

2015 Operating Budget Submission

Date:	November 5, 2014
To:	Budget Committee
From:	Acting City Librarian

SUMMARY

The purpose of this report is to present to the Budget Committee the 2015 operating budget submission of \$172.061 million net (\$188.396 million gross), which represents a \$4.423 million or 2.6% increase over the 2014 budget and includes budget pressures totalling \$5.825 million net (3.5%), partially offset by savings from expense reductions totalling \$0.882 million net (0.5%) and revenue increases of \$0.520 million net (0.4%).

Toronto Public Library (TPL) has continuously improved services and responded to increasing and changing service demands, while controlling costs and reducing staff through the implementation of efficiencies, innovation and new technology. The recommended 2015 budget is a reasonable and responsible funding request necessary to maintain existing services and service levels and does not seek any additional service enhancements.

When the recommended 2015 budget increase is included, the cumulative budget increase over the last four years is 0.8%, or an average annual increase of 0.2%, which is 86% below the rate of inflation.

The City's 2015 budget requirements include a reduction scenario to achieve a 0% budget increase. The 2015 operating budget submission exceeds the budget target by \$4.423 million or 2.6%. If the 2014 operating budget target is adjusted by \$0.763 million to fund the cost associated with the operation of the two new branches as requested by the Board, a reduction of \$3.660 million or 2.2% would be required to achieve target as described in Budget Reduction Scenario 1. This scenario would require significant service reductions.

After reviewing Budget Reduction Scenario 1, City staff requested TPL to develop an alternative budget reduction option with less service impact and which standardizes service hours in neighbourhood branches. In response to this request, staff presented Budget Reduction Scenario 2, which would reduce the budget by \$0.506 million or 0.3%, bringing the 2015 budget request increase to \$3.917 million or 2.3%. This budget reduction would be achieved by a \$0.216 million cut to the collections budget and net savings of \$0.209 million from the standardization of hours in neighbourhood branches.

While Budget Reduction Scenario 2 would provide a small increase in overall open hours (28 hours per week), and would make some improvement towards equity of access across the city, the implementation of standardized hours in neighbourhood branches would present significant challenges, especially for the approximately 24 branches which would lose up to 148 weekly hours (approximately 31 branches would gain up to 176 weekly hours). Furthermore, this reallocation of hours would not be in alignment with the Board's approved Open Hour Plan, and its service harmonization strategy of maintaining existing branch hours while focusing on expanding open hours in under-served and priority neighbourhoods. Implementation of changes to open hours would require public consultation with customers and key stakeholders.

Reductions to the collections budget would negatively impact service, including access to materials and wait times, particularly given the challenges faced by the Library. These include increasing demand for e-collections that are more expensive than other formats, ongoing demand for traditional formats, and the declining value of the Canadian dollar.

As required by the City, the 2015 operating budget is also being presented by service as outlined in TPL's Program Map which has three service areas: Library Collections and Borrowing; Branch and E-Services; and Partnership, Outreach and Customer Engagement. The Program Overview and Performance Measures are also provided as part of this report.

RECOMMENDATION

The Acting City Librarian recommends that the Budget Committee recommend that the Toronto Public Library Board:

1. approves the 2015 operating budget submission of \$172.061 million net (\$188.396 million gross), which represents a \$4.423 million or 2.6% net increase over the 2014 budget;
2. considers Budget Reduction Scenario 2, 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 – for a revised 2015 budget submission of \$171.636 million net (\$187.971 million gross) representing a \$3.917 million or 2.3% net increase over the 2014 budget.

FINANCIAL IMPACT

The 2015 operating budget submission is \$172.061 million net (\$188.396 million gross), which represents a \$4.423 million net (\$4.176 million gross) or 2.6% net increase over the 2014 budget.

After considering proposed efficiencies and expense savings, the 2015 net budget increase of \$4.423 million or 2.6% is comprised primarily of \$2.762 million or 1.6% from approved salary cost of living increases, \$0.763 million or 0.4% associated with the second-year

operating cost for the two new branches – Fort York and Scarborough Civic Centre – and \$0.775 million or 0.5% due to falling fines revenue.

Budget Reduction Scenario 2 would reduce the budget by \$0.506 million or 0.3%, comprised of a cut to collections of \$0.216 million and net savings of \$0.290 million from the standardization of hours at neighbourhood branches. While standardizing hours would provide an overall increase of 28 weekly hours, the implementation would present significant challenges especially for the approximately 24 branches which would lose up to 148 weekly hours. Budget Reduction Scenario 2 results in a revised 2015 budget submission of \$171.636 million net (\$187.971 million gross) representing a \$3.917 million or 2.3% net increase over the 2014 budget.

