



2016 – 2019 CITY OF LONDON STRATEGIC MULTI-YEAR BUDGET

ADDITIONAL INVESTMENTS BUSINESS CASE #1

STRATEGIC AREA OF FOCUS:	BUILDING A SUSTAINABLE CITY
SUB-PRIORITY:	ROBUST INFRASTRUCTURE
STRATEGY:	ADDRESS AND MANAGE THE INFRASTRUCTURE GAP TO MAINTAIN WHAT WE HAVE NOW AND REDUCE THE TAX BURDEN ON FUTURE GENERATIONS
INITIATIVE:	LIBRARY'S TEN YEAR CAPITAL PLAN
INITIATIVE LEAD(S):	SUSANNA HUBBARD KRIMMER, LONDON PUBLIC LIBRARY
SERVICE(S):	LIBRARY SERVICES
TOTAL 2016 – 2019 INVESTMENT REQUESTED (\$000'S):	\$1,900
TOTAL 2016 – 2019 NET BUDGET REQUESTED (\$000'S):	\$1,900

WHAT IS INCLUDED IN THE BASE BUDGET?

BASE BUDGET (\$000'S):	2015	2016-2019 TOTAL
Civic Service Areas:		
Operating	0	0
Full-Time Equivalents	0	0
Capital		
Total Capital	0	0
Boards & Commissions:		
Integrated Library System		
Branch Facilities Maintenance	670	1,900
Facility Renewal Plan		

Base Budget Summary:

The Library's capital plan addresses a number of needs:

- Maintain up-to-date, and functional capital assets by addressing and managing the infrastructure gap
- Replacement of aging equipment
- Provide safe, welcoming public spaces
- Improve the user experience; both for physical spaces and for technology
- Implement innovative ways to conserve energy

The Library's capital infrastructure plan includes:

- The annual capital requirement and priority plan for lifecycle renewal for 16 Library locations (RC3533 and RC3540); and
- The Integrated Library System (ILS), which is both a technology service delivery and an infrastructure system (RC3341).

These capital projects support the London Public Library's 2014 - 2017 Strategic Plan's Strategic Priorities *Spaces and Places*, *User First*, and *Current and Future Technology*.

BASE BUDGET METRICS	2015	2016	2017	2018	2019
Current capital plan funding (\$000's)	670	500	500	500	400

WHAT INVESTMENT IS REQUIRED FROM PROPERTY TAX?

TAX LEVY IMPACT (\$000'S):	2016	2017	2018	2019	2016-2019 TOTAL	2020-2025
Net Requested Tax Levy (Cumulative)	250	450	600	600	1,900	3,600
Net Incremental Tax Levy	250	200	150	0		
Annual Tax Levy Impact	0.05%	0.04%	0.03%	0.0%		

INITIATIVE DELIVERABLES

The need for an increase to the Library's capital projects was identified for 2016 as part of the 2015 budget development process. Several factors have contributed to the need for an increase in order to ensure that the necessary funding is in place to meet the following needs:

- Capital requirements and priorities for lifecycle renewal are updated annually as part of the Library's 10 year capital needs assessment plan, in order to sustain library infrastructure and avoid future costly repairs. As a result of the *Energy Management Facility and Renewal Plan* undertaken by the Library, recommendations were made to implement an integrated solution to improve energy efficiency, renew aging facility assets and enhance operational effectiveness in its buildings. A three year work plan has been identified that will improve the Library's Facility Condition Index (FCI) and reduce ongoing energy costs. Scheduled projects over the next three years include boiler replacements (2 branches), rooftop HVAC replacements (5 branches), new roofs (2 branches), modernization of HVAC controls and lighting replacements (6 branches). The capital investment should generate incentives of about \$20,000 and annual operating savings of approximately \$7,000.
- With a focus on 'spaces and places' in the Library's 'Strategic Plan 2014 – 2017 Library Space is Community Place' www.londonpubliclibrary.ca/YourPlan, as well as opportunities to increase meeting room revenue as identified by the PricewaterhouseCoopers (PwC) revenue audit, capital funding will be required in order to upgrade meeting room spaces (with the exception of the Central Library) to meet public needs and expectations and to generate additional operating revenue.
- As LPL renovates and updates physical spaces, work is being done to incorporate additional accessibility features.
- Annual capital spending for the ILS includes hardware/software applications and modules, and upgrades. In order to keep customer service current for technologies, including digital technologies and tools, ongoing lifecycle maintenance and new functionality is required. The same is required in order to keep the infrastructure and corporate systems functional and efficient.

