

2016 Operating Budget Submission

Date:	September 21, 2015
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to request Toronto Public Library Board approval of the 2016 operating budget submission of \$175.330 million net (\$192.504 million gross), which represents a \$3.127 million net (\$3.785 million gross) or 1.8% increase over the 2015 operating budget.

The 2016 operating budget increase of \$3.127 million net (\$3.785 million gross) or 1.8% increase is comprised of cost pressures (excluding salary cost of living increases) of \$4.287 million net (\$4.285 million gross), which represent a 2.5% increase, partially offset by efficiency expenditure reductions and revenue increases of \$1.160 million net (\$0.500 million gross), which represent a 0.7% decrease.

To achieve the City's operating budget target of a 1% decrease from the 2015 budget, Toronto Public Library (TPL) would need to implement reductions to service hours and collections for a total budget reduction of \$4.849 million, or 2.8%.

The budget submission achieves one-third of the 2% efficiency target.

The 2016 operating budget submission also includes enhancements totalling \$0.958 million net and gross, and is comprised of two Youth Hubs, Sunday service open hours enhancement, Internet wi-fi hotspot lending and a digital innovation hub which are also to be considered as part of the City's Poverty Reduction Strategy.

RECOMMENDATION

The City Librarian recommends that the Toronto Public Library Board:

1. approves the 2016 operating budget submission of \$175.330 million net (\$192.504 million gross) which represents a \$3.127 million or 1.8% increase over the 2015 operating budget;
2. considers service reductions to Monday to Saturday open hours and collections, to achieve additional budget savings of \$4.849 million or a 2.8% decrease in order to meet the minus 1% target; and

3. approves budget enhancements totalling \$0.958 million comprised of two Youth Hubs, Sunday service open hours enhancement, Internet wi-fi hotspot lending and a digital innovation hub which are also to be considered for inclusion in the City's Poverty Reduction Strategy.

FINANCIAL IMPACT

The 2016 operating budget submission of \$175.330 million net (\$192.504 million gross) represents a \$3.127 million (\$3.785 million gross) or 1.8% increase which is comprised of:

2016 Operating Budget Submission (\$000s)

	<u>GROSS</u>	<u>REVENUE</u>	<u>NET</u>	<u>%</u>
2015 approved operating budget	188,719.1	16,516.1	172,203.0	
Budget pressures	4,285.3	(1.2)	4,286.5	2.49%
Efficiency expenditure reductions & revenue increases	(500.0)	659.7	(1,159.7)	-0.68%
	3,785.3	658.5	3,126.8	1.81%
Total 2016 operating budget submission	192,504.4	17,174.6	175,329.8	1.81%

The 2016 operating budget submission does not include any costs associated with salary cost of living increases, as a new collective agreement will be negotiated in 2016.

Enhancements totalling \$0.958 million net and gross are also being considered for inclusion in the City's Poverty Reduction Strategy which are comprised of two additional Youth Hubs (\$0.200 million), Sunday service open hours enhancements (\$0.558 million), Internet wi-fi hotspot lending (\$0.100 million) and an additional digital innovation hub (\$0.100 million).

To achieve the City's operating budget target of a 1% decrease from the 2015 budget, TPL would need to implement reductions to service hours and collections totalling \$4.849 million, or 2.8%.

City Target (\$000s)

	<u>NET</u>	<u>%</u>
Target minus 1%	(1,722.0)	-1.00%
2016 operating budget submission net increase	3,126.8	1.81%
Service reductions to meet target	4,848.8	2.81%

The 2016 operating budget submission achieves \$1.160 million of budget reliefs which represents 0.7% or one-third of the 2% efficiency target.

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

BACKGROUND

At its meeting on June 22, 2015, the Toronto Public Library Board was presented with a 2016 operating base budget outlook of \$176.717 million net (\$193.612 million gross), which represents a \$3.757 million or 2.2% increase over the 2015 approved operating budget, and was comprised of pressures totalling \$4.287 million net (2.5%), partly offset by efficiency cost savings of \$0.150 million (0.1%) and revenue increases of \$0.380 million (0.2%)

TPL staff committed to undertake a detailed line-by-line review of the budget to continue to refine pressures and reliefs and to explore opportunities to find additional efficiency expenditure reductions, increase revenue, and apply technology to improve service delivery.

COMMENTS

TPL has an excellent fiscal track record of continuously improving services by responding to increasing and changing service demands while controlling costs and reducing staff through the implementation of efficiencies, innovation and new technology. TPL continues to look for efficiencies and new revenue opportunities. Pressures include cost inflation from utilities and service contracts, lower value of the Canadian dollar, reduced purchasing power, revenue losses from fines and reduced grant funding. The provincial per household operating grant has not increased for 20 years.

The 2016 operating budget submission, which represents a 1.8% net increase, is a reasonable and responsible funding request necessary to maintain services and service levels. The request balances the need to develop and deliver innovative self-service, and online and technology-based services, while responding to the continuing demand for traditional services.

