# BU34.12

## REPORT FOR ACTION

# Toronto Public Library – 2017 Capital Budget Adjustments (Q2)

**Date:** Aug 11, 2017
**To:** Budget Committee
**From:** City Librarian
**Wards:** All

## SUMMARY

This report requests City Council's authority to amend the Toronto Public Library (TPL) 2017 Council Approved Capital Budget and 2018-2026 Capital Plan by adjusting cash flows contained within the Budget and Plan, respectively, to align forecasted project accelerations and deferrals. Additional budget reallocations to project costs and cash flows are requested where actual spending exceed the current approved cash flow. The adjustments will have a zero debt impact on the 2017 Capital Budget and 2018-2026 Capital Plan and will align the 2017 Capital Budget to TPL's capital project delivery schedule and program requirements.

## RECOMMENDATIONS

**The City Librarian recommends that:**

1. Council authorize the deferral and acceleration of cash flows within the projects in TPL's 2017 Council Approved Capital Budget and future year commitments in the amount of $2.746 million, as included in Appendix A of this report, with zero gross and debt budget impact.

2. Council increase the 2017 capital budget by $1.278 million gross funded by development charges (DC) which is comprised of:

    a. an increase of $0.300 million gross and a reduction in debt of $0.978 million to the Albion Library project funded by an increase of $1.278 million DC.

    b. the application of the $0.978 million of debt freed up from Albion Library project to the Multi-Branch State of Good Repair project, as shown in Appendix B of this report.

## FINANCIAL IMPACT

The approval of this report will authorize the deferral and acceleration of funds in TPL's approved 2017 Capital Budget and 2018-2026 Capital Plan in the total amount of $2.746 million gross ($1.982 million debt and $0.764 million DC funding), as detailed in Appendix A. Site Plan approval delays have resulted in the deferral of $2.391 million in funding from 2017 to 2018 and deferral of $0.355 million in funding from 2017 to 2019, which are offset by a corresponding acceleration of funding from 2018 and 2019 to 2017 for projects that are ahead of schedule.

The approval of this report will also authorize the replacement of $1.278 million debt funding to DC funding for the Albion Library project with a gross increase of $0.300 million and would free up $0.978 million in debt room which can be reallocated to address the SOGR backlog by increasing the Multi-Branch SOGR project in 2017 with no additional funding required from the City.

These amendments to TPL's 2017 Capital Budget and 2018-2026 Capital Plan will increase the 2017 Council Approved Capital Budget by $1.278 million gross, $0 debt.

There are no additional costs to the City as a result of approval of this report. The recommended adjustments will align the 2017 Capital Budget with TPL's capital program requirements for 2017 and beyond.

The Deputy City Manager and Chief Financial Officer (City) and the Director, Finance and Treasurer (TPL) have reviewed this financial impact statement and are in agreement with it.

## DECISION HISTORY

City Council, at its meeting on February 15 & 16, 2017, approved the Toronto Public Library 2017 Capital Budget and 2018 – 2026 Capital Plan through item EX22.2 (108a.i. and 108a.ii.)
http://www.toronto.ca/legdocs/mmis/2017/ex/bgrd/backgroundfile-100566.pdf

## 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 that are experiencing delays, as long as the overall approved debt level is not exceeded in any year.

These policies also allow for the reallocation of budget between capital projects to offset anticipated over-expenditures in one project with available funding from another project.

## COMMENTS

### Deferrals/Accelerations

TPL is seeking to amend the 2017 Approved Budget and 2018-2026 Capital Plan of $2.746 million gross ($1.982 million debt and $0.764 million DC funding) to better align the cash flows with revised forecasted expenditures, reflecting capital project delivery and program requirements. The amendments will ensure proper funding is in place to tender and award contracts.

Appendix A lists the 2017 approved and revised cash flows for the capital projects that are proposed to be adjusted. The adjustments are needed to provide additional funding for projects that are proceeding ahead of schedule due to favourable weather/site conditions or strong consultant/contractor performance. The proposal is for the cash flow accelerations be reallocated from capital projects that are currently estimated to be under-spent by year-end, due to projects that are behind schedule because of: additional time required to complete designs due to complexities within the infrastructure, obtaining City approvals, the property acquisition process, unforeseen ground/site conditions, technical coordination to maintain operations uninterrupted, consultant/contractor performance issues, or negotiation of final payments.

### Adjustments to Project Cost and Related Cash Flows

In 2012, Council approved the Albion Library project at a total cost of $15.007 million funded by $1.351 million DC and $13.656 million debt. This project is a construction of a new building on the parking lot adjacent to the old branch at 1515 Albion Road. Upon completion of the construction of the new building, the old building has been demolished and will be replaced with a new multifunctional outdoor green space / parking lot.

The $15.007 million project cost was calculated based on the assumption that the new building was the same square footage as the old building. However, the size of the new Albion Library was understated and as a result, the DC funding calculation for the expansion component due to growth was understated by $1.278 million. The Albion Library project is being increased by $0.300 million gross with a reduction in debt of $0.978 million, funded by the $1.278 million increase in DC.

The $0.978 million of freed up debt room from the Albion Library project can be re-allocated to address the SOGR backlog by increasing the Multi-Branch SOGR project in 2017 with no additional funding required from the City as shown in Appendix B.

## CONTACT

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## SIGNATURE

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Vickery Bowles
City Librarian

## ATTACHMENTS

Appendix A: Deferrals/Accelerations - Toronto Public Library 2017 Capital Budget and 2018-2026 Capital Plan Adjustments

Appendix B: Adjustments to Cash Flow and Project costs - Toronto Public Library 2017 Capital Budget