



STAFF REPORT ACTION REQUIRED

9.

2011 Operating Budget Update – Budget Committee

Date:	February 2, 2011
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is for the Toronto Public Library Board to consider additional reductions to the 2011 operating budget in order to meet the Budget Committee's recommended budget increase of 2.0%, which requires a reduction of \$1.042 million or 0.6% to the Board's current budget request of \$171.484 million representing a 2.6% increase.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves budget reductions resulting from the integration of the periodicals collections and service into their respective subject departments at the Toronto Reference Library, totalling \$0.594 million – \$0.229 million in 2011 and an additional \$0.365 million in 2012;
2. approves the elimination of the 2011 library collections economic adjustment of \$0.313 million;
3. approves an additional draw from development charge reserves in the amount of \$0.400 million to fund library collections;
4. considers the relocation the urban affairs service to Toronto Reference Library to save \$0.729 million - \$0.100 million in 2011 and an additional \$0.629 million in 2012 - which would include the closure of the Urban Affairs Library with the provision of alternative service arrangements of an expansion of service hours at City Hall Branch and the provision of Bookmobile service at Metro Hall;
5. forwards a copy of the Board decision to the City Budget Committee for consideration.

FINANCIAL IMPACT

Additional budget reduction options totalling \$1.042 million (0.6%) are contained in this report, which would revise the 2011 operating budget request to \$170.442 million net, representing a 2.0% budget increase as recommended by Budget Committee. The financial impact of the recommendations in this report is summarized below:

Recomm. Number		2011			2012	
		NET CHANGE			NET CHANGE	
		STAFF	\$000s	%	STAFF	\$000s
1	Integrate periodicals at Toronto Reference Library	(4.0)	(229.0)	-0.1%	(4.0)	(365.0)
	2 Eliminate 2011 library collections economic adjustment		(313.0)	-0.2%		
	3 Development charges to fund library collections		(400.0)	-0.2%		
	4 Relocate Urban Affairs service to Toronto Reference Library and provide alternative service arrangements	(1.1)	(100.0)	-0.1%	(2.5)	(629.0)
		(5.1)	(1,042.0)	-0.6%	(6.5)	(994.0)

Depending on which reduction options are approved, up to 5.1 full-time equivalents (FTEs) could be permanently eliminated with savings of \$1.042 million in 2011.

Depending on which budget reduction options are approved, the full-year impact of the reductions could result in an additional savings of up to \$0.994 million and up to 6.5 FTEs eliminated in 2012. These savings would be used to offset cost pressures in 2012.

The full-year savings by 2012 could be up to \$2.036 million and up to 11.6 FTEs eliminated.

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

ISSUE BACKGROUND

At its meeting on November 25, 2010, the Library Board reviewed the *2011 Operating Budget Submission and Service Review Reduction* report which contained the original 2011 operating budget submission of \$173.110 million net or a 3.6% increase, and approved a reduced submission of \$172.610 million net representing a 3.3% increase, adjusted by the recommended reinstatement of a \$0.500 million (0.3%) draw from development charge reserves to fund library collections.

At its meeting of January 6, 2011, the Board approved reductions totalling \$1.126 million, resulting in a revised request of \$171.484 million or a 2.6% increase over 2010. The Board did not approve other reduction options totalling \$1.042 million or 0.6% which would have reduced the budget to \$170.442 million net, or a 2.0% increase which is the City staff recommendation.

The table below details the Board's approved budget reductions options totalling \$1.626 million (1.0%) as well as other City staff recommended reductions, which were not approved by the Board, totalling 1.042 million (0.6%):

	2011				2012	
	NET CHANGE			NET TOTAL \$000s	NET CHANGE	
	STAFF	\$000s	%		STAFF	\$000s
2010 COUNCIL APPROVED BUDGET	1,830.6			167,099.6		
2011 Incremental Base Costs:						
Staffing costs	5.4	4,309.4	2.6%			
Library collections		813.4	0.5%			
Utilities, maintenance and services		887.2	0.5%			
Original 2011 Budget Request	1,836.0	6,010.0	3.6%	173,109.6	0.0	0.0
2011 Board Approved Reductions:						
Confirmed one-time grants for 2011		(57.0)	0.0%			57.0
Reinstate funding for collections from Development Charges		(500.0)	-0.3%			
Collections management efficiency		(325.0)	-0.2%			
Detailed budget review		(744.0)	-0.4%			
	(6.0)	(1,626.0)	-1.0%		0.0	57.0
Board Approved 2011 Budget Request - Jan 6, 2011	1,830.0	4,384.0	2.6%	171,483.6	0.0	57.0
2011 Additional City Staff Recommended Reductions:						
Integrate Periodicals at Toronto Reference Library	(4.0)	(229.0)	-0.1%		(4.0)	(365.0)
Eliminate 2011 library collections economic adjustment		(313.0)	-0.2%			
Additional reduction to library collections		(400.0)	-0.2%			
Relocate Urban Affairs service to Toronto Reference Library	(1.1)	(100.0)	-0.1%		(2.5)	(629.0)
	(5.1)	(1,042.0)	-0.6%		(6.5)	(994.0)
2011 CITY STAFF RECOMMENDED BUDGET	1,824.9	3,342.0	2.0%	170,441.6	(6.5)	(937.0)

