



STAFF REPORT ACTION REQUIRED

2017 Capital Budget Adjustments

Date:	September 25, 2017
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

This report requests Toronto Public Library (TPL) Board endorsement to seek City approval to amend the TPL 2017 capital budget and 2018-2026 capital plan by adjusting cash flows, project costs and funding sources contained within the budget and plan. The adjustments will have a zero debt impact on the 2017 capital budget and 2018-2026 capital plan and will align the 2017 capital budget to TPL's capital project delivery schedule and program requirements.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses the following cash flow deferrals and accelerations that have no impact on annual debt levels as shown in Appendix A:
 - 1.1 accelerate to 2017 a total of \$2.746 million gross cash flow (\$0.764 million development charges (DC) and \$1.982 million debt funding) from 2018 (\$2.391 million gross, \$1.982 million debt and \$0.409 million DC) and 2019 (\$0.355 million gross and DC) for the Multi-Branch Minor Renovation Program and the Technology Asset Management Program project; and
 - 1.2 defer from 2017 a total of \$2.746 million gross cash flow (\$0.764 million DC and \$1.982 million debt funding) from the Wychwood Library, Bayview-Bessarion Library, St. Clair/Silverthorn Library and Dawes Road Library projects to 2018 (\$2.391 million gross, \$1.982 million debt and \$0.409 million DC) and 2019 (\$0.355 million gross and DC);
2. endorses a budget adjustment to increase the 2017 capital budget by \$1.278 million gross funded by DC with no impact on annual debt levels, as shown in Appendix B, comprised of:

- 2.1 an increase of \$0.300 million gross and a reduction in debt of \$0.978 million to the Albion Library project funded by an increase of \$1.278 million DC;
- 2.2 an increase of \$0.978 million gross and debt to the Multi-Branch State of Good Repair project; and
3. authorizes staff to forward the capital budget adjustments to the City for approval.

FINANCIAL IMPACT

The approval of this report will authorize the deferral and acceleration of funds in TPL's approved 2017 capital budget and 2018-2026 capital plan in the total amount of \$2.746 million gross (\$1.982 million debt and \$0.764 million DC funding), as summarized in Table 1 below and detailed in Appendix A. Site plan approval delays have resulted in the deferral of \$2.391 million in funding from 2017 to 2018 and deferral of \$0.355 million in funding from 2017 to 2019, which are offset by a corresponding acceleration of funding from 2018 and 2019 to 2017 for projects that are ahead of schedule.

Table 1: Cash Flow Adjustment (\$ million)

Description	2017			2018			2019		
	Gross	Debt	DC	Gross	Debt	DC	Gross	Debt	DC
Advance cash flow									
Accelerate Multi-branch cash flow	2.529	1.982	0.547	(2.203)	(1.982)	(0.221)	(0.326)		(0.326)
Accelerate TAMP cash flow	0.217		0.217	(0.188)		(0.188)	(0.029)		(0.029)
Subtotal	2.746	1.982	0.764	(2.391)	(1.982)	(0.409)	(0.355)	-	(0.355)
Defer cash flow									
Defer Wychwood cash flow	(0.667)	(0.307)	(0.360)	0.312	0.307	0.005	0.355		0.355
Defer St. Clair/Silverthorn cash flow	(1.329)	(1.329)		1.329	1.329		-		
Defer Dawes Road Library cash flow	(0.277)	(0.277)		0.277	0.277		-		
Defer Bayview-Bessarion cash flow	(0.473)	(0.069)	(0.404)	0.473	0.069	0.404	-		
Subtotal	(2.746)	(1.982)	(0.764)	2.391	1.982	0.409	0.355	-	0.355
Net	-	-	-	-	-	-	-	-	-

The approval of this report will also authorize the replacement of \$1.278 million debt funding to DC funding for the Albion Library project with a gross increase of \$0.300 million to the Albion Library project and would free up \$0.978 million in debt room that can be reallocated to address the SOGR backlog by increasing the Multi-Branch SOGR project in 2017 with no additional funding required from the City, as summarized in Table 2 below and detailed in Appendix B.

