



## STAFF REPORT ACTION REQUIRED

### 2016 Capital Budget Adjustments

<b>Date:</b>	October 24, 2016
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

### SUMMARY

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This report requests Toronto Public Library Board approval to amend Toronto Public Library's (TPL's) approved 2016 Capital Budget and 2017-2025 Capital Plan by adjusting cash flows contained within the Budget and Plan, respectively, to align forecasted project accelerations and deferrals. These reallocations will allow TPL to continue to deliver projects within its capital plan. The adjustments will have a zero dollar impact on the 2016 Capital Budget and 2017-2025 Capital Plan and will align the 2016 Capital Budget to TPL's capital project delivery schedule and program requirements. These budget adjustments will be forwarded to the City for approval.

### RECOMMENDATIONS

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#### 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:
  - 1.1 accelerate a total of \$1.065 million gross (\$0.527 million debt and \$0.538 development charges (DC) funding) cash flow from 2017 to 2016 comprised of: \$0.915 million gross, \$0.537 million debt and \$0.388 million DC for the Albion Library project; and \$0.150 million gross and DC for the Wychwood Library project, as presented in Attachment 1 (Part A); and
  - 1.2 defer a total of \$1.065 million gross (\$0.527 million debt and \$0.538 DC funding) cash flow from 2016 to 2017 comprised of: \$0.250 million gross and debt for the North York Central Library project; \$0.150 million gross and DC for the St. Clair/Silverthorn Library project; and \$0.665 gross, \$0.277 million debt and \$0.388 million DC for the Dawes Road Library project, as presented in Attachment 1 (Part B); and
2. authorizes staff to forward these budget adjustments to the City for approval.

## **FINANCIAL IMPACT**

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The approval of this report will authorize the deferral and acceleration of funds in TPL's approved 2016 Capital Budget and 2017-2025 Capital Plan in the total amount of \$1.065 million gross (\$0.527 million debt financing and \$0.538 million DC financing), as presented in Attachment 1.

Two projects are being delivered ahead of schedule. The accelerated spending of these projects is offset exactly by delays within other projects where design or construction is delayed due to site conditions or the planning approval process.

There are no additional costs as a result of the approval of the recommendations in this report. The recommended adjustments will align the 2016 Capital Budget and 2017-2025 Capital Plan with TPL's capital project delivery schedule and program requirements.

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**

A separate report, *Capital Budget Monitoring Report – September 30, 2016*, provides a status update on all 2016 capital projects.

TPL is seeking to amend the 2016 approved Budget and 2017-2025 Capital Plan of \$1.065 million gross to better align cash flows with revised forecasted expenditures, reflecting capital project delivery and program requirements. The amendments will ensure proper funding is in place to tender and award contracts.

Attachment 1 lists the 2016 approved and revised cash flows for the capital projects that are proposed to be adjusted. The adjustments are needed to provide additional funding for projects that are proceeding ahead of schedule due to favourable weather/site conditions or strong consultant/contractor performance, projects for which the scope has increased, and projects with higher bid prices due to market price fluctuations and / or new contract requirements.

It is proposed that the additional funding be drawn from capital projects that are currently estimated to be under-spent by year-end, due to lower than expected bid prices on individual contracts or projects that are behind schedule because of: additional time required to complete designs due to complexities within the infrastructure, the property acquisition process, unforeseen ground/site conditions, inclement weather, technical coordination to maintain operations uninterrupted, consultant/contractor performance issues, or negotiation of final payments.

The funding adjustment for projects being delivered ahead of schedule is to be offset by projects that are behind schedule. Descriptions are provided in Parts A and B of Attachment 1.

Library staff will forward these adjustments to the City for approval.

## **CONCLUSION**

The recommended adjustments will align the 2016 TPL's approved Capital Budget with TPL's updated capital project delivery schedules and program requirements.

## **CONTACT**

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## **SIGNATURE**

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Vickery Bowles  
City Librarian

Attachment 1: Proposed 2016 Budget Adjustments