



STAFF REPORT ACTION REQUIRED

17.

2018-2027 Capital Budget and Plan Adjustment for St. Clair/Silverthorn Branch Project

Date:	May 28, 2018
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

This report requests Toronto Public Library (TPL) Board endorsement to seek City approval for an in-year capital budget adjustment to increase the approved capital budget for the St. Clair/Silverthorn Branch project by \$0.918 million gross to align funding with the contract awarded. The increase is funded by \$0.328 million of development charges (DC) and \$0.590 million debt funding transfer from the Multi-Branch State of Good Repair (MB SOGR) program. The adjustments will have a zero debt impact on the 2018-2027 Capital Budget and Plan. The total project cost of the St. Clair/Silverthorn project will increase to \$3.815 million.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses the following adjustments to TPL's 2018-2027 capital budget and plan with no net impact on annual debt levels:
 - a. increase the cost of the St. Clair/Silverthorn branch project by \$0.918 million, from \$2.897 million to \$3.815 million, funded by \$0.328 million from the development charges reserve fund (XR2115) and \$0.590 million from debt transferred from the Multi-Branch State of Good Repair program;
 - b. in-year capital budget transfer of \$0.590 million gross and debt from the Multi-Branch State of Good Repair program to the St. Clair/Silverthorn branch project; and
2. authorizes staff to forward the capital budget adjustments to the City for approval.

FINANCIAL IMPACT

The budget for the St. Clair/Silverthorn Branch project is being increased by \$0.918 million gross, funded by \$0.328 million DC and \$0.590 million debt transferred from the MB SOGR program. This adjustment increases the gross cost of the St. Clair/Silverthorn project from \$2.897 million to \$3.815 million. Annual cash flows are as shown in Table 1:

Table 1: St. Clair/Silverthorn Branch Capital Budget
(\$ Millions)

	Actual to date	2018 Budget	2019 Budget	Total Project Cost
Approved Budget				
DC	0.161	0.259	-	0.420
Debt	0.180	1.997	0.300	2.477
2018 Approved Budget	0.341	2.256	0.300	2.897
Budget Adjustment				
DC		0.148	0.180	0.328
Debt		0.570	0.020	0.590
Total Adjustment	-	0.718	0.200	0.918
Revised Budget				
DC	0.161	0.407	0.180	0.748
Debt	0.180	2.567	0.320	3.067
2018 Revised Budget	0.341	2.974	0.500	3.815

As detailed in Table 2 below, the budget transfer of \$0.590 million gross and debt funding from the MB SOGR program reduces the budget from \$15.923 million gross to \$15.333 million with 2018 cash flow decreasing from \$6.164 million gross to \$5.594 million and 2019 cash flow decreasing from \$5.732 million gross to \$5.712 million.

Table 2: Multi-Branch Minor Renovation Program Capital Budget
(\$ Millions)

	2018 Budget	2019 Budget	2020 Budget	Total Project Cost
Approved Budget				
DC	0.126	0.551	0.299	0.976
Debt	5.957	5.181	3.728	14.866
Other	0.081			0.081
2018 Approved Budget	6.164	5.732	4.027	15.923
Budget Adjustment				
DC				-
Debt	(0.570)	(0.020)		(0.590)
Total Adjustment	(0.570)	(0.020)	-	(0.590)
Revised Budget				
DC	0.126	0.551	0.299	0.976
Debt	5.387	5.161	3.728	14.276
Other	0.081			0.081
2018 Revised Budget	5.594	5.712	4.027	15.333

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At its meeting on February 12, 2018, City Council approved the Toronto Public Library Capital Budget through item EX31.2 (105a.i. and 105b) that included \$2.897 million gross for the St. Clair/Silverthorn Branch capital project with cash flows over 2018 and 2019.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

At its meeting on December 11, 2017, the Board approved the [awarding of the construction contract](#) for the St. Clair/Silverthorn Branch project to the lowest bidder, and it was noted that the costs were to be funded from the St. Clair/Silverthorn Branch project and the MB SOGR Program project.

ISSUE BACKGROUND

Financial control policies for the City and the Library allow for the reallocation of budgets between capital projects to offset anticipated over-expenditures in one project with available funding from another project.

The St. Clair/Silverthorn Branch project is a demolition and rebuild of an existing branch on the same property. The new branch will increase the public service area by approximately 1,000 square feet and will include a fully accessible elevator to service the second floor.

On October 12, 2017, TPL received tenders from four pre-qualified General Contractors with initial bids above budget. TPL was successful in negotiating with the lowest bidder to reduce the tender value by \$0.660 million, but the bid still exceeded the budget by \$0.918 million. To avoid further delays and potentially higher costs associated with re-tendering the project, the Library Board, at its meeting on December 11, 2017, awarded the construction contract to the lowest bidder with costs to be funded from the St. Clair/Silverthorn Branch project and the MB SOGR Program project.

COMMENTS

TPL is requesting a budget adjustment to reallocate funding in 2018 and 2019 from the MB SOGR Program to the St. Clair/Silverthorn Branch project, so as to align funding with the contract award.

CONTACT

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SIGNATURE

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