Table 2: Reallocation of debt freed-up from Albion Library Project to Multi-Branch (SOGR) Project (\$ million)

	Approved 2017 Cash Flow			Proposed Adjustment		Revised 2017 Cash Flow		
	Approved 2017 Cash Flow	Debt	DC (Note 1)	Debt	DC	Revised 2017 Cash Flow	Debt	DC
Albion Library	4.421	3.921	0.500	(0.978)	1.278	4.721	2.943	1.778
Multi-Branch (SOGR)	5.007	4.119	0.888	0.978		5.985	5.097	0.888
Total	9.428	8.040	1.388	-	1.278	10.706	8.040	2.666

Note 1: Also includes other third party funding for Canada 150 projects in Multi-Branch

These amendments to TPL's 2017 capital budget and 2018-2026 capital plan will increase the 2017 Council-approved capital budget by \$1.278 million gross, \$0 debt.

There are no additional costs to the City as a result of approval of this report. The recommended adjustments will align the 2017 capital budget with TPL's capital program requirements for 2017 and beyond.

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.

These policies also allow for the reallocation of budget between capital projects to offset anticipated over-expenditures in one project with available funding from another project.

COMMENTS

Deferrals/Accelerations

TPL is seeking to amend the 2017-approved capital budget and 2018-2026 capital plan of \$2.746 million gross (\$1.982 million debt and \$0.764 million DC funding) 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.

Appendix A lists the 2017 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. The proposal is for the cash flow accelerations to be reallocated from capital projects that are currently estimated to be under-spent by year-end, due to projects that are behind schedule because of: additional time required to complete designs due to complexities within the infrastructure, obtaining City approvals, the property acquisition process, unforeseen ground/site conditions, technical coordination to maintain operations uninterrupted, consultant/contractor performance issues, or negotiation of final payments.

Brief explanations of each affected capital project is presented below.

1) Wychwood Library Renovation

Wychwood Library construction start has been delayed to fall due to lengthy site plan approval process.

2) Bayview-Bessarion Library Relocation

This is a joint project with timelines managed by Parks, Forestry and Recreation. Delays in securing site plan approval are expected to delay the start of construction of the *Bayview-Bessarion Library relocation* project to 2018.

3) St. Clair/Silverthorn Library Renovation

Due to various delays in the site plan approval process, construction of the *St. Clair/Silverthorn Library renovation* project is expected to start in the fall.

4) Dawes Road Library Construction & Renovation

City Facilities and Real Estate is continuing to work on negotiations regarding the site. The Dawes Road Library construction and renovation has been delayed due to site acquisition issues.

5) Multi-Branch Minor Renovation and Technology Asset Management Program

This state of good repair renovation project is an effective way of keeping some branches functional until a major renovation can be funded. A number of minor branch renovations are moving ahead of schedule to take advantage of cash flow delays in other projects.

6) Technology Asset Management Program

The Technology Asset Management Program (TAMP) provide for the life-cycle replacement of existing hardware and software such as PCs, monitors, laptops, printers, multi-function devices, servers and network hardware. Projected year-end spending is slightly ahead of schedule.

The funding adjustment for projects being delivered ahead of schedule and offset by projects that are behind schedule is detailed in Appendix A.

Adjustments to Project Cost and Related Cash Flows

In 2012, Council approved the Albion Library project at a total cost of \$15.007 million funded by \$1.351 million DC and \$13.656 million debt. This project is a construction of a

new building on the parking lot adjacent to the old branch at 1515 Albion Road. Upon completion of the construction of the new building, the old building has been demolished and will be replaced with a new multifunctional outdoor green space / parking lot.

The \$15.007 million project cost was calculated based on the assumption that the new building was the same square footage as the old building. It has now been determined that the growth component of the new branch had been understated and the capital project is therefore eligible for additional DC funding of \$1.278 million that will replace debt funding. The Albion Library project is being increased by \$0.300 million gross with a reduction in debt of \$0.978 million, funded by the \$1.278 million increase in DC.

The \$0.978 million of freed-up debt room from the Albion Library project can be re-allocated to address the SOGR backlog by increasing the Multi-Branch SOGR project in 2017 with no additional funding required from the City as shown in Appendix B.

CONCLUSION

The recommended adjustments will align the 2017 TPL's approved capital budget with TPL's updated capital project program requirements.

