

**2015 Operating Budget – Update**

<b>Date:</b>	January 19, 2015
<b>To:</b>	Toronto Public Library <i>Board</i>
<b>From:</b>	City Librarian

**SUMMARY**

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The purpose of this report is to update the Toronto Public Library Board on the 2015 operating budget, and seek Board approval of a revised budget request that achieves the City staff-recommended budget increase of 2.3% without cuts to the collections budget or the standardization of open hours at neighbourhood branches.

At its meeting on November 17, 2014, the Board approved a Toronto Public Library (TPL) operating budget submission of \$171.041 million net (\$187.883 million gross), which represents a \$3.404 million or 2.0% net increase over the 2014 budget.

At the meeting on January 20, 2015, the City's Budget Committee will be presenting the City staff-recommended budgets. The staff-recommended 2015 budget for TPL will be \$171.555 million net (\$187.890 million gross), which represents a 2.3% net increase, and is \$0.514 million net or 0.3% greater than the Board-approved submission. The City staff-recommended budget includes cuts to the collections budget and the standardization of open hours at neighbourhood branches, which the Board has rejected.

In order to meet the City staff-recommended 2.3% increase without cuts to the collections budget and standardization of open hours, this report recommends a reduced cut to the security guard budget from \$0.513 million to \$0.200 million, and a lower draw on development charges for collections from \$0.507 million to \$0.306 million, which would result in an amended budget request of \$171.555 million net (\$188.196 million gross) representing a 2.3% net increase. The Board's revised budget would continue to reject any reductions to collections or the standardization of hours at neighbourhood branches.

Including the 2015 revised budget request of a 2.3% increase, the cumulative budget increase over the last four years is 0.5%, which is 90% below inflation.

## RECOMMENDATIONS

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### **The City Librarian recommends that the Toronto Public Library Board:**

1. reconfirms its rejection of the City staff-recommended cut to the collections budget of \$0.216 million and changes to open hours at neighbourhood branches resulting in a savings of \$0.290 million, and approves the following:
  - a. revises the further reduction to the security guard budget from \$0.513 million to \$0.200 million for a revised annual budget of \$1.313 million; and
  - b. revises the increase in the draw from development charges reserve from \$0.507 million to \$0.306 million, for a revised annual draw of \$3.476 million, to fund collections;

resulting in a revised 2015 operating budget request of \$171.555 million net (\$188.196 million gross), which maintains open hours and collections, and meets the City staff-recommended net budget increase of 2.3%.

## FINANCIAL IMPACT

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At its meeting on November 17, 2014, the Board approved an operating budget submission of \$171.040 million net (\$187.883 million gross), which represents a \$3.404 million or 2.0% net increase over the 2014 budget.

City staff will be recommending a budget of \$171.555 million net (\$187.890 million gross) representing a 2.3% net increase, which includes a cut to the collections budget of \$0.216 million and net savings of \$0.290 million from the standardization of hours at neighbourhood branches. The City staff-recommended budget does not include the Board-approved \$0.513 million further cut to the security guard budget nor the request to increase the DC draw for collections by \$0.507 million.

The recommendations in this report would result in a revised Board budget request of \$171.555 million net (\$188.196 million gross) representing a 2.3% net increase, which is the budget increase being recommended by City staff.

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

## DECISION HISTORY

At its meeting on November 17, 2014, the Board approved an operating budget submission of \$171.040 million net (\$187.883 million gross), which represents a \$3.404 million or 2.0% net increase over the 2014 budget.

The Board also considered and rejected a budget reduction scenario, now included in the City staff-recommended budget, which would reduce the budget by \$0.506 million or 0.3%, comprised of a cut to the collections budget of \$0.216 million and net savings of \$0.290 million from the standardization of hours at neighbourhood branches.

The Board's recommendations regarding the 2015 budget were communicated to the City.

## COMMENTS

At the meeting on January 20, 2015, the City's Budget Committee will be presenting the City staff-recommended budgets. The City staff-recommended 2015 budget for TPL will be \$171.555 million net (\$187.890 million gross), which represents a 2.3% net increase. The staff-recommended budget is \$0.514 million or 0.3% greater than the Board-approved budget submission as shown in the following table:

