



STAFF REPORT ACTION REQUIRED

2008 Operating Budget Submission

Date:	October 15, 2007
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to obtain Toronto Public Library Board approval for the 2008 Operating Budget Submission.

A presentation on the 2008 Operating Budget will be made at the Board meeting to provide Board members with an expanded explanation of the proposed budget.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. Adopts the 2008 Operating Budget Submission, which has been provided to the City for discussion and consideration; and
2. Authorizes and directs the appropriate staff to take the necessary action to give effect thereto.

FINANCIAL IMPACT

The 2008 requested operating base budget of \$156.374 million net (\$170.688 million gross) represents an increase of \$6.695 million net or 4.5 percent over the 2007 approved budget. The increase is comprised of Prior Year Impacts of \$2.604 million net (1.8 percent) and Economic Adjustments of \$4.091 million net (2.7 percent). A detailed breakdown of the 2008 Operating Budget request is provided in Attachment 1.

The Director, Finance and Treasurer has reviewed this report and agrees with the financial impact information.

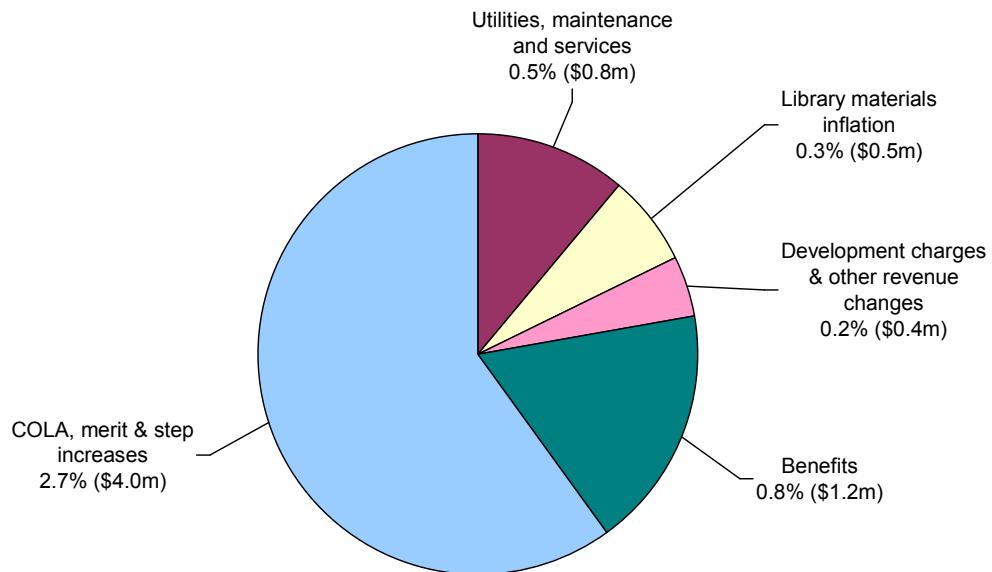
ISSUE BACKGROUND

Section 24(1) of the Public Libraries Act requires the Library Board to submit to City Council annually, estimates of all amounts required during the year for the purposes of the Board. This report covers the operating budget request.

COMMENTS

The 2008 Requested Budget Submission of \$156.374 million net (\$170.688 million gross) represents an increase of \$6.695 million net or 4.5 percent over 2007. The chart below highlights the most significant areas contributing to the 2008 budget increase:

2008 Base Budget Increase (\$6.695 million or 4.5 percent)



- Salaries and benefits account for more than $\frac{3}{4}$ of the total 4.5 percent budget increase:
 - Salaries represent a 2.7 percent budget increase comprised of: Cost of Living Adjustment (COLA), merit and step increases of \$3.4 million or 2.4 percent; the cost of an extra work day (leap year) in 2008 of \$0.4 million or 0.2 percent; and the part-year cost of 7.5 new positions required for the expanded Bloor & Gladstone branch at \$0.2 million or 0.1 percent.
 - Fringe benefits increase of \$1.2 million or 0.8 percent is due to fluctuations in experience factors, rate increases, sick leave payouts and coverage changes included in the collective agreement.
- The \$0.5 million or 0.3 percent increase for library materials includes a \$0.4 million increase due to a 2.3 percent inflation factor which reflects cost increases and the

impact of the relatively strong Canadian dollar on purchasing power and a \$0.1 million increase in the collections budget for 5 renovated branches.