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

DECISION HISTORY

At the meeting on September 8, 2014, the Board adopted the following motion, which was conveyed to the City Manager:

“requests the City to adjust the 2015 operating budget target to recognize the second year impact of \$0.763 million in 2015 for the additional operating costs associated with the operations of the new Fort York and Scarborough Civic Centre branches”.

COMMENTS

TPL has continuously improved services and responded to increasing and changing service demands, while controlling costs and reducing staff through the implementation of efficiencies, innovation and new technology. The requested 2015 budget submission, which represents a 2.6% increase, is a reasonable and responsible funding request necessary to maintain existing services and service levels, and it responds to increasing demands, in particular, for electronic services. The 2015 budget submission does not seek any additional service enhancements.

Context of Budget Request

Increasing Demand

In 2012, 72% of Torontonians reported visiting the library at least once in the year, and 1 in 6 reported visiting at least once a week.

Over the past ten years, 2004 – 2013, total library usage has increased by 13.4% from 85,442,207 to 96,875,703 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	10.4%	↑
In-person visits	9.2%	↑
Virtual visits	34%	↑
In-library use of collections	-27.3%	↓
Reference questions	-15.2%	↓
Total Use	13.4%	↑

Patterns of use have shifted over time in response to residents' needs as well as evolving library service and technology. Circulation has increased 10.4% and visits to library branches have also increased by 9.2%, while use of library collections in branches has declined, and the number and type of reference questions has changed.

Traditional services have grown and evolved while use of newer services, including access to the Library's website, circulation of e-material and access to computer workstations and wireless service have increased dramatically.

The introduction of new technologies, including self-service circulation and more online services, has enabled the Library to manage growth in usage efficiently, while demand for traditional and new services remains strong.

E-Collections

Toronto Public Library successfully provides access to e-collections such as e-books, e-magazines, music and video, and demand continues to grow. Circulation of digital content increased 100% each year from 2011-2013. Torontonians borrowed more than 2 million e-titles in 2013, representing approximately 6.5% of total circulation, forecast to represent 10% in 2014.

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"*. Advocacy efforts for improved public library access to e-collections on reasonable terms are underway in Canada and internationally. Toronto Public Library is providing leadership in this area with the establishment of the Library Board's E-Book Working Group and with staff working individually and as part of other groups and associations.

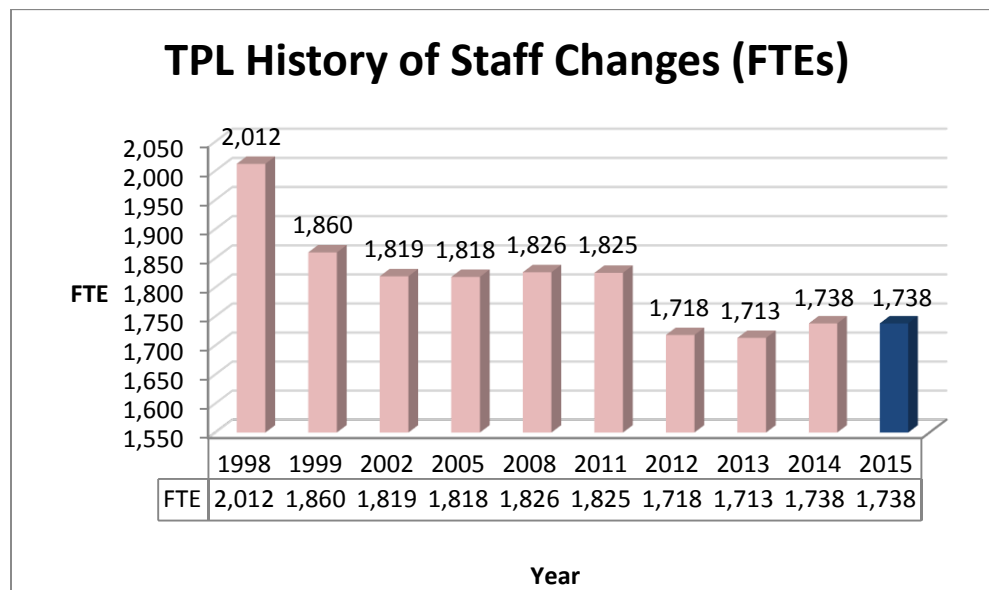
Progress is being made with more publishers making their content available; however, not all publishers will sell or lease e-collections to public libraries and many charge unreasonably high prices. For example, consumers pay \$15.99 for Margaret Atwood's *The Stone Mattress*, while the Library pays \$85.00. 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 restrict Torontonians' access to content from their public library.

Compounding this pressure is the declining value of the Canadian dollar and the fact that this content can only be 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.

