

2019–2028 Capital Budget & Plan – Adoption

Date:	March 25, 2019
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library (TPL) Board adoption of the Council-approved 2019-2028 capital budget and plan of \$21.860 million debt (\$28.674 million gross) for 2019, \$178.870 million debt (\$309.412 million gross) over 2019-2028 and additional preliminary carry-forward funding of \$2.389 million debt (\$8.772 million gross) in 2019. The capital budget and plan includes \$4.982 million debt (\$5.475 million gross) of additional funding beyond the debt target in 2021-2023. In each of the past four years, the approved capital funding has been above the debt target.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. adopts the 2019-2028 capital budget and plan of \$181.259 million debt (\$318.184 million gross) for projects listed in Attachment 1, with funding comprised of:
 - a. 2019 cash flow of \$21.860 million debt (\$28.674 million gross) with future year commitments of \$20.687 million debt (\$41.147 million gross) for 2020; \$12.745 million debt (\$30.191 million gross) for 2021, \$2.053 million debt (\$6.840 million gross) for 2022 and zero debt (\$3.658 million gross) for 2023; and
 - b. 2020-2028 uncommitted capital plan totalling \$121.525 million debt (\$198.902 million gross); and
 - c. preliminary carry-forward funding from 2018 into 2019 of \$2.389 million debt (\$8.772 million gross).

FINANCIAL IMPACT

TPL’s approved 2019-2028 capital budget and plan, excluding preliminary carry forward funding of \$2.389 million debt (\$8.772 million gross), consists of a 2019 cash flow of

\$21.860 million debt (\$28.674 million gross) and total 2019-2028 cash flows of \$178.870 million debt (\$309.412 million gross), which includes \$4.982 million debt (\$5.475 million gross) of additional funding beyond the debt target in 2021-2023 to address the State of Good Repair (SOGR) backlog at multiple branches.

The Council-approved budget and plan is comprised of three components: 2019 cash flow projects with future year commitments, 2020-2028 uncommitted capital projects and 2019 cash-flow carry-forward from 2018. The following table summarizes these components of the budget and plan:

2019-2028 Approved Capital Budget and Plan (\$ millions)

	2018 Carry Forward	2019*	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total 2019-2028 (Excl. Carry Forward)
Gross												
2019 Projects with future year commitments	8.772	28.674	41.147	30.191	6.840	3.658						110.510
Future Year Projects (Commencing in 2020 & Beyond) - uncommitted		-	4.914	11.997	23.990	27.485	18.627	25.184	29.276	27.202	30.227	198.902
Total Gross	8.772	28.674	46.061	42.188	30.830	31.143	18.627	25.184	29.276	27.202	30.227	309.412
Debt												
2019 Projects with future year commitments	2.389	21.860	20.687	12.745	2.053	-						57.345
Future Year Projects (Commencing in 2020 & Beyond) - uncommitted			1.390	8.976	16.652	15.537	13.410	16.330	16.410	16.410	16.410	121.525
Total Debt	2.389	21.860	22.077	21.721	18.705	15.537	13.410	16.330	16.410	16.410	16.410	178.870

* The 2019 approved budget, including carry forward funding, is \$37.446 million gross. Project listing of 2019 projects with future year commitments can be found in Appendix 8 of the [2019 Budget Notes](#).

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

ALIGNMENT WITH STRATEGIC PLAN

The 2019-2028 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 21st century service excellence.

EQUITY IMPACT STATEMENT

The 2019-2028 capital budget and plan for TPL is informed by the principles of equity and access. The plan was developed using access as one of the key drivers for investment in capital projects. The plan will increase TPL's capacity to align the investment in library facilities and services with need and demand across the city. It seeks to improve equity with respect to facility and service access for all residents, including equity-seeking groups in the City of Toronto.

