

Analyst Briefing Notes

Budget Committee Review

(October 29, 2007)

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Executive Summary

- The Toronto Public Library's (TPL) 2007 Recommended Capital Budget of \$18.264 million was 29.0% or \$5.370 million spent as of June 30, 2007. The projected year-end spending is \$18.124 million or 99% of the total 2007 Approved Capital Budget. The projected under expenditure is primarily due to delays as additional evaluation and testing is required for the Integrated Library System project and delays in securing plan approval and issuance of a building permit for the Thorncliffe Neighbourhood Library. The estimated unspent 2007 funding of \$0.140 million will be carried forward into 2008.
- The 2008 Recommended Capital Budget; 2009 to 2012 Plan and 2013 to 2017 Estimates total \$224.606 million. The 5-Year Capital Plan totalling \$96.046 million (excluding 2007 carry forward funding), requires 2008 cash flow of \$18.259 million, \$20.367 million in 2009, \$18.451 million in 2010, \$19.784 million in 2011, and \$19.185 million in 2012. The Recommended 5-Year Capital Plan consists of \$64.909 million or 67.48% state of good repair (SOGR) projects and \$31.277 million or 32.52% growth related projects. The Recommended 5-Year Capital Plan requires debt funding of \$57.9 million, or \$11.9 million for 2008, \$11.0 million per year from 2009 to 2010, and \$12.0 million per year for 2011 and 2012.
- In the 2007-2011 Capital Plan, the debt target for TPL was \$11.0 million per year. The TPL's 2008-2012 Capital Plan submission includes debt funding request of \$12.0 million per year; that is \$1.0 million over target in each year of the plan. Due to debt affordability constraints, the TPL debt target was increased by \$1.0 million to \$12.0 million only in 2011 and 2012. As the Library Board did not endorse the reduction options presented on October 15th, 2007, the Recommended 5-Year Capital Plan includes an unallocated gross/debt reduction of \$1.0 million for each of the years (2008-2010). Thus, it is recommended that the Toronto Library Board report to Budget Committee at its wrap-up meeting on options to reduce debt by \$1.0 million in 2008, 2009, and 2010.
- The Recommended 5-Year Capital Budget is over debt target by \$0.850 million in 2008 as additional funding has been recommended for the expansion at the Kennedy/Eglinton Library. (Note: project leverages other funding to share the gross cost with the City). This project is recommended as it supports the City's strategic priority to invest in 13 Priority Neighbourhoods.
- The 2008 Recommended Capital Budget includes previously approved project commitments and new/change in scope projects requiring 2008 cash flow of \$18.259 million. The cash flow combined with carry forward funding of \$0.140 million for 2007 projects brings the total 2008 Recommended Capital budget to \$18.399 million, as well, future year commitments of \$20.070 million in 2009; \$9.204 million in 2010; and, \$3.174 million in 2011.
- The 2008 Recommended Capital Budget of \$18.399 million gross (\$11.9 million debt) is comprised of 75.35% for state of good repair and 24.65% in growth related projects, which includes: IT projects such as the Technology Asset Management Program and Virtual Branch; expansion projects such as the Kennedy/Eglinton Library expansion in the Eglinton East- Kennedy Park priority neighbourhood, Bloor/Gladstone Library expansion, and Cliffcrest Library expansion; and, construction/renovation projects such as the West Waterfront Library and the Cedarbrae Library.

- Backlog continues to be a challenge with TPL, especially with accumulated SOGR amounting to \$16.9 by the end of 2007 and projected to increase to \$30.5 million by 2012, based on the industry benchmarking of 2% of the current replacement value of building investments.
- The Recommended 2008 Capital Budget support investment in at-risk neighbourhood totalling \$13.472 million in project commitment for 5 libraries, with the Kennedy/Eglinton Library expansion to be completed in 2008 (\$0.950 million). Also includes in the 2008 Recommended Capital Budget are the ongoing renovations of 4 libraries that include: the S. W. Stewart Library renovation (\$2.025 million), the Thorncliffe Library renovation and expansion (\$2.224 million), the Jane/Sheppard Library relocation (\$2.078 million), and the Cedarbrae Library renovation (\$6.195 million).

