

Capital Budget Monitoring Report – June 30, 2017

Date:	September 25, 2017
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library (TPL) Board with the TPL capital expenditures for the six-month period ended June 30, 2017, as well as projected expenditures to December 31, 2017.

As detailed in Appendix A, capital spending during the first six months of 2017 totalled \$9.917 million, or 27.4%, of the gross cash flow of \$36.212 million and is projected to be \$29.748 million, or 82.1%, 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 \$9.917 million actual spending, the 2017 gross capital budget of \$36.212 million is 27.4% spent as of June 30, 2017.

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

ISSUE BACKGROUND

Toronto Public Library’s 2017 capital budget of \$36.212 million gross is comprised of \$29.524 million approved, \$2.688 million of unspent balances carried forward from 2016 and a \$4.000 million cash flow acceleration of the North York Central Library (NYCL) Phase 1 project funded by operating savings and an increase in Multi-Branch State of Good Repair arising from the NYCL closure.

COMMENTS

As of June 30, 2017, TPL has spent \$9.917 million, or 27.4%, of the 2017 approved cash flow of \$36.212 million.

Appendix A includes a list of all active projects, providing 2017 year-to-date and life-to-date project expenditure status, as well as projected expenditures to the end of the year. TPL's projected year-end expenditure for 2017 is \$29.748 million, resulting in a projected expenditure rate of 82.1% 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. As shown in Table 1, Board endorsement of a budget adjustment is being requested in a separate report to accelerate cash flow funding of \$2.529 million development charges (DC) and debt funding (\$2.203 million from 2018 and \$0.326 million from 2019) into 2017, offset by cash flow deferrals from capital projects that are currently behind schedule.
- The Technology Asset Management Program (TAMP) provide for the life-cycle replacement of existing hardware and software such as PCs, monitors, laptops, printers, multi-function devices, servers and network hardware. Projected year-end spending is slightly ahead of schedule and Board endorsement of a budget adjustment is being requested in a separate report to accelerate cash flow funding of \$0.217 million development charges funding (\$0.188 million from 2018 and \$0.029 million from 2019) into 2017, offset by cash flow deferrals from capital projects that are currently behind schedule.

Cash flows behind schedule

- The *Wychwood Library Renovation* project's capital expenditure totalled \$0.029 million or 1.5% of the 2017 approved cash flow of \$1.899 million. The site plan is expected to be approved at the end of August. Construction start is planned for fall. It is estimated that \$0.500 million, or 26.3%, of the 2017 approved cash flow will be spent by year-end. As shown in Table 1, Board endorsement of a budget adjustment is being requested in a separate report to defer 2017 cash flow funding of \$0.667 million development charges and debt funding (\$0.312 million to 2018 and \$0.355 million to 2019), offset by cash flow accelerations from capital projects that are currently ahead of schedule.
- The *St. Clair/Silverthorn Renovation* project's capital expenditure totalled \$0.035 million, or 1.6%, of the 2017 approved cash flow of \$2.234 million. The site plan has recently been approved and construction will start in the fall. It is estimated that \$0.905 million, or 40.5%, of the 2017 approved cash flow will be spent by year-end. As shown in Table 1, Board endorsement of a budget adjustment is being requested in a separate report to defer cash flow funding of \$1.329 million debt funding from 2017 to 2018, offset by cash flow accelerations from capital projects that are currently ahead of schedule.
- The *Dawes Road Library Construction and Expansion* project's capital expenditure totalled \$0.005 million, or 0.2 %, of the 2017 approved cash flow of \$2.786 million project. City Facilities and Real Estate is continuing to work on negotiation regarding the site. There is uncertainty around spending for the year; at this time it is estimated that

\$0.010 million, or 0.4%, of the 2017 approved cash flow will be spent by year-end. As shown in Table 1, Board endorsement of a budget adjustment is being requested in a separate report to defer cash flow funding of \$0.277 million debt funding from 2017 to 2018, offset by cash flow accelerations from capital projects that are currently ahead of schedule.

