



**Town of Aurora
General Committee Report No. FS19-025**

Subject: Library Square - Financial Update
Prepared by: Jason Gaertner, Manager, Financial Planning
Department: Financial Services
Date: July 16, 2019

Recommendation

- 1. That Report No. FS19-025 be received.**

Executive Summary

This report presents Council with a financial update for the Library Square project.

- A summary by key Library Square project components of its total approved budget and expenditures as of June 30, 2019 has been included for Council's reference
- The Library Square project's funding strategy has been updated to reflect recent Council decisions

The Library Square project's total budget and associated funding strategy is expected to be finalized by Council in the fall of 2019.

Background

Council continues to refine the Library Square's design. To date some of its recent design refinements include:

- A bridge link between the New Church Street School Addition and the existing Aurora Public Library;
- Library extension vestibule; and
- New café.

In an effort to monitor the financial impacts of its approved refinements to the design of Library Square, Council has requested that staff provide regular financial updates to Council for this project.

In addition, recent Council decisions have necessitated an update of the recommended funding strategy for the Library Square project.

Analysis

A summary by key Library Square project components of its total approved budget and expenditures as of June 30, 2019 has been included for Council's reference

In an effort to ensure greater reporting transparency, the Library Square project's key components have been expanded to include the following five components:

- Demolition of 52 and 56 Victoria Street Structures,
- Addition to Church Street School,
- Outdoor Square,
- Parking & Laneway, and
- Library Bridge Link & Vestibule.

A detailed break-down of the Library Square's total approved budget and expenditures to date by these noted key components can be found under Attachment #1. This attachment provides a summary of the total estimated budget required in order to complete each key Library Square component, as well as each component's current approved budget and expenditures to date. The estimated budget requirements for each of these components may be subject to change as their designs become final.

The Library Square project's funding strategy has been updated to reflect recent Council decisions

Recent Council decisions have impacted the previously proposed funding strategy for the Library Square project thus necessitating an update to the said strategy. These noted decisions solely affect the available proceeds from the sale of municipal lands that can be allocated toward the Library Square project. This impact is anticipated to be a reduction of approximately \$3,900,000 in available funds of this nature.

Accordingly staff have undertaken a review of this project's recommended funding strategy and propose that the reduced contribution of \$3,900,000 from the proceeds from the sale of municipal lands reserve be replaced by an equivalent shared contribution from the Town's available federal gas tax grant revenues and the Town's Hydro Sale Investment reserve. Staff do not propose any other changes to this project's funding strategy at this time.

As per the Town's Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds, an investment into cultural infrastructure, i.e. infrastructure that supports arts, humanities, and heritage, would be considered an eligible project to which these funds

could be applied. Consequently, the Library Square’s proposed addition to the Church Street School would be considered an eligible project under this agreement. Of note as well, as part of its 2019/2020 operating budget, the Federal Government has approved a one-time doubling of the gas tax monies to be transferred to the provinces. The administrator of these funds to Ontario’s municipalities, the Association of Municipalities Ontario (AMO), has already confirmed that the Town of Aurora will receive its share of these one-time revenues.

Figure 1 presents the most current recommended or approved funding sources versus the previous strategy for the Library Square’s total approved budget to date of \$42.4 million. Of this amount, Council has formally approved and funded \$2.3 million of these identified funding sources.

Figure 1 (in \$Millions)

	Previous	Change	New
Total estimated required investment	42.4	-	42.4
Proceeds from the sale of municipal lands reserve	(7.1)	3.9	(3.2)
Community benefits reserve	(2.6)	-	(2.6)
Grants	(14.1)	-	(14.1)
Federal gas tax grant	-	(3.4)	(3.4)
Outdoor recreation & Library Development Charges	(3.5)	-	(3.5)
Tax levy funded twenty year debenture ¹	(6.7)	-	(6.7)
Council Discretionary reserve ²	(0.8)	-	(0.8)
Hydro investment reserve ³	(7.6)	(0.5)	(8.1)

Note(s):

- 1) Assumed a 20 year debenture with an annual carrying cost equivalent to a one-time 1% tax levy increase. The currently available 20 year debenture interest through Infrastructure Ontario is 3.26%.
- 2) This draw from the Council Discretionary reserve was formally approved by Council in January, 2018 in support of the design of the proposed new addition to the Church Street School.
- 3) This current balance is made up of multiple components that were approved or recommended at different points in time over the life of this project:

2017	Demolition of 52 & 56 Victoria Street Structures and early site design.	\$ 500,000
2018	Parking and laneway design & construction	1,000,000
2019	March 21 st core budget increases	3,548,000
2019	March 21 st parking option approvals	419,000
2019	May 21 st option approvals	2,129,300
2019	July 16 th funding strategy adjustment	500,000
Total Balance		\$ 8,096,300

Advisory Committee Review

None

Legal Considerations

Not applicable.