TPL's 2016 operating budget submission supports equitable access to services and programs that make a difference in the lives of Toronto's communities and residents by engaging them in a love of reading, inspiring lifelong learning, and fostering collaboration, creativity and innovation.

Context of Budget Request

Increasing Demand

Toronto Public Library has higher per capita visits and circulation than any other large urban public library in North America. Over the past ten years, total library usage has increased by 13.5% from 88,455,058 to 100,398,161 million uses. Total use includes circulation (physical and electronic), in-person and virtual visits, program attendance, standard and electronic reference requests, workstation use, wireless use, and licensed database searches.

Circulation	4.8%	↑
In-person visits	7.5%	↑
Reference questions	-12.5%	↓
In-library reference use of collections	-24.1%	↓
Program attendance	46.2%	↑
Workstation users	41.9%	↑
Wireless (2007-2014)	1276%	↑
Virtual visits	40.9%	↑
Total Use	13.5%	↑

Overall in-person visits to library branches have increased 7.5% and the way people access information and use branch services has changed. There has been an increase in program attendance for print and digital literacies, lifelong learning, job supports, and culture and recreation; strong growth in the use of in-branch technologies, including computers, Internet and wireless; and increased use of library space for work, study and collaboration – important services as city density increases.

There has been parallel growth in the off-site usage of the Library's virtual branch, including the website, e-content and self-service features, along with usage in library branches and community locations.

In-branch reference use of library print collections has declined. While the number of reference questions has declined, librarians' expertise has been reallocated to providing in-depth reference through Book-a-Librarian, creating and curating information in blogs, digital exhibits and websites, planning and delivering information through programming, etc.

The introduction of new technologies, including self-service circulation and more online services, has enabled the Library to efficiently manage steady demand for traditional services and increased demand for new services.

E-Collections

Toronto Public Library has successfully managed the transition to e-collections such as e-books, e-magazines, music and video, and demand continues to grow. Circulation of digital content increased 250% since 2012. Torontonians borrowed almost 3.5 million e-titles in 2014, representing approximately 11% of total circulation, and this is expected to

reach 15% in 2015. Meanwhile, use of physical materials remains strong, requiring the continued acquisition of collections in multiple formats and languages.

However, the growing availability of and demand for e-books, has placed additional pressures on the budget in recent years due to the unreasonably high prices charged by publishers, in particular the multi-nationals, and their restrictive purchase models. For example, consumers pay \$14.99 at Amazon for an electronic copy of the new Michael Connelly novel *Burning Room* while libraries pay \$106 per copy for the same e-title, and \$18 for the same title in print format. Content cannot be purchased; only licensing is offered. Some vendors require libraries to re-purchase content when it expires one year later. Publishers' terms and conditions for public library access to e-collections place pressures on TPL's collections budget and restricts Torontonians' access to content from their public library.

TPL is playing a leading role in a public e-book advocacy campaign (fairpricingforlibraries.org) in collaboration with the Canadian Library Association, the Canadian Urban Libraries Council, the Ontario Library Association, the Nova Scotia Library Association, the Federation of Ontario Public Libraries, and with several Canadian libraries including Halifax Public Libraries and Ottawa Public Library (as of September 22).

In addition, City Council and the Library Board support the Library's transition to more e-collections, and have endorsed the important role of public libraries in making e-collections available by advocating that all publishers make these collections available to public libraries on fair and reasonable terms.

City Council on December 16, 17 and 18, 2013, adopted the following: "City Council request the Department of Canadian Heritage and the Ontario Ministry of Tourism, Culture and Sport to investigate publishers' restrictive practices in making e-books and e-magazines available to public libraries, including the higher prices charged to public libraries".

Compounding this pressure is the declining value of the Canadian dollar and the fact that this content is predominantly sourced in the United States. If the value of the Canadian dollar continues at its current levels and demand for e-content keeps growing, TPL's buying power will continue to be challenged going forward.

Increased demand and use of e-collections also has an impact on fines revenue because e-collections are returned automatically so fines do not accrue. A further \$0.220 million pressure in 2016 is the result of a provincial announcement that funding for e-resources made available to libraries through an agency of the provincial government, the Southern Ontario Library Service purchasing consortium, will end as of January 1, 2016.

