



STAFF REPORT ACTION REQUIRED

11.

2011 Capital Budget – Technical Adjustments at December 31, 2011

Date:	January 30, 2012
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Board approval for 2011 and 2012 capital cash flow adjustments which do not change the approved annual debt levels. These technical cash flow adjustments are necessary to match the budgeted annual cash flows to actual expenditures for each individual project.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Library Board:

1. approves technical cash flow adjustments of:
 - a. a cash flow advance from 2012 to 2011 of \$2.0 million gross, funded with \$0.444 million development charges and \$1.556 million third party funding for the Toronto Reference Library project; and
 - b. a cash flow deferral from 2011 to 2012 of \$0.444 million gross, funded with development charges, for the Scarborough Centre Library project.
2. authorizes and directs the appropriate Library staff to forward this report to the City for approval and to take the necessary action to give effect thereto.

FINANCIAL IMPACT

Project Cash Flow Reallocation	2011 increase / (decrease)			2012 increase / (decrease)		
	Gross \$	Financing		Gross \$	Financing	
		Dev. Charges \$	3rd. Party \$		Dev. Charges \$	3rd. Party \$
Toronto Reference Library	2,000,000	444,000	1,556,000	(2,000,000)	(444,000)	(1,556,000)
Scarborough Centre Library	(444,000)	(444,000)	-	444,000	444,000	-
Total	1,556,000	-	1,556,000	(1,556,000)	-	(1,556,000)

The renovation of the Toronto Reference Library project was accelerated to achieve the substantial completion of Phase II renovations in 2011, resulting in the need to advance \$2.0 million in cash flow from 2012 to 2011.

The \$0.444 million development charges portion of the cash flow advance is offset by an equal deferral of unspent cash flow from the Scarborough Centre Library project from 2011 to 2012. The advance of \$1.556 million of Toronto Reference Library third party funding from 2012 to 2011 does not impact debt levels. There is no net impact on the Council-approved annual debt levels and the overall budget for each project is unchanged.

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 budgeted cash flows to be advanced or deferred to match construction schedules and related expenditures, 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

For budget purposes, the timing of the annual cash flow requirements for construction projects is estimated to match the expected construction schedule of each project, but there are many uncontrollable factors which affect the progress of construction. These factors include design requirements, obtaining necessary permits and approvals, unexpected site issues, weather conditions, available supply of labour and materials, etc., often resulting in timing differences between the budgeted cash flow and actual expenditures.

The budgeted 2011 and 2012 cash flows for the following projects are being adjusted to match actual expenditures:

- Construction at the Toronto Reference Library renovation project was accelerated to achieve the substantial completion of Phase II renovations in 2011, resulting in the need to advance a \$2.0 million cash flow from 2012 to 2011, funded with \$1.556 million of third party funding and \$0.444 million of development charges. The cash flow advance funded from development charges is being offset by a matching deferral of under-spent 2011 cash flow for the Scarborough Centre Library.
- The design phase of the new Scarborough Centre Library was delayed, as the feasibility of partnering with the City of Toronto Parking Authority to build underground parking and to conform to overall plans for the Scarborough Centre area were being evaluated. An under-expenditure of \$0.444 million, funded by development charges, is being deferred from 2011 to 2012.

CONCLUSION

Technical budget adjustments contained in this report do not result in an increase to Council-approved annual debt levels.

CONTACT

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SIGNATURE

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