

Capital Budget Monitoring Report – December 31, 2013

Date:	March 24, 2014
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 (TPL) capital expenditures for the twelve-month period ending December 31, 2013.

Capital spending during 2013 totalled \$34.223 million or 87% of the approved gross cash flow of \$39.198 million, leaving a balance of \$4.975 million to be carried forward to 2014.

FINANCIAL IMPACT

Based on the \$34.223 million actual 2013 spending, the 2013 gross capital budget of \$39.198 million was 87% spent as of December 31, 2013, which results in a \$4.975 million balance to be carried forward to 2014.

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

ISSUE BACKGROUND

Toronto Public Library’s 2013 capital budget of \$39.198 million gross is comprised of \$31.211 million of new approvals and \$7.987 million of carry forwards from 2012.

COMMENTS

As of December 31, 2013, TPL spent \$34.223 million or 87% of the 2013 approved cash-flow of \$39.198 million, resulting in an unspent balance of \$4.975 million to be carried over to 2014. This spending rate is comparable to the annual level of capital expenditures in previous years and reflects a consistently high delivery rate for the capital program.

Attachment 1 includes a detailed list of all active projects, providing 2013 and life-to-date project status. A brief description of 2013 accomplishments, significant expenditure variances and the completion status of major projects is provided below:

- ***Brentwood (\$8.123M project cost; \$0.425M 2013 cash flow)***: the branch reopened on November 2, 2012. Expenditures in 2013 totalled \$0.214 million representing 50.4% of the 2013 approved cash flow, leaving a remaining unspent balance of \$0.211 million partly due to an unresolved dispute with a vendor. The unspent 2013 cash flow will be deferred to 2014 to offset accelerated 2013 cash flow requirements for the Fort York Library and Scarborough Civic Centre Library projects.
- ***Toronto Reference Library (\$35.781M project cost; \$8.875M 2013 cash flow)***: expenditures in 2013 totalled \$6.967 million representing 78.5% of the 2013 approved cash flow. The under-expenditure of \$1.908 million is mainly due to the impact caused on the overall progress of the project by the construction delay of the new Special Collections Centre on the fifth floor, and these funds will be available in 2014. An amount of \$0.765 million of the unspent 2013 cash flow will offset accelerated 2013 cash flow requirements for the Multi-branch Renovation project.
- ***Fort York (\$9.192M project cost; \$3.858M 2013 cash flow)***: capital expenditures totalled \$4.480 million representing 116.1% of the 2013 approved cash flow. This project spending is ahead of schedule and the 2013 cash flow over-expenditure of \$0.622 million will be offset by deferring to 2014 equivalent under-spending in other projects.
- ***Scarborough Civic Centre (\$8.797M project cost; \$3.100M 2013 cash flow)***: capital expenditures totalled \$3.106 million representing 100.2% of the 2013 approved cash flow. The small over-expenditure of \$0.006 million will be offset by deferring to 2014 under-spending in the Brentwood Library project.
- ***Fairview (\$4.641M project cost; \$3.179M 2013 cash flow)***: capital expenditures totalled \$3.326 million representing 104.6% of the 2013 approved cash flow. The renovation is completed and the branch re-opened in January 2014. Subsequently, flooding occurred and the branch is temporarily closed for remediation work. The over-expenditure of \$0.147 million will be funded by a budget transfer from the Mount Dennis renovation project.
- ***Mount Dennis (\$4.073M project cost; \$1.365M 2013 cash flow)***: capital expenditures totalled \$0.834 million representing 61.1% of the 2013 approved cash flow of \$1.365 million. The branch has been re-opened since February 2013, but minor deficiencies remain to be addressed. An amount of \$0.147 million gross and debt will be transferred to the Fairview renovation project and \$0.384 million unspent 2013 cash flow budget will be carried forward to the next year to address the deficiencies.
- ***Albion (\$15.007M project cost; \$0.263M 2013 cash flow)***: expenditures totalled \$0.127 million representing 48.2% of the 2013 approved cash flow. Consultation and design process are underway. The \$0.136 million unspent 2013 cash flow budget will be deferred to 2014 to offset accelerated cash flow requirements of the Fort York construction project.

