



STAFF REPORT ACTION REQUIRED

Cost Containment Measures

Date:	July 25, 2007
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

This report proposes a number of cost containment measures which would reduce Toronto Public Library (TPL) operating budget spending by \$1.585 million for the balance of 2007, in order to create a surplus to be returned to the City. The cost containment measures include a hiring freeze, service level reductions and elimination of discretionary spending. This report is in response to a communication received from the City Manager, dated July 19, 2007, which is included as Attachment 1.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. receive the Cost Containment Measures report;
2. approve the 2007 cost containment measures totalling \$1.585 million; and
3. authorize and direct appropriate staff to take the actions necessary to give effect hereto.

Implementation Points

If the Board approves the proposed cost containment measures, a hiring freeze would need to be implemented and notice of service changes would need to be communicated to internal and external stakeholders.

FINANCIAL IMPACT

The cost containment measures are expected to result in operating budget savings of \$1.585 million by year-end. Because more than half the year has already passed, achieving savings of this magnitude will have significant negative impact on service for the balance of 2007, and will likely impact the Library's performance into 2008.

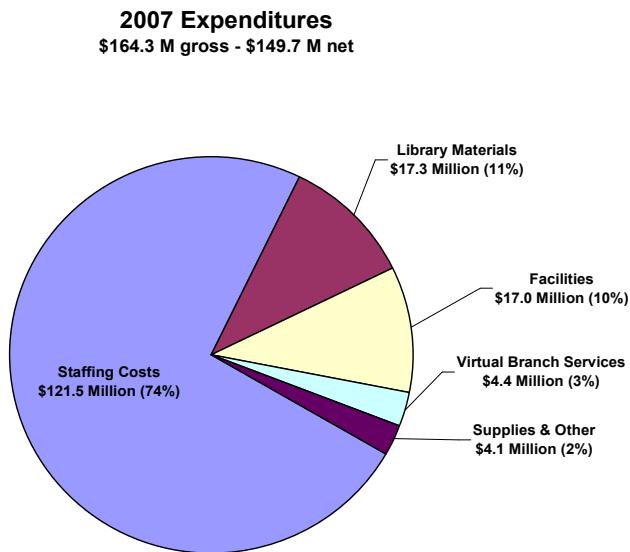
ISSUE BACKGROUND

As per the communication from the City Manager included as Attachment 1, the Mayor has requested that all Divisions and Agencies, Boards and Commissions (ABCs) immediately implement cost containment measures with the goal of reducing costs for the remainder of 2007. The purpose of the measures is to use the savings achieved toward reducing the 2008 operating budget shortfall. In the absence of a specific dollar target for savings, Library staff has analyzed all areas for cost savings as specified in the City Manager's communication. The cost containment measures applicable to TPL are:

1. hiring freeze;
2. service level reductions;
3. elimination of discretionary spending; and
4. reduction of promotional and customer service communication materials.

COMMENTS

The pie chart below shows the break-down of spending for the 2007 operating budget.



Staffing represents 74 percent of the budget, library materials 11 percent, and the cost of operating the buildings 10 percent. Virtual branch services represent 3 percent of costs. With so little discretionary spending, any significant budget savings will impact staffing and services.

The framework used to identify opportunities for 2007 cost savings considered the following:

- There should be a reasonable assurance that the savings are achievable during the balance of the year;
- Proposed cost saving measures should primarily have short-term impacts; measures which have significant long-term negative impacts should be avoided;
- The cost-saving measures should be reasonably easy to reverse; and
- The impact of cost-saving measures should be relatively simple to communicate to customers and to other key stakeholders.

If cost containment measures are to be extended into 2008, then the framework would need to be reviewed.

Hiring Freeze – Savings of \$200,000

After amalgamation, TPL reduced its staffing by nearly 200 full time equivalents, and staffing levels have remained essentially unchanged since, despite an increase in total activity of over 30 percent. In 2007, TPL's gapping target (staffing savings to be achieved by leaving positions vacant) is 3.1 percent (\$3.2 million) which is well above the average target for the overall City at 1.8 percent and for ABCs at 1.5 percent. TPL has been unable to achieve its gapping target for the last two years, and in order to meet this year's gapping target, measures are already in place to leave positions vacant and force gapping by delaying hiring, while trying to deliver the current service levels. Implementing a hiring freeze in addition to the stringent measures already in effect will have significant impacts on staffing, and staff shortages will lead to service desks not being staffed, programs not being delivered and intermittent closures due to unexpected absences, particularly in neighbourhood branches. Staff shortages will also lead to cancellation of internal training sessions.

With a hiring freeze in effect, the re-opening of the Jane/Dundas branch, currently scheduled for September 2007, will be delayed into 2008. The Jane/Dundas staff are currently filling vacancies in other locations and cannot return to Jane/Dundas unless the positions they vacate are filled. Re-opening Jane/Dundas with a hiring freeze in effect would result in closures in other branches. Jane/Dundas has approximately 11,500 visitors per month and circulates 18,000 items per month.