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Capital Budget for Toronto Public Library with a total project cost of \$21.647 million and a 2008 cash flow of \$2.826 million and future year commitments of \$18.821 million be approved. The 2008 Recommended Capital Budget consists of the following:
 - (a) New Cash Flow Funding for:
 - i) 3 new and 3 change in scope projects with a 2008 total project cost of \$21.647 million that requires cash flow of \$2.826 million in 2008 and a future year commitment of \$7.162 million in 2009, \$8.485 million in 2010 and \$3.174 million in 2011;
 - ii) 12 previously approved projects with a 2008 cash flow of \$16.433 million and future year commitments of \$13.908 million in 2009, and \$1.719 million in 2010;
 - (b) 2008 approved cash flow for 2 previously approved projects with carry forward funding from 2007 into 2008, totalling \$0.140 million;
 - (c) offset by an unallocated reduction of \$1.0 million gross and debt per year for 2008, 2009, and 2010;
2. operating impacts of \$0.476 million for 2008, \$0.532 million for 2009, \$0.080 million for 2010, and \$0.857 million for 2011, emanating from the approval of the 2008 Recommended Capital Budget, be approved for inclusion in Toronto Public Library's 2008 and future years' operating budgets;
3. new debt service costs of \$0.356 million in 2008 and incremental costs of \$1.634 million in 2009, \$1.396 million in 2010, \$0.730 million in 2011 and \$0.184 million in 2012, resulting from the approval of the 2008 Recommended Capital Budget, be approved for inclusion in 2008 and future year operating budgets;
4. the 2009-2012 Capital Plan for Toronto Public Library totalling \$77.787 million in project commitments and estimates, comprised of \$20.367 million in 2009; \$18.451 million in 2010; \$19.784 million in 2011 and \$19.185 million in 2012; and,
5. the Toronto Library Board report to Budget Committee at its Capital wrap-up meeting of November 21, 2007 with specific reduction options for \$1.0 million per year in 2008, 2009, and 2010 to achieve the 2008 Recommended Capital Budget and 2009 and 2010 Plan Estimates.

2007 Capital Variance Review

2007 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2007 Approved	Actuals as of June 30 (2nd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
18,264	5,370	29	18,124	99	140

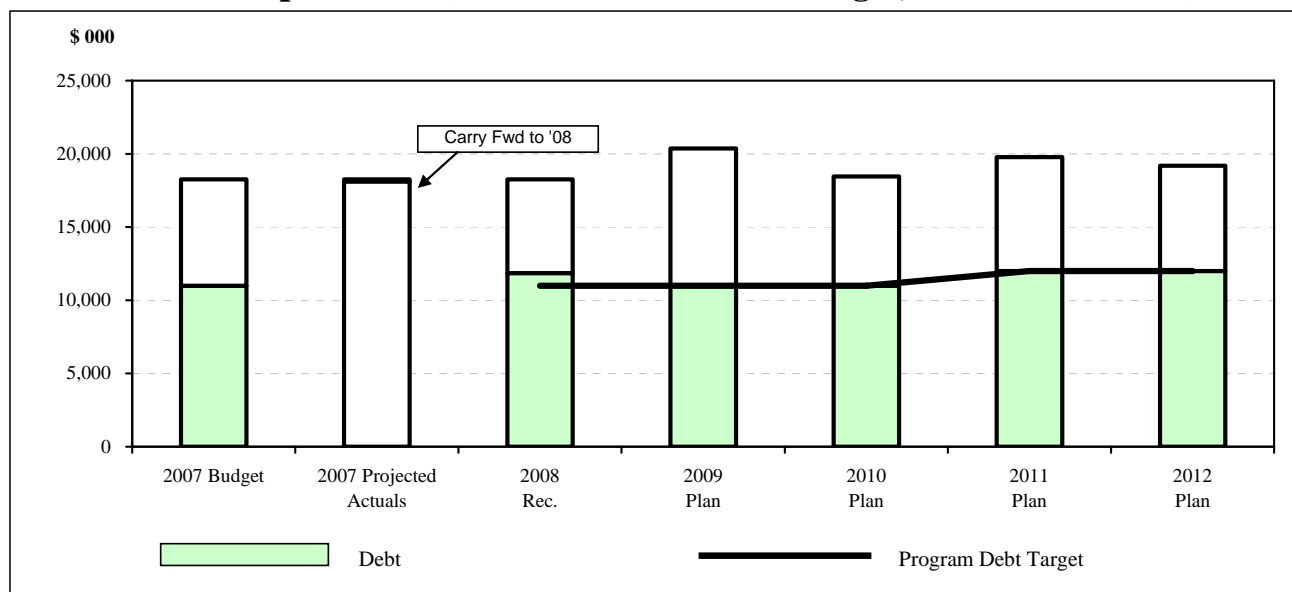
Comments / Issues:

- At the end of June 30, 2007, Toronto Public Library (TPL) spent \$5.370 million or 29% of its 2007 Approved Capital Budget of \$18.264 million. This spending rate of 29% as of June 30, 2007 is consistent with the spending trends of prior years. The projected year-end spending is \$18.124 million or 99% of the total 2007 Approved Capital Budget. The under-expenditure of \$0.140 million in funding will be carried forward to 2008. This variance is attributed to the Integrated Library System project for \$0.1 million, and the Thorncliffe expansion project for \$0.04 million.
- The Integrated Library System (ILS) capital project experienced minor delays as additional evaluation and testing is required for the changes in the ILS software.
- The construction tender closed on July 4, 2007 for the Thorncliffe Neighbourhood Library renovation, a joint project with Parks, Forestry & Recreation and Children's Services. The start of construction is pending site plan approval and the issuance of a building permit.

Cost Containment Impact

- No capital projects were deferred as cost containment measures in 2007.

