



STAFF REPORT ACTION REQUIRED

2023 Capital Budget Adjustment

Date: April 29, 2024
To: Toronto Public Library Board
From: City Librarian

SUMMARY

This report requests Toronto Public Library Board approval to amend the Toronto Public Library (TPL) 2023-2032 Capital Budget and Plan by adjusting cash flows to match the timing of expenditure for projects spending ahead of schedule and to ensure that no projects have spending greater than budget at year end. These technical budget adjustments require City of Toronto approval.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the following year-end cash flow acceleration of projects:
 - a. accelerate a total of \$1.551 million gross and debt cash flow from 2024 to 2023 for Bridlewood Relocation;
 - b. accelerate a total of \$0.600 million gross and development charges cash flow from 2024 to 2023 for Etobicoke Civic Centre New Construction - Design; and
 - c. accelerate a total of \$2.536 million gross and debt cash flow from 2024 to 2023 for Multi-Branch Minor Renovation Program;
2. approves a budget transfer of \$0.485 million gross and debt from the Technology Asset Management Program to three projects with overspent budgets (Maryvale Relocation, North York Central Library Phase 2 and Etobicoke Civic Centre New Construction - Design); and
3. authorizes staff to forward these capital budget adjustments to the City for approval.

FINANCIAL IMPACT

The approval of this report will authorize the acceleration of funds in TPL's approved 2023 capital budget and 2024 capital plan in the total amount of \$4.687 million gross (\$4.087 million debt) funding, and a budget transfer of \$0.485 million gross and debt from the Technology Asset Management Program to fund the over spending in the Maryvale Relocation, North York Central Library Phase 2 and Etobicoke Civic Centre New Construction - Design projects. These budget adjustments are summarized in Table 1 below.

Table 1: 2023 CAPITAL YEAR-END ADJUSTMENTS REQUIRED (\$ millions)

| Description | 2023 | | | 2024 | | |
|--|----------------|---------|---------------------|----------------|---------|---------------------|
| | Gross | Debt | Development Charges | Gross | Debt | Development Charges |
| Advance and accelerate cash flows | | | | | | |
| Bridlewood Relocation | 1.551 | 1.551 | | (1.551) | (1.551) | |
| Etobicoke Civic Centre New Construction - Design | 0.600 | 0.000 | 0.600 | (0.600) | | (0.600) |
| Multi-Branch Minor Renovation Program | 2.536 | 2.536 | | (2.536) | (2.536) | |
| Subtotal | 4.687 | 4.087 | 0.600 | (4.687) | (4.087) | (0.600) |
| Budget transfer | | | | | | |
| Technology Asset Management Program | (0.485) | (0.485) | | | | |
| Maryvale Relocation | 0.046 | 0.046 | | | | |
| North York Central Library Phase 2 | 0.189 | 0.189 | | | | |
| Etobicoke Civic Centre New Construction - Design | 0.250 | 0.250 | | | | |
| Subtotal | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Adjustment | 4.687 | 4.087 | 0.600 | (4.687) | (4.087) | (0.600) |

The cash flow in-year budget adjustment will result in an increase of \$4.087 million debt funding in 2023.

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

ALIGNMENT WITH STRATEGIC PLAN

The 2023 capital budget supports TPL's strategic plan objectives, in particular: providing quality, accessible & inclusive public spaces; increasing access to technology & digital literacy; and delivering exceptional customer experiences.

TPL's 2023 capital budget aligns and supports Council's strategic vision to make Toronto a centre of innovation and growth. The capital program builds and maintains architecturally beautiful and functional public space in every neighbourhood and leverages digital advances and technology to create smart and efficient services. By enhancing the accessibility and inclusivity of library branches and expanding digital access, the plan supports equitable access to library services for all and enhances investment and quality of life in neighbourhoods across the city.

EQUITY IMPACT STATEMENT

The 2023 capital budget is informed by the principles of equity and access and advances the work required under the Accessibility for Ontarians with Disabilities Act (AODA). The capital budget was developed using the facilities master plan with access as one of the key drivers for investment in capital projects. The budget will increase TPL's capacity to align the investment in library facilities and services with need and demand across the city. It seeks to improve equity with respect to facility and service access for all residents, including equity deserving groups in the city of Toronto.

ISSUE BACKGROUND

Financial control policies for the City and the Library allow for cash flows to be adjusted for projects whose spending is ahead of schedule, in certain situations.

Any budget adjustments of more than \$250,000 require Board endorsement and City approval.

COMMENTS

A separate report brought forward at the April 29, 2024 Library Board meeting, entitled *Capital Budget Monitoring Report – December 31, 2023*, provides a status update on all 2023 capital projects.

TPL is seeking to amend the 2023-2032 capital budget and plan to align the 2023 cash flows to TPL's capital project delivery schedule and program requirements. Per City of Toronto policy, a capital project cannot have actual expenditures greater than budget in a calendar year. These capital budget adjustments account for projects that overspent the budget allocation for the year by either accelerating cash flows from future year funding for the project, or by transferring unspent budget from a different project within the same year.

Capital Cash Flow Acceleration

The cash flow spending for the Bridlewood Relocation, Etobicoke Civic Centre New Construction – Design, and Multi-Branch Minor Renovation Program projects are currently ahead of schedule and a cash flow acceleration of \$4.687 million gross and \$4.087 million debt from 2024 to 2023 is required. This in-year budget adjustment will not impact the total project cost and the debt funding in 2023 will increase by \$4.087 million.

Capital Budget Transfer

As part of the close-out of the year-end capital spending, the City requires that cash flows over-spent be offset by under-spent amounts between projects on a gross basis. To meet this requirement, the following adjustments are required.

Table 2: 2023 CAPITAL YEAR-END BUDGET TRANSFER ADJUSTMENTS (\$ millions)

| Description | 2023 | |
|--|----------------|---------|
| | Gross | Debt |
| Budget transfer | | |
| Technology Asset Management Program | (0.485) | (0.485) |
| Maryvale Relocation | 0.046 | 0.046 |
| North York Central Library Phase 2 | 0.189 | 0.189 |
| Etobicoke Civic Centre New Construction - Design | 0.250 | 0.250 |
| Total Adjustment | 0.000 | 0.000 |

At the end of December 31, 2023, three completed capital projects (Maryvale Relocation, North York Central Library Phase 2 and Etobicoke Civic Centre New Construction - Design) required additional funding. A year-end budget adjustment of \$0.485 million will be included in the year end capital variance report for Council's approval to transfer \$0.485 million gross and debt from the Technology Asset Management Program to fund the over spending in the Maryvale Relocation, North York Central Library Phase 2 and Etobicoke Civic Centre New Construction - Design projects. There is no net impact on the Council approved annual gross and debt levels for 2023 as a result of these adjustments.

CONCLUSION

These adjustments will align the 2023 cash flows to TPL's capital project delivery schedule and program requirements.

CONTACT

Howard Balter; Director, Finance & Treasurer; Tel: 416-397-5946;
Email: hbalter@tpl.ca

Deepak Sharma; Manager, Budget & Financial Reporting; Tel: 416-393-7003;
Email: dsharma@tpl.ca

SIGNATURE

Vickery Bowles
City Librarian