

November 26, 2010

Executive Committee
City of Toronto
10th Floor, West Tower, City Hall
100 Queen Street West
Toronto, ON M5H 2N2

Dear Members of Executive Committee:

The Toronto Public Library Board, at its meeting on September 20, 2010, adopted the following motion, which requires Council approval:

It is recommended that the Toronto Public Library Board:

- 1) *approves the following budget amendments and transfers:*
 - a) *amend the Toronto Reference Library budget for the gallery space by adding \$200,000 gross (\$0 debt), funded from a federal Heritage Canada grant, with 2010 cash flow of \$200,000;*
 - b) *amend the Technology Asset Management Program (TAMP) budget by adding \$1,617,276 gross (\$0 debt) funded from a transfer from the City Technology End of Lease Strategy (TELS), with 2010 cash flow of \$400,000 and 2011 cash flow of \$1,217,276;*
 - c) *transfer budgets as follows:*
 - i) *add \$600,000 gross and debt funding to the 2010 Multi-branch Renovation Project;*
 - ii) *reduce \$600,000 gross and debt funding from the 2010 Virtual Branch Services Project;*
- 2) *approves the following cash flow reallocations:*
 - a) *reallocate funding as follows:*
 - i) *advance \$800,000 gross and debt from 2011 to 2010 for the Multi-branch Renovation Project and defer \$800,000 gross and debt from 2010 to 2011 from the Brentwood Library Project; and*

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- ii) advance \$300,000 gross and debt from 2011 to 2010 for the Toronto Reference Library and defer \$300,000 gross and debt from 2010 to 2011 from the Malvern Library Youth Hub Project;*
- b) reallocate \$3,734,877 of funding as follows:*
 - i) \$1,326,031 gross (\$0 debt) from 2010 to 2012 for the Toronto Reference Library Project;*
 - ii) \$1,023,969 gross (\$0 debt) from 2010 to 2012 for the Brentwood Library Project;*
 - iii) \$1,105,000 gross (\$0 debt) from 2010 to 2011 for the Malvern Library Youth Hub Project;*
 - iv) \$227,877 gross (\$0 debt) from 2010 to 2016 for the St. Lawrence Library Project;*
 - v) \$52,000 gross (\$0 debt) from 2010 to 2014 for the Bayview Library Project;*

I am attaching the relevant Board report and attachment provided to the Board at the September 20th meeting.

Sincerely,

Jane Pyper
City Librarian

Attachments



STAFF REPORT ACTION REQUIRED

2010 Capital Budget - Technical Adjustments as of June 30, 2010

Date:	September 20, 2010
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to request Toronto Public Library Board approval of technical budget adjustments to capital projects which include amendments, transfers and reallocations that do not affect the annual debt funding level approved by Council.

Technical budget adjustments contained in this report are considered a normal part of managing the capital program, as long as the adjustments do not result in an increase to approved debt funding levels.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

- 1) approves the following budget amendments and transfers:
 - a) amend the Toronto Reference Library budget for the gallery space by adding \$200,000 gross (\$0 debt), funded from a federal Heritage Canada grant, with 2010 cash flow of \$200,000;
 - b) amend the Technology Asset Management Program (TAMP) budget by adding \$1,617,276 gross (\$0 debt) funded from a transfer from the City Technology End of Lease Strategy (TELS), with 2010 cash flow of \$400,000 and 2011 cash flow of \$1,217,276;
 - c) transfer budgets as follows:
 - i) add \$600,000 gross and debt funding to the 2010 Multi-branch Renovation Project;

- ii) reduce \$600,000 gross and debt funding from the 2010 Virtual Branch Services Project;
- 2) approves the following cash flow reallocations:
 - a) reallocate funding as follows:
 - i) advance \$800,000 gross and debt from 2011 to 2010 for the Multi-branch Renovation Project and defer \$800,000 gross and debt from 2010 to 2011 from the Brentwood Library Project; and
 - ii) advance \$300,000 gross and debt from 2011 to 2010 for the Toronto Reference Library and defer \$300,000 gross and debt from 2010 to 2011 from the Malvern Library Youth Hub Project;
 - b) reallocate \$3,734,877 of funding as follows:
 - i) \$1,326,031 gross (\$0 debt) from 2010 to 2012 for the Toronto Reference Library Project;
 - ii) \$1,023,969 gross (\$0 debt) from 2010 to 2012 for the Brentwood Library Project;
 - iii) \$1,105,000 gross (\$0 debt) from 2010 to 2011 for the Malvern Library Youth Hub Project;
 - iv) \$227,877 gross (\$0 debt) from 2010 to 2016 for the St. Lawrence Library Project;
 - v) \$52,000 gross (\$0 debt) from 2010 to 2014 for the Bayview Library Project;
- 3) approves staff to forward this report to the City for approval.