5-Year Capital Plan (2008 Recommended Budget, 2009 – 2012 Plan)



	2007		5-Year Plan					
	Budget	Projected Actual	2008	2009	2010	2011	2012	2008-2012
Gross Expenditures:								
2007 Capital Budget & Future Year Commitments	18,264	18,124	16,433	13,908	1,719			32,060
Recommended Changes to Commitments								0
2008 New/Change in Scope and Future Year Commitments			2,826	7,162	8,485	3,174	0	21,647
2009 - 2012 Plan Estimates				297	9,247	16,610	19,185	45,339
1-Year Carry Forward to 2008		140						0
Unallocated Reduction **			(1,000)	(1,000)	(1,000)			(3,000)
Total Gross Annual Expenditures & Plan	18,264	18,264	18,259	20,367	18,451	19,784	19,185	96,046
Program Debt Target	11,000		11,000	11,000	11,000	12,000	12,000	57,000
Financing:								
Recommended Debt	11,000		11,850	11,000	11,000	12,000	12,000	57,850
Other Financing Sources:								
Reserves/Reserve Funds	92							0
Development Charges	2,996		2,976	7,659	3,935	4,576	5,477	24,623
Federal								0
Provincial								0
Other Revenue	4,176		3,433	1,708	3,516	3,208	1,708	13,573
Total Financing	18,264		18,259	20,367	18,451	19,784	19,185	96,046
By Category:								
Health & Safety								0
Legislated								0
SOGR	14,315	14,215	14,763	13,867	13,121	13,360	12,698	67,809
Service Improvement								0
Growth Related	3,948	3,908	4,496	7,500	6,330	6,424	6,487	31,237
Unallocated Reduction **			(1,000)	(1,000)	(1,000)			(3,000)
Total By Category	18,264	18,124	18,259	20,367	18,451	19,784	19,185	96,046
Yearly SOGR Backlog Estimate (not addressed by current plan)			443	1,459	2,578	2,589	3,501	10,570
Accumulated Backlog Estimate (end of year)		16,933	17,376	18,835	21,413	24,002	27,503	27,503
Operating Impact on Program Costs			476	619	80	857	894	2,926
Debt Service Costs			356	1,634	1,395	730	184	4,299

* Note that the 1-Year Carry Forward reflects the latest estimate as used in the 2007 2nd Quarter Capital Variance Report.

** The Toronto Library Board to report back at Budget Committee Warp-up meeting on allocation of \$1.0 million submitted over the program's Recommended Budget in 2008, 2009 and 2010.

5-Year Capital Plan Overview

Overview

Toronto Public Library (TPL)'s Recommended 5-Year Capital Plan focuses on the following priorities:

- Meet the on-going needs to keep the existing assets in an acceptable state of good repair given the City's debt affordability targets.
- Maintain and upgrade information technological infrastructure, estimated at \$25.391 million, including, increasing demands from the TPL's "Virtual Branch".

The Recommended 5-Year Capital Plan, fairly represents TPL's readiness to proceed with its capital requirements and needs of the future, based on the facility state of good repair evaluation. The 5-Year Capital Plan maximizes non-debt funding sources such as Section 37 and Development Charges for the Waterfront Library and Toronto Reference Library.

The Recommended 5-Year Capital Plan totals \$96.046 million, with cash flow requirements of \$18.259 million in 2008, \$20.367 million in 2009, \$18.451 million in 2010, \$19.784 million in 2011 and \$19.185 million in 2012. The Recommended 5-Year Capital Plan is over target by \$0.9 million in 2008 due to investment in a new project to support the City's strategic priority to "invest in 13 Priority Neighbourhoods". The Recommended 5-Year Capital Plan reflects an unallocated debt reduction of \$1.0 million in 2008, 2009, and 2010. The Library Board had requested additional debt funding in each of the five years of the Plan to address rising construction costs, increase costs for Toronto Reference Library, and significant increases in demand of virtual library services. However, due to debt affordability constraints, only \$1.0 million additional debt has been recommended for 2011 and 2012.

The Recommended 5-Year Capital Plan consists of 67.48% state of good repair projects and 32.52% growth related projects. Major 2008 state of good repair projects include: S.Walter Stewart District Library, Jane/Dundas Library Renovation, Dufferin/St.Clair Library Renovation, Toronto Reference Library Renovation, Cedarbrae Library Renovation, Multi-branch minor Renovation and all IT projects. The growth related projects consist of Bloor / Gladstone Library Expansion, Thorncliffe Library Expansion, Brentwood Library Expansion, West Waterfront Construction, and Kennedy/Eglinton Library Expansion.

Multi-Year Debt Affordability Target

During the 2006 Budget Process, Council adopted the recommendation by the Budget Advisory Committee, that "the 2007-2010 debt guidelines for TPL, be set at \$11.0 million, and that Financial Planning staff review other reserve options to further reduce the debt requirements". As no reserves could be identified, the recommended debt target was established at \$11.0 million annually. The Recommended 5-Year Capital Plan exceeds the debt target by \$0.850 million due to the added investment in a new project to expand the Kennedy/Eglinton Library in one of the City's 13 priority neighbourhoods.

In the 2007-2011 Capital Plan, the debt target for TPL was \$11.0 million per year. The TPL's 2008-2012 Capital Plan submission includes debt funding request of \$12.0 million per year; that is \$1.0 million over target in each year of the plan. Given debt affordability constraints, only \$1.0 million

additional debt has been recommended in 2011 and 2012. Thus, it is recommended that the Toronto Library Board report back at its Capital wrap-up meeting of November 21, 2007 with specific project changes to meet debt target recommended for 2008, 2009, and 2010.