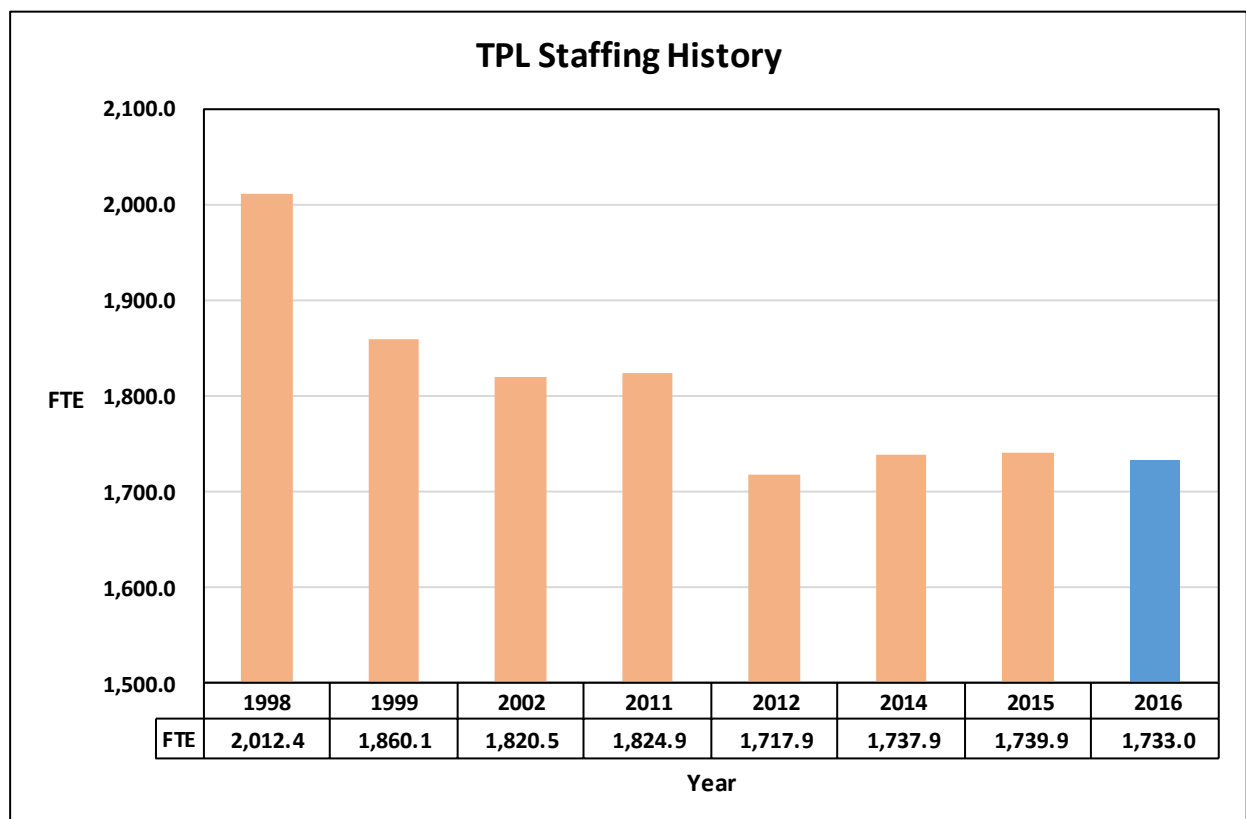
History of TPL Staff Changes

The Library has successfully managed increasing demand for its services with a workforce that has decreased 14% since amalgamation, with around 200 full-time

equivalents (FTE) reduced in 1998/1999 and another 123 FTE reduced between 2011 and 2013.

Despite these cuts and ongoing service demands, through its commitment to continuous improvement and service efficiencies, the Board has introduced new services, added four new branches and the associated 24.5 FTEs required to run them, expanded several additional branches, and increased open hours – significant achievements.

Since the staffing cuts starting in 2011, the budget is stretched and spending is being carefully monitored to ensure the budget is met. The staffing outlook for the 2016 operating budget has a reduction of 6.9 FTE page positions resulting primarily from the installation of automated sorters at Ellesmere and in branches.



* excludes 5.0 FTEs requested in 2016 to be permanently funded from the Virtual Branch Services capital project, previously funded on a temporary basis

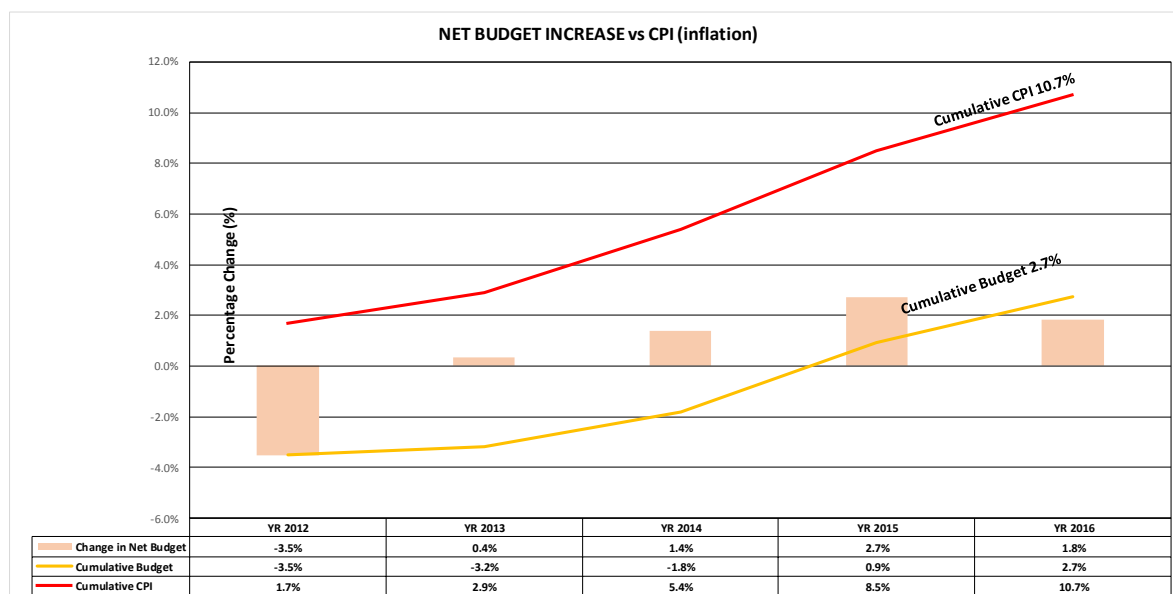
History of Efficiencies and Budget Savings