COMMENTS

TPL presented its 2011 operating and capital budgets to Budget Committee at its meeting on January 13, 2011. Similar to the City staff recommendation, Budget Committee will be recommending budget reductions, beyond what the Board has approved, totalling \$1.042 million or 0.6% as shown in the chart above, for an overall budget increase of 2.0% in 2011. Further budget reductions are being presented to the Board for consideration.

Integrate Periodicals at Toronto Reference Library

As part of the ongoing planning for the revitalization of the Toronto Reference Library, staff reviewed ways to improve the customer experience. It was determined that reintegrating the periodicals collection into the new subject departments would substantially improve customer service as a result of increased user convenience and more comprehensive reference service in subject areas. With enhanced staff knowledge of both print and electronic resources in their subject area, public awareness and use of these valuable information resources is expected to increase.

While service driven, the integration of the periodicals does achieve staff efficiencies. With the elimination of an information service and specialized retrieval desk, eight positions can be eliminated: five public service assistants and three librarians. Four positions would be eliminated in 2011 and another four positions in 2012. The remaining six librarians would be reassigned to subject departments with the appropriate periodicals. The integration would take place in mid-2011 and would result in total budget savings of \$0.594 million: \$0.229 million in 2011 and an additional \$0.365 million in 2012.

The proposed integration addresses the significant changes that are occurring in the print journal publishing industry. Most periodicals are now available in both electronic and print format. Because of the convenience of electronic access, particularly for back issues, the use of print copies has diminished. Generally, book retrievals from the TRL stacks have declined 32% in the past eight years. The average six to eight trips a day to retrieve periodicals from the stacks also represents a significant decline from past activity levels and can be accommodated within the current staffing level at the centralized Stacks Retrieval desk.

More details on the periodicals service at TRL and the proposal to reintegrate the collection into the new subject departments are included on Attachment 1.

Eliminate 2011 Library Collections Economic Adjustment

The proposal is to eliminate the 2011 economic adjustment of \$0.313 million (0.1%) for library collections. This is equivalent to 18,400 items and would be the fourth consecutive year of no economic adjustment for library collections. Fewer new items added result in less availability of popular materials and may decrease customer satisfaction and circulation activity.

The strong Canadian dollar has partially offset the impact of no economic adjustment for the past few years and tends to put deflationary pressure on items sold in Canada. In addition, TPL continues to seek ways to mitigate the impact of no increase in the collections budget through measures such as consortia purchasing with other libraries, government grants and negotiating with vendors for greater discounts for volume purchases.

Development Charges to Fund Library Collections

Development charges are used to fund TPL's physical infrastructure and collections in responding to the needs of a growing population. In recent years, TPL has successfully reduced its annual draw of development charges to fund collections, from a high of \$2.400 million in 2007, to the current level of \$1.000 million, in order to ensure that there are adequate reserves on an ongoing basis.

In order to meet an overall 2% budget increase target in 2011, the Budget Committee is recommending that the collections budget be reduced by \$0.400 million (0.2%), which

represents 2.3% of the total collections budget of \$17.516 million. Based on updated projections of the development charge reserves, an additional \$0.400 million draw to fund library materials in 2011 would not impact the capital program. However, the 2011 total draw of \$1.400 million does not appear sustainable based on current projections. The level of funding from development charge reserves would need to be reassessed for the 2012 budget.

Relocate Urban Affairs Service to Toronto Reference Library

The Urban Affairs Library (UAL) was established in its present location at Metro Hall in 1992. Its mandate, as a department of the Toronto Reference Library, is to deliver specialized collections and information services in the subject area of municipal government and urban issues. Since 2007, community users and people employed in the area have used the UAL to pick up holds and access computers and study space. Any proposal to relocate the UAL service to Toronto Reference Library (TRL) must address the impact on both specialized research as well as community users.