- Utilities and maintenance increase of \$0.8 million or 0.5 percent reflects inflationary increases for utilities and general maintenance costs, as per City guidelines.
- One-time draw from development charges of \$0.4 million or 0.2 percent for library materials incorporated into the 2007 budget will be reversed and create a pressure in 2008.

2007 Cost Containment Measures

In response to a City request, the Library Board approved cost containment measures to generate an estimated \$1.2 million surplus in 2007 (http://www.torontopubliclibrary.ca/abo_boa_07jul25.jsp). The implementation of 2007 cost containment measures will negatively impact the Library's performance statistics in 2007 and 2008.

Issues

Staffing Resources to Meet Growing Demand

TPL staffing levels have remain unchanged since they were reduced by 10 percent as part of amalgamation, despite significant growth in demand for service in a number of areas and increasing participation in City priority service initiatives such as the Neighbourhood Action Teams and Community Safety Plan, as well as corporate initiatives such as pandemic planning. These initiatives have been supported without any additional staff resources.

TPL's virtual branch is the on-line face of TPL that extends and integrates with all other library services. The use of technology extends our services 24/7 and not only makes it easier for patrons to find information, it has allowed the Library to manage increasing demand in an effective and efficient manner.

While technology and other efficiency measures implemented over the years have allowed TPL to cope with growing demand, staffing resources are stretched to the limit, and TPL has been unable to meet its gapping target over the past two years. The 3.1 percent gapping target set for 2007 is well above the 2 percent City average and TPL is currently challenged to meet this target.

Sick Leave Experience

The difficulty in predicting the number of employees that will choose to retire or leave TPL after many years of services has resulted in significant fluctuations over the last several years in the annual requirements for sick leave payouts. Unlike City programs and

other ABC's, TPL does not have a sick leave reserve to draw from when the requirements increase, which results in unplanned pressures in the operating budget. The 2007 sick leave payouts far exceed the budget available, and will be a factor in TPL's ability to meet savings targets in 2007, as well as add to the 2008 budget pressures.

Job Evaluation and Pay Equity

TPL is currently engaged in a job evaluation process for bargaining unit employees expected to be completed in 2008. This review is required by legislation after the wage harmonization award of December 2004 impacting bargaining unit wages. As the costs cannot be determined at this time, no provision has been made in the 2008 operating budget.

2008 Service Plan

The Service Plan replaces the program profile section of the Operating Budget Submission and it has been submitted to the City separately, and to the Board at its September 17, 2007 meeting. A copy of the report can be found at http://www.torontopubliclibrary.ca/abo_boa_07sept17.jsp.

Included in the Service Plan is TPL's vision for increasing library hours across the system, at a total cost of \$17.5 million over 2008 - 2010. Given the current financial constraints at the City, the cost to begin implementing the vision for open hours was not included in the 2008 Operating Budget Submission.

2008 Operating Budget Reductions and Public Consultation

To achieve the 2008 Operating Budget Target increase of 0 percent established by the City would require a \$6.7 million (4.5 percent) budget reduction. Significant budget reductions would primarily involve a reduction in library service hours and/or a reduction in spending on library materials. If any surplus is generated in 2007 through cost containment measures and used to reduce the 2008 requirements, the reduction required in 2008 would be decreased accordingly.

At its July 25, 2007 special Library Board meeting held to consider 2007 cost containment measures, staff was directed to undertake public consultations regarding the 2008 operating budget and any potential budget reductions. Public meetings were held on September 26 and 27 and October 2 and 4. Comment forms and a survey were made available on the website and in library branches. Feedback from the consultations will be presented at this Board meeting and will be used to inform any required budget reductions for 2008.

CONTACT

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SIGNATURE

Josephine Bryant
City Librarian

ATTACHMENTS

Attachment 1: 2008 Operating Budget Financial Summary

Attachment 2: 2008 Operating Budget Submission is unavailable electronically.
Please contact Nancy Marshall at nmarshall@torontopubliclibrary.ca if
you require a paper copy.