

LIBRARY BOARD BUILDING PROGRAM AND DEVELOPMENT CHARGE FORECAST

Recommendation

The Commissioner of Finance & City Treasurer recommends:

That the following report "Library Board Building Program and Development Charge Forecast" be received for information.

Contribution to Sustainability

Not applicable.

Economic Impact

The economic impact relating to the capital costs of the Library Board Building Program from 2011 to 2017 is as discussed in the report. For information purposes, the estimated additional operating costs approved by the Library Board September 15, 2011 that are associated with the Library Board Building Program are summarized below.

2012 Draft Operating Budget:

- Annual additional staffing costs for Thornhill Woods Library projected to be approximately \$532,000.
- Annual additional facility operations costs for Thornhill Woods Library projected to be approximately \$148,500.

2015 Draft Operating Plan (Submitted for 2014 by Library Board)

- Annual additional staffing costs for Civic Centre Resource Library projected to be approximately \$1,843,200
- Annual additional Resource Library facility operations costs of \$475,000

Communications Plan

Not applicable

Purpose

The purpose of this report is to provide Council with information regarding the Library Board Building Program and the forecasted Library Development Charges to 2018.

Background – Analysis and Options

On July 6, 2011 Council approved the following resolution:

"That staff provide a report with respect to moving forward on the construction of libraries in the City of Vaughan and include updates on lot levies as they come in."

The 2008 Development Charge (DC) Background Study and By-law were approved in 2008. The Library's 10 year average service level prior to 2008 established the Library development charge rate in the 2008 DC by-law, subject to semi-annual adjustment based on the building cost index permitted by the Development Charges Act.

The Background Study sets out the Library Board building program from 2009 to 2015, based on the assumed growth forecast included in the study. The intent is to align capital spending with DC cash available (revenues received), in order to maintain the current service level. Building in advance of, or subsequent to population growth, impacts the 10 year average service level.

The attached schedule illustrates the projected Library Board building program, based on forecasted development charge revenues and the 5 year draft Capital Budget approved by the Library Board on September 15, 2011 and submitted to the City for the 2012 budget process. The DC revenue forecast is revised from the forecast provided in the 2008 Development Charge Background study, and is based on an update to the growth forecast developed by Watson and Associates in 2011. Indexing has not been applied to the rates, and inflation has not been applied to costs shown on the schedule

The key points in the schedule are:

- The DC revenues shown are the combined total for land, building, furniture and equipment and materials.
- An additional 7,500 sq. ft. library was added to the capital program in 2011 for Thornhill Woods, as a result of the Library Board decision. The additional library was achieved through a reallocation of 7,500 sq. ft. from the Block 11 Carrville Library, which was originally 15,000 sq. ft.
- The timing for the construction of the Resource Library on the Civic Centre site shifted from 2010 as contemplated in the 2008 DC Background Study to 2012 as per the Library's budget submission.
- The Library Board adjusted the size of the Block 11 Carrville Library from 15,000 sq. ft. to 7,500 sq. ft. to allow sufficient capacity for the Thornhill Woods Library. The timing for the construction of the Blk. 11 Library shifted from 2013 to 2015.
- The Vellore Library construction has shifted from 2015 as contemplated in the 2008 DC Background Study to a forecasted construction in 2017.
- DC revenue projections are based on a "net population" basis rather than the "gross population" basis used in the 2008 Background Study. The net methodology is used as a result of an unfavourable OMB and Divisional Court decision involving the Town of Orangeville's use of the gross population methodology. The affect of this reduction to the DC rates and resulting revenues can be seen on the attached analysis. For example, in 2016 the projected closing balance for the Library DC account is \$4,978,835 under the net methodology. The 2016 closing balance would have been \$7,041,502 had the use of the gross methodology been permitted. The impact is a loss of \$2.1 million in development charge revenue.

Development Charge By-law Review

The attached Library Board Building Program was prepared in advance of updated information that will result from the Development Charge By-law review that is currently underway. The growth forecast and construction costs may be revised, and the impact of the last ten year average service level for Library services will be recalculated. It is expected that it will be necessary to revisit the Library Board Building Program as part of the Development Charge By-law review in 2012.

Relationship to Vaughan Vision 2020/Strategic Plan

N/A

Regional Implications

N/A

Conclusion

The Library Board Building Program as set out in the 2008 DC Background Changes, as well as the amendment to the plan approved by the Library Board incorporating the Thornhill Woods Library, the associated DC revenues, DC Reserve balances and the 5 year capital budget plans as submitted by the Library, are provided for information purposes.

Attachments

- Library Board Building Program 2011 - 2017

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Respectfully submitted,

Barbara Cribbett, CMA
Commissioner of Finance/City Treasurer

**Library Board Building Program
2011 to 2017**

	<u>Opening</u>								
Forecasted DC	<u>Balance 2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	
Reserve Opening Balance	19,909,845	17,682,264	14,036,990	5,989,075	5,765,180	5,510,387	4,102,445	4,978,835	
Interest		182,256	148,451	67,971	68,375	65,828	51,127	58,414	
Projected DC Collections		1,086,720.0	1,616,134.0	1,616,134.0	2,144,731.0	2,144,731.0	2,020,413.0	1,725,073.0	

Project Spending		2008 DC Background Study			Building Plan Based on Library Board's Approved & Draft Budget Submission					Forecast
Size (Sq. Ft)	DC Year	Component	Gross Cost	DC elig. 90%						
		<u>Thornhill Woods Library BLK 10</u>								
7500	2011	B10 - Land	371,250	334,125	(345,975)					
	2011	B10 - Build/F&E	2,656,250	2,390,625	(1,605,213)					
	2011	B10 - Materials	965,016	868,514	(751,062)					
		<u>Resource Library - Civic Centre</u>								
36000	2010	RL Land	2,475,000	2,227,500	(2,227,581)					
	2010	RL - Build/F&E	12,750,000	11,475,000	(899,000)	(9,450,000)	(1,125,000)	(621,000)		
	2010	RL - Materials	4,852,969	4,367,672	(1,313,000)	(362,500)	(783,000)	(783,000)	(783,000)	
		<u>Carrville Library BLK 11</u>								
7500	2012	B11 - Land	371,250	334,125				(519,100)		
	2013	B11 - Build/F&E	2,656,250	2,390,625				(153,300)	(2,444,000)	
	2013	B11 - Materials	965,016	868,514				(391,500)	(391,500)	(216,000)
		<u>Vellore Library BLK 40/41/42</u>								
15000	2014	Vellore - Land	742,500	668,250						(668,250)
	2015	Vellore - Build/F&E	5,312,500	4,781,250						(310,900)
	2015	Vellore - Materials	1,930,031	1,737,028						(1,737,028)

Sub total		36,048,031								
Reserve Closing Balance		17,682,264	14,036,990	5,989,075	5,765,180	5,510,387	4,102,445	4,978,835	554,943	
Comparative totals based on Rates Pre-Orangeville Decision		17,682,264	14,242,613	6,503,781	6,592,009	6,752,863	5,764,725	7,041,502	2,966,687	