Cost Savings

Relocation of the UAL collections would need to be coordinated with the construction work at TRL and could not take place until the fall of 2011. Relocating the urban affairs services to Toronto Reference Library would save \$0.729 million; \$0.100 million in 2011 and an additional \$0.629 million in 2012. The costs to consolidate the collections are estimated at \$0.225 million. The savings in 2011 are \$0.325 million less the moving costs for a net savings in 2011 of \$0.100 million and include the elimination of 1.1 FTEs. The more significant savings occur in 2012 with an additional savings of \$0.629 million and elimination of 2.5 FTEs.

Urban Affairs Research and Reference Service

Current Urban Affairs Reference and Research Service

TPL, through its research and reference service tier, currently operates two municipal and urban affairs library services in separate locations that serve the entire City, the largest being the Urban Affairs Library located in 13,700 square feet of leased space at Metro Hall and the smaller urban affairs service that is part of the Business and Urban Affairs Department at the North York Central Library (NYCL). Consolidating these services at TRL would preserve their core service of providing extensive collections and research support in this subject area while contributing significant savings, primarily through the elimination of lease costs paid to the City for the Metro Hall location and a reduction in staffing levels.

Of the two services, the relocation of UAL to TRL has the greatest impact on users. Current services, activity levels and costs include:

- 48.5 service hours per week, Monday to Friday;
- 113,000 catalogued books and government documents;

- 300 periodical subscriptions; extensive microfilm, community newspapers, newspaper files, pamphlet and audiovisual collections;
- nine computer workstations offering Internet access and Microsoft Office applications; wireless access;
- meeting room and four private study booths;
- an extensive urban affairs collection that forms TRL's research collection on the subject
- a circulating corporate collection that Councillors and City staff are able to borrow;
- information service for the public and detailed corporate research services for the City of Toronto;
- 2010 budget:
 - library materials budget of \$0.105 million;
 - annual lease payment to City of \$0.436 million;
 - gross operating budget of \$1.198 million;
- staff establishment of 8.8 FTEs.

The volume of public research activity and the specialized corporate research have decreased since the move of the seat of government to City Hall. The performance measures for 2009, with comparative information from 2000, include:

	2000	2009
Reference requests	14,425	9,125
Corporate research projects	1,339	332
In library use of resources	99,075	48,550

Research User Impacts and Remedies

Primary users of the core research collection are students, academics, architects, planners, consultants and City staff.

From a service perspective, while there are some losses, there are overall net gains for the research users as a result of consolidation of urban affairs services at TRL. The core research collections would continue to be available publicly as a standalone consolidated collection on the second floor at TRL. The collection would continue to be developed and maintained by the current UAL librarians who would also take the lead in delivering public reference and corporate research services. The service would have greater infrastructure support at TRL providing capacity for increased user education activity and public programming on related topics. Users would also have the benefit of large related collections in close proximity to support their research needs. Access to the collections and staff support would be increased from the current 48.5 hour service week in the current location to 60 hours per week and an additional 3.5 hours on Sunday at TRL.

Access to the corporate research service and circulating collections provided to City Council and staff at Metro Hall would be less convenient for current users who would lose immediate access to documents to support their work.

Adequate notice of the change would be provided to all users. Information on the Toronto Reference Library would be provided to research users, including web, telephone and email contact points.

More detailed information on the urban affairs research and reference services as they would be established and delivered at TRL can be found in Attachment 2.

Community Use

In 2007, holds pickup of circulating material from other branches was introduced at UAL. As a result of its introduction, local resident and business community use of the circulation services at UAL began to increase. A small circulating career and employment support collection was added at UAL in late 2009, and floating paperbacks that are returned to UAL remain there to circulate from that location. The result has been an increase in circulation and holds filled activity. The performance measure comparisons for 2007 and 2009 are:

	2007	2009
Circulation	13,857	45,517
Holds filled	9,740	28,036

While the increases in circulation and holds filled have increased significantly at UAL since 2007, a comparison of 2009 statistics with nearby branches indicates that the activity levels are much lower than those in full service neighbourhood branches.

Branch	Circulation	Holds Filled
Urban Affairs	45,515	28,036
City Hall	291,101	80,983
Lillian H Smith	569,097	81,608
St. Lawrence	175,741	50,117
Sanderson	299,171	42,539

In 2009, 30.6% of the circulation of material at UAL was by residents living in the surrounding area. Individuals working in the area were responsible for 69.4% of the annual circulation. Most circulation activity occurs consistently between noon and 5:00 p.m.