- The *Bayview-Bessarion Library Relocation* project, with a 2017 approved cash flow of \$1.053 million, had no capital spending during the six months ended June 30, 2017. This is a joint project with timelines managed by Parks, Forestry and Recreation. It is estimated that \$0.060 million, or 5.7%, of the 2017 approved cash flow will be spent by year-end. As shown in Table 1, Board endorsement of a budget adjustment is being requested in a separate report to defer cash flow funding of \$0.473 million development charges and debt funding from 2017 to 2018, offset by cash flow accelerations from capital projects that are currently ahead of schedule.
- The *Albert Campbell Renovation* project's capital expenditure totalled \$0.005 million, or 2.1%, of the 2017 approved cash flow of \$0.225 million. The architect contract has been awarded and design is underway. It is estimated that \$0.150 million, or 66.7%, of the 2017 approved cash flow will be spent by year-end.
- The *St. Lawrence Relocation and Expansion* project, with a 2017 approved cash flow of \$0.100 million for design costs, had no capital spending during the six months ended June 30, 2017. City Facilities and Real Estate will perform a Master Plan and Heritage assessment of the former First Parliament site. Given that the start date of this project is unknown at this time, the project is to be deferred to the future.

In-Year 2017 Budget Adjustments

A separate report, *2017 Capital Budget Adjustments*, requests Board endorsement for in-year budget adjustments, which are summarized below.

Deferrals/Accelerations

Site Plan approval delays have resulted in the deferral of \$2.746 million in funding from 2017 to 2018 and 2019, which are offset by a corresponding acceleration of funding from 2018 and 2019 to 2017 for projects that are ahead of schedule with no impact on annual debt levels.

Table 1: Cash Flow Adjustment (\$ million)

Description	2017			2018			2019		
	Gross	Debt	DC	Gross	Debt	DC	Gross	Debt	DC
Advance cash flow									
Accelerate Multi-branch cash flow	2.529	1.982	0.547	(2.203)	(1.982)	(0.221)	(0.326)		(0.326)
Accelerate TAMP cash flow	0.217		0.217	(0.188)		(0.188)	(0.029)		(0.029)
Subtotal	2.746	1.982	0.764	(2.391)	(1.982)	(0.409)	(0.355)	-	(0.355)
Defer cash flow									
Defer Wychwood cash flow	(0.667)	(0.307)	(0.360)	0.312	0.307	0.005	0.355		0.355
Defer St. Clair/Silverthorn cash flow	(1.329)	(1.329)		1.329	1.329		-		
Defer Dawes Road Library cash flow	(0.277)	(0.277)		0.277	0.277		-		
Defer Bayview-Bessarion cash flow	(0.473)	(0.069)	(0.404)	0.473	0.069	0.404	-		
Subtotal	(2.746)	(1.982)	(0.764)	2.391	1.982	0.409	0.355	-	0.355
Net	-	-	-	-	-	-	-	-	-

Adjustments to Project Cost and Related Cash Flows

In comparing the new Albion Library to the previous branch, it has been determined that the growth component has been understated and the capital project is therefore eligible for additional DC funding of \$1.278 million that will replace debt funding. After allowing for a \$0.300 million gross increase in the final budget for the project due to higher construction costs, the remaining \$0.978 million in debt room freed-up is being reallocated to the Multi-Branch Minor Renovation Program to address the SOGR backlog. These budget adjustments have no net impact on debt levels and will result in additional expenditures to address SOGR issues.

Table 2: Reallocation of debt freed-up from Albion Library Project to Multi-Branch (SOGR) Project (\$ million)

	Original				Proposed Adjustment		Revised			
	Approved 2017 Cash Flow	Debt	DC	Total Project Cost	Debt	DC	Revised 2017 Cash Flow	Debt	DC	Total Project Cost
Albion Library	4.421	3.921	0.500	15.007	(0.978)	1.278	4.721	2.943	1.778	15.307
Multi-Branch (SOGR)	0.500	0.455	0.045	1.300	0.978		1.478	1.433	0.045	2.278
Total	4.921	4.376	0.545	16.307	-	1.278	6.199	4.376	1.823	17.585

