

Capital Budget Monitoring Report – September 30, 2016

Date:	October 24, 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 nine-month period ending September 30, 2016.

Capital spending during the nine months in 2016 totalled \$13.740 million or 49.5% of the approved gross cash flow of \$27.766 million and is projected to be \$23.664 million or 85.2% 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 \$13.740 million actual spending, the 2016 gross capital budget of \$27.766 million is 49.5% spent as of September 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 \$27.766 million gross is comprised of \$25.197 million approved and \$2.569 million of unspent balances carried forward from 2015.

COMMENTS

As of September 30, 2016, TPL has spent \$13.740 million or 49.5% of the 2016 approved cash-flow of \$27.766 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 \$23.664 million or 85.2% 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 *Albion Library Renovation* project is ahead of schedule. Board approval of a budget adjustment is being requested in a separate report to accelerate cash flow funding of \$0.915 million gross, funded by development charges and debt 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 \$0.192 million or 48.0% of the 2016 approved cash flow of \$0.400 million. Board approval of a budget adjustment is being requested in a separate report to accelerate cash flow funding of \$0.150 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 *Dawes Road Library* project's capital expenditure totalled \$0.002 million or 0.1% of the 2016 approved cash flow of \$1.706 million. City Facilities and Real Estate are continuing to work on negotiation regarding the site. Budget adjustment is being requested in a separate report to defer cash flow funding of \$0.665 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 *Agincourt Building Element* project's capital expenditure totalled \$0.369 million or 16.7% of the 2016 approved cash flow of \$2.214 million. As the Section 37 funds are not anticipated to be received this year, it is estimated that only \$1.088 million or 49.2% of the 2016 approved cash flow will be spent by year-end.
- The *St. Clair/Silverthorn Renovation* project's capital expenditure totalled \$0.043 million or 13.9% of the 2016 approved cash flow of \$0.311 million. Due to the lengthy site plan approval process, construction start will be delayed to 2017. It is estimated that \$0.050 million or 16.1% 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 \$0.150 million gross, funded by development charges 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 \$0.564 million or 22.4% of the 2016 approved cash flow of \$2.513 million. There was a minor delay in start of construction as a result of an unexpected building permit requirement. It is estimated that \$2.263 million or 90.1% 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 \$0.250 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 nine months ended September 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’s capital expenditure totalled \$0.011 million or 4.3% of the 2016 approved cash flow of \$0.265 million. 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 two 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 \$1.065 million gross (comprised of \$0.527 million debt financing and \$0.538 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 88.9%.

Budget Adjustment (\$ million)

Description	2016			2017		
	Gross	Debt	DC	Gross	Debt	DC
Advance cash flow						
Advance Albion cash flow	0.915	0.527	0.388	(0.915)	(0.527)	(0.388)
Advance Wychwood cash flow	0.150		0.150	(0.150)		(0.150)
Subtotal	1.065	0.527	0.538	(1.065)	(0.527)	(0.538)
Defer cash flow						
Defer North York Central Library cash flow	(0.250)	(0.250)		0.250	0.250	
Defer St. Clair/Silverthorn cash flow	(0.150)		(0.150)	0.150		0.150
Defer Dawes Road cash flow	(0.665)	(0.277)	(0.388)	0.665	0.277	0.388
Subtotal	(1.065)	(0.527)	(0.538)	1.065	0.527	0.538
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 September 30, 2016