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 November 22, 2010, adopted the following motion, which requires Council approval:

It is recommended that the Toronto Public Library Board:

1) approves the following debt cash flow reallocations:
   a) advance $700,000 gross and debt from 2011 to 2010 for the Cedarbrae Library project and defer $700,000 gross and debt from 2010 to 2011 from the Malvern Library youth hub project; and;
   b) advance $300,000 gross and debt from 2011 to 2010 for the self-service check-out project and defer offsetting gross and debt funding from 2010 to 2011 as follows: $100,000 from the Brentwood Library project, $150,000 from the Thorncliffe Library project and $50,000 from the Virtual Branch Library project;

2) approves the following non-debt cash flow reallocations:
   a) $77,000 gross ($0 debt) from 2010 to 2011 for the Mount Dennis Library project;
   b) $126,000 gross ($0 debt) from 2010 to 2011 for the Fairview Library project; and
   c) $300,000 gross ($0 debt) from 2010 to 2011 for the Toronto Reference Library ISF project;

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Office of the City Librarian

789 Yonge Street, Toronto, Ontario, Canada M4W 2G8 Tel: 416-393-7032 Fax: 416-393-7083

I am attaching the relevant Board report and attachment provided to the Board at the November 22nd meeting.

Sincerely,

Jane Pyper
City Librarian

Attachments

STAFF REPORT
ACTION REQUIRED

2010 Capital Budget – Technical Adjustments as of October 31, 2010

Date:	November 22, 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 cash flow advances and deferrals 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 debt cash flow reallocations:

   a) advance $700,000 gross and debt from 2011 to 2010 for the Cedarbrae library project and defer $700,000 gross and debt from 2010 to 2011 from the Malvern Library youth hub project; and

   b) advance $300,000 gross and debt from 2011 to 2010 for the self-service check out project and defer offsetting gross and debt funding from 2010 to 2011 as follows: $100,000 from the Brentwood library project, $150,000 from the Thorncliffe library project and $50,000 from the Virtual Branch library project.

2) approves the following non-debt cash flow reallocations:

   a) $77,000 gross ($0 debt) from 2010 to 2011 for the Mount Dennis library project;

b) $126,000 gross ($0 debt) from 2010 to 2011 for the Fairview library project; and

c) $300,000 gross ($0 debt) from 2010 to 2011 for the Toronto Reference Library ISF project.

3) Approves staff to forward this report to the City for approval.

FINANCIAL IMPACT

Description	2010 increase / (decrease)					2011 increase / (decrease)		
	Gross	Funding Sources				Gross	Funding Sources	
		Debt	Fed. ISF	Dev. Chgs	Library Foundation		Debt	Other
1) Cash flow reallocation - debt	-	-				-	-	
Advances	1,000,000	1,000,000				(1,000,000)	(1,000,000)	
Deferrals	(1,000,000)	(1,000,000)				1,000,000	1,000,000	
Subtotal 1)	-	-	-	-	-	-	-	-
2) Cash flow reallocation - non debt								
a) Mount Dennis Library	(77,000)	-		(77,000)		77,000	-	77,000
b) Fairview Library	(126,000)			(126,000)		126,000	-	126,000
c) Toronto Reference Library - ISF	(300,000)		(100,000)		(200,000)	300,000	-	300,000
Subtotal 2)	(503,000)	-	(100,000)	(203,000)	(200,000)	503,000	-	503,000
Total Adjustment	**(503,000)**	**-**	**(100,000)**	**(203,000)**	**(200,000)**	**503,000**	**-**	**503,000**

The 2010 approved gross capital budget is being reduced by $503,000 from $27,981,346 to $27,478,346. A total of $503,000 non-debt funding from projects experiencing delays is being deferred from 2010 to 2011. There is 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 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. This report seeks Board and applicable City approval for technical budget adjustments.

COMMENTS

A separate report, *Capital Budget Monitoring Report – September 30, 2010,* is being presented at the November 22, 2010 Board meeting, which describes the status of spending on capital projects and provides additional context for the budget adjustments contained in this report.

Cash Flow Reallocation

Delays in the Malvern, Brentwood, Thorncliffe and Virtual Branch projects provide the opportunity to defer unused debt funding and to advance the equivalent debt funding for the Cedarbrae and self-service check out projects.

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

Project Name	2010 increase / (decrease)		2011 increase / (decrease)	
	Gross	Debt	Gross	Debt
1) Cash Flow Reallocation - Debt				
a) Cedarbrae Library	700,000	700,000	(700,000)	(700,000)
a) Malvern Library	(700,000)	(700,000)	700,000	700,000
b) Self-service check out	300,000	300,000	(300,000)	(300,000)
b) Brentwood Library	(100,000)	(100,000)	100,000	100,000
b) Thorncliffe Library	(150,000)	(150,000)	150,000	150,000
b) Virtual Branch	(50,000)	(50,000)	50,000	50,000
Total 1)	**-**	**-**	**-**	**-**
2) Cash Flow Reallocation - Non-debt				
a) Mount Dennis Library	(77,000)	-	77,000	-
b) Fairview Library	(126,000)	-	126,000	-
c) Toronto Reference Library - ISF	(300,000)	-	300,000	-
Total 2)	**(503,000)**	**-**	**503,000**	**-**

- ***Malvern Library Youth Hub:*** The Site Plan application has been approved, a building permit application is being submitted and a tender is to be issued. A projected under-expenditure of $700,000 gross and debt is being deferred to 2011. Debt room created by the deferral is being offset by advancing $700,000 gross and debt for the Cedarbrae library project which is proceeding ahead of schedule.

- ***Brentwood Library:*** The start of this project was delayed due to an appeal to the Ontario Municipal Board (OMB), which was resolved favourably. The branch closed for construction in September. A projected under-expenditure of $100,000 gross and debt is being deferred to 2011, allowing an opportunity to advance equivalent funding for the self-service check out project, which is proceeding ahead of schedule.

- ***Thorncliffe Library:*** The reconstruction of this branch was completed and the branch reopened to the public, but deficiencies are being addressed. A projected under-expenditure of $150,000 gross and debt is being deferred to 2011, allowing an opportunity to advance equivalent funding for the Self-service check out project.

- ***Virtual Branch:*** The development of the new TPL website, which included the launch of a Beta site, successfully engaged over 100,000 customers to try out and test the new site and provide valuable feedback, but it delayed the start of the next phase of online development. A projected under-expenditure of $50,000 gross and debt is being deferred to 2011, allowing an opportunity to advance equivalent funding for the Self-service check out project.

- ***Mount Dennis Library:*** An architect was selected for this project and design meetings have began. A projected under-expenditure of $77,000 gross ($0 debt) is being deferred to 2011.

- ***Fairview Library:*** An architect was selected for this project, but the planning phase is not expected to start until 2011. A projected under-expenditure of $126,000 gross ($0 debt) is being deferred to 2011.

- ***Toronto Reference Library-ISF:*** Approval of renovations at this site funded through the Infrastructure Stimulus Fund (ISF) initiative was received later than the other five ISF projects, resulting in a slight delay in the start of construction. A projected under-expenditure of $300,000 gross ($0 debt) is being deferred to 2011.

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

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Jane Pyper
City Librarian