

# **12**.

## STAFF REPORT ACTION REQUIRED

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

Date:	February 21, 2017
To:	Toronto Public Library Board
From:	City Librarian

#### **SUMMARY**

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

#### 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

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

	2016 Carry Forwards	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total 2017- 2026 (Excl carry Forwards)
Gross												
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
Total Gross	0.476	29.525	32.913	37.282	38.870	30.993	23.463	20.152	22.488	20.614	19.067	275.367
<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
Total Debt		19.967	21,277	21.860	22.077	20.411	17.160	13.410	13.410	16.330	16.410	182.312

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**

Wielzowy Dowylas

Vickery Bowles City Librarian

#### **ATTACHMENTS**

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

### TORONTO PUBLIC LIBRARY 2017 - 2026 Capital Budget and Plan - Gross and Debt Funding (\$000's)

**Executive Committee Recommended Februrary 7, 2017** TOTAL PROJECT INFORMATION GROSS DEBT ΤΟΤΔΙ 2017 -2017 -Total 2026 TOTAL TOTAL Prelim 2026 (in Prelim 2017 S. 37/45/ Other Develop. (incl PROJECT NAME 2019 2020 2022 2023 2024 2025 2026 2017 2020 2021 2022 2024 Cost Est. Debt 2016 2017 (incl 2018 2021 2018-2016 (incl 2018 2019 2023 2025 2026 2018-2016 Charges Reserves Funding 2016 2016 2026 2016 2026 cfwd) cfwd) cfwd) cfwd 44.881 3,600 5,110 4,940 5,831 41,281 2,125 2,125 26,970 29.095 1 Tech Asset Mgmt Prg (TAMP) 2,006 13,780 29.095 3,600 4,100 4,100 4,100 4.100 4.100 4.900 44.881 2,534 2,651 2,408 2,722 2,722 3,273 2,645 3,562 4,453 15,000 13,590 1,410 1,500 1,500 1,500 1,500 1,500 1,500 1,500 1,500 1,500 1,500 13,500 15,000 75 330 380 25 39 41 382 1,410 1,410 2 Virtual Branch Services (VBS) 138 4,093 4,093 37,623 3 Multi-Branch Renovation Program (SOGR) 41,535 3,289 623 37,623 -4,633 4,633 4,158 4,093 4,093 4,093 4,093 4,093 4,093 36,902 41,535 3,781 3,781 3,996 3,823 3,726 3,946 3,899 3,284 3,106 4,040 4,022 33,842 4 Agincourt Building Elements 2,297 172 1,125 1,000 1,125 1,125 1,125 15 007 4.836 700 700 5 536 4 448 4 448 4 448 1.351 13 656 4 836 5 Albion Reconstruction 6 Bridlewood Renovation 1,900 1,900 1,100 800 1,900 1,900 7 Bayview Relocation 12,622 6,630 580 5,412 1,553 1,553 3,695 3,589 12,431 1.830 2,248 5,152 5,221 8 Wychwood Renovation & Expansion 9,533 4,135 1,500 600 3,298 2,000 2,000 4.378 2.866 7,244 9,244 307 307 2.352 500 2.852 3.159 9 St. Clair/Silverthorn Renovation 261 1,379 1.640 2.140 1,270 1,270 1.770 2,247 420 1.827 500 500 13,536 5,236 11,559 4,565 4,565 5,556 10 North York Central Renovation Phase 1 14.974 1.438 5.23 3.595 2.728 6.323 3.499 2.057 10.121 11 Dawes Road Construction & Expansion 8.638 4.625 1,082 1,082 11,553 621 4,298 12 Albert Campbell Renovation 12,165 1,095 11,070 215 215 1,429 3,809 3,542 3,120 11,900 12,115 1,429 3,809 3,407 2,288 10,933 10,933 100 100 700 1,749 4,199 13 St.Lawrence Relocation & Expansion 18,015 13.816 4.199 2.148 5.996 6.164 3.607 17,915 18.015 1,112 638 4,199 14 Perth/Dupont Relocation 4.312 2.112 1.100 1.100 150 4.312 4.312 1.049 3.113 15 Parliament Street Renovation 6,957 626 6,331 2,148 2,858 1,828 6,957 6,957 123 1,522 2,858 1,828 6,331 6,331 16 High Park Renovation 6.144 553 5.591 156 2,421 3.567 6,144 6.144 156 2,421 3.014 5.591 5,591 304 17 Guildwood Relocation 800 100 304 800 800 304 396 800 304 18 Centennial Renovation 4,715 1,621 3,094 114 2,331 2,270 4,715 4,715 1,750 1,344 3,094 3,094 19 Northern District Renovation 11,015 991 10,024 359 2,271 3,265 3,186 1,934 11,015 11,015 2,271 2,633 3,186 1,934 10,024 10,024 20 Brookbanks Renovation 6 848 1 995 3 650 1 203 192 1 236 3 328 2 092 6,848 6 848 192 1 011 1 203 1 203 21 Weston Renovation 9,220 830 8,390 161 2,636 3,700 2,723 9,220 9,220 2,398 3,269 2,723 8,390 8,390 22 Sanderson Renovation 6,975 628 6,347 458 1,638 3,479 5,575 5,575 1,468 3,479 4,947 4,947 8,137 840 7,271 23 Mimico Renovation 9,635 866 8,769 158 1,548 3,267 3,164 8,137 3,267 3,164 7,271 Port Lands New Construction - Queen/Saulte 150 150 16.269 12.343 3.926 150 Relocation & Expansion 25 Subtotal 286.329 79.541 9,275 16,783 180,730 476 25.919 26,395 28,571 33,096 34,136 27,925 22,463 19,152 21,488 250,907 16,565 16,565 17,433 18,398 17,433 17.433 16.250 12.500 12,500 142,867 159,432 26 Multi-Branch Renovation Program (SOGR) 10.000 900 9.100 1.000 1.000 1 000 1 000 1 000 1 000 1 000 1 000 1.000 1.000 1.000 9.000 10 000 910 910 910 910 910 910 910 910 910 910 910 8.190 9.100 27 North York Central Renovation Phase 2 10,880 979 9,901 3,186 3,734 2,068 10,880 10,880 1,547 2,552 3,734 2,068 9,901 9,901 1.892 Integrated Payment Solutions (Technological Innovation)
29 Transport of Operational Efficiencies 2,250 2,152 1,150 1,150 1,100 1,100 2,250 1,100 1,100 1,052 1,052 2,152 1.806 79 1.727 1.456 1.450 350 1.806 1.392 1.392 335 1,727 (Technological Innovation) 30 Subtotal - Exceeds Debt Targets 24.936 2,056 22,880 3.606 3,606 4.342 4.186 4.734 3.068 1.000 1.000 1.000 1.000 1.000 21.330 24,936 3,402 3.402 3.844 3.462 4.644 2,978 910 910 910 910 910 19.478 22,880 9,275 16,783 203,610 476 29,525 30,001 275,843 182,312 31 Total 2017 Capital Budget and Plan 311.265 81.597 32.913 37.282 38.870 30.993 23.463 20.152 22.488 20.614 19.067 245,842 19.967 19,967 21.277 21.860 22.077 20.411 17.160 13.410 13.410 16.330 16 410 162.345 32 CITY DEBT TARGET 16,565 17,433 17,433 16,250 12,500 159,432

OVER / (UNDER) CITY DEBT TARGET 3,402 3,402 3,844 3,462 4,644 2,978 910 910 910 910 910 19,478 22,880