Recommended Changes to the 2007 – 2011 Capital Plan

Highlights of the changes are summarized below:

Changes to the 2008 to 2012 Capital Plan Debt Affordability Target							
	2008	2009	2010	2011	2012	Total	Comments:
Previously Approved Commitments:							
Bloor/Gladstone Library	-	250.0	(250.0)	-	-	-	Project accelerated in 2007
S. W. Stewart Library	(141.0)	-	-	-	-	(141.0)	Project completed below-budget
Jane/Dundas Library	(453.0)	(100.0)	-	-	-	(553.0)	Project accelerated in 2007
Jane/Sheppard Library	395.0	92.0	-	-	-	487.0	Project deferred from 2007
Cedarbrae Library	175.0	(416.0)	416.0	-	-	175.0	Smoothed to meet debt target
Thorncliffe Library	552.0	174.0	(694.0)	-	-	32.0	Project accelerated in 2008
Sub-total: Previously Approved Projects	528.0	-	(528.0)	-	-	-	
New/Change in Scope Projects:							
Brentwood Library	-	136.0	1,639.0	(926.0)	-	849.0	Rephased to begin construction in 2009 and be completed in 2010.
Toronto Reference Library	173.0	98.0	(1,233.0)	2,171.0	2,968.0	4,177.0	Higher construction costs and to address funding needs to complete the project exterior and interior renovation
Multi-Branch (2008 - 2012)	146.0	389.0	1,424.0	572.0	1,910.0	4,441.0	Ongoing minor renovations such as replacement of roofing, building systems, flooring, to 78 libraries.
Albert Campbell District Library	-	-	-	(212.0)	-	(212.0)	Deferred from 5-Year Plan to meet debt target
Parliament District Library	-	-	(130.0)	-	-	(130.0)	Deferred from 5-Year Plan to meet debt target
Albion District Library	-	-	-	(266.0)	-	(266.0)	Reduced estimates
Mount Dennis Library	(97.0)	-	(1,620.0)	(1,599.0)	-	(3,316.0)	Deferred from 5-Year Plan to meet debt target
Sanderson Library	-	-	-	-	1,041.0	1,041.0	Address space requirement issues and increasing demands for information and electronic services for all age groups.
High Park Library	-	-	-	(70.0)	-	(70.0)	Deferred from 5-Year Plan to meet debt target
Fairview Library	-	-	-	(704.0)	1,511.0	807.0	Expansion of the Library's entrance and add a separate entrance to the Fairview Theatre
Weston Library	-	-	(99.0)	-	-	(99.0)	Deferred from 5-Year Plan to meet debt target
Scarborough Centre Library	-	-	797.0	1,034.0	-	1,831.0	New construction of a new 15,000 sq. ft Neighbourhood Library in a community to provide informational and recreational collections and services for a projected population of 30,000 to 40,000 adult and children.
TAMP (2009-2012)	-	-	-	-	1,500.0	1,500.0	Upgrade to replace computer hardware and software based on City Council guidelines.
Ellesmere Library	-	-	-	-	1,038.0	1,038.0	Expansion of existing building by 9,600 sq. ft for a centralized hub for sorting and distribution of branch collections and materials.
St. Clair/Silverthorn Library	-	-	-	-	32.0	32.0	Accelerated in 5-Year Plan
Virtual Branch (2008-2012)	250.0	377.0	750.0	1,000.0	2,000.0	4,377.0	Re-design TPL's website, to upgrade existing virtual library services to ensure the investment in e-service delivery technology is maintained and to allow for more information made available online.
Kennedy/Eglinton Library	850.0	-	-	-	-	850.0	To support the \$13.0 million in 13 Priority Neighbourhoods Initiative
Sub-total: New/Change in Scope Projects	1,322.0	1,000.0	1,528.0	1,000.0	12,000.0	16,850.0	
Unallocated Reduction	(1,000.0)	(1,000.0)	(1,000.0)			(3,000.0)	TPL report back with specific project changes to meet the 2008 recommended capital plan.
Total	850.0	-	-	1,000.0	12,000.0	16,850.0	

Program Capacity and Readiness to Proceed

The 2007 Approved Capital Budget of \$18.264 million was 29% or \$5.370 million spent as of June 30, 2007. Actual expenditures by year-end are anticipated to be \$18.124 million or 99% of the 2007 Approved Capital Budget, which is consistent with the spending trends of prior years. TPL has demonstrated the capacity to deliver, as its actual spending rate over the last four years has averaged 82% or \$11.951 million per year.

The Recommended 5-Year Capital Plan is based on state of good repair evaluations of the library facilities which are carried out on an on-going basis by internal and external sources, including, the Norr Report (1999) and the Wong Gregerson Building Audit (2002). These comprehensive evaluations of building conditions include architectural and structural assessments, and regulatory inspections. TPL plans to undertake a comprehensive audit in 2008 to assess the state of good repair of facilities and equipment. It is a standard industry practice to conduct similar audits every five years and to monitor the needs and conditions internally, on an on-going basis. The cash flow requirements of the Recommended 5-Year Capital Plan reflects realistic spending on phased facility projects based on project planning and procurement and other requirements.