### Board Approved vs. City Staff Recommended Budget

	Board Approved		City Staff Recom.		Difference	
	Net \$000s	%	Net \$000s	%	Net \$000s	%
<b>2014 Approved budget</b>	<b>167,637.4</b>		<b>167,637.4</b>		-	
Budget pressures						
Cost increases	5,050.3	3.0%	5,050.3	3.0%	-	-
Fines revenue shortfall	775.0	0.5%	775.0	0.5%	-	-
	5,825.3	3.5%	5,825.3	3.5%	-	-
Budget reliefs						
Efficiency and expense savings	(881.8)	-0.5%	(881.8)	-0.5%	-	-
Revenue increases	(520.0)	-0.4%	(520.0)	-0.4%	-	-
	(1,401.8)	-0.9%	(1,401.8)	-0.9%	-	-
<b>Subtotal Budget Increase before other reliefs</b>	<b>4,423.5</b>	<b>2.6%</b>	<b>4,423.5</b>	<b>2.6%</b>	-	-
Other budget reliefs approved by <u>Board</u>						
Reduce security guard budget to \$1 million	(513.0)	-0.3%	-	-	513.0	0.3%
Incr. draw from development charges for collections	(507.0)	-0.3%	-	-	507.0	0.3%
	(1,020.0)	-0.6%	-	-	1,020.0	0.6%
Other budget reliefs recom. by <u>City staff</u>						
Collections reduction	-	-	(216.0)	-0.1%	(216.0)	-0.1%
Savings - standardization of hours at neigh. branches	-	-	(290.0)	-0.2%	(290.0)	-0.2%
	-	-	(506.0)	-0.3%	(506.0)	-0.3%
<b>2015 Operating budget</b>	<b>171,040.9</b>	<b>2.0%</b>	<b>171,554.9</b>	<b>2.3%</b>	<b>514.0</b>	<b>0.3%</b>

The City staff-recommended budget does not include the Board-approved \$0.513 million additional cut to the security guard budget nor the request to increase the DC draw for collections by \$0.507 million because of the magnitude of the proposed amounts. City staff will present their recommended budget as well as the Board's approved budget request for review during the budget process at the City.

## Revised 2015 Operating Budget

Library staff has met with City staff regarding their concerns around the Board-approved budget submission. To address the concerns, Library staff recommend that the Board revises the 2015 operating budget request by revising the cut to the security guard budget from \$0.513 million to \$0.200 million, and lowering the additional draw on development charges for collections from \$0.507 million to \$0.306 million, which would result in an amended budget request of \$171.555 million net (\$188.196 million gross) representing a 2.3% net increase, which is the budget increase being recommended by City staff. The Board's revised budget would continue to reject any reductions to collections or the standardization of hours at neighbourhood branches. The revised 2015 operating budget representing a 2.3% increase is shown in the following table:

### Revised 2015 Operating Budget

	Board Approved Nov. 17, 2014		City Staff Recommended		Revised Jan. 19, 2015	
	Net \$000s	%	Net \$000s	%	Net \$000s	%
<b>2014 Approved budget</b>	<b>167,637.4</b>		<b>167,637.4</b>		<b>167,637.4</b>	
Budget pressures						
Cost increases	5,050.3	3.0%	5,050.3	3.0%	5,050.3	3.0%
Fines revenue shortfall	775.0	0.5%	775.0	0.5%	775.0	0.5%
	<u>5,825.3</u>	<u>3.5%</u>	<u>5,825.3</u>	<u>3.5%</u>	<u>5,825.3</u>	<u>3.5%</u>
Budget reliefs						
Efficiency and expense savings	(881.8)	-0.5%	(881.8)	-0.5%	(881.8)	-0.5%
Revenue increases	(520.0)	-0.4%	(520.0)	-0.4%	(520.0)	-0.4%
	<u>(1,401.8)</u>	<u>-0.9%</u>	<u>(1,401.8)</u>	<u>-0.9%</u>	<u>(1,401.8)</u>	<u>-0.9%</u>
<b>Subtotal Budget Increase before other reliefs</b>	<b>4,423.5</b>	<b>2.6%</b>	<b>4,423.5</b>	<b>2.6%</b>	<b>4,423.5</b>	<b>2.6%</b>
Other budget reliefs approved by Board						
Reduce security guard budget to \$1 million	(513.0)	-0.3%	-	-	(200.0)	-0.1%
Increase draw from DC reserve for collections	(507.0)	-0.3%	-	-	(306.0)	-0.2%
	<u>(1,020.0)</u>	<u>-0.6%</u>	<u>-</u>	<u>-</u>	<u>(506.0)</u>	<u>-0.3%</u>
Other budget reliefs recomb. by City Staff						
Collections reduction	-	-	(216.0)	-0.1%		0.0%
Savings - standardization of hours at neigh. branches	-	-	(290.0)	-0.2%		0.0%
	<u>-</u>	<u>-</u>	<u>(506.0)</u>	<u>-0.3%</u>	<u>-</u>	<u>0.0%</u>
<b>2015 Operating budget</b>	<b>171,040.9</b>	<b>2.0%</b>	<b>171,554.9</b>	<b>2.3%</b>	<b>171,554.9</b>	<b>2.3%</b>