The Library has done considerable work to find efficiencies, reduce costs, and deliver effective and improved services. Specific initiatives are outlined below:

- 444.5 hours of weekly service were added through efficient scheduling, the introduction of self-serve technology, and the opening of two new branches – Fort York and Scarborough Civic Centre;
- in 1999 and 2000, 199 positions were deleted;

- a further 123 positions reduced between 2011 and 2013 from efficiency initiatives:
 - 38 positions through self-service technology at all branches, 13 automated sorters and a central sorter;
 - 54 positions through business process reengineering using Lean Six Sigma methodologies;
 - 22 positions through service consolidations for the Urban Affairs branch, distribution hubs, mobile library service and various departments in the Toronto Reference Library;
 - nine positions through restructured management and support staffing;
- higher development charges (DC) funding to reduce operating budget pressure for collections and IT replacement;
- purchasing power enhanced by participation in provincial consortiums resulting in preferential pricing for collections and electronic databases;
- cooperative purchasing for advantageous pricing with the City;
- revenue from tenant leases, fines and facility rentals;
- strategic service partnerships including funding, grants and embedded service partnerships;
- increased support from the TPL Foundation;
- benefits from ongoing contribution of volunteers.

History of TPL Budget Increases – 75% Below Inflation



As shown in the chart above, including the 2016 operating budget request for a 1.8% increase, the cumulative budget increase over the last five years is 2.7%, or an average annual increase of 0.5%. This budget increase is 75% below the rate of inflation over the

same time period, as measured by the consumer price index (CPI), which is 10.7% cumulatively, or an average annual increase of 2.1%.

2016 Operating Budget Submission

At its meeting on June 22, 2015, the Toronto Public Library Board was presented a 2016 operating base budget outlook of \$176.717 million net (\$193.612 million gross), which represents a \$3.757 million net (\$4.135 million gross) or 2.2% increase over the 2015 approved operating budget and was comprised of pressures totalling \$4.287 million net (\$4.285 million gross) or 2.5%, partially offset by efficiency cost savings of \$0.150 million net and gross or 0.1% and revenue increases of \$0.380 million net or 0.2%.

Over the summer, TPL staff identified additional efficiency expenditure reductions and revenue increases totalling \$0.630 million net (\$0.350 million gross) or 0.4%, resulting in a budget submission increase of \$3.127 million net (\$3.785 million gross) or 1.8%.

<u>2016 Operating Budget Submission (\$000s)</u>				
	GROSS	REVENUE	NET	%
2015 approved operating budget	188,719.1	16,516.1	172,203.0	
2016 Budget Pressures				
Cost increases	4,368.7	473.2	3,895.5	2.26%
Revenue reductions	(83.4)	(474.4)	391.0	0.23%
	4,285.3	(1.2)	4,286.5	2.49%
(A) Efficiency expenditure reductions & revenue incr. - Jun 22				
Expenditure reductions	(150.0)		(150.0)	-0.09%
Revenue increases		379.7	(379.7)	-0.22%
	(150.0)	379.7	(529.7)	-0.31%
Net budget increase - Jun 22	4,135.3	378.5	3,756.8	2.18%
2016 operating base budget outlook - Jun 22	192,854.4	16,894.6	175,959.8	2.18%
(B) Efficiency expenditure reductions & revenue incr. - Sep 21				
Expenditure reductions	(350.0)		(350.0)	-0.20%
Revenue increases		280.0	(280.0)	-0.17%
	(350.0)	280.0	(630.0)	-0.37%
Net budget increase - Sep 21	3,785.3	658.5	3,126.8	1.81%
2016 operating budget submission - Sep 21	192,504.4	17,174.6	175,329.8	1.81%

<u>Efficiency expenditure reductions & revenue increases (\$000s)</u>				
	GROSS	REVENUE	NET	%
(A) Efficiency expenditure reductions & revenue incr. - Jun 22	(150.0)	379.7	(529.7)	-0.31%
(B) Efficiency expenditure reductions & revenue incr. - Sep 21	(350.0)	280.0	(630.0)	-0.37%
Total Efficiency expenditure reductions & revenue incr.	(500.0)	659.7	(1,159.7)	-0.68%

TPL's 2016 net operating budget increase of \$3.127 million (\$3.785 million gross) or 1.8% is comprised of pressures totalling \$4.287 million net (\$4.285 million gross) or

2.5%, partly offset by efficiency expenditure reductions and revenue increases totalling \$1.160 million net (\$0.500 million gross) or 0.7%.

