



STAFF REPORT ACTION REQUIRED

Capital Budget Adjustments

Date:	March 27, 2013
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board approval for capital budget adjustments for: (1) non-debt funding that has become available for the Scarborough Civic Centre Library; and (2) a cash flow deferral and acceleration that do not impact debt in order to match budget funding to actual expenditures at the end of 2012.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves a \$1.059 million gross and \$0 net increase to the Council approved Library capital budget for the Scarborough Civic Centre Library project, fully funded by a \$0.659 million allocation from the City's Land Acquisition Reserve Fund and \$0.400 million from the Development Charges Reserve Fund;
2. approves the following cash flow reallocations that have no impact on annual debt levels:
 - 2.1. accelerate \$0.220 million gross and debt cash flow from 2013 to 2012 to fund additional 2012 cash flow requirements for the Mount Dennis Branch project; and
 - 2.2. defer \$0.220 million gross and debt cash flow from 2012 to 2013 for the Multibranch SOGR project; and
3. authorizes staff to forward this report to the City's Budget Committee for consideration.

FINANCIAL IMPACT

Scarborough Civic Centre

The Library's capital funding for the Scarborough Civic Centre is being increased by \$1.059 million gross and \$0 net, funded by a \$0.659 million allocation from the City's Land Acquisition Reserve Fund and \$0.400 million from the Development Charges Reserve Fund, which brings the total project budget to \$9.856 million, as detailed in the table below:

MARCH 2013 CAPITAL BUDGET IN-YEAR ADJUSTMENTS

(\$000's)

	<u>Pre-2013</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Project Total</u>
Scarborough Civic Centre Library					
Council approved budget	1,392	2,385	3,883	1,137	8,797
Add funding: Land Acquisition Reserve Fund			659		659
Add funding: Development Charges			400		400
Revised budget	<u>1,392</u>	<u>2,385</u>	<u>4,942</u>	<u>1,137</u>	<u>9,856</u>

There is no impact on the Council approved annual debt levels. As a result of these adjustments, the Toronto Public Library's 2014 gross capital budget increases from \$24.665 million to \$25.724 million.

Cash Flow Reallocations

The Mount Dennis renovation project was slightly ahead of schedule in 2012, requiring the acceleration of \$0.220 million cash flow available in 2013. To offset this cash flow advance, a cash flow deferral of \$0.220 million from 2012 to 2013 from cash flow under-expenditures in the Multibranch SOGR project is required, as shown in the table below.

MARCH 2013 CAPITAL BUDGET IN-YEAR ADJUSTMENTS

(\$000's)

	<u>2012</u>	<u>2013</u>	<u>Total</u>
Change in timing of cash flows			
Mount Dennis Renovation	220	(220)	-
Multibranch SOGR project	<u>(220)</u>	<u>220</u>	<u>-</u>
Budget change	<u>-</u>	<u>-</u>	<u>-</u>

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

ISSUE BACKGROUND

Financial control policies for the City and the Library allow for cash flows to be advanced and spent on accelerated projects to offset cash flow deferrals resulting from projects that are experiencing delays, as long as the overall approved debt level is not exceeded in any year. Effectively, to overcome timing issues, debt room freed up from delayed projects is replaced by additional debt spending on other approved accelerated projects in a single year, resulting in a better match of funding and expenditures and an efficient capital program delivery.

COMMENTS

Scarborough Civic Centre Library Budget Increase

The City Planning Department has confirmed that funding of \$0.659 million has been allocated from the Land Acquisition Reserve Fund (Account # XR1012) for enhancements to the Scarborough Civic Centre Library (see Attachment 1).

Enhancements to the branch include an outdoor reading garden, a *KidsStop* early literacy centre, computer and media service enhancements, green enhancements, Borough Drive streetscape lighting upgrades, and acoustical upgrades to mechanical equipment. The green enhancements implemented through this funding include building automation system improvements, daylight harvesting, storm water runoff management for irrigation and solar-powered light. Geothermal-assisted heating and cooling was not incorporated into the final design submitted for site plan approval and tender documents as the costs were beyond the scope of the project budget.

The increased funding for the project in turn qualifies for additional development charges funding of \$0.400 million, resulting in a total project funding increase of \$1.059 million, which is added to the 2014 cash flow. The additional development charges funding will be used to enhance collections for the branch.

The award of tender for the Scarborough Civic Centre Library was approved by the Board at the meeting of February 25, 2013.

Cash Flow Reallocations

The Mount Dennis branch renovation project, which reopened to the public on March 11, 2013, was slightly ahead of schedule at the end of 2012, requiring the acceleration of \$0.220 million cash flow from 2013 to 2012.

At the end of 2012, the Multibranch SOGR project had under-spent its available cash flow and could defer \$0.220 million from 2012 to 2013 to offset the cash flow advance required by Mount Dennis.

There is no impact on the 2012 or 2013 approved debt levels resulting from these cash flow adjustments.

CONCLUSION

The additional funding for the Scarborough Civic Centre capital project has been collected by the City, and Council approval is required to draw from reserves and to adjust the capital project budget.

Offsetting cash flow reallocations contained in this report are required to address additional 2012 cash flow requirements for the Mount Dennis renovation project, with zero gross and debt impact.

CONTACT

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SIGNATURE

Jane Pyper
City Librarian

ATTACHMENTS

Attachment 1: Memo dated January 29, 2013 from Ray David, Director, Community Planning, *Scarborough Centre Branch Library Project – 150 Borough Drive Funding Sources for Enhancements*