

**2017-2026 Capital Budget and Plan Adoption**

<b>Date:</b>	February 21, 2017
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

**SUMMARY**

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The purpose of this report is to seek Toronto Public Library Board adoption, subject to Council approval, of Toronto Public Library’s (TPL) 2017-2026 capital budget and plan of \$19.967 million debt (\$29.525 million gross) for 2017 and \$182.312 million debt (\$275.367 million gross) over 2017-2026 and additional carry-forward funding of \$0.476 million in 2017. The capital budget and plan includes \$22.880 million debt (\$24.936 million gross) of additional funding beyond the debt targets, primarily in the first five years.

Progress continues to be made on increasing funding from the City. However, the capital budget and plan is still inadequate to address the Library’s State of Good Repair (SOGR) requirements over the ten years.

City Council is expected to approve the capital budget on February 15 and 16, 2017.

**RECOMMENDATIONS**

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**The City Librarian recommends that the Toronto Public Library Board:**

1. adopts, subject to Council approval, the 2017-2026 capital budget and plan of \$182.312 million debt (\$275.367 million gross) for projects listed in Attachment 1, and comprised of:
  - a. 2017 cash flow of \$19.967 million debt (\$29.525 million gross) with future year commitments of \$16.933 million debt (\$25.713 million gross) for 2018; \$7.045 million debt (\$16.408 million gross) for 2019 and \$2.248 million debt (\$3.594 million gross) for 2020; and
  - b. 2018-2026 uncommitted capital plan totalling \$136.119 million debt (\$200.127 million gross); and
2. adopts, subject to Council approval, two previously approved sub-projects with carry-forward funding from 2016 into 2017 totalling \$0.476 million.

## **FINANCIAL IMPACT**

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TPL's 2017-2026 capital budget and plan, excluding carry-forward funding of \$0.476 million, consists of a 2017 cash flow of \$19.967 million debt (\$29.525 million gross) and \$182.312 million debt (\$275.367 million gross) over 2017-2026, which includes \$22.880 million of additional debt funding beyond the City debt targets.

The \$22.880 million additional debt funding over the debt target, primarily in the first five years, was added to fund two projects for capital investment in technological innovation (\$3.879 million debt, \$4.056 million gross), North York Central Library Renovation Phase 2 (\$9.901 million debt, \$10.880 million gross) and the Multi-Branch Minor Renovation Program (\$9.100 million debt, \$10.000 million gross) for State of Good Repair (SOGR) and accessibility requirements.

The projects included in the recommended budget and plan are listed in Attachment 1. The 2017-2026 capital budget and plan is \$33.687 million of debt funding (\$38.358 million gross) below the Board's submission. The SOGR backlog, over the next 10 years, is expected to increase from \$52.807 million to \$136.947 million, which represents 14.2% of the total asset value, by the end of 2026.

The 2017-2026 capital budget and plan will impact future year operating budgets by: net operating savings of \$0.880 million in 2017 and \$0.062 million in 2018; and net operating costs of \$0.092 million in 2019, \$0.152 million in 2020, \$0.105 million in 2021 and \$1.861 million over 2022-2026.

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

## **ALIGNMENT WITH STRATEGIC PLAN**

The 2017-2026 capital budget and plan supports TPL's strategic plan, in particular: advancing State of Good Repair projects to provide welcoming, well-maintained and efficient public space; increasing access to in-branch services and spaces through new options to expand public and community space; and transforming library branches for 21<sup>st</sup> century service excellence.

## **DECISION HISTORY**

At its meeting on September 26, 2016, the Board considered the [2017-2026 Capital Budget and Plan Submission](#) of \$19.967 million debt (\$29.525 million gross) for 2017 and \$215.999 million debt (\$313.725 million gross) over 2017-2026. The ten-year budget and plan funding request is comprised of 24 projects totalling \$159.432 million debt (\$250.431 million gross), which meet the City debt targets, and nine projects totalling \$56.567 million debt (\$63.294 million gross), which exceeds the debt targets.

At the meeting on December 6, 2016, the City’s Budget Committee began consideration of the [2017 Preliminary Operating Budget & 2017-2026 Capital Budget & Plan](#) as presented by the City Manager. The 2017-2026 Preliminary Plan for TPL is \$182.312 million debt (\$275.367 million gross), which includes \$22.880 million of additional debt funding (\$24.936 million gross) beyond the City debt targets, primarily in the first five years.

At its final meeting on January 24, 2017, the Budget Committee endorsed TPL’s Preliminary 2017-2026 Capital Budget and Plan with no changes.

## COMMENTS

At its meeting on February 7, 2017, the Executive Committee endorsed the Budget Committee’s recommended 2017-2026 Capital Budget and Plan of \$19.967 million debt (\$29.525 million gross) for 2017 and \$182.312 million debt (\$275.367 million gross) over 2017-2026, which is \$22.880 million debt (\$24.936 million gross) of additional funding beyond the debt targets as well as a preliminary 2016 carry forward of \$0.476 million gross (\$0 million debt) in 2017.

The endorsed budget is comprised of three components: 2017 cash flow projects with future year commitments, 2018-2026 uncommitted capital projects and 2017 cash flow carry forward from 2016 projects. The following table summarizes these components of the budget and plan:

**2017-2026 Recommended Capital Budget and Plan**  
(In \$Ms)

	2016 Carry Forwards	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total 2017-2026 (Excl carry Forwards)
<b>Gross</b>												
2017 Projects with future year commitments	0.476	29.525	25.713	16.408	3.594							75.240
Future Year Projects (Commencing in 2018 & Beyond) - uncommitted		-	7.200	20.874	35.276	30.993	23.463	20.152	22.488	20.614	19.067	200.127
<b>Total Gross</b>	<b>0.476</b>	<b>29.525</b>	<b>32.913</b>	<b>37.282</b>	<b>38.870</b>	<b>30.993</b>	<b>23.463</b>	<b>20.152</b>	<b>22.488</b>	<b>20.614</b>	<b>19.067</b>	<b>275.367</b>
<b>Debt</b>												
2017 Projects with future year commitments		19.967	16.933	7.045	2.248							46.193
Future Year Projects (Commencing in 2018 & Beyond) - uncommitted			4.344	14.815	19.829	20.411	17.160	13.410	13.410	16.330	16.410	136.119
<b>Total Debt</b>	<b>-</b>	<b>19.967</b>	<b>21.277</b>	<b>21.860</b>	<b>22.077</b>	<b>20.411</b>	<b>17.160</b>	<b>13.410</b>	<b>13.410</b>	<b>16.330</b>	<b>16.410</b>	<b>182.312</b>

The 2017 recommended budget, including carry-forward funding, is \$30.001 million gross. Project listing of 2017 projects with future year commitments can be found in Appendix 4 of the [2017 Capital Budget Notes](#).

The Executive Committee recommended budget and plan will be considered at the Council meeting on February 15 and 16, 2017.

Council approval of the 2017-2026 budget and plan confers authority to spend the 2017 budget only. Spending requirements for each of the future years have to be submitted annually for approval.

Section 24(2) of the Public Libraries Act requires the Board to adopt the annual estimates that have been approved by City Council.

## **CONCLUSION**

Progress continues to be made on increasing funding from the City. However, the capital budget and plan is still inadequate to address the Library's State of Good Repair (SOGR) requirements over the ten years.

## **CONTACT**

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## **SIGNATURE**

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Vickery Bowles  
City Librarian

## **ATTACHMENTS**

Attachment 1: 2017-2026 Preliminary Capital Plan – Gross and Debt Funding

