



STAFF REPORT ACTION REQUIRED

2015 – 2024 Capital Budget and Plan Adoption

Date:	March 23, 2015
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is for the Toronto Public Library Board to adopt the Council approved 2015 – 2024 capital budget and plan of \$244.217 million gross (\$154.285 million debt), which includes a 2015 budget of \$21.184 million gross (\$15.500 million debt). The 2015 budget consists of a 2015 cash flow of \$19.334 million gross (\$14.450 million debt) and a preliminary 2014 approved cash flow for five previously approved sub-projects with carry-forward funding from 2014 into 2015 totalling \$1.850 million gross (\$1.050 million debt) for a total 2015 cash flow of \$21.184 million gross (\$15.500 million debt).

While the approved 2015 – 2024 capital budget and plan meets the City's debt targets, inadequate debt funding and higher state of good repair (SOGR) needs will result in an accumulating SOGR backlog that is expected to triple over the next ten years, growing from \$44.2 million to \$128.7 million.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. adopts the 2015 – 2024 capital budget and plan of \$244.217 million gross (\$154.285 million debt), as detailed in Attachment 1 and comprised of:
 - a. 2015 cash flow of \$19.334 million gross (\$14.450 million debt) and a preliminary carry forward from 2014 of \$1.850 million gross (\$1.050 million debt) for a total 2015 capital budget of \$21.184 million gross (\$15.500 million debt) with future year commitments of \$67.891 million gross (\$40.830 million debt); and
 - b. 2016 – 2024 uncommitted capital plan totalling \$155.142 million gross (\$97.955 million debt).

FINANCIAL IMPACT

The 2015 capital budget consists of a 2015 cash flow of \$19.334 million gross (\$14.450 million debt) with future year commitments of \$67.891 million gross (\$40.830 million debt) and a preliminary carry forward from 2014 into 2015 of \$1.850 million gross (\$1.050 million debt) for a total 2015 cash flow of \$21.184 million gross (\$15.500 million debt). The 2016 – 2024 uncommitted capital plan total of \$155.142 million gross (\$97.955 million debt) consists of estimates for projects starting between 2016 and 2024. The recommended budget and plan meets City debt targets and is detailed in Attachment 1 and summarized in the following tables:

Gross & Debt Funding (\$000's)

Description	2014 Carry Forward	2015 Cash Flow	Total 2015 Cash Flow (incl 2014 C/Fwd)	2016 - 2024										Total 2015 -2024	
				2016	2017	2018	2019	2020	2021	2022	2023	2024	Total 2016-2024		
GROSS															
Budget: Projects appvd. 2015 or earlier	1,850	19,334	21,184	25,587	22,832	11,275	8,197	-	-	-	-	-	-	67,891	89,075
Plan: Projects starting 2016-2024	-	-	-	1,704	10,004	20,588	15,882	20,236	23,868	24,709	22,045	16,106	155,142	155,142	
Total expenditure	1,850	19,334	21,184	27,291	32,836	31,863	24,079	20,236	23,868	24,709	22,045	16,106	223,033	244,217	
DEBT															
Budget: Projects appvd. 2015 or earlier	1,050	14,450	15,500	14,529	12,195	6,896	7,210	-	-	-	-	-	40,830	56,330	
Plan: Projects starting 2016-2024	-	-	-	709	3,870	10,037	9,723	16,933	16,933	15,750	12,000	12,000	97,955	97,955	
Total debt funding	1,050	14,450	15,500	15,238	16,065	16,933	16,933	16,933	16,933	15,750	12,000	12,000	138,785	154,285	

Summary of Funding Sources (\$000's)

Description	2014 Carry Forward	2015	Total 2015 (incl 2014 C/Fwd)	2016 - 2024										Total 2015 -2024
				2016	2017	2018	2019	2020	2021	2022	2023	2024	Total 2016-2024	
Debt	1,050	14,450	15,500	15,238	16,065	16,933	16,933	16,933	16,933	15,750	12,000	12,000	138,785	154,285
Development Charges	-	3,477	3,477	8,450	13,312	11,912	5,768	1,925	4,950	5,165	5,212	2,728	59,422	62,899
Reserve Funds	-	29	29	2,225	2,081	799	-	-	248	1,392	2,010	-	8,755	8,784
IT lease end savings from operating	-	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	12,402	13,780
Other	800	-	800	-	-	841	-	-	359	1,024	1,445	-	3,669	4,469
Total funding	1,850	19,334	21,184	27,291	32,836	31,863	24,079	20,236	23,868	24,709	22,045	16,106	223,033	244,217

