

**2011 Capital Budget – Technical Adjustments at
June 30, 2011**

Date:	September 13, 2011
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board approval for 2011 budget adjustments that have no net debt impact. The budget adjustments will provide funding for efficiencies through consolidations and the introduction of technology and automation.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Library Board:

1. approves adjustments to the approved capital budget and plan, which have no net debt impact, as follows:
 - a. transfer \$1.0 million gross and debt from the 2011 Virtual Branch Services project to the 2011 Self-Service Circulation project;
 - b. advance \$0.7 million gross and debt to 2011 from 2012 for the Multi-branch State of Good Repair project; and
 - c. defer \$0.7 million gross and debt from 2011 to 2012 for the Malvern Branch project; and
2. authorizes and directs the appropriate Library staff to forward this report to Council for approval and to take the necessary action to give effect thereto.

FINANCIAL IMPACT

Capital Budget

Description	2011	2012
	increase / (decrease)	increase / (decrease)
	Gross / Debt \$	Gross / Debt \$
1) Budget Transfer		
Virtual Branch Services	(1,000,000)	
Self-Service Circulation	1,000,000	
Subtotal	-	-
2) Cash Flow Reallocation		
Multi-branch State of Good Repair	700,000	(700,000)
Malvern Branch	(700,000)	700,000
Subtotal	-	-
Total Adjustment	-	-

Budget Transfer - The 2011 cash flow for Virtual Branch Services is reduced by \$1.0 million gross and debt from \$1.904 million to \$0.904 million, with an offsetting increase in the cash flow for the Self-Service Circulation project from \$1.355 million to \$2.355 million.

Cash Flow Reallocation – For the Multi-branch State of Good Repair project, the 2011 cash flow is increased by \$0.7 million gross and debt, and the 2012 cash flow is decreased by \$0.7 million gross and debt. For the Malvern Branch project, the 2011 cash flow is decreased by \$0.7 million gross and debt, and the 2012 cash flow is increased by \$0.7 million gross and debt.

As shown in the table above, there is no net impact on the Council-approved annual debt levels.

Operating Budget

The capital budget adjustments will provide funding for efficiencies through consolidations and introducing technology and automation, with estimated annual savings in 2012 of \$1.1 million, which includes the elimination of approximately 18 full-time equivalent positions.

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 delayed, as long as the overall approved debt level is not exceeded in any year. Further, any transfer of budget between capital projects in an amount in excess of \$250,000 requires approval of the Board and Council.

COMMENTS

The *Service Efficiency Update* report to the Board describes budget-saving efficiencies through consolidations and introducing technology and automation, some of which require new capital investments. Under-expenditures for some projects in 2011 have created opportunities to redirect funding in order to achieve efficiency savings and these adjustments are included in this report.

Budget Transfer

An additional \$1.0 million is required to accelerate and extend the implementation of self-service technology. The proposal is to reduce the scope of the 2011 Virtual Branch Services project by \$1.0 million and transfer the funds to the Self-Service Circulation project in order to fund the investment in technology and automation. By redirecting \$1 million of funding from the 2011 Virtual Branch Services project, the time-lines for certain on-line projects will be extended and deferred to future years.

Project Name	2011 increase / (decrease)
	Gross / Debt \$
1) Budget Transfer	
Virtual Branch Services	(1,000,000)
Self-Service Circulation	1,000,000
Total	-

Cash Flow Reallocation

The 2011 capital cost for consolidations of the delivery hubs and the Bookmobile and Home Library Service is estimated at \$0.7 million. The proposal is to fund these projects by advancing \$0.7 million from the 2012 Multi-branch capital project for the 2011 Multi-branch project to be used to fund the consolidations. As the Malvern project spending is delayed, an equivalent \$0.7 million of cash flows can be deferred from 2011 to 2012, with no resulting impact on overall approved debt levels. In order to redirect \$0.7 million of the 2012 Multi-branch capital project towards consolidations, a one-year deferral for some planned state of good repair work will be required.

Project Name	2011	2012
	increase / (decrease) Gross / Debt \$	increase / (decrease) Gross / Debt \$
2) Cash Flow Reallocation		
Multi-branch State of Good Repair	700,000	(700,000)
Malvern Branch	(700,000)	700,000
Total	-	-

CONCLUSION

The budget adjustments will provide funding for efficiencies through consolidations and introducing technology and automation, with estimated annual savings in 2012 of \$1.1 million which includes the elimination of approximately 18 full time equivalent positions.

CONTACT

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SIGNATURE

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