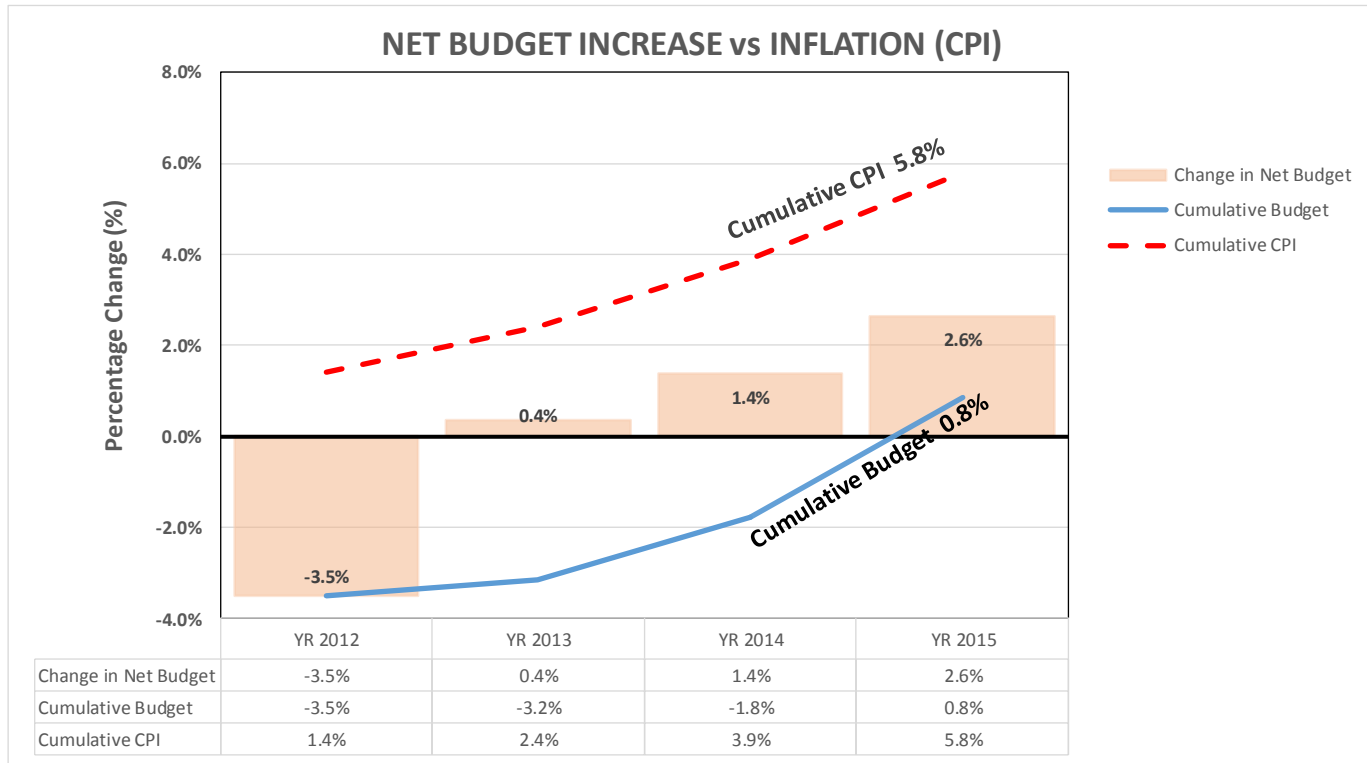
Increased demand and use of e-collections also has an impact on fines revenue because e-collections are returned automatically so fines do not accrue.

History of TPL Staff Changes

Through its commitment to continuous improvement and service efficiencies, the Library has managed the increased service demands, and increased open hours including the opening of 3 additional branches by 2015, while reducing staff by 14% since 1998. The staffing request remains unchanged for 2015.



History of TPL Budget Increases



As shown in the chart above, including the 2015 budget request of a 2.6% increase, the cumulative budget increase over the last four years is 0.8%, or an average annual increase of 0.2%. This budget increase is significantly less than the rate of inflation, as measured by the consumer price index (CPI), over the same period, which is 5.8% cumulatively, or an average annual increase of 1.7%. The actual budget increase is 86% below the rate of inflation.

At its meeting on September 23, 2013, the Board reviewed the Operating Budget Comparative Increases report which showed that TPL has received the lowest increase to its operating budget over 2005 to 2013, when compared to other agencies or divisions of the City.