CONTACT

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SIGNATURE

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City Librarian

ATTACHMENTS

- Appendix A: Deferrals/Accelerations - Toronto Public Library 2017 Capital Budget and 2018-2026 Capital Plan Adjustments
- Appendix B: Adjustments to Cash Flow and Project costs - Toronto Public Library 2017 Capital Budget

Appendix A - Deferrals/Accelerations - Toronto Public Library 2017 Capital Budget and 2018-2026 Capital Plan Adjustments

Deferrals																				
Sub-Project Name	WBS #	Approved 2017 Cashflow Gross	2017 Proposed Adjustment			Revised 2017 Cashflow Gross	2018 Plan Gross	2018 Proposed Adjustment			Revised 2018 Plan Gross	2019 Plan Gross	2019 Proposed Adjustment			Revised 2019 Plan Gross	Total Project Cost Gross	Adjustment	Revised Total Project Cost Gross	Comments
			Gross	Debt	DC			Gross	Debt	DC			Gross	Debt	DC					
Wychwood Library Renovation	CLB185-01	1,898,990	(666,971)	(306,971)	(360,000)	1,232,019	4,378,000	311,971	306,971	5,000	4,689,971	2,866,000	355,000		355,000	3,221,000	9,533,000	-	9,533,000	Construction start delayed to Fall due to late site plan approval
Bayview-Bessarion Library Relocation	CLB187-01	1,052,537	(472,537)	(68,537)	(404,000)	580,000	4,195,000	472,537	68,537	404,000	4,667,537					-	12,622,000	-	12,622,000	This is a joint project with timelines managed by Parks, Forestry and Recreation
St. Clair / Silverthorn Library Renovation	CLB192-01	2,234,070	(1,329,070)	(1,329,070)		905,000	500,000	1,329,070	1,329,070		1,829,070					-	2,897,000	-	2,897,000	Construction start delayed to Fall due to late site plan approval
Dawes Road Library Construction & Expansion	CLB194-01	2,785,768	(277,000)	(277,000)		2,508,768	3,287,000	277,000	277,000		3,564,000					-	13,263,000	-	13,263,000	City Facilities and Real Estate is continuing to work on negotiations for site.
Subtotal - Deferrals		7,971,365	(2,745,578)	(1,981,578)	(764,000)	5,225,787	12,360,000	2,390,578	1,981,578	409,000	14,750,578	2,866,000	355,000	-	355,000	3,221,000	38,315,000	-	38,315,000	
Accelerations																				
Sub-Project Name	WBS #	Approved 2017 Cashflow Gross	2017 Proposed Adjustment			Revised 2017 Cashflow Gross	2018 Plan Gross	2018 Proposed Adjustment			Revised 2018 Plan Gross	2019 Plan Gross	2019 Proposed Adjustment			Revised 2019 Plan Gross	Total Project Cost Gross	Adjustment	Revised Total Project Cost	Comments
			Gross	Debt	DC			Gross	Debt	DC			Gross	Debt	DC					
Multi-Branch Minor Renovation Program	Multiple ¹	5,006,505	2,528,578	1,981,578	547,000	7,535,083	5,658,589	(2,202,578)	(1,981,578)	(221,000)	3,456,011	5,743,000	(326,000)		(326,000)	5,417,000	23,161,306	-	23,161,306	Project delivery is ahead of schedule
Technology Asset Management Program	Multiple ²	3,653,708	217,000		217,000	3,870,708	4,100,000	(188,000)		(188,000)	3,912,000	4,100,000	(29,000)		(29,000)	4,071,000	11,600,000	-	11,600,000	Project delivery is ahead of schedule
Subtotal - Accelerations		8,660,213	2,745,578	1,981,578	764,000	11,405,791	9,758,589	(2,390,578)	(1,981,578)	(409,000)	7,368,011	9,843,000	(355,000)	-	(355,000)	9,488,000	34,761,306	-	34,761,306	
Total - Deferrals/Accelerations		16,631,578	-	-	-	16,631,578	22,118,589	-	-	-	22,118,589	12,709,000	-	-	-	12,709,000	73,076,306	-	73,076,306	

¹ The adjustment only impacts sub-project CLB196-01

² The adjustment only impacts sub-project CLB201-01

Appendix B - Adjustments to Cash Flow and Project Costs - Toronto Public Library 2017 Capital Budget

Sub-Project Name	WBS #	Approved 2017 Cashflow Gross	2017 Proposed Adjustment			Revised 2017 Cashflow Gross	Total Project Cost Gross	Adjustment	Revised Total Project Cost Gross
			Gross	Debt	DC				
Albion Library Renovation	CLB178-01	4,421,000	300,000	(978,000)	1,278,000	4,721,000	15,007,000	300,000	15,307,000
Multi-Branch Minor Renovation Program	multiple ¹	5,006,505	978,000	978,000		5,984,505	23,161,306	978,000	24,139,306
Total		9,427,505	1,278,000	-	1,278,000	10,705,505	38,168,306	1,278,000	39,446,306

¹ The adjustment only impacts sub-project CLB206-01