Backlog of Projects – Unmet Needs

Of 102 buildings maintained by TPL, approximately 20% are more than 50 years old and 60% are more than 25 years old. Today, TPL's average building is 36 years old and one third of the branches have not had a renovation in over 20 years.

TPL's SOGR backlog is \$16.9 million accumulated over the period 2001-2007. The SOGR backlog is projected to increase by \$3.1 million over 2008 to 2010; \$2.1 million over 2011 to 2012 to \$30.5 million by 2012. This estimate is based on the industry benchmark of 2% of the current replacement value of \$550 million of building investment requirements or \$11.0 million, compared to the recommended average SOGR funding of \$8.3 million a year. This results in an annual average shortfall of \$2.7 million over the next 5 years. Even though TPL's capital funding has increased from an average of \$9.0 million to \$11.0 million in three years, it has been partially allocated to growth/expansion projects.

The City's Corporate Facilities and Real Estate Division concurs with the 2% industry benchmark for state of good repair used by TPL, given the high level of public use (17 million visits per year) although the average state of good repair funding for City-owned properties is approximately 1% of the current replacement value of buildings.

Year	SOGF Funding (in \$M)	Shortfall (in \$M)
2000	6.8	(3.7)
2001	9.4	(1.1)
2002	7.5	(3.0)
2003	9.3	(1.2)
2004	8.5	(2.0)
2005	8.5	(2.0)
2006	8.8	(1.7)
Sub-Total	58.8	(14.7)
2007	8.6	(2.2)
Total	67.4	(16.9)

There is no state of good repair backlog for information technology requirements at the end of 2007. Assets are replaced on an on-going basis through IT projects such as the Technology Asset Management Program (TAMP), Integrated Library Services (ILS) and Virtual Branch Services projects.

Capital Project Highlights

Strategic Priority: Invest in Toronto's 13 Priority Neighbourhoods

The Recommended 5-Year Capital Plan advances the City's strategy priority to "Invest \$13 million in Toronto's 13 Priority neighbourhoods". The following table identifies the TPL projects that support this priority.

Ward	Project	Priority Neighbourhood	2008	2009	2010	2011	2012	Total (2008 - 2012)
29	S. W. Stewart Renovation	Flemingdon Park-Victoria Village	1,896	129				2,025
01	Albion Renovation	Jamestown				464		464
09	Jane Sheppard Relocation	Jane-Finch	1,053	1,025				2,078
37	Kennedy Eglinton Expansion	Eglinton East - Kennedy Park	950					950
29	Thorndcliffe Renovation & Expansion	Flemingdon Park - Victoria Village	1,348	876				2,224
40	Agincourt Renovation/Expansion	Steeles L'amoreaux					705	705
43	Cedarbrae Renovation	Kingstone Galloway	1,196	3,280	1,719			6,195
Total			6,443	5,310	1,719	464	705	14,641

The above-mentioned projects will provide TPL with opportunities through the use of its improved facilities, to contribute further in promoting multi-ethnic culture, literacy and job skills, and employment opportunities, particularly to at-risk youth.

Other City Initiatives:

The TPL's 5 Year Capital Plan includes the following major capital initiatives:

Summary of Major Capital Initiatives

	\$000s						
	2008 Rec. Budget	2009 Plan	2010 Plan	2011 Plan	2012 Plan	Total 2008 -2012	Total 2013 -2017
SOGR	14,763	13,867	13,121	13,360	12,698	67,809	103,019
Service Improvement/Growth	4,496	7,500	6,330	6,424	6,487	31,237	25,541
Unallocated reduction*	(1000)	(1000)	(1000)	0	0	(3,000)	0
Total	18,259	20,367	18,451	19,784	19,185	96,046	128,560
Other Major City Initiatives (submission):							
Facilities Projects:							
Toronto Reference Library	1,695	4,286	3,000	2,250	3,000	14,231	3,032
Waterfront Neighbourhood Library	431	2,835	2,654	1,500		7,420	
Scarborough Centre Neighbourhood Library		297	1,702	3,375	1,683	7,057	432
Brentwood Library	248	1,464	2,831	1,674		6,217	
Other	11,740	7,150	3,556	6,027	9,294	37,767	99,056
Sub-total: Facilities Projects	14,114	16,032	13,743	14,826	13,977	72,692	102,520
IT sub-projects	4,145	4,335	4,708	4,958	5,208	23,354	26,040
Total	18,259	20,367	18,451	19,784	19,185	96,046	128,560

* The Toronto Library Board to report back with specific project changes to meet the debt target recommended for 2008, 2009, and 2010.

The Recommended 5-Year Capital Plan consists of 67.48% SOGR projects, which include, Bloor/Gladstone Library Renovation, Cedarbrae Library Renovation, S. W. Stewart Library Renovation, Jane/Dundas Library Renovation, Brentwood Renovation, Dufferin/St. Clair Library Renovation, Jane/Sheppard Library Reconstruction, Toronto Reference Library Renovation, Multi-branch Minor Renovation and all IT projects including, Virtual Branch Services, Technology Asset Management Program (TAMP), Sanderson Library Renovation, Northern District Library Renovation, Ellesmere Library Renovation, and Albion Library Renovation.