FINANCIAL IMPACT

Description	2010 increase / (decrease)							FUTURE YEARS increase / (decrease)		
	Gross	Funding Sources						Gross	Funding Sources	
		Debt	Fed. Grant	S37	Dev. Chgs	POL	City Res		Debt	Other
1) Budget Amendments - Non debt										
1a) TRL - gallery space	200,000		200,000							
1b) Technology Replacement	400,000						400,000	1,217,276	-	1,217,276
Subtotal	600,000	-	200,000	-	-	-	400,000	1,217,276	-	1,217,276
1c) Budget transfers - debt	-	-						-	-	-
2a) Cash flow reallocation - debt	-	-						-	-	-
2b) Cash flow reallocation - Non debt	(3,737,877)			(1,326,031)	(1,306,846)	(1,105,000)		3,737,877	-	3,737,877
Subtotal	(3,737,877)	-	-	(1,326,031)	(1,306,846)	(1,105,000)	-	3,737,877	-	3,737,877
Total Adjustment	(3,137,877)	-	200,000	(1,326,031)	(1,306,846)	(1,105,000)	400,000	4,955,153	-	4,955,153

The 2010 approved gross capital budget is being reduced by \$3,137,877 from \$30,966,233 to \$27,828,356. A total of \$3,737,877 non-debt funding from projects experiencing delays is being deferred to future years. There is no net impact on the Council-approved annual debt levels.

The total budget for the following projects is amended as follows:

- the Toronto Reference Library Project increases by \$200,000 gross (\$0 debt) with funding from a federal Heritage Canada grant;
- the Technology Asset Management Project increases by \$1,617,276 gross (\$0 debt) with a funding transfer from the City Technology End of Lease Strategy reserve;
- the Virtual Branch Project decreases by \$600,000 gross and debt; and
- the Multi-branch Project increases by \$600,000 gross and debt.

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 needs and resources and an efficient capital program delivery.

Any transfer of budget between capital projects in an amount in excess of \$250,000 requires approval of the Board and Council. During the Municipal Elections Extended Council Recess, the Deputy City Manager and Chief Financial Officer has received delegated authority from Council to approve budget transfers of up to \$1 million. This report seeks Board and applicable City approval for technical budget adjustments.

COMMENTS

A separate report, *Capital Budget Monitoring Report – June 30, 2010*, is being presented at the September 20, 2010 Board meeting, which describes the status of spending on capital projects and provides additional context for the budget adjustments contained in this report.

Budget Amendments and Transfers

The following budget amendments and transfers are being made:

Project Name	2010 increase / (decrease)				2011 increase / (decrease)		
	Gross	Funding Sources			Gross	Funding Sources	
		Debt	Fed Grant	City Res		Debt	City Res
Budget Amendments - Non debt							
1a) Toronto Reference Library (TRL Gallery)	200,000		200,000			-	-
1b) Technology Replacement program	400,000			400,000	1,217,276		1,217,276
1a) and 1b) Total	600,000	-	200,000	400,000	1,217,276	-	1,217,276
Budget Transfers - Debt							
1c) i) Virtual Branch Services	(600,000)	(600,000)					-
1c) ii) Multibranch	600,000	600,000					-
1c) Total	-	-		-	-	-	-