Alternative Service Options

If UAL is relocated, community users would lose access to holds pickup, circulation, computers and study space at Metro Hall. If a branch is closed for an extended period, usually for a major renovation, alternative service arrangements can be made during the closure. Similarly, if the Urban Affairs Library is relocated, alternative service arrangements can be made until the new Fort York / Bathurst library opens, currently projected for 2014. Alternative service arrangements could include: referral to nearby branches; expanding the hours at the closest library, City Hall Branch at a distance of

1.1 km; implementing a bookmobile stop at Metro Hall or establishing a temporary small room at Metro Hall for holds pick up and popular materials circulation.

Referral to Nearby Branches

Information on nearby branches and any other service alternatives would be provided to community users. The location of nearby branches and their distances from Metro Hall are as follows:

City Hall:	1.1 km
St. Lawrence:	1.8 km
Sanderson:	2.1 km
Lillian H. Smith:	1.8 km
Bookmobile stop (Queen's Quay and Bathurst Street):	1.8 km

City Hall Branch Expansion of Hours

City Hall Branch is a busy neighbourhood library that offers a range of services to people who live and work in the neighbourhood. At 5,074 sq. ft., it offers a collection of over 35,000 items, including materials for adults and children, and a Chinese language collection. Thirty-four seats are available for reading or quiet study and there are eight Internet/Microsoft Office Workstations. Information services are provided and free wireless internet access is also available. The branch is currently open 40 hours per week, Monday to Friday from 10 a.m. to 6 p.m. primarily to meet the needs of people working in the immediate vicinity. However, the local residential community is growing and increasingly making use of the branch.

The addition of evening and/or weekend hours would help to meet the needs of local residents, including those currently making use of the Urban Affairs Library which currently offers evening service. Although the Board's Doors Wide Open Plan does not contemplate additional hours at City Hall, the service hours at City Hall could be expanded in the fall 2011 at no net cost to TPL by redirecting efficiencies gained from TPL's capital project to implement self-service express check-out at busy locations.

The branch open hours could be increased from 40 hours per week over 5 days to 50.5 hours per week over five or six days, depending on the schedule selected. The expanded service hours would be reassessed once the Fort York / Bathurst Branch opens.

Bookmobile Service

Holds pick-up and access to collections could be accommodated by a weekday daytime bookmobile stop at Metro Hall. With the recently discontinued Cedarbrae stop, there is flexibility in the schedule to provide a weekly stop on Thursdays from 12:00 noon to 1:30 pm at no additional cost. The exact location for a bookmobile stop at Metro Hall has not yet been determined. A bookmobile stop at Metro Hall would be discontinued when the Fort York / Bathurst branch opens.

Dedicated Space at Metro Hall

Staff have investigated the feasibility of setting up a small room of approximately 500 square feet at Metro Hall, as a temporary measure until the Fort York / Bathurst branch opens. It would provide very limited services of holds pickup, limited popular collections, one public access computer and four seats for study. The room would be open 28 hours-per-week over four days.

Staff is not recommending this alternative service option due to financial and operational considerations:

- the capital cost for setting up a temporary service space is estimated at \$125,000 to \$150,000 and funding would need to be reallocated from within the proposed 2011 capital budget;
- in preliminary discussions, the City's Facilities and Real Estate Division has indicated that if space can be secured, then market rent would be charged, which is estimated at \$35 per sq. ft. or a total annual rent of \$17,500. The total annual operating costs, including staffing of 1.8 FTEs, are estimated at \$123,000. This cost would offset any savings resulting from the relocation of the urban affairs service;
- the other service alternatives of expanded hours at City Hall Branch and bookmobile service at Metro Hall can be provided at no additional cost;
- the services and open hours provided at Metro Hall would be very limited; City Hall Branch provides full neighbourhood library and open hours services;
- it would be difficult to close the service when the Fort York / Bathurst branch opens.

CONCLUSION

Additional budget reductions of \$1.042 (0.6%) million are needed to meet the Budget Committee-recommended 2011 budget of a 2% increase. Any additional savings in 2012 which result from decisions made for the 2011 budget would be used to offset budget pressures in 2012.

CONTACT

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SIGNATURE

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ATTACHMENTS

- Attachment 1: Integrate Periodicals at Toronto Reference Library
- Attachment 2: Consolidate Urban Affairs at Toronto Reference Library