Operating Impacts (\$000's)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Impacts	767	83	99	969	915	18	48	112	82	21

The expansion and construction of new libraries result in significant operating pressures in 2015, 2018, and 2019. In 2015, the operating impact of \$0.767 million is mainly due to the annualization of operating costs for the new Scarborough Civic Centre Branch and this is included in the approved 2015 operating budget. In 2018, the cost increase of \$0.969 million is mainly related to the first-year operating costs associated with the relocation and expansion of the St. Lawrence Branch (\$0.799 million), and the Dawes Road Branch expansion (\$0.093 million). The cost increase in 2019 relates to the annualization of operating costs for St. Lawrence and Dawes Road branches.

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

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

DECISION HISTORY

At its September 8, 2014 meeting, the Library Board approved a 2015 – 2024 capital budget and plan submission of \$19.334 million gross (\$14.450 million debt) in 2015, which did not include the preliminary 2014 carry forward, and \$242.367 million gross (\$154.076 million debt) over 2015 – 2024, which meets City debt targets in all years except for an additional \$0.841 million in debt funding in 2018 for the Perth/Dupont relocation project.

COMMENTS

The City Manager recommended a 2015 – 2024 capital budget and plan, which consisted of a 2015 cash flow of \$19.334 million gross (\$14.450 million debt) and a preliminary 2014 carry forward of \$1.850 million gross (\$1.050 million debt) for a total \$21.184 million gross (\$15.500 million debt) in 2015 and \$242.367 million gross (\$153.235 million debt) over 2015 – 2024, which meets the City's assigned annual debt targets. The additional \$0.841 million of debt for Perth/Dupont was not recommended, and its funding issues will be addressed in the 2016 capital budget process. The total gross cost for the Perth/Dupont project remains unchanged.

At its February 20, 2015 meeting, the City's Budget Committee recommended the City Manager's recommended capital budget and plan without amendment.

At its meeting on March 2, 2015, the Executive Committee recommended the City's Budget Committee's recommended capital budget and plan without amendment.

At its meeting on March 10 – 11, 2015, Council approved the 2015 – 2024 capital budget and plan, as recommended by Executive Committee, consisting of \$21.184 million gross (\$15.500 million debt) in 2015 and \$242.347 million gross (\$153.235 million debt) over 2015 – 2024, which meets the City's assigned annual debt targets.

A preliminary 2014 carry forward of \$1.850 million gross (\$1.050 million debt) was included in the Council approved 2015 – 2024 capital budget and plan. However, a final 2014 year

carry forward of \$2.052 million has been determined and is detailed in the Capital Budget Monitoring Report – December 31, 2014.

Council approval of the 2015 – 2024 budget and plan confers authority to spend the 2015 approved 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.

State of Good Repair

A comprehensive Property Condition Assessment was completed in 2014 and identified more SOGR requirements over the next ten years than previously detailed and valued the accumulated SOGR backlog at the end of 2014 at \$44.2 million. The need for additional SOGR funding combined with an overall decrease in the debt target levels over the same period has resulted in a SOGR backlog that will triple from \$44.2 million at the end of 2014 to \$128.7 million by the end of 2024.

As part of the approved 2015 capital budget, Council at its meeting on March 10 – 11, 2015 adopted the following motion:

City Council direct Toronto Public Library to provide the State of Good Repair requirements across all branches grouped and prioritized by asset category to enable the City and Toronto Public Library to monitor and evaluate the impact of State of Good Repair investment on the Program's backlog in time for the 2016 Budget process.

CONTACT

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SIGNATURE

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City Librarian

Attachment 1: Toronto Public Library 2015 – 2024 Capital Budget and Plan