The 2016 operating budget submission does not include any costs associated with salary cost of living increases, as a new collective agreement will be negotiated in 2016.

2016 Budget Pressures

The 2016 operating budget pressures total \$4.287 million net (\$4.285 million gross), which represents a 2.5% increase and is comprised of cost increases of \$3.896 million net (\$4.369 million gross), or a 2.3% increase, and revenue reductions of \$0.391 million net (\$0.083 million gross), or a 0.2% increase, as detailed below.

Cost Increases

	<u>Cost Increases (\$000s)</u>			
	<u>GROSS</u>	<u>REVENUE</u>	<u>NET</u>	<u>%</u>
Salary and benefits cost increase	1,562.8		1,562.8	0.91%
Increase cost of facilities contracted services	486.6		486.6	0.28%
Library collections increase including US\$ exchange	464.7		464.7	0.27%
Increase cost of IT contracted services	382.0		382.0	0.22%
Increase cost of utilities	310.5		310.5	0.18%
Library collections - Prov. ended e-content subsidy	220.0		220.0	0.13%
Operating impact of capital projects	175.3		175.3	0.10%
Branch rent increases	150.1		150.1	0.09%
Incr cost of supplies, bldg. and fleet mtce	143.5		143.5	0.08%
Permanent staff to support VBS capital proj.	473.2	473.2	-	0.00%
	<u>4,368.7</u>	<u>473.2</u>	<u>3,895.5</u>	<u>2.26%</u>

The 2016 operating budget expenditure increases total \$3.896 million net (\$4.369 million gross), which represents a 2.3% increase over 2015, and is comprised of:

- the \$1.563 million salary and benefits cost increase (excluding COLA) consists of:
 - \$0.445 million for progression and step increments;
 - \$0.418 million to adjust the number of working days for a leap year;
 - \$0.700 million for actual experience and benefits rate increase;
- the \$0.487 million increased cost of facilities contracted services include:
 - \$0.217 million cleaning and security contracts, including minimum wage and fair wage adjustments;
 - \$0.180 million HVAC maintenance;
 - \$0.090 million for maintenance of BAS, elevators, electrical, plumbing, fire, security, doors etc.;
- \$0.465 million represents a 2.5% projected cost increase on the cost of library materials based on 2014/15 experience, industry projections and needs to accommodate the impact of a weaker Canadian dollar. Updated projections show a cost pressure of approximately \$0.750 million in 2015 due to the lower Canadian dollar;
- the \$0.382 million increased cost of contracted services include:
 - \$0.190 million for IT equipment / servers maintenance, software licences, and the impact of the US\$ exchange;

- \$0.098 million for e-mail notification; room booking; wireless; online; digital contracts;
- \$0.094 million for maintenance of self-service equipment;
- \$0.311 million is the estimated cost increase of electricity and water;
- \$0.220 million is the library materials cost increase associated with the end of a provincial subsidy on e-material through the Southern Ontario Library Service Agency purchasing consortium;
- \$0.175 million is the operating cost associated with capital projects, including Eglinton Square lease (\$0.167 million);
- \$0.150 million cost of rent increases for branches located in leased premises;
- the \$0.144 million includes various increases in the cost of supplies, services, building and fleet maintenance:
 - \$0.051 million for postage, janitorial and building supplies;
 - \$0.047 million to cover legal, banking, freight, travel and printing cost increases;
 - \$0.046 million for building and equipment maintenance, vehicle fleet maintenance and solid waste disposal;
- \$0.473 million is the cost of salaries and benefits for five permanent staff to support the Virtual Branch Services capital project and the costs of these positions is recovered from the capital project.

Revenue Reductions

	Revenue Reductions (\$000s)			
	GROSS	REVENUE	NET	%
Fines revenue reduction		(310.0)	310.0	0.19%
Unrealized advertising revenue		(40.0)	40.0	0.02%
Unachieved rev. from online sales of library materials		(21.0)	21.0	0.01%
Discontinued CAP Federal Grant		(20.0)	20.0	0.01%
End of Pan-Am Games funding - program reduction	(83.4)	(83.4)	-	0.00%
	(83.4)	(474.4)	391.0	0.23%

Reductions in revenue will result in an additional budget pressure of \$0.391 million net (\$83.4 million gross) or 0.2% increase in 2016, comprised of:

- the reduction in fines revenue of \$0.310 million continues a trend being experienced by TPL and many other libraries. TPL's reduction in fines revenue is due to a number of factors, including the increasing use of e-collections which incur no fines, higher fines rates, which result in greater customer attention and service improvements such as the availability of e-mail notifications prior to due dates, which allow customers to manage their account more effectively;
- unsuccessful attempts to raise revenue through advertising resulted in a revenue reduction of \$0.040 million;
- Unachieved revenue from the online sales of library materials resulted in a reduction of revenue of \$0.021 million;
- An adjustment of \$0.020 million for the discontinued Community Access Program (CAP) Federal Grant for the provision public Internet access;
- In 2015 TPL received \$0.083 million gross (\$0 million net) to deliver programs associated with the Pan Am games. This targeted funding ends in 2015.