2015 Operating Budget Request

TPL's 2015 operating budget request is \$172.061 million net (\$188.396 million gross), which represents a \$4.423 million or 2.6% net increase over the prior year's budget as detailed on Attachment 1 and summarized below:

RECOMMENDED 2015 OPERATING BUDGET SUMMARY

(\$000s)

	<u>Gross</u>	<u>Revenue</u>	<u>Net</u>	<u>%</u>
2014 Approved budget	184,220.1	16,582.7	167,637.4	
Budget pressures				
Cost increases	5,074.3	24.0	5,050.3	3.0%
Fines revenue shortfall		(775.0)	775.0	0.5%
	5,074.3	(751.0)	5,825.3	3.5%
Budget reliefs				
Efficiency and expense savings	(898.4)	(16.6)	(881.8)	-0.5%
Revenue increases	-	520.0	(520.0)	-0.4%
	(898.4)	503.4	(1,401.8)	-0.9%
Budget increase	4,175.9	(247.6)	4,423.5	2.6%
2015 Operating budget	188,396.0	16,335.1	172,060.9	2.6%

Budget pressures of \$5.825 million net represent a 3.5% budget increase and are comprised of net cost increases of \$5.050 million and a fines revenue shortfall of \$0.775 million.

Budget pressures are partially offset by efficiency and expense savings which total \$0.882 million (0.5%) and other revenue increases of \$0.520 million (0.4%).

After proposed efficiency savings and other revenue increases are considered, the 2015 net budget increase of \$4.423 million or 2.6% is comprised primarily of \$2.762 million or 1.6% from approved salary cost of living increases, \$0.763 million or 0.4% associated with the second-year operating cost for the two new branches – Fort York and Scarborough Civic Centre – and \$0.775 million or 0.5% due to falling fines revenue.

If the second-year cost of the two new branches is removed, this would bring the net budget increase to 2.2%.

Budget Pressures

The 2015 operating budget pressures of \$5.825 million net (\$5.074 million gross) represent a 3.5% net increase and are comprised of:

RECOMMENDED 2015 OPERATING BUDGET

Pressures

(\$000s)

	<u>Gross</u>	<u>Revenue</u>	<u>Net</u>	<u>%</u>
Salary COLA (2.25% Collective Agreement)	2,762.0		2,762.0	1.6%
2nd year cost for 2 new branches	815.3	52.0	763.3	0.5%
Operating impact from other capital projects	4.0	(28.0)	32.0	0.0%
Utilities, service contracts and other	1,048.0		1,048.0	0.6%
Library collections economic increase	445.0		445.0	0.3%
	<u>5,074.3</u>	<u>24.0</u>	<u>5,050.3</u>	<u>3.0%</u>
Reduction in Fines revenue	-	(775.0)	775.0	0.5%
	<u>5,074.3</u>	<u>(751.0)</u>	<u>5,825.3</u>	<u>3.5%</u>

- The salary COLA increase is 2.25% for 2015 as per the Collective Agreement.
- The two new branches add a further \$0.763 million in 2015 for the second-year operating costs – Fort York (\$0.019 million) and Scarborough Civic Centre (\$0.744 million). The Library Board has requested that the 2015 budget target be adjusted to recognize the cost for operating the new branches.
- Cost increases from utilities, contracted services, maintenance, and other expected increases total \$1.048 million.
- For library collections, the economic increase is \$0.445 million or 2.5% based on 2014 experience and industry projections which include the impact of a weaker Canadian dollar. As noted later, the proposal is to offset this pressure by funding it with an increase in the draw from the development charges reserve.
- The reduction in fines revenue of \$0.775 million represents a 21% decrease of the fines budget, and is reflective of TPL's experience in 2014, and similar to many other libraries. Falling fines revenue is due to a number of factors including the availability of pre-date due email notifications, increasing use of e-collections which incur no fines, new and higher fines rates which result in greater customer attention, and service improvements which allow customers to manage their accounts more effectively.

Efficiencies and Expense Savings

Efficiencies and expense savings of \$0.882 million net (\$0.898 million gross) represent a 0.5% net budget reduction comprised of:

RECOMMENDED 2015 OPERATING BUDGET

Efficiencies and Expense Reductions

(\$000s)

	Gross	Revenue	Net	%
Reduction in contribution to TAMP capital	(570.0)		(570.0)	-0.3%
Changes in Security Guards services	(150.0)		(150.0)	-0.1%
Efficiencies in barcode labels and RFID tags	(90.0)		(90.0)	-0.1%
Savings from services, material processing, supplies and licenses	(71.8)		(71.8)	0.0%
Reduction in Pan Am Games one-time funding	(16.6)	(16.6)	-	0.0%
	(898.4)	(16.6)	(881.8)	-0.5%

- The Technology Asset Management Program (TAMP) capital project is funded by debt, development charges and a contribution from the operating budget. The beneficial impact of the 2014 Development Charges (DC) By-Law combined with eliminating the discount on DC draws for capital projects will allow a lower contribution from the operating budget of \$0.570 million annually, which provides sustainable relief to the operating budget. This is also reflected in the Board approved 2015-2024 capital budget submission.
- Based on an annual review of security guard services, changes will be made to the contracted service which is projected to save \$0.150 million or about 10% of the budget.
- Streamlining the use of barcode labels and RFID tags will save \$0.090 million;
- Efficiencies and cost control measures in services, materials processing, supplies, and licenses will save \$0.072 million.
- Reversing one-time funding and expenditures for Pan Am Games will reduce the budget by \$0.016 million gross (\$0 net).

