs funded within assigned debt targets	(35)	(2,649)	(702)	(2,266)
Unmet needs	2,163	72,049	1,961	63,267

The remaining \$63.267 million debt request that is not included in the Preliminary Capital Plan is being treated as unmet needs by the City. Details of the unmet needs are provided in Attachment 2.

It should be noted that there is an additional \$73 million of SOGR needs that were not included in the Board's revised submission.

SOGR Backlog

The majority of TPL properties were constructed 40-50 years ago and are now in need of upgrade or replacement. While some progress has been made on increasing the funding from the City, the Preliminary Capital Plan is inadequate to address the Library's SOGR requirements over the 10 years and the backlog is expected to triple and grow to \$122.993 million or 14.0% of the total asset value by the end of 2025.



CONCLUSION

Unlike previous years, City staff is not presenting a recommended budget for the Library or any division or agency due to the City's overall budget gap that needs to be resolved. Instead, a Preliminary Capital Plan is being considered at this stage.

Budget Committee meetings will be held throughout January with a final meeting on January 26, 2016. The Executive Committee will meet on February 9, 2016 to review Budget Committee recommendations and Council will meet on February 17 and 18, 2016 to approve the 2016 budget.

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946;
E-mail: lhughsam@torontopubliclibrary.ca

SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

- Attachment 1: 2016-2025 Preliminary Capital Plan – Gross and Debt Funding
- Attachment 2: Additional Board Requests Not funded – Unmet Needs (not included in Preliminary Capital Plan)