Efficiency expenditure reductions & revenue increases

Efficiency expenditure reductions and revenue increases included in the 2016 operating budget submission totalling \$1.160 million net (\$0.500 million gross) or 0.7% is comprised of efficiency cost reductions of \$0.500 million net (\$0.500 million gross), or a 0.3% decrease and revenue increases of \$0.660 million net (\$0.000 million gross) or 0.4%, as detailed below.

Expenditure Reductions & Efficiency Savings

<u>Efficiency Expenditure Reductions (\$000s)</u>				
	<u>GROSS</u>	<u>REVENUE</u>	<u>NET</u>	<u>%</u>
Efficiency savings from automation	(250.0)		(250.0)	-0.15%
Savings from external contracts	(169.0)		(169.0)	-0.10%
Efficiency savings from printing, lib prog., media services	(31.0)		(31.0)	-0.02%
Cost savings from RFID material tags	(25.0)		(25.0)	-0.01%
Savings from library materials processing supplies	(25.0)		(25.0)	-0.01%
	<u>(500.0)</u>	<u>-</u>	<u>(500.0)</u>	<u>-0.29%</u>

Expense and efficiency reductions included in the 2016 operating base budget submission totalling \$0.500 million net and gross or 0.3%, comprised of:

- efficiency savings of \$0.250 million from page salaries (6.9 FTEs) from installation of automated sorters at Ellesmere and in branches;
- favourable terms from building maintenance, waste disposal and IT contracts is expected to save approximately \$0.169 million in 2016;
- \$0.031 million in efficiency savings from printing, library program and media services;
- \$0.025 million in savings from reduced volume of RFID tags required because e-materials do not require tags;
- \$0.025 million savings from reduced use of processing supplies as a result of e-materials.

Revenue Increases

<u>Revenue Increases (\$000s)</u>				
	<u>GROSS</u>	<u>REVENUE</u>	<u>NET</u>	<u>%</u>
Increased development charges for library materials		200.0	(200.0)	-0.12%
Increased recovery from management fees		154.7	(154.7)	-0.09%
Projected revenue from premium room rentals		145.0	(145.0)	-0.08%
Projected additional revenue from tenant leases		132.0	(132.0)	-0.08%
Increased revenue from auditorium and room rentals		28.0	(28.0)	-0.02%
	<u>-</u>	<u>659.7</u>	<u>(659.7)</u>	<u>-0.39%</u>

Revenue increases total \$0.660 million net or 0.4%, comprised of:

- increased development charges drew from the reserve of \$0.200 million for collections;

- management fees recovered from capital projects will increase by \$0.155 million in 2016;
- space in high demand locations is being renovated to provide upscale rooms which could be rented at premium rates and raise an estimated revenue of \$0.145 million;
- higher tenants revenue in the Northern District and Deer Park locations will provide \$0.132 million in additional revenue;
- changes in the room booking policy will yield an estimated additional revenue of \$0.028 million.

TPL staff will continue to seek reliefs to the budget through maximizing revenues for physical spaces, monitoring the spending of the budget, and identifying opportunities for further efficiency.

City's Operating Budget Target of minus 1%

The City's operating budget target is a 1% decrease from the 2015 budget. After considering the budget submission increase of \$3.127 million net (3.785 million gross) or 1.8%, TPL would require addition savings of \$4.849 million, or 2.8%. To accomplish savings of this magnitude, reductions to service hours and collections would be required.

City Target (\$000s)

	<u>GROSS</u>	<u>REVENUE</u>	<u>NET</u>	<u>%</u>
Target minus 1%			(1,722.0)	-1.00%
2016 operating budget submission net increase			3,126.8	1.81%
Service reductions to meet target			4,848.8	2.81%

Service Reductions to achieve a target of minus 1% (reduction of \$4.849 million, including 41 FTEs)

After applying the \$1.160 million in efficiencies and budget relief described above, a further budget reduction of \$4.849 million is required to meet the minus 1% target. This additional reduction requires cuts to Monday to Saturday open hours and collections, which will have an impact on library services, as described below.

