



STAFF REPORT INFORMATION ONLY

Capital Budget Monitoring Report – December 31, 2014

Date:	March 23, 2015
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 capital expenditures for the year ending December 31, 2014.

Capital spending during 2014 totalled \$29.848 million or 93.6% of the approved gross cash flow of \$31.900 million, leaving a final balance of \$2.052 million to be carried forward to 2015.

FINANCIAL IMPACT

Capital spending during 2014 totalled \$29.848 million or 93.6% of the approved gross cash flow of \$31.900 million, leaving a final balance of \$2.052 million to be carried forward to 2015.

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

ISSUE BACKGROUND

Toronto Public Library's 2014 capital budget of \$31.900 million gross is comprised of approved new cash flows of \$26.925 million and \$4.975 million of unspent balances carried forward from 2013.

COMMENTS

As of December 31, 2014, the Library spent \$29.848 million or 93.6% of the 2014 approved cash flow of \$31.900 million, resulting in a final unspent balance of \$2.052 million to be carried forward to 2015. The average five-year capital spending rate is 85.2%, significantly above the City average.

Attachment 1 includes a list of all active projects, providing 2014 year-end and life-to-date project expenditure status, and unspent cash-flow balances carried forward to 2015. A brief

description of 2014 accomplishments, significant expenditure variances and the completion status of major projects is provided below:

- The *Brentwood Reconstruction* project's capital expenditures totalled \$0.211 million or 100% of the 2014 approved cash flow of \$0.211 million. The branch reopened on November 2, 2012.
- The *Toronto Reference Library* project's capital expenditure totalled \$3.299 million representing 82.9% of the 2014 approved cash flow of \$3.978 million. Construction is completed, outstanding work such as signage and gateway experience on the second floor remain to be addressed. An unspent cash-flow balance of \$0.679 million will be carried forward to 2015.
- The *Fort York Library Construction* project's capital expenditure totalled \$2.053 million representing 76.6% of the 2014 approved cash flow of \$2.679 million. The branch has been opened since May 2014, but outstanding work such as acoustic issues, service desk issues and exterior signage remain to be addressed. An unspent cash-flow balance of \$0.626 million will be carried forward to 2015.
- The *Scarborough Civic Centre Library Construction* project's capital expenditure totalled \$4.928 million representing 99.9% of the 2014 approved cash flow of \$4.936 million. Construction is proceeding and the branch is expected to open in the Spring of 2015. An unspent cash-flow balance of \$0.007 million will be carried forward to 2015.
- The *Albion Library Renovation* project's capital expenditure totalled \$0.508 million or 230.8% of the 2014 approved cash flow of \$0.220 million. Cash-flow spending is ahead of schedule due to the unexpected approval of the building permit prior to site plan approval, requiring an advance of funds from 2015 to 2014, to be offset by deferring from 2014 to 2015 under-spending in the Technology Asset Management Program.
- The *Bridlewood Library Renovation* project's capital expenditures totalled \$0.199 million or 90.9% of the 2014 approved cash flow of \$0.219 million. An unspent cash flow of \$0.020 million will be carried forward to 2015.
- The *Wychwood Library Renovation* project's capital expenditure totalled \$0.015 million or 10.1% of the 2014 approved cash flow of \$0.150 million. An architect has been hired and a structural review and soil testing are underway. An unspent cash-flow balance of \$0.135 million will be carried forward to 2015.
- The *Bayview Library Relocation* project's capital expenditure totalled \$0.135 million or 45.1% of the 2014 approved cash flow of \$0.300 million. Delays in finalizing an agreement with Parks, Forestry and Recreation resulted in \$0.165 million of unspent cash-flow balance to be carried forward to 2015.

- The *Self Service Circulation and Automated Sorters* project's capital expenditures totalled \$1.760 million, representing 100% of the 2014 approved cash flow of \$1.760 million. This is the final year of this seven-year \$10.919 million project, which included the installation of self-service check-in and check-out equipment throughout the library system, sorting equipment at the busiest locations, as well as the central sorting system at the Library processing and distribution centre.
- The *Technology Asset Management Program's* capital expenditures totalled \$3.868 million or 88.7% of the 2014 approved cash flow of \$4.360 million. PC, network and server replacements were completed as planned. The under-expenditure is due to delays in systems installation. An amount of \$0.288 million of the \$0.492 million of unspent 2014 cash-flow budget will be deferred to 2015 to offset accelerated cash-flow requirements of the Albion Library project. An amount of \$0.204 million of the unspent cash-flow balance will be carried forward to 2015.
- The *Multi Branch State of Good Repair Program's* capital expenditures totalled \$5.627 million or 99.98% of the 2014 approved cash flow of \$5.628 million. This state of good repair renovation project is an effective way of keeping some branches functional until a major renovation can be funded. The 2014 renovation program is on schedule. The unspent balance of \$0.001 million will be carried forward to 2015.
- The *Virtual Branch Services* project's capital expenditure totalled \$1.134 million or 122.0% of the 2014 approved cash flow of \$0.930 million. The cash-flow spending is ahead of schedule due to re-prioritizing initiatives to coordinate work on developing a responsive website design, redesign of the home page, improvements on Account Management and the Ready for Reading interim website. The acceleration of \$0.204 million gross cash flow from 2015 to 2014 is required, to be offset by unspent balance in the Library Processing Centre Relocation project.
- The *Library Processing Centre Relocation* project's capital expenditures totalled \$6.092 million representing 95.8% of the 2014 approved cash flow of \$6.361 million. Construction is completed, but outstanding issues related to programme requirements remain to be addressed. An amount of \$0.204 million of the unspent 2014 cash-flow budget will be deferred to 2015 to offset accelerated cash-flow requirements of the Virtual Branch Services 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 tables below are needed. A separate report, 2014 Year-end Capital Budget Adjustments, requests Board approval for these 2014 year-end adjustments.

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

Description	2014		2015	
	Gross	DC	Gross	DC
Advance Virtual Branch Services cash flow	204,276	204,276	(204,276)	(204,276)
Defer Library Processing Centre cash flow	(204,276)	(204,276)	204,276	204,276
Total cash flow adjustment	0	0	0	0

1b. Debt funded cash flow re-allocation

Description	2014		2015	
	Gross	Debt	Gross	Debt
Advance Albion cash flow	288,074	288,074	(288,074)	(288,074)
Defer TAMP	(288,074)	(288,074)	288,074	288,074
Total cash flow adjustment	0	0	0	0

2. Carry-Forward Funding

The final total under-spending balance at the end of 2014 is \$2.052, million, which will be carried forward to 2015 and will change the total available capital budget in 2015. 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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City Librarian

ATTACHMENTS

Attachment 1: Capital Budget Monitoring Report for the Year Ended December 31, 2014