



STAFF REPORT ACTION REQUIRED

11.

2015 Capital Budget Adjustments

Date:	September 21, 2015
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) Section 37 funding which has been received for the Fairview Library. 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 \$1.507 million gross and debt cash flow from 2016 to 2015 for the Multi-Branch State of Good Repair project, offset by \$1.507 million gross and debt under-spent cash flow deferral from 2015 to 2016 consisting of \$0.250 million for the Albion Library project, \$0.023 million for the Bayview Library project, \$0.734 million for the St. Clair/Silverthorn Library project, and \$0.500 million for the North York Central Library project; and
 - 1.2 accelerate \$0.178 million gross cash flow, funded by development charges (DC), from 2016 to 2015 for the Virtual Branch Services project, offset by a \$0.178 million gross (DC funded) under-spent cash flow deferral from 2015 to 2016 consisting of \$0.112 million for the Bayview Library project and \$0.066 million for the St. Clair/Silverthorn Library project.
2. approves a \$0.262 million gross (\$0 debt) increase to the 2015 project cost and cash flow for the Multi-Branch State of Good Repair project, fully funded by Section 37 funding received by the City for the Fairview Library;
3. authorizes staff to forward these budget adjustments to the City for approval.

FINANCIAL IMPACT

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

Cash Flow Reallocations

Accelerate \$1.507 million gross and debt funding from 2016 to 2015 for the Multi-Branch State of Good Repair project which is ahead of schedule, offset by cash flow deferrals from four under-spent projects as detailed below:

Description	2015		2016	
	Gross	Debt	Gross	Debt
Accelerate Multi-branch cash flow	1.507	1.507	(1.507)	(1.507)
Defer Albion cash flow	(0.250)	(0.250)	0.250	0.250
Defer Bayview cash flow	(0.023)	(0.023)	0.023	0.023
Defer St. Clair/Silverthorn cash flow	(0.734)	(0.734)	0.734	0.734
Defer North York Central cash flow	(0.500)	(0.500)	0.500	0.500
Net	0	0	0	0

Accelerate \$0.178 million gross cash flow, funded by DC, from 2016 to 2015 for the Virtual Branch Services project which was slightly ahead of schedule, offset by cash flow deferrals from under-spent projects as detailed below:

Description	2015		2016	
	Gross	DC	Gross	DC
Accelerate Virtual Branch Services cash flow	0.178	0.178	(0.178)	(0.178)
Defer Bayview cash flow	(0.112)	(0.112)	0.112	0.112
Defer St. Clair/Silverthorn cash flow	(0.066)	(0.066)	0.066	0.066
Net	0	0	0	0

Fairview Library

The 2015 Multi-Branch State of Good Repair project is being increased by \$0.262 million gross (funded from Section 37 funding) for capital upgrades to the Fairview Library. This adjustment increases the gross cost of the Multi-Branch State of Good Repair project from \$9.460 million to \$9.722 million with the 2015 gross cash flow increasing from \$4.120 million to \$4.382 million.

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 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 where the funds received by the city have been deposited.

Financial control policies for the City and the Library also 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.

COMMENTS

Cash Flow Reallocations

A separate report, “Capital Budget Monitoring Report – June 30, 2015”, provides a list of all 2015 capital projects, including completion status as well as a description of projects with significant under-spending.

As of June 30, 2015, the Multi-Branch State of Good Repair project spending is ahead of schedule, requiring an acceleration of \$1.507 million cash flow, funded by debt, from 2016 to 2015. In order to maintain unchanged the overall approved funding levels, under-spent balances from equivalent funding sources for the Albion Library (\$0.250 million), St. Clair/Silverthorn Library (\$0.734 million), Bayview Library (\$0.023 million) and North York Central Library (\$0.500 million) are being deferred from 2015 to 2016 as these projects are experiencing delays.

The Virtual Branch Services project spending is slightly ahead of schedule as of June 30, 2015. The acceleration of \$0.178 million cash flow, funded by DC, from 2016 to 2015 will be offset by cash flow deferral from 2015 to 2016 for projects experiencing delays: Bayview Library project amounting to \$0.112 million; and St. Clair/Silverthorn Library amounting to \$0.066 million.

Fairview Library

On March 21, 2013 City Council adopted the recommendation to require the Owner of 3, 5, 11, 17, 21 Allenbury Gardens and 3, 5 Kingslake Road to enter into an Agreement pursuant to Section 37 of the Planning Act as follows:

The owner is to provide a financial contribution to the City of \$750,000 to be used for capital improvements/renovation of Fairview Library including an early literacy centre, computer learning and media centre, teen zone and lighting upgrades. The financial contribution is to be paid as follows:

- i. A cash contribution of \$260,000 to be paid prior to the issuance of any building permits for Building A or Building B; and*
- ii. A cash contribution of \$490,000 to be paid prior to the issuance of any*

building permits for Building D or Building E.

Each instalment payment set out above shall be indexed in accordance with the Statistics Canada Non-Residential Building Construction Price Index for Toronto calculated from the date of execution of the Section 37 Agreement to the date of submission of the funds by the owner to the City.

The first instalment of \$0.262 million for capital upgrade of Fairview Library has been received and will be added to the 2015 Multi-Branch State of Good Repair project cash flow with no impact on debt. The funding will enable TPL to complete the renovation of the second floor and undertake the planning for the third floor renovation, which will be funded through the next section 37 cash contribution.

CONCLUSION

The additional funding for the Fairview Library has been collected by the City and Council approval is required to draw from reserves and to adjust the Multi-Branch capital project budget.

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

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946;
E-mail: lhughsam@torontopubliclibrary.ca

SIGNATURE

Vickery Bowles
City Librarian