2017 Capital Budget Adjustments

Date: May 15, 2017
To: Toronto Public Library Board
From: City Librarian

SUMMARY

This report requests Toronto Public Library Board endorsement to amend the Toronto Public Library (TPL) approved 2017 capital budget and 2018-2026 capital plan by adjusting project costs and cash flows contained within the budget and plan, respectively, to align with year-end expenditures and project progress. These reallocations will allow TPL to continue to deliver projects within its capital plan. The adjustments will have a zero-dollar 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. These budget adjustments will be forwarded to the City for approval.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses the following cash flow reallocations that have no impact on annual debt levels:
   1.1 accelerate $0.500 million gross and development charges (DC) funding from 2018 to 2017 for the Albion Library project; and
   1.2 defer $0.500 million gross and DC funding from 2017 to 2018 for the Bayview-Bessarion Library project;

2. endorses a 2017 in-year capital budget transfer of $0.650 million gross and debt from the Multi-Branch Minor Renovation project to the St. Clair/Silverthorn Library project; and

3. forwards the capital budget adjustments to the City for approval.
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 $0.500 million gross and DC financing, as presented in Appendix A – Part A.

In addition, the construction tender for the St. Clair/Silverthorn capital project is expected to exceed the approved project cost of $2.247 million. A budget transfer of $0.650 million from the Multi-Branch Minor Renovation project will increase the total cost of the St. Clair/Silverthorn project from $2.247 million gross ($1.827 million debt) to $2.897 million gross ($2.477 million debt), as presented in Appendix A – Part B.

There are no additional costs as a result of the approval of the recommendations in this report. The recommended adjustments will align the 2017 capital budget and 2018-2026 capital plan with TPL’s capital project delivery schedule and program requirements.

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

Financial control policies for the City and the Library also allow for the reallocation of budget between capital projects to offset anticipated over-expenditures in one project with available funding from another project. Any reallocation of budget between capital projects of more than $250,000 requires Board and Council approval.

COMMENTS


TPL is seeking to amend the 2017-approved budget and 2018-2026 capital plan to better align 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, or for projects requiring increased budget for current projected bid prices due to market price fluctuations and/or new contract requirements.
It is proposed that the additional funding be drawn from capital projects that are currently estimated to be under-spent by year-end mainly due to being behind schedule for reasons including: additional time required to complete designs due to complexities within the infrastructure, the property acquisition process, unforeseen ground/site conditions, inclement weather, technical coordination to maintain operations uninterrupted, consultant/contractor performance issues, or negotiation of final payments.

Brief explanations of each affected capital project is presented below.

1) **Albion Library Renovation**
   As of March 31, 2017, the Albion Library Renovation project spending is ahead of schedule due to strong contractor performance. An acceleration of $0.500 million cash flow from 2018 is required.

2) **Bayview-Bessarion Library Relocation**
   This is a joint project with timelines managed by Parks, Forestry and Recreation. Delays in securing site plan approval are expected to delay the start of construction of the Bayview-Bessarion Library relocation project to 2018.

3) **St. Clair/Silverthorn Library Renovation**
   Construction tender for the St. Clair/Silverthorn Library renovation project is expected to exceed the approved project budget of $2.247 million. To ensure proper funding is in place to tender and award the contract, additional funding of $0.650 million is required.

4) **Multi-Branch Minor Renovation Program**
   This state of good repair renovation project is an effective way of keeping some branches functional until a major renovation can be funded. As a majority of the projects are still in the design/consultation stage, $0.650 million of the approved 2017 cash flow can be transferred to the St. Clair/Silverthorn Library renovation project.

The funding adjustment for projects being delivered ahead of schedule and offset by projects that are behind schedule is detailed in Part A of Appendix A.

The funding adjustment for projects requiring additional funding are outlined in Part B of Appendix A.

**CONCLUSION**

The recommended adjustments will align TPL’s 2017-approved capital budget with TPL’s updated capital project delivery schedules and program requirements.

**CONTACT**

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SIGNATURE

________________________________________
Vickery Bowles
City Librarian

ATTACHMENTS

Appendix A: Part A – Toronto Public Library 2017 Budget Adjustments Reallocations due to Accelerations and Deferrals
Appendix A: Part B – Toronto Public Library 2017 Budget Adjustments Reallocations due to Budget Transfers
### Part A - Toronto Public Library 2017 Budget Adjustments Reallocations due to Accelerations and Deferrals

<table>
<thead>
<tr>
<th>Project Name</th>
<th>WBS #</th>
<th>2017 Proposed Adjustment</th>
<th>Revised 2017 Cashflow</th>
<th>2018 Cashflow</th>
<th>Revised 2018 Cashflow</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albion Library Renovation</td>
<td>CLB178-01</td>
<td>2,662,179</td>
<td>500,000</td>
<td>500,000</td>
<td>3,162,179</td>
<td>700,000</td>
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<tr>
<td>Bayview-Bessarion Library Relocation</td>
<td>CLB187-01</td>
<td>1,552,537</td>
<td>(500,000)</td>
<td>(500,000)</td>
<td>1,052,537</td>
<td>3,695,000</td>
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<tr>
<td>TOTAL</td>
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**Appendix A**
Part B - Toronto Public Library 2017 Budget Adjustments Reallocations due to Budget Transfers

<table>
<thead>
<tr>
<th>Project Name</th>
<th>WBS #</th>
<th>Current Project Cost</th>
<th>Budgeted 2017 Cashflow</th>
<th>2017 Proposed Adjustment</th>
<th>Revised 2017 Cashflow</th>
<th>Revised Project Cost</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>St.Clair/Silverthorn Library Renovation</td>
<td>CLB192-01</td>
<td>2,247,000</td>
<td>1,584,070</td>
<td>650,000 650,000 DC</td>
<td>2,234,070</td>
<td>2,897,000</td>
<td>Construction tender is expected to exceed the approved project budget of $2.247M.</td>
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<tr>
<td>Multi-Branch Minor Renovation Program</td>
<td>CLB196-01</td>
<td>6,815,090</td>
<td>1,072,085</td>
<td>(650,000) (650,000)</td>
<td>422,085</td>
<td>6,165,090</td>
<td>Majority of projects are still in the design/consultation stage and can be deferred to accommodate a budget transfer to the St. Clair/Silverthorn Library project</td>
</tr>
<tr>
<td>TOTAL</td>
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