The remainder 32.52% are Growth related, consisting of Bloor/Gladstone Library Expansion, Brentwood Library Expansion, Waterfront Library Construction, Thorncliffe Library Expansion, Toronto Reference Library Expansion, Cliffcrest Library Relocation, Kennedy/Eglinton Library Expansion, Fairview Entrance/Theatre Renovation, St. Lawrence Library Relocation and Expansion, and Agincourt Library Expansion.

Operating Budget Impact – 5-Year Plan Incremental Operating Impact Summary

Incremental Operating Budget Impact	2008	2009	2010	2011	2012
2008 Recommended Capital Budget					
Program Costs (net) (\$000s)	476.0	619.0	80.0	857.0	
Approved Positions	7.5	2.4		11.0	
Debt Service Charges (\$000s)	355.5	1,633.5	1,395.5	730.2	184.1
Recommended 2009-2012 Capital Plan					
Program Costs (net) (\$000s)					894
Approved Positions					11
Debt Service Charges (\$000s)			144.5	839.8	1,495.9
Total					
Program Costs (net) (\$000s)	476.0	619.0	80.0	857.0	894.0
Approved Positions	7.5	2.4		11.0	11.0
Debt Service Charges (\$000s)	355.5	1,633.5	1,540.0	1,570.0	1,680.0
<i>Debt service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following</i>					

Program Operating Impacts

The net incremental operating costs include, salaries, utility, services and rents, materials and supply expenses and software licences, due to the renovation and expansion of previously approved projects and new projects, as noted below.

Project Name	2008		2009		2010		2011		2012		TOTAL	
	\$000's	Positions	\$000's	Positions	\$000's	Positions	\$000's	Positions	\$000's	Positions	\$000's	Positions
Previously Approved Projects												
Jane/Sheppard Neighbourhood Library	11.0	-	-	-	-	-	-	-	-	-	11.0	-
Cliffcrest Neighbourhood Library	11.0	-	-	-	-	-	-	-	-	-	11.0	-
Cedarbrae District Library		-	35.0	-	-	-	-	-	-	-	35.0	-
Bloor/Gladstone District Library	387.0	7.5	405.0	-	-	-	-	-	-	-	792.0	7.5
S. W. Stewart District Library	26.0	-	-	-	-	-	-	-	-	-	26.0	-
Jane/Dundas Neighbourhood Library	15.0	-	-	-	-	-	-	-	-	-	15.0	-
Dufferin/St. Clair Neighbourhood Library	12.0	-	-	-	-	-	-	-	-	-	12.0	-
Thorncliffe Library		-	92.0	1.4	80.0	-	-	-	-	-	172.0	1.4
Brentwood Library		-	-	-	-	-	21.0	-	-	-	21.0	-
New Projects												
Waterfront Neighbourhood Library		-	-	-	-	-	836.0	11.0	-	-	836.0	11.0
St. Lawrence Neighbourhood Library		-	87.0	1.0	-	-	-	-	-	-	87.0	1.0
Scarborough Centre Neighbourhood Library		-	-	-	-	-	-	-	894.0	11.0	894.0	11.0
Kennedy/Eglinton Neighbourhood Library	14.0	-	-	-	-	-	-	-	-	-	14.0	-
		-	-	-	-	-	-	-	-	-	0.0	-
Total Recommended (Net)	476.0	7.5	619.0	2.4	80.0	-	857.0	11.0	894.0	11.0	2926.0	31.9

An additional 31.9 positions will be required as a result of the Recommended 2008 – 2012 Capital Plan:

- 7.5 positions in 2008 for the expansion of the Bloor/Gladstone District Library by over 8,600 square feet to 20,000 square feet, which will also be equipped with a user education centre, planned upgrades to its IT infrastructure and an increase in library materials (over 10,000 items);
- 1.4 positions in 2009 for the expansion of the Thorncliffe Library by 5,000 square feet to approximately 10,000 square feet. The expansion will provide additional study space, meeting space and more library programs for newcomers and children.
- 1.0 positions in 2009 for the St. Lawrence Library Relocation/Expansion project due to the relocation of the existing library to another City-owned property in the East Waterfront community, projected to grow by 22,000 residents;
- 11.0 positions in 2011 will be required for the new 15,000 square feet Waterfront Neighbourhood Library, to be constructed on City-owned land that will service the Railway Lands community (Trinity-Niagara area), projected to grow by 12,000 residents. The Library will include an opening collection of 50,000 items and will feature an open floor plan including a barrier free access for the public, study seating, separate and sound proof multi-purpose programming space for branch and community use, installation of self-service check-out, protective security systems, fire and bibliographic anti-theft systems (\$0.836 million); and,
- 11.0 positions in 2012 will be required for the new 15,000 square foot Scarborough Centre Neighbourhood Library, to be constructed on City-owned land that will service the Scarborough Town Centre and Civic Centre area. The area currently experiences significant increases in multi-family residential development and a projected population base of 30,000 to 40,000 residents. The Library will include an opening collection of 50,000 items and will feature an open floor plan including a barrier free access for the public, space for adults and children's collections, study and lounge seating, separate and sound proof multi-purpose programming space for branch and community use, installation of self-service check-out, protective security systems, fire and bibliographic anti-theft systems. (\$0.894 million)