Revenue Increases

Revenue increases total \$0.520 million net and gross which represents a 0.3% budget reduction comprised of:

RECOMMENDED 2015 OPERATING BUDGET

Revenue Increases

(\$000s)

	Gross	Revenue	Net	%
Increase funding from Dev. Charges for collections		445.0	(445.0)	-0.4%
Revenue from self-publishing printing		25.0	(25.0)	0.0%
New revenue from sale of used books		50.0	(50.0)	0.0%
	-	520.0	(520.0)	-0.4%

- The beneficial impact of the 2014 Development Charges By-Law allows for greater funding for collections to meet a growing population. Accordingly, the annual draw from the Development Charges Reserve to fund collections will be increased by the 2015 economic increase of \$0.445 million, from \$2.725 million to \$3.170 million, which become a permanent funding source for the operating budget. As noted in the approved 2015 capital budget submission, TPL has maximized the draw on DCs for the capital program and a thorough analysis of the adequacy of the projected balances in the DC reserve has been done incorporating this higher level of draw for collections. While the \$3.170 million annual DC draw for collections is considered sustainable, the City is experiencing reduced development activity which will negatively impact DC revenues and a cautious approach is recommended, going forward.
- New revenue of \$0.025 million to be generated from print-on-demand services at the Toronto Reference Library, associated with the establishment of a new service, the “Asquith Press”, for people interested in self-publishing.
- A promotion to encourage the donation of saleable used materials is projected to generate an additional \$0.050 million in revenue.

2015 Operating Budget Reductions

TPL has improved services, increased open hours including the two newest branches, managed a significant increase in demand for traditional as well as new electronic services, while reducing staff by 14% since 1998. This has been achieved through efficiencies, innovation and the introduction of new technologies. As noted earlier, TPL’s budget increase over the last four years, including 2015, would be 86% lower than the rate of inflation. Further reductions to the 2015 budget would require service cuts.

The two reduction scenarios presented below have been requested by the City. The target of 0% increase is addressed in Budget Reduction Scenario 1 and includes significant reductions to hours and collections in order to reduce the 2015 budget by up to \$4.423 million or 2.6%. If the 2014 operating budget target is adjusted by \$0.763 million to fund the cost associated with the operation of the two new branches as requested by the Board, a reduction of \$3.660 million or 2.2% would be required.

The other budget reduction scenario of \$0.506 million or 0.3% is presented in Budget Reduction Scenario 2, and includes a \$0.216 million cut to the collections budget and net savings of \$0.290 million from the standardization of hours in neighbourhood branches. While Budget Reduction Scenario 2 would provide a small increase in open hours (28 hours per week), and would make some improvement towards equity of access across the city, the implementation of standardized hours in neighbourhood branches would present significant challenges especially for the approximately 24 branches which would lose up to 148 weekly hours (approximately 31 branches would gain up to 176 weekly hours). Furthermore, this reallocation of hours would not be in alignment with the Board’s approved Open Hour Plan, and its service harmonization strategy of maintaining existing branch hours while focusing on expanding open hours in underserved and priority neighbourhoods. Implementation of changes to open hours would require public consultation.