CONTACT

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SIGNATURE

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City Librarian

ATTACHMENTS

Appendix A: Capital Budget Monitoring Report for the Period Ended June 30, 2017

**Toronto Public Library
2017 Capital Budget Monitoring Report
For the Six Months Ended June 30, 2017**

APPENDIX A

Project/Sub-Project Name	2017 - Year-to-Date					2017 - Year End				Life To Date				Planned Year of Completion
	2017 Full Year Budget	Spent		Unspent / (Overspent)		Projected Actuals * to Year-end		On Budget	On Time	Budget \$	Actuals \$	Unspent / (Overspent)		
		\$	%	\$	%	\$	% of Budget					\$	%	
	(a)	(b)	(c)=(a) / (b)	(d)=(a) - (b)	(e) = (d) / (a)	(f)	(g)	(h)	(i)	(j)	(k)	(l) = (j) - (k)	(m) = (l) / (j)	
1 Agincourt Partial Renovation	61,627	129,987	210.9%	(68,360)	(110.9%)	711,627	1,154.7%	Ⓡ	Ⓢ	1,172,000	1,240,360	-68,360	(5.8%)	2017
2 Albert Campbell Library Renovation	224,950	4,836	2.1%	220,114	97.9%	150,000	66.7%	Ⓨ	Ⓢ	12,165,000	44,886	12,120,114	99.6%	2021
3 Albion Library Renovation	4,421,000	2,294,808	51.9%	2,126,192	48.1%	3,162,179	71.5%	Ⓢ	Ⓢ	15,007,000	13,939,629	1,067,371	7.1%	2018
4 Bayview-Bessarion Library Relocation	1,052,537	-	0.0%	1,052,537	100.0%	60,000	5.7%	Ⓡ	Ⓡ	12,622,000	191,735	12,430,265	98.5%	2021
5 Dawes Road Construction & Expansion	2,785,768	4,779	0.2%	2,780,989	99.8%	10,000	0.4%	Ⓡ	Ⓡ	13,263,000	11,011	13,251,989	99.9%	2020
6 Downsview Library Renovation	30,317	30,317	100.0%	-	0.0%	30,317	100.0%	Ⓢ	Ⓢ	436,875	436,875	0	0.0%	2016
7 Eglinton Square Library Expansion	754,204	754,204	100.0%	-	0.0%	754,204	100.0%	Ⓢ	Ⓢ	1,242,325	1,243,000	-675	(0.1%)	2016
8 Fort York Library Construction	351,053	10,971	3.1%	340,082	96.9%	101,053	28.8%	Ⓡ	Ⓨ	9,192,000	8,851,918	340,082	3.7%	2014
9 North York Central Library Renovation	9,486,000	2,611,583	27.5%	6,874,417	72.5%	7,897,497	83.3%	Ⓢ	Ⓢ	14,974,000	7,365,086	7,608,914	50.8%	2019
10 Scarborough Civic Centre Library Construction	45,246	45,246	100.0%	-	0.0%	45,246	100.0%	Ⓢ	Ⓢ	10,276,000	10,276,000	0	0.0%	2015
11 St. Clair/Silverthorn Renovation	2,234,070	35,361	1.6%	2,198,709	98.4%	905,000	40.5%	Ⓡ	Ⓨ	2,897,000	198,291	2,698,709	93.2%	2018
12 St. Lawrence Relocation & Expansion	100,000	-	0.0%	100,000	100.0%	-	0.0%	Ⓡ	Ⓡ	100,000	-	100,000	100.0%	TBD
13 Wychwood Library Renovation	1,898,990	28,623	1.5%	1,870,367	98.5%	500,000	26.3%	Ⓡ	Ⓨ	9,533,000	418,633	9,114,367	95.6%	2020
14 Integrated Payment Solutions	1,150,000	-	0.0%	1,150,000	100.0%	1,150,000	100.0%	Ⓢ	Ⓢ	2,250,000	-	2,250,000	100.0%	2018
15 Equipment for Operational Efficiencies	1,456,000	75,811	5.2%	1,380,189	94.8%	1,456,000	100.0%	Ⓢ	Ⓢ	1,806,000	75,811	1,730,189	95.8%	2018
16 Technology Asset Management Program	3,653,708	1,057,476	28.9%	2,596,232	71.1%	3,841,708	105.1%	Ⓡ	Ⓢ	17,252,000	6,655,768	10,596,232	61.4%	Ongoing
17 Multi-Branch State of Good Repair Program	5,006,505	1,941,140	38.8%	3,065,365	61.2%	7,534,083	150.5%	Ⓡ	Ⓢ	18,389,090	5,615,136	12,773,954	69.5%	Ongoing
18 Virtual Branch Services	1,500,000	891,584	59.4%	608,416	40.6%	1,439,081	95.9%	Ⓢ	Ⓢ	6,842,000	3,344,503	3,497,497	51.1%	Ongoing
Total- 2017 Capital Projects Cash Flow Gross	36,211,975	9,916,726	27.4%	26,295,249	72.6%	29,747,995	82.1%	Ⓢ	Ⓢ	149,419,290	59,908,642	89,510,648	59.9%	

* The 2017 Projected Full Year spending is different from Q2 variance report submitted to the City as it reflects updated Q2 in-year budget adjustments to be approved by Council and which are included on separate Board report.

On Time

On / Ahead of Schedule

Minor Delays < 6 months

Significant Delays > 6 months

Ⓢ	On Budget
Ⓢ	>70% of Approved Cash Flow
Ⓨ	Between 50% and 70% of Approved Cash Flow
Ⓡ	< 50% or >100% of Approved Cash Flow