



STAFF REPORT ACTION REQUIRED

2019 Capital Budget Adjustments

Date:	June 17, 2019
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

This report requests the Toronto Public Library (TPL) Board's endorsement to amend the TPL approved 2019-2028 capital budget and plan by adjusting cash flows contained within the 10-year plan to align with year-end expenditures and project progress. These reallocations will allow TPL to continue to deliver projects within its capital plan. The adjustments will have a zero-dollar impact on the 2019 capital budget and 2020-2028 capital plan, and will align the 2019 cash flows to TPL's capital project delivery schedule and program requirements. These budget adjustments will be forwarded to the City for approval.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses the following cash flow reallocations that have no impact on annual debt levels:
 - 1.1 accelerate a total of \$1.078 million gross and debt funding from 2020 to 2019 for the Technology Asset Management Program (TAMP); and
 - 1.2 defer a total of \$1.078 million gross and debt funding from 2019 to 2020 for the York Woods Library project; and
2. authorizes staff to forward the capital budget adjustments to the City for approval.

FINANCIAL IMPACT

Cash flow acceleration for the TAMP project with 2019 forecasted cash flows ahead of schedule totalling \$1.078 million gross and debt are offset exactly by cash flow deferrals from the York Woods capital project.

There are no additional costs as a result of the approval of the recommendations in this report. The recommended adjustments will align the 2019 capital budget and 2020-2028 capital plan with TPL's capital project delivery schedule and program requirements.

The Director, Finance and Treasurer has reviewed this financial impact statement and agrees 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 – April 30, 2019*, provides a status update on all 2019 capital projects.

TPL is seeking to amend the 2019 approved budget and 2020-2028 capital plan of \$1.078 million gross and debt to better align cash flows with revised forecasted expenditures, reflecting capital project delivery and program requirements. These amendments will ensure funds are allocated to projects that are proceeding in 2019.

Capital Budget Acceleration

The Technology Asset Management Program (TAMP) provides for: the replacement and upgrade of existing PCs and laptops, RFID technologies including automated sorters; new digital technologies, digital signage and presentation equipment for meeting rooms, video conferencing technologies, wifi hardware, technologies to support self-service, innovation hub hardware and software; the servers and software supporting the library business support systems, the integrated library system, and websites; and the network and security equipment linking all the branches to the central computing site and the Internet.

Based on the current work schedule for 2019, spending will exceed the current cash flow budget as the project is ahead of schedule. A cash flow acceleration of \$1.078 million from 2020 is required in order to proceed with the work in 2019.

Capital Budget Deferral

In order for the overall approved funding levels to be maintained unchanged, \$1.078 million cash flow allocated for the York Woods renovation project in 2019 can be deferred to 2020. As the project is still in the design/consultation stage and construction will not start until

early fall, cash flow is being deferred to realign with the project schedule as construction funds will not be fully spent in 2019 and can be deferred to 2020.

CONCLUSION

Offsetting cash flow reallocations contained in this report are required to better match funding and expenditures, with zero gross and debt impact, and will result in a more efficient delivery of the capital program.

CONTACT

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SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: Accelerations/Deferrals - Toronto Public Library 2019 Capital Budget and 2020-2028 Capital Plan Adjustments

Attachment 1 - Accelerations/Deferrals - Toronto Public Library 2019 Capital Budget and 2020-2028 Capital Plan Adjustments (\$000s)

Sub-Project Name	WBS Element No.	Current			Accelerations		Funding Source	Revised			Comments
		Total Project Cost	2019 Cash flow	2020 Plan	2019	2020		Total Project Cost	2019 Cash flow	2020 Plan	
Technology Asset Management Program	Multiple (see note 1)	16,540	3,927	4,100	1,078	(1,078)	Debt	16,540	5,005	3,022	Project delivery is ahead of schedule. Overall, the project will remain within the approved budget.
Subtotal - Accelerations		16,540	3,927	4,100	1,078	(1,078)		16,540	5,005	3,022	

Sub-Project Name	WBS Element No.	Current			Deferrals		Funding Source	Revised			Comments
		Total Project Cost	2019 Cash flow	2020 Plan	2019	2020		Total Project Cost	2019 Cash flow	2020 Plan	
York Woods Library Renovation	CLB216-01	10,158	3,450	4,281	(1,078)	1,078	Debt	10,158	2,372	5,359	Project is still in the design/consultation stage. Construction funds will not be fully spent in 2019, \$1.078 M cash flow can be deferred to 2020. Overall, the project will remain within the approved budget.
Subtotal - Deferrals		10,158	3,450	4,281	(1,078)	1,078		10,158	2,372	5,359	
Total - Accelerations/Deferrals		26,698	7,377	8,381	-	-		26,698	7,377	8,381	

Note 1: The adjustment only impacts sub-project CLB217-01