In addition, with a hiring freeze in effect, alternate services during branch closures will need to be discontinued. Staff resources for alternate services will need to be used for critical front line vacancies in branches. As a result, the current and planned Bookmobile service during the Bloor/Gladstone and Thorncliffe branch closures will be discontinued. Community outreach and offsite programs being provided during the closure of Bloor/Gladstone, Dufferin/St. Clair, S. Walter Stewart and Thorncliffe branches will be discontinued as well. Without alternative service arrangements, customers who are unable or cannot afford to travel to another library branch will be without service.

Service Level Reductions

In assessing reduction to service levels to find savings, three areas were considered: hours, library materials and programs.

1. Cancel Sunday Service from September to December 2007 – Savings of \$750,000

Sundays are not part of the regular working week, and service on Sundays could therefore be eliminated without facing a lay-off situation. The full 2007 Sunday season is comprised of 23 Sundays from January to June, and 14 Sundays from September to December in two Research and Reference libraries, 17 district branches and 8 neighbourhood branches. If Sunday service was eliminated in September to December 2007, the savings would be approximately \$750,000.

Impact: Over the September to December Sunday service period, visits would usually total 184,000 and circulation total 273,000. Sundays are particularly popular with students and families.

2. Library Materials Reduction – Savings of \$330,000

A \$330,000 reduction in the library materials budget would bring spending levels back to the 2006 levels. Approximately 14,000 fewer items would be purchased.

Impact: This reduction in materials spending is the equivalent to the entire adult book budget for 12 branches, or the entire children's book budget in 25 branches, or the elimination of all new Chinese print for all branches, or no new materials for the Malvern and Woodside Square branches. Less money for materials impacts service to the public by making waits for holds longer and reducing the availability of materials for children, students, and adults many of whom are immigrants. Declining circulation also means a loss in international ranking and performance in terms of municipal benchmarking.

3. Programs – Savings of \$23,000

In a review of programs, any program which had third party funding was not considered for elimination. Most of the fall programs have already been planned and committed, but two programs have been identified for deferral, which would save \$23,000.

- Defer Storyteller in Residence program – savings of \$15,000**

Impact: This fall program is in the preliminary planning stage, and could be deferred into 2008. The Storyteller in Residence program supports Ready for Reading, the Library's early literacy program for children ages 0 to 5. The demand for Ready for Reading programs is high and registration restrictions are already in effect. The elimination of the Storyteller in Residence would mean fewer programs in branches and in the community and more people turned away.

- Defer Teen Fine Forgiveness program planned for October 1, 2007 to 2008 – savings of \$8,000**

Impact: The 2005/2006 Teen Fine Forgiveness program resulted in \$18,000 in fines waived from October to December 2005, a significant portion of which was

not considered collectible. 3,279 coupons were redeemed during the 2005/2006 program and 1,285 of the coupons used resulted in library card renewals. A new teen fine forgiveness program could be introduced in 2008.

Discretionary Spending

All fall training, travel and conferences were reviewed and if a significant financial commitment has not been made as yet, the event was cancelled. All other discretionary spending was analyzed to identify potential for deferral.

1. Training – Savings of \$82,000

Impact: The cancellation of non-legislated staff training programs may impact negatively on staff's ability to keep pace with innovations in service delivery and to deliver a high level of customer service. Staff productivity and morale, and support for library services may also be negatively impacted by the cancellation of training.

2. Travel and conferences – Savings of \$80,000

Impact: By not attending library conferences, staff lose the opportunity to engage in discussions about library innovations and service trends which has a negative impact on TPL's ability to remain a leader in library service. In addition, the lack of attendance will hurt TPL's international reputation as a leader in library services, and restrict TPL's ability to share best practices with other libraries in Ontario and Canada.

3. Information Technology – Savings of \$110,000

- Web Staging Environment – Savings of \$50,000**

Delay the installation of the web staging environment.

Impact: A staging environment allows the Library to test new web services and their interaction with all other electronic systems before going live to the public. Such testing improves the likelihood of successful introduction of new web service. A delay in the installation may diminish the quality of service and damage credibility with Library web users.

- Security Audit – Savings of \$60,000**

Delay the planned security audit of the IT environment.

Impact: The security audit is the first step in the identification of security risks for the Library and the development of an IT security policy, which would document information security principles and standards for the Library. Deferral of the security audit will result in the absence of a policy, and the Library will continue with current practices.

Advertising and Print Materials

- Reducing Print Runs – Savings of \$10,000**

While most of the communications and materials budget has already been committed for the balance of the year, a commitment will be made to save \$10,000 for the remainder of the year by reducing print runs and consolidating communications wherever possible.

- Alternately Funded Activities**

Some high profile advertising and broad distribution of promotions materials will be occurring in the fall, but these initiatives will be part of programs that are alternately funded by third parties. These include the Kindergarten Outreach program, funded by TD Financial, and Toronto Reference Library 30th Anniversary activities, funded in large part by Toronto Public Library Foundation. More information on TRL 30th Anniversary programs and promotions are provided in Attachment 3 of this report.

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SIGNATURE

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ATTACHMENTS

- Attachment 1: Communication from Shirley Hoy, July 19, 2007, Cost-Containment Measures.
- Attachment 2: 2007 Cost Containment Measures Summary
- Attachment 3: Toronto Reference Library 30th Anniversary Activities and Funding