Total 2008 Recommended Cash Flow & Future Year Commitments
(\$000s)

	2006 & Prior Year Carry Forwards	2008 Previously Approved Cash Flow Commitments	2008 New Cash Flow Recommended	2008 Total Cash Flow Recommended	2008 Debt Target	2007 Carry Forwards	Total 2008 Cash Flow (Incl 2007 C/Fwd)	2009	2010	2011	2012	2013-2017	Total Cost
Expenditures													
Previously Approved		16,433		16,433		140	16,573	13,908	1,719				32,200
Change in Scope*			445	445			445	3,127	5,831	1,674			11,077
New			2,381	2,381			2,381	4,035	2,654	1,500			10,570
New w/Future Year				0			0						0
Unallocated reduction*			(1,000)	(1,000)			(1,000)	(1,000)	(1,000)				(3,000)
Total Expenditure		16,433	1,826	18,259		140	18,399	20,070	9,204	3,174			50,847
Financing													
Debt		10,622	2,228	12,850	11,000		12,850	12,000	6,182	1,674			32,706
Subsidy				0			0						0
Prov. Subsidy/Grant				0			0						0
Development Charges		2,378	598	2,976			2,976	7,362	2,214				12,552
Other		3,433		3,433		140	3,573	1,708	1,808	1,500			8,589
Federal Grants				0			0						0
Reserves/Res Funds				0			0						0
Unallocated reduction*			(1,000)	(1,000)			(1,000)	(1,000)	(1,000)				(3,000)
Total Financing		16,433	1,826	18,259		140	18,399	20,070	9,204	3,174			50,847

* The Toronto Library Board to report back with specific project changes to meet the recommended debt target for 2008, 2009, and 2010.

Comments / Issues:

- The 2008 Recommended Capital Budget is \$18.399 million gross and includes unspent funding from 2007 projects being carried forward into 2008 of \$0.140 million; previously approved project commitments of \$16.433 million; and, \$1.826 million for new/change in scope projects, with future year commitments for new/change in scope projects of \$7.162 million in 2009, \$8.485 million in 2010; and, \$3.174 million in 2011.
- New Projects starting in 2008 include: Waterfront Neighbourhood Library Construction and Kennedy/Eglinton Expansion in the priority neighbourhood of Eglinton East – Kennedy Park. Development Charges of \$2.976 million will fund 10 projects in 2008. \$3.573 million of ‘Other’ financing consists of \$1.645 million from TPL’s operating contribution for the TAMP, \$1.500 million in Section 37 contributions for the TRL Retrofit/Expansion, and third party funding (Landlord contribution) of \$0.288 million for the Cliffcrest Library Relocation project.
- Given the debt affordability constraints, \$1.0 million reduction is recommended in 2008, 2009, and 2010. Thus, the Toronto Library Board is requested to report back on specific project reduction to meet the Recommended 5-Year Capital Plan.

2008 Recommended Capital Budget

2008 Recommended Capital Budget versus Debt Target

The 2008 Recommended Capital Budget is over target by \$0.850 million due to addition of \$0.950 million gross and \$0.850 million debt investment in the Kennedy/Eglinton Library expansion capital project to advance the strategic priority to “Invest \$13.0 million in 13 Priority Neighbourhoods”. This funding will expand the existing space by 2,628 sq. ft for extra gathering spaces for teens and children, study space and improved programming space.

Recommended Capital Budget by Category

SOGR project funding represents 75.35% of the 2008 Recommended Capital Budget. The SOGR backlog is \$16.9 million and is projected to increase by \$2.7 million per year over the next 5 years to \$30.5 million by 2012, based on the industry benchmark of 2% of the current replacement value of \$550 million of building investment requirements or \$11.0 million, compared to the recommended average SOGR funding of \$8.3 million a year.

The SOGR projects include Bloor/Gladstone Library Renovation, Cedarbrae Library Renovation, S. W. Stewart Library Renovation, Jane/Dundas Library Renovation, Brentwood Renovation, Dufferin/St. Clair Library Renovation, Jane/Sheppard Library Reconstruction, Toronto Reference Library Renovation, Multi-branch Minor Renovation and all IT projects including, Virtual Branch Services and Technology Asset Management Program (TAMP).

The remainder of the funding (24.65%) is allocated to Growth related projects, consisting of Bloor/Gladstone Library Expansion, Brentwood Library Expansion, Waterfront Library Construction, Thorncliffe Library Expansion, Toronto Reference Library Expansion, Cliffcrest Library Relocation, and Kennedy/Eglinton Library Expansion.

PART II: ISSUES FOR DISCUSSION

5-Year Capital Plan Issues

Debt Affordability Target

During the 2006 Budget Process, Council adopted the recommendation by the Budget Advisory Committee, that “the 2007-2010 debt guidelines for TPL, be set at \$11.0 million, and that Financial Planning staff review other reserve options to further reduce the debt requirements”. As no reserves could be identified, the recommended debt target was established at \$11.0 million annually.

