

Information Report



Service Area	Corporate Services
Date	Friday, October 20, 2023
Subject	Baker District Operating Budget Impacts

Executive Summary

Purpose of Report

To provide an update to Council on the operating budget impacts to be included in the 2024-2027 multi-year budget for the Baker District. This update responds to the October 7, 2020, Council motion requesting a detailed operating and capital forecast be brought back to Council based upon a finalized detailed design.

Additionally, Guelph Public Library has provided an update on the outstanding Council motion to explore alternative funding sources for the project, in response to the October 7, 2020, Council motion on that topic. This update is attached to this report in Attachment - 1.

Key Findings

The public components of the Baker District include the new Library, a Parkade, and Open Space. The operating costs for these public components started to be phased-in in 2021 to manage the tax impact over multiple years, and the Baker District is expected to open in fall 2026. The costs associated with operating the Baker District public components once fully operational are:

Library - \$3.0 million per year incremental increase over current main branch operating costs

Parkade - \$230 thousand per year

Open Space - \$6 thousand per year

Strategic Plan Alignment

The Baker District project advances initiative 7.2 – build the Library at the Baker Street Redevelopment site, under the grow and care for our community spaces and places section of the City Building theme in the Future Guelph strategic plan.

Financial Implications

Since 2021, the operating impacts for the Baker District have been phased-in incrementally. The phase-in strategy took the funds being phased into operating each year in the phase-in period and deposited them into the Service Enhancement (formerly City Building) Reserve Fund #159 and the Efficiency, Innovation and Opportunities Reserve Fund #351 to support capital requirements. These deposits represented “one-time” contributions to the reserves, as they will cease in 2026 when the Baker District public components begin operating.

The revised plan proposed by the Library to begin staffing up for the new main Library in 2024, will reduce the one-time reserve fund contributions in 2024 by \$514 thousand and 2025 by \$1.1 million, a reduction of just under \$1.6 million overall from the amounts previously planned.

The financial impacts outlined above will be included in the 2024-2027 multi-year budget to be tabled in November 2023.

Report

Details

City and Library staff have worked together to develop budgets for operating the public components (Library, Parkade, and Open Space) of the Baker District.

Library

In 2017, the City engaged KPMG to prepare a comprehensive business case for a new main library for the Guelph Public Library. KPMG's final report, dated January 24, 2018, included the estimated cost to operate the new public main branch. An increase of just under \$2.2 million compared with the 2016-2017 operating costs was projected based on the preliminary design information available at the time.

The City began phasing-in the projected operating impacts in 2021 to avoid a spike in the tax rate when the facility opens. In 2021, \$225 thousand was added to the operating budget, in 2022, a further \$200 thousand was added, and in 2023, \$550 thousand was added. The amount phased-in at the end of 2023 is \$975 thousand. Additional phase-ins for 2024 and 2025 were scheduled at \$550 thousand each, reaching just under \$2.1 million in 2025, and the remaining incremental operating cost would be added in 2026. In each year of the operating phase-in (2021 to 2025), the funds would be split between transfers into the Service Enhancement Reserve Fund (formerly City Building Reserve Fund) #159 and the Efficiency, Innovation and Opportunity Reserve Fund #351, providing a total of just under \$5.0 million to those reserve funds over the phase-in period. This is much needed funding for important City initiatives including enhanced customer service, improved cycling infrastructure and increased transit frequency to name a few.

The Library main branch will be increasing in size from 2,700 to over 8,000 square meters, and programming will be expanded accordingly. On June 19, 2023, the Guelph Public Library Board approved the New Central Library staffing expansion plan and directed Library staff to implement the hiring plan as part of the multi-year budget.

The Guelph Public Library has been offering significantly more programs and the complexity of community members' needs has steadily increased. The Library is now at a point where there is a negative impact on staff capacity, an increased level of burnout, and a limited ability to take on additional work. In addition to existing capacity challenges, planning and implementing a move and preparing for the opening of the new facility will create an additional workload for our current staff, which has limited capacity to manage.

For these reasons, the Library has prepared a phased-in approach for hiring that prioritizes key roles at each stage of the plan. It is a measured plan but one that

will serve the needs of current staff, the Library Board, and the community. It will ensure we have trained staff members in place to facilitate a smooth transition to the new location. By addressing the staffing expansion proactively in a phased approach, the Library can better reflect the changing community. Most importantly, the Library will have the ability to empower staff and maintain their status as a leading public library system.

The following plan and financial impacts have been approved by the Library Board and included in their multi-year budget:

Year	Net Operating Investment	Description
2024	\$514,221	Library staff (communications, circulation, information service, archives, programming and maker space)
2025	538,108	Library staff (administration, circulation, information service, archives, programming and maker space)
2026	1,978,171	Library staff (administration, library systems, circulation, information service, programming and maker space) Corporate building maintenance (cleaning, security) and utilities Estimate to build reserve funds for long-term capital maintenance and replacement
2027	(54,656)	Reversal of one-time costs included in 2026 and addition of Library staff information services
Total	\$2,975,844	Net incremental cost of operating the new Main Branch

The total net additional cost to operate the new Library is projected at just under \$3.0 million, and this includes program staff, building maintenance, security and utilities.

Lifecycle capital renewal costs over the next 10-year period are expected to be minimal as this will be a completely new facility, and the building has a two-year warranty with critical components having extended warranties. However, with the City's long-term approach to capital planning, an allocation has been included to begin to build the infrastructure renewal capital transfers beginning in 2026.

Parkade

The estimated cost to operate the new Baker Parkade is \$230,700 annually, and this is expected to be partially recovered through user fees, and partially funded through property taxes. Costs to operate the Parkade include equipment maintenance, cleaning, small repairs, utilities, property tax expense, parking machine stationary, and signage. Approximately \$100 thousand annually in transient parking revenue is forecast with the remainder of the costs to be funded through a contribution from the tax base.

Open Space

Additional care and maintenance related to the public square in the Baker District will be required, provided by Parks (flowerbed maintenance and snow removal). This is estimated to cost \$6 thousand annually.

Total Cost

The total cost to operate all public components of the Baker District once fully operational is estimated to be just over \$3.2 million with \$100 thousand being recoverable from Parking user rates, and \$3.1 million being property tax funded.

Financial Implications

Since 2021, the operating impacts for the Baker District have started to be phased-in. The phase-in strategy took the funds being phased into operating each year in the phase-in period and deposited them into the Service Enhancement (formerly City Building) Reserve Fund #159 and the Efficiency, Innovation and Opportunities Reserve Fund #351 to support capital requirements. These deposits represented "one-time" contributions to the reserves, as they would cease in 2026 when the Baker District public components begin operating.

The revised plan proposed by the Library to begin staffing up for the new main Library in 2024 will reduce the one-time reserve fund contributions in 2024 by \$514 thousand and 2025 by \$1.1 million, a reduction of just under \$1.6 million overall from the amounts previously planned.

The financial impacts outlined above will be included in the 2024-2027 multi-year budget to be tabled in November 2023.

Consultations

Facilities and Energy Management

Guelph Public Library

Parks

Attachments

Attachment 1 – Report on Outstanding City Council Motion October 2020

Departmental Approval

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