

2012 - 2013 Capital Budget Adjustments

Date:	November 29, 2012
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to request Toronto Public Library Board approval of budget adjustments to capital projects that include cash flow acceleration and deferral and that do not affect the annual debt funding level approved by Council.

These budget adjustments are required to address additional 2012 cash flow requirements for the Toronto Reference Library (TRL) renovation project.

RECOMMENDATIONS

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:
 - a) accelerate \$1,500,000 funding from 2013 to 2012 for the Toronto Reference Library project, comprised of \$997,000 debt and \$503,000 third party funding; and
 - b) defer \$997,000 gross and debt funding from 2012 to 2013 from the Fairview project to offset Toronto Reference Library advance of debt funding; and
2. authorizes staff to forward this report to the City's Budget Committee for consideration during the 2013 budget process.

FINANCIAL IMPACT

A total cash flow acceleration from 2013 to 2012 of \$1,500,000 gross funding (\$997,000 debt and \$503,000 third party) is required to allow the Toronto Reference Library construction to continue uninterrupted. A deferral of \$997,000 gross and debt cash flow

from 2012 to 2013 from the Fairview project, which is projected to remain unspent by year-end, would offset the debt funding advanced.

Description	2012 (\$000's)			2013 (\$000's)		
	Gross	Debt	Third Party	Gross	Debt	Third Party
a) Accelerate TRL cash flow	1,500	997	503	(1,500)	(997)	(503)
b) Defer Fairview cash flow	(997)	(997)		997	997	
Total cash flow adjustment	503	0	503	(503)	0	(503)

There is no net impact on the Council approved annual debt levels and no change in the total approved capital budget funding. As a result of these adjustments, the 2012 gross funding increases from \$24,154,190 to \$24,657,190. The requested gross funding for 2013 of \$33,297,000 is reduced to \$32,794,000.

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 which 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.

Any transfer of budget between capital projects in an amount in excess of \$250,000 requires approval of the Board and Council. This report seeks Board and City Council approval for these budget adjustments.

COMMENTS

Favourable conditions this year have allowed the Toronto Reference Library renovation project to gain some ground after delays experienced at the start of the project, and will require an advance of \$1,500,000 gross cash flow from 2013 to 2012, comprised of \$997,000 debt and \$503,000 third party funding. To offset the debt portion of the cash flow advance, \$997,000 gross and debt cash flow would be deferred from 2012 to 2013 for the Fairview project that is not expected to spend all of its approved 2012 cash flow due to a delay in the start of construction.

CONCLUSION

Budget adjustments contained in this report are required to address additional 2012 cash flow requirements for the Toronto Reference Library, with zero gross and debt impact on the 10-year capital plan.

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SIGNATURE

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