- **Toronto Reference Library (TRL) Renovation:** an approved federal Heritage Canada grant partially funds the renovation of the Toronto Reference Library gallery, requiring a 2010 budget increase of \$200,000 gross (\$0 debt).
- **Technology Asset Management Program:** Beginning in the year 2000, the City has been replacing some of the Library IT equipment on a pre-determined cycle. The latest replacement cycle is scheduled to be implemented in 2010 and 2011. This year, the City is transferring to the Library the \$1,617,276 funds required for this implementation. The Library projects to spend \$400,000 in 2010 and \$1,217,276 in 2011.
- **Virtual Branch Services:** This is a multi-year, multi-phase project of enhancements to the Library's online services. As part of the development of the new TPL website, a Beta site was launched at the beginning of the year, which allowed over 100,000 customers to try out and test the new site with hundreds of people providing valuable feedback on the Beta version. The Beta test period was very successful, but it delayed the start of the next phase of on-line development in

2010, resulting in a projected under-spending of approximately \$600,000, which will be transferred to the Multi-branch Renovation Project.

- **Multi-branch Renovation Project.** Unspent debt funding of \$600,000 from the Virtual Branch Services Project will be used by this project to help address the state of good repair backlog.

Cash Flow Reallocation and Deferral

Delays in the Brentwood and Malvern projects provide the opportunity to defer unused debt funding and to advance the equivalent debt funding for the Multi-branch Renovation and TRL projects.

Non-debt cash flows which are not projected to be expended in 2010 are deferred to future years.

Project Name	2010 increase / (decrease)		FUTURE YEAR	increase / (decrease)	
	Gross	Debt		Gross	Debt
2 a) Cash Flow Reallocation - Debt					
i) Multibranch	800,000	800,000	2011	(800,000)	(800,000)
i) Brentwood Library	(800,000)	(800,000)	2011	800,000	800,000
ii) Toronto Reference Library	300,000	300,000	2011	(300,000)	(300,000)
ii) Malvern Library Youth Hub	(300,000)	(300,000)	2011	300,000	300,000
Total 2a)	-	-		-	-
2 b) Cash Flow Reallocation - Non-debt					
i) Toronto Reference Library	(1,326,031)	-	2012	1,326,031	-
ii) Brentwood Library	(1,023,969)	-	2012	1,023,969	-
iii) Malvern Library Youth Hub	(1,105,000)	-	2011	1,105,000	-
iv) St. Lawrence Library	(227,877)	-	2016	227,877	-
v) Bayview Library	(52,000)	-	2014	52,000	-
Total 2b)	(3,734,877)	-		3,734,877	-

- **Toronto Reference Library.** Renovations consist of three components: the main ongoing project, the gallery renovation funded partially by a federal Heritage Canada grant and the renovations funded through the ISF projects. As the federal funding is conditional on achieving substantial completion by March 2011, resources are focused on completing those areas. A projected under-expenditure of \$1,326,031 gross (\$0 debt) of the main ongoing project is being deferred to 2012.
- **Brentwood Library.** The start of this project was delayed due to an appeal to the Ontario Municipal Board (OMB), which was resolved favourably. Working drawings are complete and the construction tender has been awarded. A

projected under-expenditure of \$1,023,969 gross (\$0 debt) is being deferred to 2012. Deferring an additional under-expenditure of \$800,000 gross and debt from 2010 to 2011 provides an opportunity to advance \$800,000 gross and debt to the Multi-branch Renovation Program to accelerate building repairs.

- **Malvern Library Youth Hub:** Site Plan approval is in process. Tender documents are being finalized. A projected under-expenditure of \$1,105,000 gross (\$0 debt) is being deferred to 2011. Debt room created by the additional deferral of \$300,000 gross and debt from 2010 to 2011 is being offset by advancing \$300,000 gross and debt for the Toronto Reference Library Project.
- **St Lawrence Library:** After completing a feasibility study and in consultation with other stakeholders, construction of a new library to relocate the St. Lawrence Library has been deferred to 2017. Funding of \$227,877 gross (\$0 debt) for the planning of this project included in the 2010 approved cash flow is being deferred to 2016.
- **Bayview Library:** Based on the progress of development activity in the area where a new library is planned to be built to relocate the Bayview Branch, the start of construction has been deferred to 2014. Funding of \$52,000 gross (\$0 debt) for the planning of this project included in the 2010 approved cash flow is being deferred to 2014.

CONCLUSION

Technical budget adjustments contained in this report are considered a normal part of managing the capital program, as long as the adjustments do not result in an increase to Council-approved annual debt levels.

CONTACT

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SIGNATURE

Jane Pyper
City Librarian