

**Capital Budget Monitoring Report – September 30, 2008**

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| <b>Date:</b> | November 24, 2008            |
| <b>To:</b>   | Toronto Public Library Board |
| <b>From:</b> | City Librarian               |

**SUMMARY**

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The purpose of this report is to provide the Toronto Public Library Board with a summary of the Toronto Public Library’s capital expenditures for the nine-month period ending September 30, 2008 and adjustments to budgeted cash flows to match current project requirements, with no impact on the Council-approved annual debt level.

Capital spending during the nine months in 2008 totalled \$12.364 million or 54.8 percent of the approved gross cash flow of \$22.550 million. Capital expenditures are monitored on an on-going basis to ensure that the capital program is delivered as planned.

**FINANCIAL IMPACT**

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Based on the \$12.364 million actual spending and commitments, the 2008 gross capital budget of \$22.550 million is 54.8 percent spent as of September 30, 2008, and projected to be over 90 percent spent by the end of the year.

Funding in the amount of \$1.008 million will be deferred from three projects that are experiencing delays and reallocated to two projects that are proceeding ahead of planned cash flows. These cash flow reallocations will not impact the Council-approved 2008 debt level, nor affect the total funding of any capital project.

A projected funding surplus of \$0.173 million gross/debt from the S. Walter Stewart renovation capital project will be used to offset increased renovation costs of \$0.113 million gross/debt for the Jane/Dundas Neighbourhood Library and the \$0.06 million gross/debt for the Cliffcrest Neighbourhood Library. The funding transfer will not impact the Council-approved 2008 debt level.

The Director, Finance and Treasurer has reviewed this Financial Impact Statement and is in agreement with it.

## ISSUE BACKGROUND

TPL's 2008 approved capital budget of \$22.550 million gross is comprised of \$19.009 million of new approvals and \$3.541 million of funding balances carried forward from 2007.

## COMMENTS

### Capital Expenditure

As of September 30, 2008, TPL has spent \$12.364 million or 54.8 percent of the 2008 approved cash flow of \$22.550 million. This spending rate is ahead of the level of expenditure at this time in prior years and supports a projection of over 90 percent rate of expenditure by the end of the year. Attachment 1 includes a detailed list of all active projects, providing 2008 year-to-date and life-to-date project status, as well as projected expenditures by the end of the year. Most projects are progressing as planned, with the following exceptions:

- The **Technology Asset Management Program** is behind schedule in 2008 due to procurement delays; the acquisition of \$0.150 million of hardware will need to be carried forward to 2009; and,
- The **S. W. Stewart Library** re-opened on May 29, 2008 and will be completed once minor deficiencies and warranty issues are satisfactorily addressed. 2008 cash flow is anticipated to be underspent by \$0.149 million which will be carried forward into 2009.

### Budget Adjustments

The City's budget process allows 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, debt room freed up from delayed projects is replaced by additional debt spending on other approved accelerated projects in a single year. Using this budget reallocation process, TPL has been able to manage its projects and achieve a high level of expenditure and capital program delivery.

The adjustments summarized in the tables below were submitted to the City in October, to be approved by Council as part of the third quarter capital variance report, to:

- a) transfer \$0.173 million gross/debt surplus from the S. Walter Stewart renovation capital project to the Jane/Dundas and Cliffcrest renovation capital projects.

| <b>Project Name</b>          | <b>2008<br/>Gross<br/>/Debt</b> | <b>Description</b>  |
|------------------------------|---------------------------------|---|
| S. Walter Stewart Renovation | (0.173)                         | Project will be completed below budget. Surplus to be used to offset over-expenditures in other projects. |
| Jane/Dundas Renovation       | 0.113                           | Budget increased to cover unanticipated HVAC, fire safety, electrical, elevator, and security costs.      |
| Cliffcrest Relocation        | 0.060                           | Budget increased to cover unanticipated plumbing, electrical, fire safety and security costs.             |
| <b>Total</b>                 | <b>-</b>                        |   |

- b) reallocate cash flow funds between five projects with no incremental debt impact to the Toronto Public Library 2008 Capital Budget.

| <b>Project Name</b>                   | <b>2008<br/>Gross/D<br/>ebt</b> | <b>2009<br/>Gross<br/>/Debt</b> | <b>Description</b>   |
|---------------------------------------|---------------------------------|---------------------------------|--|
| Jane/Sheppard Library – Relocation    | 0.862                           | (0.862)                         | Acceleration due to substantial completion of construction by fourth quarter 2008. |
| Thorncliffe Library – Renovation      | 0.146                           | (0.146)                         | Cash flow ahead of schedule.   |
| Kennedy/Eglinton Library – Renovation | (0.695)                         | 0.695                           | Deferral due to late awarding of construction contract.                            |
| Virtual Branch Services               | (0.210)                         | 0.210                           | Deferral due to delays in the selection of service providers.                      |
| Sanderson Library – Renovation        | (0.103)                         | 0.103                           | Deferral due to late start of state of good repair component of the project.       |
| <b>Total</b>                          | <b>-</b>                        | <b>-</b>                        |  |

## **CONTACT**

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## **SIGNATURE**

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Jane Pyper  
City Librarian

## **ATTACHMENTS**

Attachment 1: Capital Budget Monitoring Report for the Period Ending September 30,  
2008