



STAFF REPORT ACTION REQUIRED

9.

2011 Operating Budget – Update

| | |
|--------------|------------------------------|
| Date: | January 6, 2011 |
| To: | Toronto Public Library Board |
| From: | City Librarian |

SUMMARY

The purpose of this report is to obtain approval from the Toronto Public Library Board for additional reductions to the 2011 operating budget totalling \$1.768 million, which would revise the budget request from 3.3% to a 2.2% increase. Further budget reductions of \$0.400 million or 0.2% are necessary to meet the City staff recommended budget which represents a 2.0% increase.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves budget reductions as outlined in Attachment 1 totalling \$1.768 million or 1.1% of the prior year's budget, for a revised 2011 operating budget request of \$170.842 million net, which represents a 2.2% budget increase; and
2. forwards a copy of this report to the City Budget Committee for consideration.

FINANCIAL IMPACT

The recommended budget reductions in Attachment 1 totalling \$1.768 million (1.1%), would result in a revised 2011 operating budget request of \$170.842 million net, which represents a 2.2% budget increase. In 2011, 11.1 full-time equivalent positions (FTEs) would be permanently eliminated.

If the recommended reductions are implemented, the full-year impact will result in additional savings of \$0.937 million in 2012 and the permanent elimination of an additional 6.5 FTEs.

By the end of 2012, the annualized budget savings total \$2.705 million and 17.6 FTEs would be permanently eliminated.

The collections and services of the Urban Affairs Library in Metro Hall and the urban affairs information service at the North York Central Library will be transferred to the Toronto Reference Library (TRL) and the service delivered from this new location. Costs to consolidate the collections are estimated at \$225,000. Annualized savings of \$729,000 will be achieved in 2012.

City staff are also recommending that additional budget reductions of \$0.400 million (0.2%) be made to the library collections budget in order to reduce the 2011 budget to \$170.442 million net, which represents a 2.0% increase.

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. The report also recommended the reinstatement of a \$0.5 million (0.3%) draw from development charge reserves to fund library collections, and this revised the budget request down to \$172.610 million net representing a 3.3% increase, which was approved by the Board.

| | FTE | \$000s | % |
|--|----------------|----------------|--------------|
| 2010 Approved Budget | 1,831.0 | 167,100 | |
| Original 2011 Budget Submission Increase | 5.4 | 6,010 | 3.6% |
| Approved Reduction - Draw from Dev. Charge Reserve | | (500) | -0.3% |
| Revised 2011 Budget Increase - November 22, 2010 | 5.4 | 5,510 | 3.3% |
| Revised 2011 Budget Request - November 22, 2010 | 1,836.4 | 172,610 | 3.3% |
| Service Reductions to Meet City Target - not approved | (55.0) | (7,695) | -4.6% |
| City \$ Target (5% reduction to 3.6% budget submission) | 1,781.4 | 164,915 | -1.3% |

5% Reduction (rounded)

The Board did not approve service reduction options to library service hours and collections totalling \$7.695 million, which would be required to meet the City target of minus 1.3%, which represents a 5% reduction to the original 2011 operating budget submission. These service reductions, which were not approved by the Board, are detailed below:

| | \$000's |
|---|----------------|
| Monday - Saturday Service Hours Reduction (9.6% fewer Mon-Sat hrs/yr in 3 Research & Reference, 14 District and 36 Neighbourhood branches) | 4,415 |
| Sunday Service Hours Reduction (59% fewer Sunday hrs/yr from closure of 8 District and 8 Neighbourhood Branches) | 935 |
| | <hr/> |
| | 5,350 |
| Library Collections Reduction (Library collections budget permanently reduced by 11% resulting in loss of approximately 116,000 library items. Includes \$350k of associated administration savings) | 2,345 |
| | <hr/> |
| | 7,695 |

OTHER MEASURES AND IMPACT

| | |
|--|-------|
| Additional one-time collections budget reductions to phase-in service hours cuts | 2,789 |
| Total 2011 reductions in library materials (27%) | 5,134 |
| Number of Full Time Equivalents reduced | 55 |

The November 25th report also noted that TPL staff were analyzing and assessing other budget reduction options which could be used to offset service reductions, including a detailed budget review, confirmation of grants revenue, collections management efficiencies, Toronto Reference Library (TRL) periodicals integration, and the relocation of the urban affairs service to TRL.

COMMENTS

Recommended Reductions – 2.2% Budget

Efficiencies, revenue and service adjustments totalling \$1.768 million (1.1%) are being recommended for approval to reduce the 2011 operating budget request to \$170.842 million net, which represents a 2.2% budget increase. The reductions would also result in 11.1 FTEs being permanently eliminated in 2011. If the recommended reductions are implemented, the full-year impact will result in additional savings of \$0.937 million in 2012 and the permanent elimination of an additional 6.5 FTEs. These reductions are detailed in Attachment 1.

| | FTE | \$000s | % |
|--|----------------|----------------|--------------|
| Revised 2011 Budget Request - November 22, 2010 | 1,836.4 | 172,610.0 | 3.3% |
| Recommended Budget Reductions (Attachment 1) | (11.1) | (1,768) | -1.1% |
| Revised 2011 Budget Request - January 6, 2011 | 1,825.3 | 170,842 | 2.2% |

Grants

On an annual basis, TPL usually receives some federal and provincial grants. Confirmation was received for a Community Access Program grant (\$44k) and a Service Ontario grant (\$13k), which provide one-time budget relief in 2011.