ISSUE BACKGROUND

At the meeting on October 29, 2018, the Library Board approved the [2019-2028 Capital Budget and Plan](#) revised submission of \$21.915 million debt (\$28.830 million gross) in 2019 and \$251.234 million debt (\$472.871 million gross) over 2019-2028, which is comprised of \$173.888 million debt (\$303.937 million gross) meeting debt targets and \$77.346 million debt (\$168.934 million gross) above the debt targets. The additional funding exceeding debt target was requested by the Board to partially address the growing SOGR backlog.

At its meeting on February 4, 2019, the City's Budget Committee began consideration of the [City staff recommended 2019–2028 Capital Budget and Plan](#) for TPL of \$178.870 million debt (\$309.412 million gross), which is comprised of the Board funding request meeting debt targets plus an additional \$4.982 million debt (\$5.475 million gross) funding for the Multi-Branch Minor Renovation Program that exceeds debt targets in 2021-2023, to help address the SOGR backlog at multiple branches. The remaining eight projects (\$72.364 million debt and \$163.459 million gross over 2019-2028) that were part of the Board funding request exceeding debt targets, but are not included in the recommended budget, are listed below:

- Toronto Reference Library
- Other Multi-Branch Minor SOGR projects
- Barbara Frum
- Parkdale
- Lillian H. Smith
- Downsview
- Danforth/Coxwell Relocation and Expansion
- Etobicoke Civic Centre New Construction.

At its final meeting on February 20, 2019, Budget Committee endorsed the City staff-recommended 2019–2028 capital budget and plan with no changes.

COMMENTS

At its meeting on March 4, 2019, the Executive Committee endorsed the Budget Committee's recommended 2019-2028 capital budget and plan.

At its meeting on March 7, 2019, Council approved the 2019-2028 capital budget and plan, as recommended by Executive Committee, of \$21.860 million debt (\$28.674 million gross)

for 2019 (excluding preliminary carry forward from 2018) and \$181.259 million debt (\$318.184 million gross) over 2019-2028 (including preliminary carry forward from 2018), which includes \$4.982 million debt (\$5.475 million gross) of additional funding beyond the debt target in 2021-2023 to address SOGR backlog at multiple branches, as well as a preliminary carry forward of \$2.389 million debt (\$8.772 million gross) from 2018 to 2019.

The projects included in the approved budget and plan are listed in Attachment 1. The 2019-2028 capital budget and plan does not include eight projects totalling \$72.364 million of debt funding (\$163.459 million gross) included in the Board's submission exceeding debt target. The SOGR backlog, over the next 10 years, is expected to increase from \$68.413 million or 5.5% of total asset value in 2019 to \$158.949 million, which represents 12.2% of the total asset value, by the end of 2028. While there have been increases in funding above debt target in the each of the last four years, there is still a significant increase in the SOGR backlog over the ten-year plan that will need to be addressed in future budgets.

The last Building Condition Assessment (BCA) was done over four years ago. Based on the analysis recently done for the approved Facilities Master Plan, the actual SOGR backlog is likely much larger than the reported amounts. Work to update the BCA will be undertaken in 2019.

Council approval of the 2019-2028 budget and plan only confers authority to spend the 2019 budget and related future-year spending for approved projects within the 2019 budget plan. This amounts to \$57.345 million debt (\$110.510 million gross), excluding carry forward from 2018. Spending requirements for projects commencing in 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.

CONTACT

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SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: Council-approved 2019-2028 Capital Budget & Plan – Gross and Debt Funding



2019-2028 Capital Budget and Plan - Adoption

Toronto Public Library Board

March 25, 2019

Development of capital program guided by:

Service Delivery Model – Four Tiers of Service

Branch Development Strategy

Technology Infrastructure

SOGR Backlog

TOcore / Population Growth

TPL Facilities Master Plan

City Planning Studies / Shared Used Facilities

Budget Drivers and Constraints

Drivers

SOGR backlog

AODA

Council Priorities

City-Wide Real Estate Program

Shared Used Facilities

TOcore/Population Growth

New Technologies

Constraints

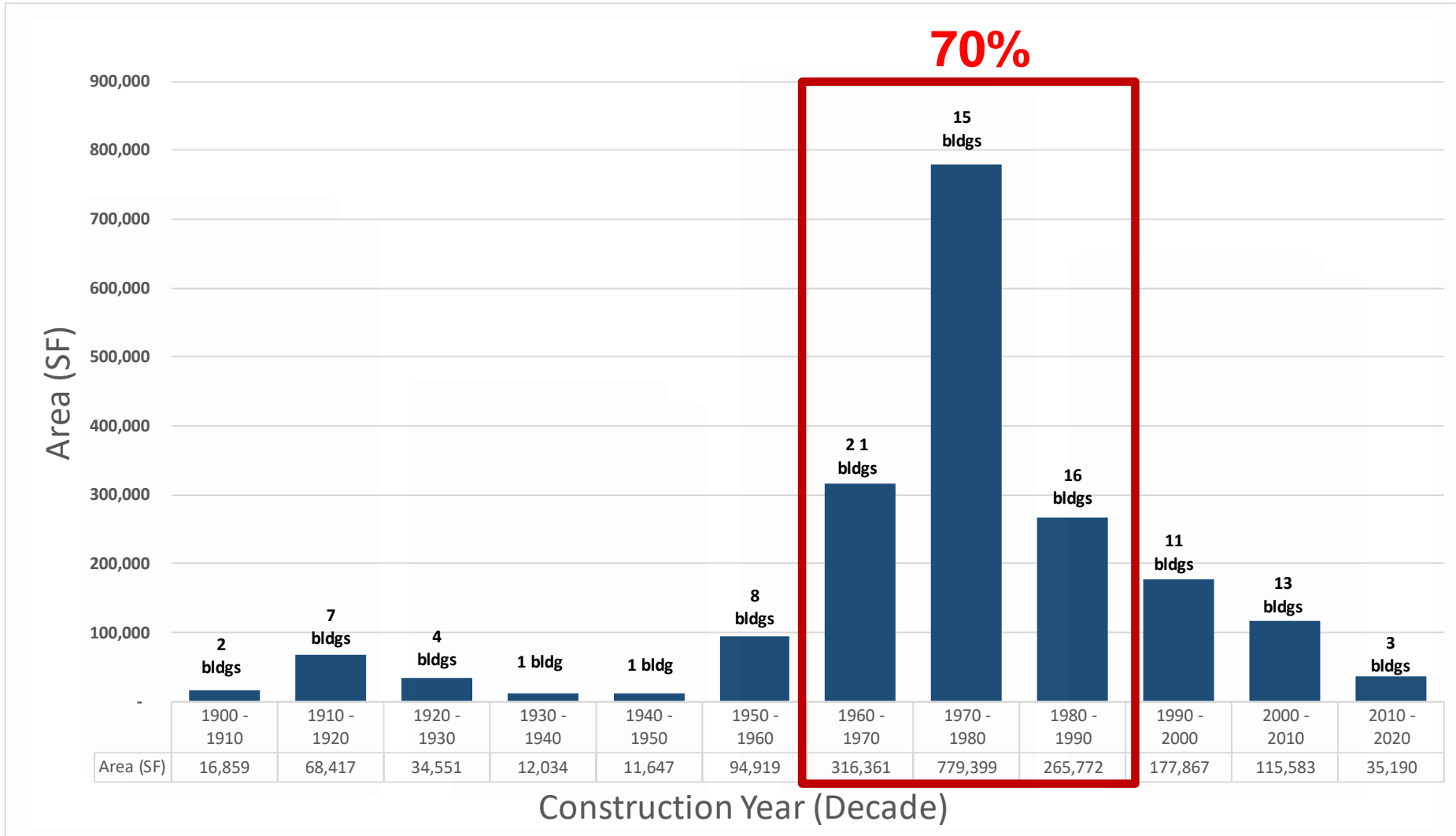
Inadequate Debt Targets

Rising Construction Costs

Manage and Reduce Operating Costs

City Planning Approvals

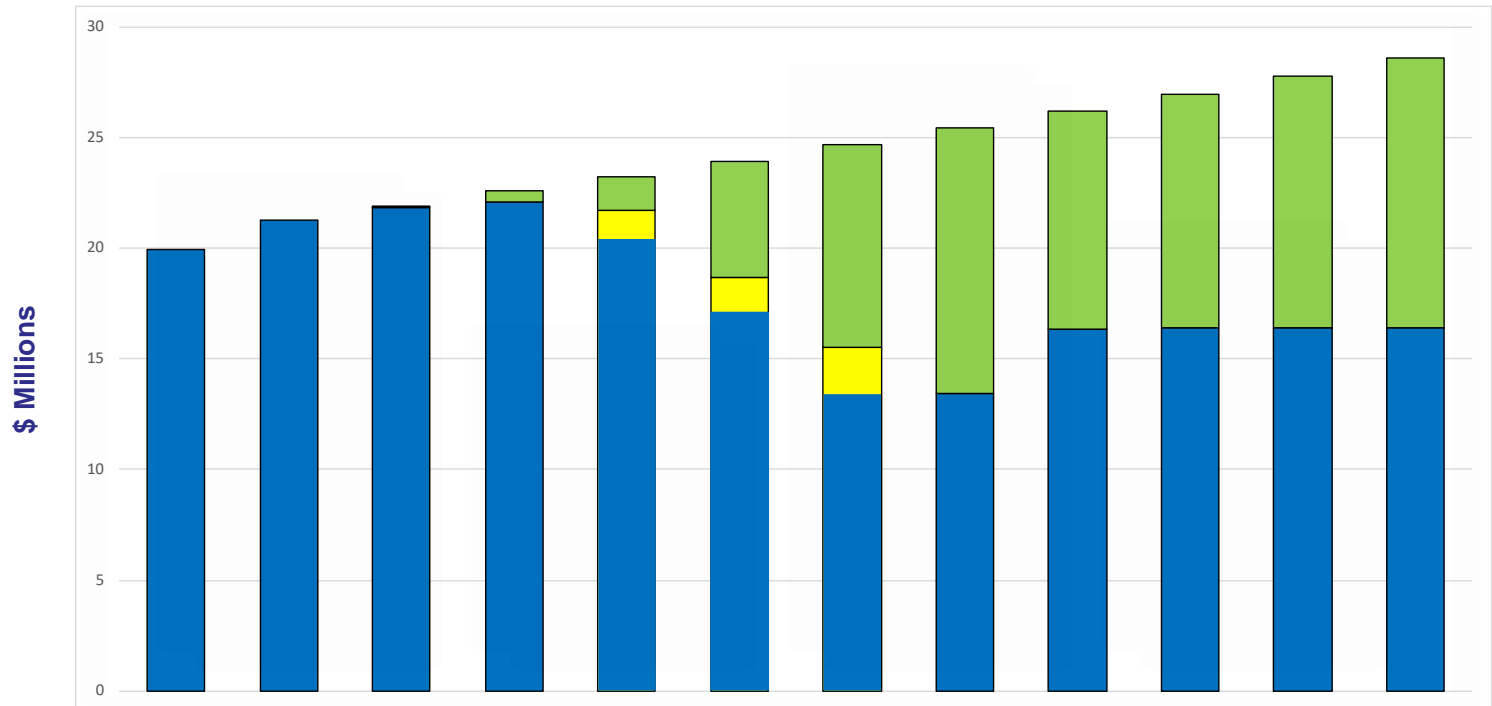
Building Age Profile



2019 – 2028 Debt Funding

Approved Debt Funding \$178.9 M

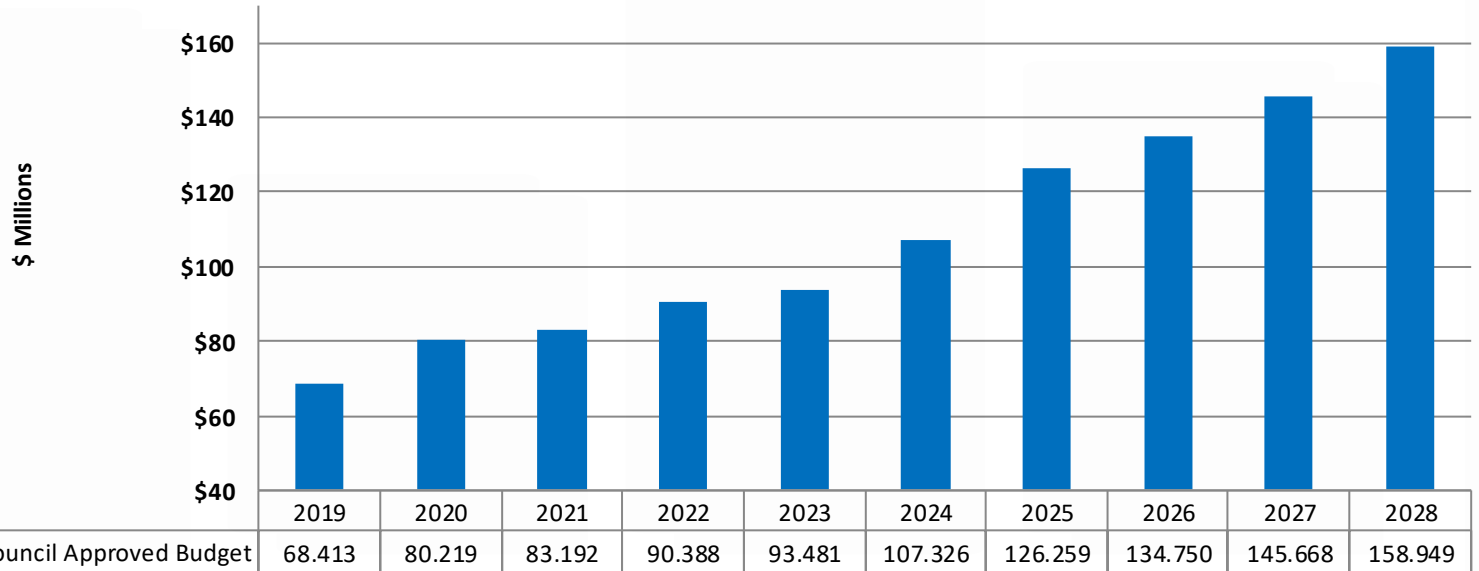
Not Approved Debt Funding (\$72.4M)
(\$ millions)



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Additional Debt Funding - Not Approved			0.055	0.496	1.529	5.242	9.129	11.996	9.838	10.543	11.352	12.185
Approved Debt Target	19.967	21.277	21.860	22.077	20.411	17.160	13.410	13.410	16.330	16.410	16.410	16.410
Additional Debt Funding Approved					1.310	1.545	2.127					
Total Approved Debt Funding			21.860	22.077	21.721	18.705	15.537	13.410	16.330	16.410	16.410	16.410

