

2013 - 2014 Capital Budget Adjustments

Date:	November 18, 2013
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to request Toronto Public Library Board approval of budget adjustments to capital projects which include cash flow acceleration and deferral that do not affect the annual debt funding level approved by Council.

These budget adjustments are required to address additional 2013 cash flow requirements for the Fairview renovation project that will be met by advancing available 2014 cash flows for this project.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the following cash flow reallocations, which have no impact on annual debt levels:
 - a. accelerate \$718,000 gross and debt funding from 2014 to 2013 for the Fairview Library project;
 - b. defer \$359,000 gross and debt funding from 2013 to 2014 for the Technology Asset Management Program; and
 - c. defer \$359,000 gross and debt funding from 2013 to 2014 for the Multi-Branch Minor Renovation program; and
2. authorizes staff to forward this report to the City for approval.

FINANCIAL IMPACT

A total cash flow acceleration from 2014 to 2013 of \$718,000 gross and debt cash flow is required to allow the Fairview Library construction to continue uninterrupted. A deferral of \$359,000 gross and debt cash flow from 2013 to 2014 for the Technology Asset Management

Program (TAMP) and the Multi-Branch Minor Renovation program, which are projected to be underspent by year-end, would offset the debt funding advanced.

There is no net impact on the Council-approved annual debt levels and no change in the total approved capital budget funding. The gross funding remains at \$39,198,095 for 2013 and at \$26,925,000 for the requested 2014 budget.

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 projects with higher cash flows or proceeding ahead of schedule 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.

Any transfer of budget between capital projects in an amount in excess of \$250,000 requires approval of the Board and Council. This report seeks Board approval for these budget adjustments.

COMMENTS

After delays in the start of construction, the Fairview Library renovation project is proceeding and the cash flow is ahead of schedule, which requires an advance of \$718,000 gross and debt cash flow from 2014 to 2013. To offset the cash flow advance, \$359,000 gross and debt cash flow would be deferred from 2013 to 2014 for both TAMP and the Multi-Branch Minor Renovation programs, which are not expected to spend all of their approved 2013 cash flows.

Cash Flow Acceleration (Deferral)

(\$000's)

Description	2013	2014
	Gross and Debt	Gross and Debt
a) Accelerate Fairview cash flow	718	(718)
b) Defer TAMP cash flow	(359)	359
c) Defer Multi-Branch cash flow	(359)	359
Net cash flow adjustment	-	-

CONCLUSION

Budget adjustments contained in this report are required to address additional 2013 cash flow requirements for the Fairview Library, with zero gross and debt impact on the capital plan.

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946; Fax: 416-393-7115;
Email: lhughsam@torontopubliclibrary.ca

SIGNATURE

Jane Pyper
City Librarian