- ***Self Service Circulation (\$10.590M project cost; \$3.989M 2013 cash flow)***: capital expenditures totalled \$2.558 million representing 64.1% of the 2013 approved cash flow. Delays in obtaining site plan and building permit approval held up the start of construction at the site of the new library processing centre and delayed the installation of the main sorter, resulting in a \$1.431 million of unspent cash flow budget to be carried forward to the next year to continue the project.
- ***Technology Asset Life-Cycle Replacement Program (\$13.772M project cost; \$3.903M 2013 cash flow)***: this project provides for the acquisition, maintenance and replacement of all Information Technology hardware and software owned by the Library. The full \$3.903M available cash flow for this project was spent, as planned.
- ***Multi-branch Renovation Program (\$8.297M project cost; \$3.147M 2013 cash flow)***: expenditures totalled \$3.813 million or 121.1% of the 2013 approved cash. This state of good repair renovation project is an effective way of addressing state of good repair in branches until a major renovation can be funded. The 2013 renovation program is ahead of schedule and the over-expenditure of \$0.666 million will be offset by deferring to 2014 under-spending in the Toronto Reference Library project.
- ***Virtual Branch (\$3.750M project cost; \$0.719M 2013 cash flow)***: expenditures totalled \$0.589 million or 81.9% of the 2013 approved cash flow. The \$0.130 million unspent cash flow budget is mostly due to a delay in starting the automated people counting system and this balance will be carried forward to 2014 to continue the project.
- ***Library Processing Centre (\$9.330M project cost; \$6M 2013 cash flow)***: expenditures totalled \$4.114 million representing 68.6% of the 2013 approved cash flow. Delays in obtaining site plan and building permit approval delayed the start of construction, resulting in \$1.886 million of unspent cash flow budget to be carried forward to 2014 to continue the project.

Year-end 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.

As part of the close-out of the year-end capital spending, the City requires that cash flows over-spent be offset by under-spent balances between projects on a gross basis as well as by individual funding sources. To meet this requirement, the adjustments summarized on the following tables are needed. A separate report, “2013 Year-end Capital Budget Adjustments” requests Board approval for these 2013 year-end adjustments.

1. Development charges (DC) funded cash flow re-allocation

Description	2013		2014	
	Gross	DC	Gross	DC
1.1 Advance cash flow				
Advance Fort York cash flow	621,900	621,900	(621,900)	(621,900)
Advance Scarborough cash flow	6,280	6,280	(6,280)	(6,280)
Subtotal	628,180	628,180	(628,180)	(628,180)
1.2 Defer cash flow				
Defer Albion cash flow	(136,307)	(136,307)	136,307	136,307
Defer Bridlewood cash flow	(182,379)	(182,379)	182,379	182,379
Defer Brentwood cash flow	(210,798)	(210,798)	210,798	210,798
Defer MB cash flow	(98,696)	(98,696)	98,696	98,696
Subtotal	(628,180)	(628,180)	628,180	628,180
Total cash flow adjustment	0	0	0	0

2. Debt funded cash flow re-allocation

Description	2013		2014	
	Gross	Debt	Gross	Debt
Advance Multi-branch cash flow	764,709	764,709	(764,709)	(764,709)
Defer TRL cash flow	(764,709)	(764,709)	764,709	764,709
Total cash flow adjustment	0	0	0	0

3. Debt funded budget transfer

Description	2013		Total Project Cost	
	Gross	Debt	Approved	Adjusted
Fairview	147,261	147,261	4,641,000	4,788,261
Mount Dennis	(147,261)	(147,261)	4,073,000	3,925,739
Total budget	0	0	8,714,000	8,714,000

Capital expenditures are monitored on an on-going basis to ensure that spending is within the approved budget.

These operating results should be considered draft until the external audit of the financial statements is completed.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: Capital Budget Monitoring Report for the Period Ending December 31, 2013