Monday - Saturday Service Hours Reduction	Reductions	
	\$000's	Net % of 2016 Budget
(100 Branches: 2 Research & Reference (R&R), 17 District, 81 Neighbourhood; annual cost: \$82.890 million; 278,564 hrs of service)		
Reduction Proposed Reduction in service hours will limit access to collections, library programs, information service, internet services and study space. Additionally, there will be fewer morning, evening and Saturday hours available for customers to access library service. 25,376 or 9.1% fewer Mon-Sat hrs/yr in 2 R&R, 17 District and 38 Neighbourhood Branches (57 total) - 2 R&R branches with 65.5 hrs/wk will be reduced to 63 hrs/wk, losing one evening per week - 17 District branches with 65.5 hr/wk will be reduced to 63 hrs/wk, losing one evening per week - 5 Neighbourhood branches with 65.5 hrs/wk will be reduced to 50.5 hrs/wk, losing 2 mornings and 2 evenings per week - 21 Neighbourhood branches with 62.0 hrs/wk will be reduced to 50.5 hrs/wk, losing 2 mornings and 1 evening per week - 1 Neighbourhood branch with 62.0 hrs/wk will be reduced to 40.0 hrs/wk, losing 1 day plus 2 mornings and 1 evening per week - 11 Neighbourhood branches with 50.5 hrs/wk will be reduced to 40.0 hrs/wk, losing 1 day per week - 43 Neighbourhood branches will remain unchanged with 50.5, 40.0 or 28.0 hrs/wk	3,268	1.9
Library Collections Reduction (2015 annual budget is \$18.586M; average cost per item is \$20.46)		
Reduction Proposed Library Collections Budget permanently reduced by 8.5% resulting in loss of approximately 77,000 library items	1,581	0.9
Total Reductions	4,849	2.8

Hours of Service Reduction Framework

The following factors are considered in allocating open hour reductions to branches:

- distributed access to library resources across the city;
- greatest number of open hours at largest and busiest branches across the city;
- a balance of morning, evening and weekend hours;
- standard schedules to maximize efficiency of operations; five, six and seven-day service at branches across the city, with a minimum service level of five days, 40 hours per week, with the exception of Swansea Memorial and Todmorden Room;
- Sunday service maintained;
- given the magnitude of budget reductions required to meet the minus 1% target, some branches that are located within the City's TSNS (Toronto Strong Neighbourhood Strategy) will have reduced Monday to Saturday service hours.

Impact in Service Hours Reductions

Library open hours both during the weekdays and on the weekends provide access to library service to a broad range of individual users and to those attending programs. Morning hours are important to seniors, preschool children and their caregivers; lunch hours to students and workers; afternoon and after school times to elementary and high school students and evening hours provide access to workers, mature students and recreational users.

Residents of all ages, including students, and those engaged in lifelong learning, use the library for computer and wireless access, study space, research materials and attend

programs. Access to community meeting rooms by community groups builds community capacity.

Fewer open hours reduce service levels in two ways: the branch is open fewer hours for residents to visit and it limits the time available for study, accessing collections, programs, etc.; and when the library is open, the space will be more congested and crowded, reducing access to study space, computers and to zoned spaces including those for teens, children and preschoolers.

Impact on Library Collections

An 8.5% reduction to the 2016 collections budget will be allocated to minimize the impact on the public as much as possible. However, the size of the 2016 reduction with a loss of approximately 77,000 items (\$1.581M) is significant. There are already additional pressures on the budget due to the unreasonably high price of e-books and the impact of the falling Canadian dollar. Use of the physical collection remains strong so it must also be maintained in multiple formats and languages. As a result, fewer copies of popular titles in both physical and e-formats will be purchased meaning longer wait times for holds; fewer titles will be purchased thus reducing the scope and currency of collections; the replacement of classic and standard titles will be deferred causing gaps in some collection areas such as children's picture books and fiction. Most significantly, circulation, which is directly linked to the availability of current collections, will fall and the Library will no longer be the leader in North American libraries.

2% Efficiency Target

There is a 2% efficiency target of \$3.444 million for TPL.

The budget submission includes efficiency expenditure reductions and revenue increases as discussed above in the context of the budget request, totalling \$1.160 million net (\$0.500 million gross or 0.7%) and achieves one-third of the 2% efficiency target. TPL staff will continue to seek additional efficiencies and monitor revenue performance and budget expenditures.

Budget Enhancement Request

The following budget enhancements totalling \$0.958 million net and gross have been submitted to the City to be considered as part of the Poverty Reduction Strategy Budget Requests [see separate report with more detail – *Poverty Reduction Strategy Update (Agenda Item No. 14)*].