In the 2007-2011 Capital Plan, the debt target for TPL was \$11.0 million per year. The TPL’s 2008-2012 Capital Plan submission requested debt funding of \$12.0 million per year or \$1.0 million over target in each of the years. Due to debt affordability constraints, the TPL debt target was increased by \$1.0 million only in 2011 and 2012 to match TPL’s cash flow requirements in those two years.

The 2008 Recommended Capital Budget is also over target by \$0.850 million due to the additional investment in the Kennedy/Eglinton Library expansion capital project to advance the strategic priority to “Invest \$13.0 million in 13 Priority Neighbourhoods”.

In addition, TPL’s 5-Year Capital Submission exceeded the target by \$1.0 million per year from 2008 through 2010, primarily due to the funding requirements for:

- *Increase costs of construction:* mainly due to rising construction costs at approximately 20% over the past 3 years. The new Green Building Standard also adds approximately 10-15% to construction costs. Since most capital projects in the Capital Plan are facility projects, the Program is significantly affected by these factors;
- *IT development:* the Virtual Branch capital project allows TPL to upgrade the existing virtual library services to ensure the investment in e-service delivery technology is maintained, re-design the TPL’s website, work on the Ontario History Quest and Kid’s Space webpage, and provide additional disk storage to address the continuous demands for more information/library materials made available through the Internet.
- *Unexpected Capital Needs:* the Multi-Branch Minor Renovation capital project allows TPL to address minor renovations such as replacement of roofing, building systems, flooring, replacement of shelving and furnishings until funding for a full branch renovation is available.
- *New Branches/Expansion to address increasing demands:* 1 new branch and 1 expansion project to provide service in growing areas of the City: the Scarborough Centre and the Kingsway (Brentwood District Library).

To meet the Recommended 5-Year Capital Plan, the following reduction/deferral options were presented to, however not endorsed by the Library Board on October 15th, 2007.

- Delay the start of the Brentwood project from 2008 to 2010. This project will eliminate structural and mechanical programs, provide barrier free access on all floors, and a single public entrance to increase service efficiencies and access.

- Delay the start of the Sanderson project from 2010 to 2012. This project will address major building deficiencies such as roofing replacement, heating and cooling systems, and energy efficiency measures.
- Reduce funding by \$1.2 million in 2008 to 2009 and reinstate the amount in 2010 for Toronto Reference Library (TRL). The deferral of funding for the TRL project not only lengthens and complicates the project, but also increases the overall project costs.
- Reduce funding by \$0.4 million from 2008 and 2009 and reinstate the funding in 2010 for Virtual Branch Services. It is essential to ensure the systems are compatible with the current technologies and capable with both the in-branch systems and the access of Library online materials from home, work, or school.
- Reduce funding by \$0.3 million from 2008 to 2009 and reinstate the amount in 2010 for the Multi-branch Minor Renovation. A reduction in this project will result in a reduced ability to undertake minor renovations and building systems upgrades that extend the life of branches until a major renovation can be undertaken.

A copy of the Board report was forwarded to Budget Committee. However, it is recommended that the Toronto Library Board report to Budget Committee during its wrap-up meeting of November 21, 2007 on specific project adjustments to meet the Recommended 5-Year Capital Plan's debt levels for 2008, 2009 and 2010.

Issues Referred to the Budget Process

Issues Referred to 2008 Capital Budget Process

No issues referred to 2008 Capital Budget Process.

Outstanding Issues from Prior Years

No outstanding issues from prior years.

Appendix 1

2008 Recommended Capital Budget; 2009 to 2012 Plan and 2013 to 2017 Estimates

Appendix 2

**2008 Recommended Cash Flow
& Future Year Commitments**

Appendix 3
2008 Recommended Capital Projects
with Financing Details

Appendix 4

Reserve / Reserve Fund Review

(\$000s)

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as of December 31, 2007	Proposed Withdrawals				
			2008	2009	2010	2011	2012
XR2029 Development Charges Reserve Fund	Beginning Balance	\$3,636					
	Estimated annual DC contributions for buildings		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
	Bloor/Gladstone Library		(\$1,066)	(\$790)			
	Cedarbrae Library		(\$62)	(\$53)			
	Brentwood Library		(\$248)	(\$1,328)			
	West Waterfront Library		(\$431)	(\$2,835)	(\$846)		
	Jane/Sheppard Library		(\$273)	(\$488)			
	Thorncliffe Library		(\$567)	(\$491)			
	Mutli-branch Minor Renovations		(\$45)	(\$54)			
	Toronto Reference Library		(\$22)	(\$1,323)	(\$1,368)		(\$32)
	Cliffcrest Library		(\$162)				
	Kennedy/Eglinton Library		(\$100)				
	Sub-Total: Withdrawals - XR2029		(\$976)	(\$5,362)	(\$214)	\$2,000	\$1,968
XR1061 Library Capital Projects Reserve Fund	Beginning Balance	\$92					
	Jane/Sheppard Library		(\$92)				
	Sub-Total: Withdrawals - XR1061		(\$92)	\$0	\$0	\$0	\$0
TOTAL RESERVE FUND BALANCE AT YEAR-END		\$3,728	(\$1,068)	(\$5,362)	(\$214)	\$2,000	\$1,968