Financial Implications

To account for the reduced availability of proceeds from the sale of municipal lands, staff recommend that the equivalent funding reduction be replaced with gas tax grant funding. Council has previously formally approved \$2.3 million in funding for this project. The remaining \$40.1 million in budget and funding approved to date will be finalized and formally approved by Council in the fall of 2019.

Communications Considerations

This report will be posted to the website to keep residents informed of plans, and any future direction from Council will be shared via Council Highlights, the Town website and social media.

Link to Strategic Plan

Reporting to Council and the public on capital investment expenditures to date and its funding strategy supports the Strategic Plan principles of transparency and accountability.

Alternative(s) to the Recommendation

1. Council may provide further direction.

Conclusions

This report strives to provide Council with a financial update for the Library Square project. It is recommended that the updated preliminary capital investment funding strategy as set out above be adopted as the Town's most current strategy.

Attachments

Attachment #1 - Library Square Project Break-down by Key Component

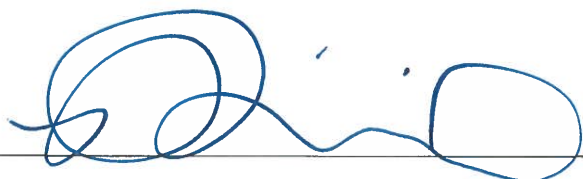
Previous Reports

CMS19-008 Library Square – Outdoor Square
CMS19-007 Library Square – Addition to Church Street School
CMS19-009 Library Square – Proposed Operating Plan
PDS19-018 Library Square – Parking
CMS19-005 Library Square Project - Update
FS19-004 Major Capital Investment Funding Strategy
FS19-024 Library Square Total Budget Funding Sources

Pre-submission Review

None

Departmental Approval



**Rachel Wainwright-van Kessel, CPA, CMA
Director of Finance**

Approved for Agenda



**FOR Doug Nadorozny
Chief Administrative Officer**

Attachment #1

Library Square Project Break-down by Key Component

	Costs	Approved Budget
Demolition of 52 and 56 Victoria Street Structures	\$128,500	\$128,500
Addition to Church Street School		\$28,324,800
<i>Preparation for Construction</i>		
Spent to Date	537,400	
Outstanding	<u>1,709,200</u>	2,246,600
<i>Construction</i>		
Total construction estimate	25,110,100	
Project Management	324,800	
Unrecoverable HST	\$386,700	
Public Art Contribution	<u>\$256,600</u>	26,078,200
	\$28,324,800	\$28,324,800
Outdoor Square		\$8,563,100
<i>Preparation for Construction</i>		
Spent to Date	92,000	
Outstanding	<u>132,200</u>	224,200
<i>Construction</i>		
Total construction estimate	8,130,700	
Project Management	96,900	
Unrecoverable HST	<u>\$111,300</u>	\$8,338,900
	\$8,563,100	\$8,563,100
Parking and Laneway		\$1,469,000
<i>Preparation for Construction</i>		
Spent to Date	139,800	
Outstanding	<u>-</u>	139,800
<i>Construction</i>		
Total construction estimate	1,290,400	
Project Management	15,800	
Unrecoverable HST	<u>\$23,000</u>	\$1,329,200
	\$1,469,000	\$1,469,000
Library Bridge Link & Vestibule		\$3,943,300

Attachment #1

<i>Preparation for Construction</i>			
Spent to Date	-		
Outstanding	-		-
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<i>Construction</i>			
Total construction estimate	3,875,100		
Unrecoverable HST	<u>\$68,200</u>	\$3,943,300	
		<hr/>	
		\$3,943,300	\$3,943,300
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Total Project		\$42,428,700	\$42,428,700
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