



STAFF REPORT ACTION REQUIRED

11.

2015 Capital Budget Adjustments

Date:	November 23, 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) non-debt funding reallocation for the Fort York 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 \$1.900 million gross and debt cash flow from 2016 to 2015 for the Albion Library Renovation project; and
 - 1.2 defer \$1.900 million gross and debt cash flow from 2015 to 2016, consisting of \$0.800 million for the Multi-Branch State of Good Repair project, \$0.800 million for the Agincourt Building Element project, and \$0.300 million for the Wychwood Library Renovation and Expansion project;
2. approves a \$2.016 million draw of Section 37 funds, which has been received for the Fort York Library, to be deposited to the Development Charges Reserve Fund for TPL capital projects; and
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

The Albion Library renovation project is ahead of schedule in 2015, requiring the acceleration of \$1.900 million gross and debt funding from 2016 to 2015. To offset this cash flow advance, unspent cash flow from three projects is available to defer to 2016.

	<u>2015</u>	<u>2016</u>
	<u>Gross and Debt</u>	<u>Gross and Debt</u>
Accelerate Albion cash flow	1.900	(1.900)
Defer Multi-branch cash flow	(0.800)	0.800
Defer Agincourt cash flow	(0.800)	0.800
Defer Wychwood cash flow	(0.300)	0.300
Net	0	0

Fort York Library

The Fort York Library Construction project (\$9.192 million) was completed in 2014 and fully funded from developer contributions through a combination of development levies and Section 37 contributions (\$5.479 million), and development charges (\$3.713 million). An additional \$2.016 million of development levies and Section 37 funds have been collected for the Fort York Library, and these are being drawn to replenish the Library's Development Charges Reserve Fund.

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 also 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.

Financial control policies for the City and the Library allow for project funding to be adjusted 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.

COMMENTS

Cash Flow Reallocations

A separate report, “Capital Budget Monitoring Report – September 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 September 30, 2015, the Albion Library Renovation project spending is ahead of schedule, requiring an acceleration of \$1.900 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 Multi-Branch State of Good Repair project (\$0.800 million), Agincourt Building Element project (\$0.800 million) and Wychwood Library (\$0.300 million) are being deferred from 2015 to 2016 as these projects are experiencing delays.

Fort York Library

The 1994 Development Levy Trust Agreement for the West Railway Lands was put in place to collected levies from development in the area, and this was prior to the City’s Development Charges By-law. Development levies are being deposited into a Section 37 reserve fund. Other developments, which are occurring outside of the Railway Lands but within the Fort York area, also attract Section 37 funding. These continuing developer contributions are expected to fully fund the Fort York Library.

The Fort York Library construction (\$9.192 million) was completed in 2014 and fully funded from developer contributions through a combination of development levies and Section 37 contributions and development charges. To complete the construction, \$3.713 million of funding was drawn from development charges while development levies and Section 37 funding continue to be collected in the area. At this time, an additional \$2.016 million of development levies and Section 37 funds have been collected for the Fort York Library, and these are being drawn to replenish the Development Charges Reserve Fund that will be available for other Library capital projects.

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SIGNATURE

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