

Capital Budget Monitoring Report – June 30, 2016

Date:	September 26, 2016
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with a summary of the Toronto Public Library's (TPL's) capital expenditures for the six-month period ending June 30, 2016.

Capital spending during the first six months in 2016 totalled \$7.121 million or 25.7% of the approved gross cash flow of \$27.724 million and is projected to be \$24.147 million or 87.1% by the end of the year. Capital expenditures are monitored and managed on an on-going basis to ensure that spending is within the approved budget.

FINANCIAL IMPACT

Based on the \$7.121 million actual spending, the 2016 gross capital budget of \$27.724 million is 25.7% spent as of June 30, 2016.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

ISSUE BACKGROUND

Toronto Public Library's 2016 capital budget of \$27.724 million gross is comprised of \$25.155 million approved and \$2.569 million of unspent balances carried forward from 2015.

COMMENTS

As of June 30, 2016, TPL has spent \$7.121 million or 25.7% of the 2016 approved cash-flow of \$27.724 million.

Attachment 1 includes a list of all active projects, providing 2016 year-to-date and life-to-date project expenditure status, as well as projected expenditures to the end of the year. The expenditure rate for 2016 is projected to be \$24.147 million or 87.1% by the end of the year.

Most of TPL's capital projects are progressing according to plan, with the following exceptions:

Cash flows ahead of schedule

- The *Multi-Branch Minor Renovation Program* is moving ahead of schedule to take advantage of cash flow delays in other projects. Board approval of a budget adjustment is being requested in a separate report to accelerate cash flow funding of \$1.050 million gross and debt funding from 2017 into 2016, offset by cash flow deferrals from capital projects that are currently behind schedule.
- The *Technology Asset Management Program* is slightly ahead of schedule. Board approval of a budget adjustment is being requested in a separate report to accelerate cash flow funding of \$0.500 million gross and debt funding from 2017 into 2016, offset by cash flow deferrals from capital projects that are currently behind schedule.
- The *Wychwood Library Renovation* project's capital expenditure totaled \$0.105 million or 35.1% of the 2016 approved cash flow of \$0.300 million. Board approval of a budget adjustment is being requested in a separate report to accelerate cash flow funding of \$0.100 million gross, funded by development charges from 2017 into 2016, offset by a deferral of cash flows for the *St. Clair/Silverthorn Renovation* project. As a result of a lengthy site plan approval process, \$0.250 million funding from Parks, Forestry and Recreation will be carried forward at year end related to the construction of a lawn bowling pavilion to start in 2017.

Cash flows behind schedule

- The *Bayview-Bessarion Library Relocation* project, with a 2016 approved cash flow of \$0.050 million, had no capital spending during the six months ended June 30, 2016. This is a joint project with timelines managed by Parks, Forestry and Recreation. Due to the lengthy site plan approval process, it is estimated that none of the \$0.050 million of the 2016 approved cash flow will be spent in 2016. Budget adjustment is being requested in a separate report to defer cash flow funding of \$0.050 million gross and debt from 2016 to 2017 to offset accelerated cash-flow requirements of projects that are ahead of schedule.
- The *Agincourt Building Element* project's capital expenditure totalled \$0.045 million or 2.2% of the 2016 approved cash flow of \$2.111 million. As the Section 37 funds are not anticipated to be received this year, it is estimated that only \$0.986 million or 46.7% of the 2016 approved cash flow will be spent by year-end.
- The *St. Clair/Silverthorn Renovation* project's capital expenditure totalled \$0.027 million or 6.5% of the 2016 approved cash flow of \$0.411 million. Due to the lengthy site plan approval process, construction start will be delayed to 2017. It is estimated that \$0.050 million or 12.2% of the 2016 approved cash flow will be spent by year-end. Budget adjustment is being requested in a separate report to defer cash flow funding of \$0.100 million gross, funded by development charges and debt from 2016 to 2017 to offset accelerated cash-flow requirements of projects that are ahead of schedule.
- The *North York Central Library Renovation* project's capital expenditure totalled \$0.211 million or 5.2% of the 2016 approved cash flow of \$4.013 million. There was a minor

delay in start of construction as a result of an unexpected building permit requirement. It is estimated that \$2.513 million or 62.6% of the 2016 approved cash flow will be spent by year-end. Budget adjustment is being requested in a separate report to defer cash flow funding of \$1.500 million gross and debt from 2016 to 2017 to offset accelerated cash-flow requirements of projects that are ahead of schedule.

- The *Eglinton Square Expansion* project, with a 2016 approved cash flow of \$1.178 million, had no capital spending during the six months ended June 30, 2016. Construction commenced in the summer. It is estimated that \$1.060 million or 90.0% of the 2016 approved cash flow will be spent by year-end.
- The *Albert Campbell Renovation* project, with a 2016 approved cash flow of \$0.265 million, had no capital spending during the six months ended June 30, 2016. The architect tender was awarded at the June 27, 2016 Library Board meeting. It is estimated that \$0.050 million or 18.9% of the 2016 approved cash flow will be spent by year-end.

In-Year 2016 Budget Adjustments

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.

Board approval of a budget adjustment for three projects with forecasted cash flows ahead of schedule is being requested in a separate report, *2016 Capital Budget Adjustments*, to accelerate cash flow funding of \$1.650 million gross (comprised of \$1.550 million debt financing and \$0.100 million development charge (DC) financing) from 2017 into 2016. The funding for these adjustments is from three other capital projects that are currently behind schedule and have cash flow deferrals available from the identical funding sources. The details of these proposed budget adjustments are shown in the table below, which shows the balancing of the cash flow advancements and deferrals by funding source. With these cash flow adjustments, the estimated expenditure rate at year-end is projected to increase to 92.9%.

Budget Adjustment (\$ million)

Description	2016			2017		
	Gross	Debt	DC	Gross	Debt	DC
Advance cash flow						
Accelerate Multi-branch cash flow	1.050	1.050		(1.050)	(1.050)	
Accelerate TAMP cash flow	0.500	0.500		(0.500)	(0.500)	
Accelerate Wychwood cash flow	0.100		0.100	(0.100)		(0.100)
Subtotal	1.650	1.550	0.100	(1.650)	(1.550)	(0.100)
Defer cash flow						
Defer North York Central Library cash flow	(1.500)	(1.500)		1.500	1.500	
Defer St. Clair/Silverthorn cash flow	(0.100)		(0.100)	0.100		0.100
Defer Bayview-Bessarion cash flow	(0.050)	(0.050)		0.050	0.050	
Subtotal	(1.650)	(1.550)	(0.100)	1.650	1.550	0.100
Net	0	0	0	0	0	0

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: Capital Budget Monitoring Report for the Period Ended June 30, 2016