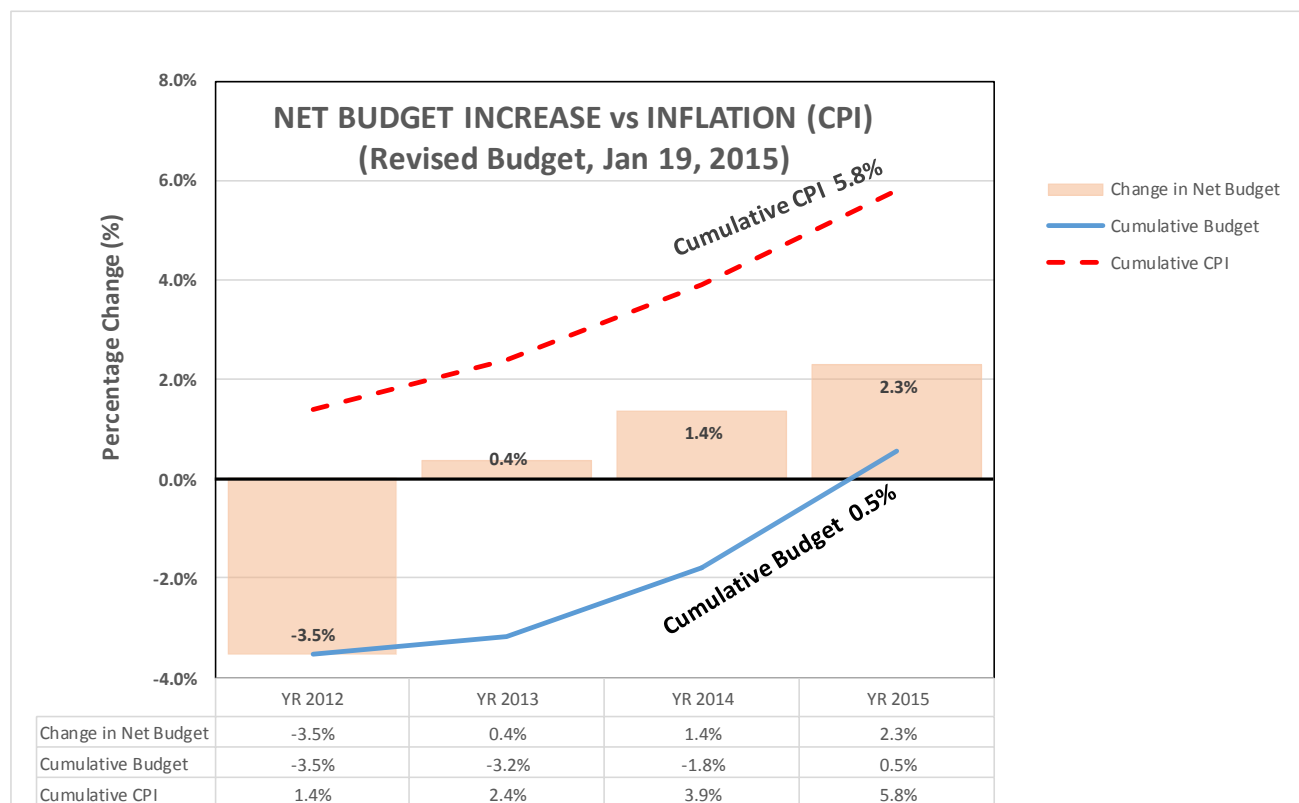
A 2015 Operating Budget – Security Guard Service Update report, Agenda Item No. 14, describes which locations are impacted by the initial \$150,000 budget reduction, and the further \$0.513 million reduction approved by the Board. The list of impacted locations is replicated on Attachment 1 of this report, and updated to reflect the impact of revising the further cut to the security guard budget from \$0.513 million to \$0.200 million. The \$0.313 million of funding for security guards would allow on-site security guards to be maintained at the four affected District branches and Riverdale Branch, as well as provide funding for the deployment of security guards on an as-needed basis.

The revised additional draw on development charges for collections, from \$0.507 million to \$0.306 million, would result in a revised total annual draw of \$3.476 million. The lower level of annual DC draws reduces the likelihood of the reserve being depleted.

## CONCLUSION

While the City staff-recommended budget will include a cut to collections and the standardization of hours at neighbourhood branches, the recommended budget revisions achieve the City staff-recommended budget increase, maintain security guards in branches with the greatest need and maintain collections funding.

As shown in the chart below, including the 2015 revised budget request of a 2.3% increase, the cumulative budget increase over the last four years is 0.5%, which is 90% below inflation.



## CONTACT

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## **SIGNATURE**

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City Librarian

## **ATTACHMENTS**

Attachment 1: Revised list of branches affected by security guard budget reductions