



STAFF REPORT ACTION REQUIRED

2016 Capital Budget Adjustments

Date:	May 30, 2016
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board approval for capital budget adjustments for: (1) cash flow reallocations comprised of accelerations and deferrals; and (2) an increase to the Virtual Branch Services capital project cost and 2016 cash flow. These technical adjustments do not affect the annual debt funding levels approved by Council.

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:
 - 1.1 accelerate a total of \$3.083 million gross (\$2.202 million debt and \$0.881 Development Charge (DC) funding) cash flow from 2017 to 2016 comprised of: \$2.019 million gross and debt for the Albion Library project; \$0.681 million gross and DC for the Dawes Road Library project; and \$0.383 million gross (\$0.183 million debt and \$0.200 million DC) for the Multi-Branch State of Good Repair project; and
 - 1.2 defer a total of \$3.083 million gross (\$2.202 million debt and \$0.881 DC funding) cash flow from 2016 to 2017 comprised of: \$1.460 million gross (\$0.579 million debt and \$0.881 million DC) for the Wychwood Library project; \$0.644 million gross and debt for the Bayview Library project; and \$0.979 gross and debt for the St. Clair/Silverthorn Library project.
2. approves a \$0.042 million gross (\$0 debt) increase to the project cost and 2016 cash flow for the Virtual Branch Services project, fully funded by DC and third party donation; and

3. authorizes staff to forward these budget adjustments to the City for approval.

FINANCIAL IMPACT

Cash flow advancements for three projects with 2016 forecasted cash flows ahead of schedule totalling \$3.083 million gross (\$2.202 million debt financing and \$0.881 million development charge (DC) financing) are offset exactly by cash flow deferrals from three other capital projects that are currently behind schedule. The details of these proposed budget adjustments are shown in the table in the Comments section presenting the offsetting cash flow advancements and deferrals by funding source that do not impact approved funding levels for 2016 or 2017.

The 2016 Virtual Branch Services project is being increased by \$0.042 million gross (funded from \$0.017 million DC and \$0.025 million third party donation) which increases the gross cost of the Virtual Branch Services project from \$3.250 million to \$3.292 million with the 2016 gross cash flow increasing from \$1.360 million to \$1.402 million.

The proposed capital adjustments have no net impact on the Council-approved annual debt levels.

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. These financial policies also allow for project funding to be increased when new sources of non-debt funding are secured and the funds received. Council approval is required to draw funds from reserves or reserve funds.

COMMENTS

Cash Flow Reallocations

A separate report, Capital Budget Monitoring Report – March 31, 2016, provides a status update on all 2016 capital projects.

Three projects are currently ahead of schedule and require a total of \$3.083 million gross funding (\$2.202 million in debt and \$0.881 million in DC funding) to be advanced from 2017 to 2016. In order to maintain unchanged the overall approved funding levels, unspent cash

flows from equivalent funding sources in other projects that are experiencing delays have to be deferred from 2016 to 2017. The table below details the cash flow adjustments required.

Budget Adjustment (\$ million)

Description	2016			2017		
	Gross	Debt	DC	Gross	Debt	DC
Advance cash flow						
Accelerate Albion cash flow	2.019	2.019		(2.019)	(2.019)	
Accelerate Dawes Road cash flow	0.681		0.681	(0.681)		(0.681)
Accelerate Multi-branch cash flow	0.383	0.183	0.200	(0.383)	(0.183)	(0.200)
Subtotal	3.083	2.202	0.881	(3.083)	(2.202)	(0.881)
Defer cash flow						
Defer Wychwood cash flow	(1.460)	(0.579)	(0.881)	1.460	0.579	0.881
Defer Bayview cash flow	(0.644)	(0.644)		0.644	0.644	
Defer St. Clair/Silverthorn cash flow	(0.979)	(0.979)		0.979	0.979	
Subtotal	(3.083)	(2.202)	(0.881)	3.083	2.202	0.881
Net	0	0	0	0	0	0

Virtual Branch Service Project

The 2016 Virtual Branch Services project is being increased by \$0.042 million gross (funded from \$0.017 million DC and \$0.025 million third party donation) to purchase, and make available for circulation, Wi-Fi hotspots which provide home internet access to residents in Neighbourhood Improvement Areas. This adjustment increases the gross cost of the Virtual Branch Services project from \$3.250 million to \$3.292 million with the 2016 gross cash flow increasing from \$1.360 million to \$1.402 million.

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

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