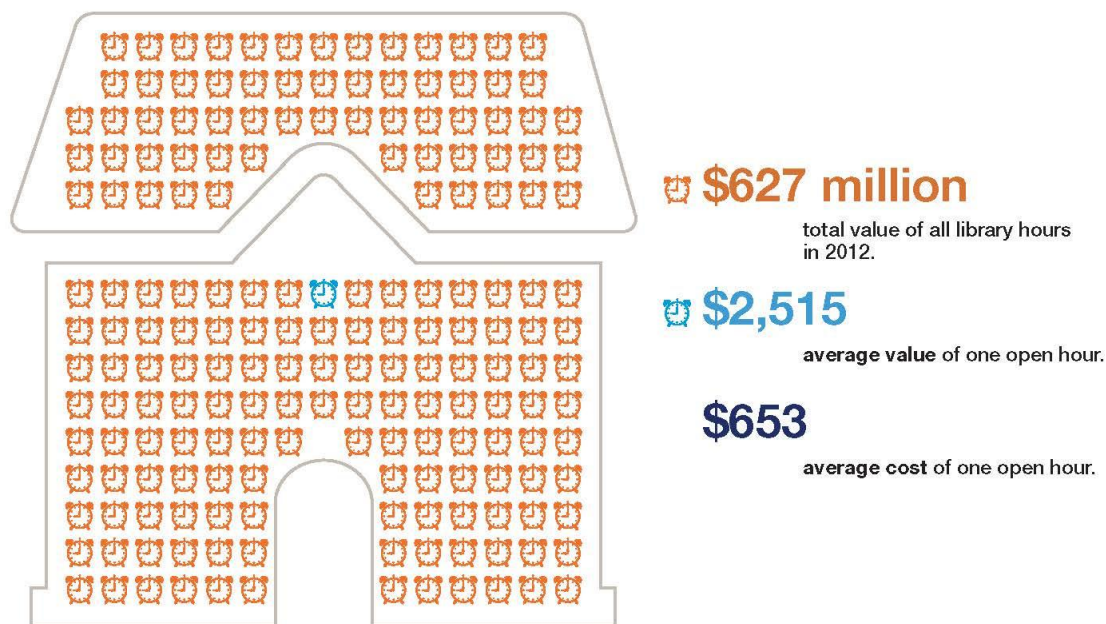
Reductions to the collections budget would negatively impact service, particularly given the challenges faced by the Library. These include increasing demand for e-collections that are more expensive than other formats, ongoing demand for traditional formats and the declining value of the Canadian dollar. A reduced collections budget would result in fewer titles and/or copies being purchased in a number of formats which reduces the scope and currency of the collections, and will increase customer wait times and negatively impact circulation.

Hours of Service

As a legacy of amalgamation, there continues to be an unequal distribution of open hours throughout the city, although improvements have been made with the ongoing implementation of the Board's approved Open Hours Plan. Some areas of the city have more neighbourhood libraries with longer open hours while other areas have larger district libraries open longer hours and fewer neighbourhood libraries open for shorter hours.

In June 14, 2004 the Board approved the report Service Harmonization Update recommending the strategy of maintaining existing hours at branches, and, over time, enhancing open hours in under-served and priority neighbourhoods, consistent with the Library's strategic plan directions. The approach of maintaining existing services, while at the same time targeting resources in priority neighbourhoods, was also identified by the City's Strong Neighbourhoods Task Force as important in maintaining strong neighbourhoods and economic performance as well as avoiding neighbourhood decline.

In January 2006 the Library Board adopted the Open Hours Plan outlined in The Best Thing a Library Can Be is Open: Update on Branch Open Hours report. The goal was to improve access to library services by rationalizing and increasing branch open hours across the city by 25%. The Plan includes more Sunday hours in more branches; late night service to midnight in the largest branches; and more morning, afternoon and evening hours from Monday to Friday. The 2014 Strategic Plan Work Plan includes the objective to "implement the Open Hours Plan as approved by the Board, a plan to extend open hours in branches and communities throughout Toronto".



So Much More: The Economic Impact Study of the Toronto Public Library on the City of Toronto (2013) shows that, on average, one open hour at any of the library's branches generates \$2,515 in direct benefits to residents that are only possible because the library is open. The average benefit is almost four times the cost. Additional investment in open hours would expand access to library branches in communities and neighbourhoods while leveraging the City's investment in the branch infrastructure.

With the opening of the Scarborough Civic Centre branch in early 2015, open hours will have increased by 431 hours per week, representing the achievement of almost 30% of the Open Hours Plan. Weekday and Sunday service hours at the Research and Reference and district branches have been standardized at 65.5 hours Monday to Saturday and 3.5 service hours on Sundays between September and June. Significant open hours increases have also been achieved in almost half of the neighbourhood branches. This expansion has been accomplished through a number of measures, including efficient scheduling practices, the implementation of self-service circulation in all branches, the addition of four new positions in 2014, and the opening of two new branches. Operating budget reductions would reverse the progress that has been made towards achieving the Open Hours Plan.

Budget Reduction Scenario 1 - Target 0% adjusted for two new branches (\$3.660 million or 2.2%)

The *2015 Operating Budget Directions and Guidelines* memo from the City Manager provides an operating budget target of 0% increase. In order to achieve this target, additional reductions of \$4.423 million or 2.6% would be required. At the meeting on September 8, 2014, the Library Board adopted a motion to request the City Manager to adjust the 2015 operating budget target to recognize the additional second-year costs of \$0.763 million associated with operating the two new branches. If the 2014 operating budget target is

adjusted to fund the cost of the two new branches, this leaves a balance of \$3.660 million or 2.2% of reductions to achieve an adjusted target.