- Implementation of these projects will provide the community with improved user experiences in up-to-date buildings with current technology. Maintaining the infrastructure will ultimately mean less taxpayer dollars for infrastructure repairs, and savings from effective energy management.

2015 Project Priorities

- A TSSA audit identified a need to replace the 25 year old Central Library emergency generator. With a 2015 cost of \$200,000, projects which had been previously identified and scheduled have been pushed back, reducing the Library's ability to fund those projects. [This project was identified independently from the Central Revitalization Project.] In order to accommodate the cost of the generator within the 2015 approved budget envelope, capital budget requests were shifted from RC3341 to RC3533 for three years (2016 to 2018) in order to accommodate its cost as well as the priorities listed above. In addition, as discovered through the tendering process, the cost of the two roof projects will be more than double the budgeted amount. This adds an unanticipated \$418,000 to the budget. Once again, priorities were shuffled and projects were deferred in order to accommodate the additional costs. Lighting upgrades to LED in order to save future costs had to be eliminated from the project list. Even with deferrals and elimination of less critical projects, further actions were required to avoid a shortfall in the reserve fund in 2015.
- To avoid requesting additional funds in 2015, the Library will draw down on a portion of the Integrated Library System (ILS) capital budget, if necessary, to fund any short fall as the result of the generator and roof projects. The generator project must be completed in 2015 in order to meet TSSA requirements and the roof must be completed to avoid potential damage to the building. By shifting the funding, technology projects as part of the ILS budget will be deferred. All remaining projects are critical and further delays could mean future costly repairs. Therefore, the reserve fund contribution should be increased, as well as the budget requests for future years, in order to accommodate these projects.

CUMULATIVE OPERATING BUDGET (\$000'S):	2016	2017	2018	2019	2016-2019 TOTAL	2020-2025
Expenditure	250	450	600	600	1,900	3,600
Source of Funding:						
Grants						
User Fees						
Savings from Existing Budget						
Other						
Net Tax Levy ⁽¹⁾	250	450	600	600	1,900	3,600
Additional Full-time Equivalents	0	0	0	0	0	0

(1) This tax supported request is recommended to allow for an increased contribution to the Library Facilities and Equipment Reserve Fund. The reserve fund provides for the annual capital requirement for both lifecycle renewal of 16 Library locations (RC3533 and RC3540), and the Integrated Library system – RC3341 (which is both a technology service delivery and an infrastructure system).

METRICS (CUMULATIVE CHANGES)	2016	2017	2018	2019
Required capital plan funding (\$000's)	250	450	600	600

WHAT ARE THE RISKS OF NOT PROCEEDING?

Some other specific risks include:

- 1 An inability to fund emergency repairs, one-time unanticipated expenses, or unanticipated increases in costs.
- 2 Not achieving a sustainable 10 year capital plan.
- 3 More costly repairs in the future if capital projects continue to be deferred.
- 4 Assets which will deteriorate over time.

5	An inability to recognize energy savings, increasing the pressure on the Library's operating budget.
6	Delays in upgrading meeting room spaces, hindering the ability to generate additional revenue, putting pressure on the operating budget in future years.
7	The potential loss of financial incentives offered by the energy providers.
8	Outdated technology, and aging public spaces, resulting in reduced customer service which is contrary to the User First Strategic Priority.

OTHER INFORMATION TO REFER TO

Library's 'Strategic Plan 2014 – 2017 Library Space is Community Place' www.londonpubliclibrary.ca/YourPlan