2016 SERVICE ENHANCEMENTS (\$000s)

	<u>GROSS</u>	<u>REVENUE</u>	<u>NET</u>	<u>%</u>
Sunday open hours enhancement	557.5		557.5	0.32%
Poverty reduction - Youth Hub Expansion (phase 2)	200.0		200.0	0.12%
Internet Wi-Fi hotspot lending	100.0		100.0	0.06%
Digital Innovation Hub	100.0		100.0	0.06%
Total 2016 Service Enhancements	<u>957.5</u>	<u>-</u>	<u>957.5</u>	<u>0.56%</u>

Sunday Open Hours Enhancement (Attachment 2)

A request to improve open hours on Sundays is in keeping with the Library Board's approved plan for open hours and responds to the most consistent customer request for additional service hours. The approval of the requested funding of \$0.558 million would provide 4,497.5 hours of additional service, or a 30% increase in Sunday service hours. The funding would allow year-round service in eight of the 27 branches currently with Sunday service and add Sunday service to six new branches (Bridlewood, Centennial, Fort York, Mount Dennis, Runnymede and Scarborough Civic Centre)

Expanding Sunday service supports the objectives of the City's Poverty Reduction Strategy by extending access to essential services including space, technology and information. Year-round Sunday service responds to the needs of children and families who remain in Toronto during the summer, the increasing number of students who attend school year round, and the needs of entrepreneurs and small business owners for mobile work space accessible during non-traditional hours. Adding Sunday service to six additional branches increases geographic equity and improves service at the neighbourhood level.

Poverty Reduction – Youth Hub Expansion (phase 2)

The City's Poverty Reduction Strategy provided funding to TPL in 2015 to establish Youth Hubs at two library branch locations: York Woods and Cedarbrae. To support the second phase of the City's Poverty Reduction Strategy, the additional \$0.200 million request for 2016 would provide Youth Hubs at Maria A. Shchuka and Fairview branches. The Youth Hubs address the City's objective of *providing out of school-time programs for children and youth in neighbourhoods across the city*. The Hubs provide access to nutrition, information and technology, homework support, and complimentary programs that build life and leadership skills. Volunteer tutors contribute to successful outcomes for participating youth.

Internet Wi-fi Hotspot Lending

People who lack broadband Internet access at home are at a disadvantage when it comes to education, job-hunting, access to government services, and participation in our networked society. The Library has played a key role in bridging the digital divide by

offering computers and Internet access in its branches. To extend access beyond library locations and open hours, TPL proposes following in the footsteps of other major library systems by lending wi-fi hotspots that users can take home. Digital literacy training would also be offered to participants in the program. An additional \$0.100 million is requested for 2016 to support this new service, with supplementary funding to be provided by a private partner.

Digital Innovation Hub

The introduction of a digital innovation hub at the S.P.O.T. (Success Power Opportunity Teamwork) youth space located at Malvern Branch provides a new learning, collaboration and creation opportunity that fosters, supports and inspires youth development of knowledge about new and emerging digital technology in a transitioning neighbourhood improvement area where youth are facing many challenges. Youth will be provided with the information, tools and support to participate in, contribute to and succeed in today's digital environment. Start-up costs for software and equipment and a digital design technician (1 FTE, effective third quarter) are included in the proposal. This initiative is aligned with the Poverty Reduction Strategy in creating pathways to prosperity and access to services through expanding digital access.

Program Overview

The 2016 Program Overview, included as Attachment 3, provides the Library's Strategic Plan Themes and Goals as approved by the Board, and outlines key accomplishments to date for 2015.

Performance measures charts describe the results and targets for key indicators such as visits and use per capita and also contextual information comparing Toronto Public Library results with results from other Ontario municipalities.

Strategic Plan

A new strategic plan is being developed in consultation with communities, stakeholders, and residents and will be available by year end. The new plan and 2016 operating budget submission align and support the City's urban agenda set out in its Poverty Reduction Strategy, Toronto Strong Neighbourhoods Strategy 2020, Youth Equity Strategy, Seniors Strategy and Middle Childhood Strategy, and will help to increase the effectiveness and impact of these strategies at the city and neighbourhood level. For example:

- ensuring that essential services are well funded, co-ordinated and meet the immediate needs of those living in poverty;
- using new technology and new delivery models to improve services;
- ensuring Digital Access and Literacy so that residents can effectively access programs and services online;

- ensuring that all programming for children and youth is integrated, inclusive, and responsive to current needs;
- providing out of school-time programs for children and youth in neighbourhoods across the city;
- developing a capital and service planning approach that focuses on building infrastructure improvements faster and meeting the immediate needs of inner suburbs;
- recognizing the value of entry-level jobs for students;
- ensuring reporting and measuring considers both city and neighbourhood level outcomes.

CONCLUSION

TPL's 2016 operating budget submission supports equitable access to services and programs that make a difference in the lives of Toronto's communities and residents by engaging them in a love of reading, inspiring lifelong learning, and fostering collaboration, creativity and innovation.

The 2016 operating budget submission achieves \$1.160 million of budget reliefs which represents 0.7% or one-third of the 2% efficiency target. TPL staff will continue to seek efficiencies and budget reliefs.

The 2016 operating budget submission also includes enhancements totalling \$0.958 million net and gross, and is comprised of two Youth Hubs, Sunday service open hours enhancement, Internet wi-fi hotspot lending and a digital innovation hub which are also to be considered as part of the City's Poverty Reduction Strategy.

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946;
E-mail: lhughsam@torontopubliclibrary.ca

SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: 2016 Operating Budget Submission Summary
Attachment 2: Proposed Sunday Service Enhancement
Attachment 3: 2016 Program Overview