To reduce the 2015 operating budget request by \$3.660 million or 2.2% would require significant cuts to service, including a reduction of up to 370 service hours per week affecting approximately two thirds of the library branches across the city to save \$2.934 million and a 4% reduction of the library collections budget or approximately 39,000 items annually to save \$0.726 million.

Hours would be reduced from 2.5 to 14 hours per week in Research and Reference, district and neighbourhood branches across the city, including the largest and busiest branches. No branches would have increases in service hours.

Fewer open hours reduces service levels in two ways: the branch is open fewer hours for residents to visit, and it limits access to the many services available in the branch – study and meeting space; use of technology, internet and wifi; access to collections and information services; participation in programs, etc. In addition, with reduced hours, when the Library is open, the space would be more congested and crowded, reducing access to collections, services and spaces. Visits, circulation, in-library use, workstation uses, and program attendance would all be affected. The reduction does not support the Open Hours Plan – it neither increases open hours nor improves the geographic distribution of hours across the city.

Reductions to the collections budget would negatively impact service, particularly given the challenges faced by the Library. These include increasing demand for e-collections that are more expensive than other formats, ongoing demand for traditional formats, and the declining value of the Canadian dollar. A reduction to the collections budget would result in fewer titles and/or copies being purchased in a number of formats which reduces the scope and currency of the collections, and would increase customer wait times and negatively impact circulation.

Budget Reduction Scenario 1
Target 0% Adjusted for Two New Branches
\$3.660 million or 2.2%
(\$000s)

	Net	%
2015 Operating Budget Increase	4,423	2.6%
Less Second year cost of two new branches	(763)	-0.4%
Revised Target	<u>3,660</u>	<u>2.2%</u>
Service Reductions		
Up to 7.1% or 370 fewer Mon-Sat hours/week in R&R Libraries, District and Neighbourhood Branches (approximately 63 branches)*	(2,934)	-1.8%
Library Collections budget permanently reduced by 4% or 39,000 items	(726)	-0.4%
Total service reductions	<u>(3,660)</u>	<u>-2.2%</u>

* To phase-in service hours cuts which could only be implemented mid-year, an additional one-time reduction to the Collections budget of up to \$1.5 million may be required in 2015

Budget Reduction Scenario 2 – Reductions and Service Standardization in Neighbourhood Branches (\$0.506 million or 0.3%)

Budget Reduction Scenario 2 was created in response to a City staff request for a lower budget reduction scenario with less service impact and which standardizes service hours in neighbourhood branches. This scenario reduces the budget by \$0.506 million or 0.3%, bringing the 2015 budget request increase to \$3.917 million or 2.3%.

This reduction scenario standardizes service hours in branches across the city and reduces the collections budget. The standardization of service hours would increase hours in some branches and decrease hours in others for a net increase of 28 hours per week and a net savings of \$0.290 million. The collections budget would be reduced by \$0.216 million, representing approximately 1% of the collections budget or 12,000 items.

Unlike Scenario 1, the service hours standardization would maintain the current service hours at all Research and Reference and district branches which are the largest and busiest branches. In Scenario 2, approximately 31 neighbourhood branches would gain up to 176 weekly hours – between 1 and 10.5 weekly hours per branch – while approximately 24 neighbourhood branches would lose up to 148 weekly hours – between 2.5 and 14 weekly hours per branch. Approximately 26 neighbourhood branches would remain unchanged. Bands of weekly hours would be standardized at 65.5, 63, 50.5, 48 or 40 hours.

Standardizing hours in neighbourhood branches would improve the geographic distribution of service hours across the city, meeting one of the objectives of the Open Hours Plan. The 28 weekly hour increase also takes a small step towards realizing the Plan for open hours.

However, while there would be a small increase in open hours, the implementation of the service hours standardization would be challenging to implement, involving a considerable change to branch schedules affecting both customers and staff. Furthermore, this reallocation of hours would not be in alignment with the Board's approved service harmonization strategy of not reducing hours in any branches while focusing on expanding open hours in under-served and priority neighbourhoods. The significant hours increases that have been achieved would be reversed at many branches. Consultation with the public and key stakeholders would be required before the implementation of standardized hours.

Reductions to the collections budget would negatively impact service, particularly given the challenges faced by the Library. These include increasing demand for e-collections that are more expensive than other formats, ongoing demand for traditional formats and the declining value of the Canadian dollar. A reduced collections budget would result in fewer titles and/or copies being purchased in a number of formats which reduces the scope and currency of the collections, and would increase customer wait times and negatively impact circulation.

This budget reduction scenario is currently under consideration at the City.