Collections Management

Workflow changes have been implemented for improved efficiency in TPL's material processing operation, minimizing the work of ordering and receiving by using batch processing, resulting in the reduction of 6 FTEs and savings of \$325,000. In total, 88 FTEs have been eliminated in this area since amalgamation.

Periodicals Integration

The ongoing renovation of the Toronto Reference Library (TRL) provides the opportunity to introduce service efficiencies for the Periodicals and Newspapers Department by taking a stand-alone collection and service and integrating them into the various subject departments. This proposed service efficiency would take place by mid-2011, saving \$229,000 resulting from the elimination of 4 FTEs in 2011. There will be an additional savings of \$365,000 and elimination of an additional 4.0 FTEs in 2012.

Urban Affairs

TPL 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. Consolidating these services at TRL would preserve most of their core services 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.

The closure and consolidation of the Urban Affairs Library at TRL has the greatest impact on users. While the volume of specialized corporate research has decreased since the move of the seat of government to City Hall, general activity levels have increased in recent years. 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 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;
- Holds pickup of circulating material requested from other TPL branches;
- gross operating budget of \$1,198,000 in 2010;
- annual lease payment to City of \$436,000;
- staff establishment of 9.2 FTEs.

- Performance measures for 2009:

| | |
|-----------------------------|--------|
| Circulation | 45,517 |
| Holds filled | 28,036 |
| Information Requests | 54,475 |
| Computer use | 34,775 |
| Corporate research projects | 332 |

From a service perspective there are both gains and losses associated with the consolidation at TRL. Corporate research services and circulating collections provided to City Council and staff would be less convenient. City departments at Metro Hall would no longer have convenient access to documents to support their work, nor be able to refer the public to the on-site library for access to City documents. Users of both collections would have to travel greater distances to access material at TRL. The growing use of the Urban Affairs Library by the local business and resident communities for study space, computer access, holds placing and pickup would be lost. However, access to the collections and staff support would be increased from the current 48.5 hour service week to 60 hours per week (excluding Sundays) at TRL. In addition, the inclusion of specialized municipal information resources at the Reference Library will provide people with both in-depth municipal and urban affairs information and a much broader range of collections in various subject areas that are currently not available at the Metro Hall location.

Relocation of the collections would need to be coordinated with the construction work at TRL and could not take place until the fall of 2011. The costs to consolidate the collections are estimated at \$225,000. The savings in 2011 are \$100,000 and include the elimination of 1.1 FTEs. There will be an additional savings of \$629,000 and elimination of 2.5 FTEs in 2012 achieving an annualized savings of \$729,000.

In order to close the Urban Affairs Library, adequate notice would be provided to all users. For urban affairs users, information on the Toronto Reference Library will be provided. For other users, the location of nearby service alternatives will be provided. The distance from Metro Hall to the following alternative locations are:

| | |
|---|--------|
| Toronto Reference Library: | 3.6 km |
| 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 |

Future locations

Ft. York / Bathurst: 1.5 km
 Union Station Kiosk: 1.0 km

Eliminate 2011 Library Collections Economic Adjustment

The 2011 economic adjustment of \$313,000 (1.7% of the collections budget) for library collections will be eliminated. 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 increased wait times for items and impacts negatively on customer satisfaction and circulation activity.

Detailed Budget Review

With most of the year over, a thorough analysis of budget spending has been performed by staff using current year-end projections. A number of budget lines have been identified which could be reduced totalling \$0.744 million, the largest of which is in the area of employee benefits. Lower than expected experience has resulted in under-spending totalling \$300,000 on Workers Insurance Safety Board (WSIB), medical and dental claims. Other budget relief lines have been identified totalling \$464,000 and these are detailed on Attachment 1.

City Staff Recommended Budget

In addition to the \$1.768 million (1.1%) of reductions being recommended above which would revise the 2011 budget to 2.2%, City staff are also recommending that the budget be reduced by a further \$0.400 million (0.2%) to be taken from the library collections budget, which would reduce the 2011 budget request to \$170.442 million net, which represents a 2.0% increase.

| | \$000s | % |
|--|----------------|--------------|
| Revised 2011 Budget Increase - January 6, 2011 | 170,842 | 2.2% |
| Additional Reductions to Meet City Staff Recommended Budget | <u>(400)</u> | <u>-0.2%</u> |
| City Staff Recommended Budget | <u>170,442</u> | <u>2.0%</u> |

A \$0.400 million reduction to the library collections budget represents a loss of approximately 23,500 items or 2.3% of the collections budget. This would result in longer wait times for popular materials, lower customer satisfaction and may result in 305,000 fewer books borrowed.

Timetable

The Council-approved timetable for the operating and capital budgets is shown on Attachment 2. The proposed public launch for both budgets is January 10, 2011 with Council approval on February 23 - 28, 2011.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: Recommended Reductions – 2.2% Budget
Attachment 2: 2011 Budget Process Timetable