State of Good Repair Backlog

**Accumulated SOGR Backlog
(\$millions)**

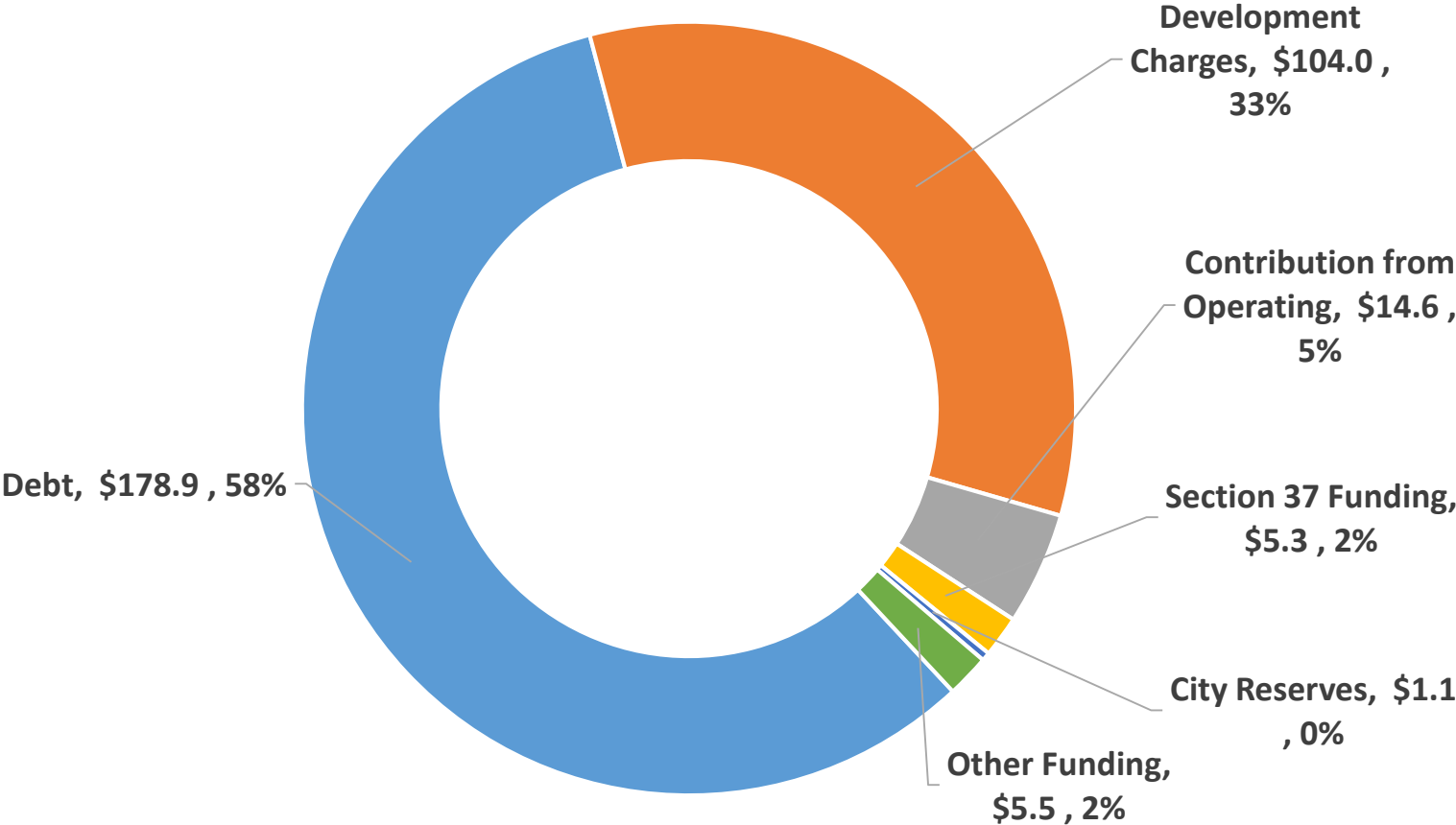


Note: FMP estimates current backlog at \$101.1M

Council Approved 2019 – 2028 Capital Budget and Plan

Where the Money Comes From

2019-2028 Capital Budget and Plan By Funding Source
(Total = \$309.412 Million Gross)



Council Approved 2019 – 2028 Capital Budget and Plan

2019-2028 Capital Budget and Plan Summary (\$ Millions)

	Board Recommended		Council Approved		Council Not Approved	
	Gross	Debt	Gross	Debt	Gross	Debt
Projects meeting Debt Target	303.937	173.888	303.937	173.888	-	-
Projects exceeding Debt target	168.934	77.346	5.475	4.982	163.459	72.364
Total Capital Plan	472.871	251.234	309.412	178.870	163.459	72.364

SOGR Backlog Council Approved Budget = \$158.9 million by 2028

Capital Budget Spend:

- History of successful delivery of capital program
- Average spend rate of nearly 87% of approved capital; one of the highest in the City:

Year	% Budget Spend
2014	93.6%
2015	88.2%
2016	95.8%
2017	75.8%
2018	80.4%
Average	86.8%

- TPL has requested additional capital funding and has demonstrated our ability to spend the budget