Budget Reduction Scenario 2
Reductions and Service Standardization in Neighbourhood Branches
\$0.506 million or 0.3%
(\$000s)

	Net	%
2015 Operating Budget Increase	<u>4,423</u>	<u>2.6%</u>
Service Changes		
2.8% or 148 fewer Mon-Sat hours/week in approximately 24 Neighbourhood Branches	(864)	-0.5%
3.4% or 176 greater Mon-Sat hours/week in approx. 31 Neighbourhood Branches	574	0.3%
Net budget reduction with increase of 28 Mon-Sat hours /week*	<u>(290)</u>	<u>-0.2%</u>
Library Collections budget permanently reduced 1% or 12,000 items	<u>(216)</u>	<u>-0.1%</u>
Total budget reductions and service changes	<u>(506)</u>	<u>-0.3%</u>
Revised 2015 Operating budget increase	3,917	2.3%
Less Second year cost of two new branches	<u>(763)</u>	<u>-0.4%</u>
2015 Budget Increase excluding impact of two new branches	<u>3,154</u>	<u>1.9%</u>

* To phase-in service hours adjustments, an additional one-time Collections budget reduction of up to \$0.200 million may be required in 2015

2015 Program Overview

The 2015 Program Overview is a requirement for the budget submission and is included as Attachment 2, comprised of:

- mission statement;
- program map and service descriptions;
- service types and levels;
- 2015 service deliverables;
- key accomplishments;
- 2014 key accomplishments; and
- performance measures & benchmarking.

2015 Budget Request by Service

As required by the City, the 2015 operating budget is also being presented in the table below by the three service areas outlined in TPL's Program Map: Library Collections and Borrowing; Branch and E-Services; and Partnership, Outreach and Customer Engagement. The Program Overview provides a full description of each service track.

2015 OPERATING BUDGET
Program Map by Service
Summary
 (\$000s)

	GROSS				REVENUE				NET				%
	Library Collections & Borrowing	Branch and E-Services	Partnership, Outreach & Customer Engagement	Total	Library Collections & Borrowing	Branch and E-Services	Partnership, Outreach & Customer Engagement	Total	Library Collections & Borrowing	Branch and E-Services	Partnership, Outreach & Customer Engagement	Total	
2014 approved operating budget	69,790.9	107,706.2	6,723.0	184,220.1	5,220.6	11,107.9	254.2	16,582.7	64,570.3	96,598.3	6,468.8	167,637.4	
Budget pressures	1,836.4	3,057.4	180.5	5,074.3	(136.3)	(600.9)	(13.8)	(751.0)	1,972.7	3,658.3	194.3	5,825.3	3.5%
Efficiency reductions	(109.5)	(763.8)	(25.1)	(898.4)	-	(16.6)	-	(16.6)	(109.5)	(747.2)	(25.1)	(881.8)	-0.5%
Revenue increases	-	-	-	-	458.5	60.0	1.5	520.0	(458.5)	(60.0)	(1.5)	(520.0)	-0.3%
Budget increase	1,726.9	2,293.6	155.4	4,175.9	322.2	(557.5)	(12.3)	(247.6)	1,404.7	2,851.1	167.7	4,423.5	2.6%
2015 Operating budget request	71,517.8	109,999.8	6,878.4	188,396.0	5,542.8	10,550.4	241.9	16,335.1	65,975.0	99,449.4	6,636.5	172,060.9	2.6%

Library Collections and Borrowing

Toronto Public Library collects, preserves and makes available a wide range of knowledge, information and ideas through collections in a variety of formats, languages and reading levels which support the informational, educational, cultural and recreational needs and interests of residents of all ages, backgrounds and abilities.

Branch and E-Services

Branches are neighborhood hubs where residents can access collections, computers, wireless and emerging digital technology, programs and information services provided by expert staff. Branches provide public space for residents to read, study and work, attend programs and engage and network with members of the community.

E-services provide 24/7 online access to library collections, services and information, and a range of self-service options help residents manage their accounts including placing and managing holds and paying fines online

Partnerships, Outreach and Customer Engagement

Partnerships and outreach activities extend access to library services to residents and communities throughout the city, and help to increase awareness and use of library services. Partnerships support the library in outreach to new audiences and in delivering service efficiently.

Home library service, bookmobile service and deposit collections serve residents who cannot visit a library branch because of disability or distance.

Volunteers enrich and extend library service and programs, and are provided opportunities to develop employment skills and contribute to the community.

The library engages and consults with residents, stakeholders and communities in the development, delivery and evaluation of library services to deliver excellent and responsive customer service. Outreach and engagement activities in branch, online, and in the community help to inform, raise awareness and encourage use of the library's many services.

Timetable and Process

The timetable for the review of the 2015 operating budget has not been established. The budget is expected to be launched early in the new year, with approval around March.

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SIGNATURE

Anne Bailey
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ATTACHMENTS

Attachment 1: 2015-2017 Operating Budget Submission Summary

Attachment 2: 2015 Program Overview