



## STAFF REPORT INFORMATION ONLY

### 2014 Operating Budget Reductions

<b>Date:</b>	November 6, 2013
<b>To:</b>	Budget Committee
<b>From:</b>	City Librarian

### SUMMARY

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The purpose of this report is to present the Budget Committee with reduction options to the 2014 operating budget in order to meet the budget target.

The current Board-approved 2014 operating base budget submission of \$167.477 million net (\$184.050 million gross) represents a \$2.118 million or 1.3% net increase over the prior year's budget. The Board has also approved a request for service enhancements totalling \$0.400 million, which brings the total 2014 operating budget request to \$167.877 million net (\$184.450 million gross), and represents a \$2.518 million or 1.5% increase.

At the Toronto Public Library Board meeting on June 24, 2013, where a City budget target of 0% increase was presented, the Board adopted a motion requesting that the budget target be revised to provide additional funding to operate the two new branches at a cost of \$1.046 million (0.6%) in 2014 and \$0.763 million in 2015. If additional funding is provided for operating the new branches, this would reduce the 2014 base budget target shortfall to \$0.922 million or 0.6%.

### RECOMMENDATIONS

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

1. approves expense reductions totalling \$0.150 million or 0.1%, which have no service impact; and
2. considers reduction options totalling \$0.922 million gross and net or 0.6%, which would reduce the 2014 operating base budget and meet the City target after it has been adjusted by \$1.046 million or 0.6% to fund the cost of the two new branches.

## **FINANCIAL IMPACT**

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The current Board-approved 2014 operating base budget submission of \$167.477 million net (\$184.050 million gross) represents a \$2.118 million or 1.3% net increase over the prior year's budget. The Board has also approved a request for service enhancements totalling \$0.400 million, which brings the total 2014 operating budget request to \$167.877 million net (\$184.450 million gross), and represents a \$2.518 million or 1.5% increase.

After removing the service enhancements and \$0.150 million of expense reductions recommended in this report, additional budget reductions up to \$1.968 million or 1.2% would be required to meet the target of 0% increase. If the Library Board's request that the budget target be increased by \$1.046 million or 0.6% (Revised Target) to fund the cost of the new branches in 2014 is granted, this reduces the budget target shortfall to \$0.922 million or 0.6%.

## **DECISION HISTORY**

At the meeting on September 23, 2013, the Board approved a 2014 operating base budget submission of \$167.477 million net (\$184.050 million gross), which represents a \$2.118 million or 1.3% net increase over the prior year's budget. At the meeting, the Board also approved 2014 service enhancements totalling \$0.400 million or 0.2%, which would increase service hours by 34.5 per week, adding Monday mornings and/or Friday nights at seven district branches and the Toronto Reference Library, and introduce an After Hours Study Halls pilot program at four locations, which would be open until midnight Sunday to Thursday, from April to June and September to December. These enhancements would bring the total 2014 operating budget request to \$167.877 million net (\$184.450 million gross), which represents a \$2.518 million or 1.5% increase as shown in the following table:

**2014 OPERATING BUDGET (WITH ENHANCEMENTS)**

**Summary  
(\$000s)**

	<u>FTEs</u>	<u>Gross</u>	<u>Revenue</u>	<u>Net</u>	<u>%</u>
2013 approved budget	<u>1713.4</u>	<u>180,793.9</u>	<u>15,434.3</u>	<u>165,359.6</u>	
2014 Base budget pressures	20.0	4,814.1	62.0	4,752.1	2.9%
Less: Expense reductions		(1,777.3)	(49.0)	(1,728.3)	-1.0%
Revenue increases		129.4	1,035.4	(906.0)	-0.6%
Base budget increase (before Pan Am Games)	<u>20.0</u>	<u>3,166.2</u>	<u>1,048.4</u>	<u>2,117.8</u>	<u>1.3%</u>
Pan Am Games program		90.0	90.0	-	0.0%
Base budget increase	<u>20.0</u>	<u>3,256.2</u>	<u>1,138.4</u>	<u>2,117.8</u>	<u>1.3%</u>
<b>2014 operating base budget request</b>	<b><u>1,733.4</u></b>	<b><u>184,050.1</u></b>	<b><u>16,572.7</u></b>	<b><u>167,477.4</u></b>	<b>1.3%</b>
<b>Enhancements</b>					
Weekday hours	4.0	260.0		260.0	0.2%
After Hours Study Halls		140.0		140.0	0.1%
<b>Total enhancements</b>	<b><u>4.0</u></b>	<b><u>400.0</u></b>		<b><u>400.0</u></b>	<b>0.2%</b>
Total Budget Increase	<u>24.0</u>	<u>3,656.2</u>	<u>1,138.4</u>	<u>2,517.8</u>	<u>1.5%</u>
<b>Total 2014 Budget Submission</b>	<b><u>1,737.4</u></b>	<b><u>184,450.1</u></b>	<b><u>16,572.7</u></b>	<b><u>167,877.4</u></b>	<b>1.5%</b>

At a previous meeting on June 14, 2013, where a City budget target of 0% increase was presented, the Board adopted the following motion:

*That the Toronto Public Library Board:*

- requests the City Librarian to request the City Manager to adjust the operating "target" to recognize the additional operating costs associated with the opening of the new Fort York and Scarborough Civic Centre branches, which have total incremental costs of \$1.046 million in 2014 and \$0.763 million in 2015.*

If the budget target is increased by \$1.046 million or 0.6% (Revised Target) to fund the cost of the new branches in 2014, this reduces the budget target shortfall.

**COMMENTS**

The City's budget review process considers the \$0.400 million (0.2%) of service enhancements separately and further reductions to the base budget are required to achieve the target.

**Cost Efficiencies (\$0.150 million or 0.1%)**

An updated line-by-line budget analysis performed in September identified additional budget savings of \$0.150 million or 0.1% comprised of \$100,000 of efficiency savings in library material processing supplies, \$10,000 savings through membership in a cataloguing consortium and \$40,000 savings in other supplies and services. These savings have no service impact and are being recommended, bringing the base budget increase to

\$1.968 million or 1.2%, which represents a shortfall of \$0.922 million or 0.6% from the Revised Target.

**Budget Target Shortfall**  
(\$000s)

	<b>Net</b>	<b>%</b>
2014 Operating base budget increase	2,117.8	1.3%
Less: Additional cost efficiencies	<u>(150.0)</u>	<u>-0.1%</u>
Revised base budget increase	<b>1,967.8</b>	<b>1.2%</b>
Revised Target (reflects funding for new branches)	<u><b>(1,046.0)</b></u>	<u><b>-0.6%</b></u>
Shortfall from Revised Target	<u><b>921.8</b></u>	<u><b>0.6%</b></u>

**Service Reductions (\$0.922 million or 0.6%)**

If the Board’s request for additional funding for the operating cost of the two branches is granted, then the remaining \$0.922 million reduction to meet the Revised Target would be achieved through service reductions of: a 3.2% reduction to Monday to Saturday service hours for savings of \$0.641 million; a 2.7% reduction to Sunday service hours for a saving of 0.064 million; and foregoing 50% of the 2014 economic adjustment for collections representing 1.3% of the collections budget, for a saving of \$0.217 million. These service reduction measures are summarized below and detailed on Attachment 1, which describes the impact of the reductions and lists the branches impacted:

**Service Reductions to Meet Revised Target**  
(\$000s)

	<b>\$0.922M Reductions</b>	
	<b>Net</b>	<b>%</b>
Reduce Monday - Saturday hours	641.0	0.4%
Reduce Sunday hours	64.0	0.0%
Reduce economic adjustment for collections	<u>217.0</u>	<u>0.1%</u>
Total Service Reductions	<u><b>922.0</b></u>	<u><b>0.6%</b></u>

***Hours of Service Reduction Framework***

The following factors are considered in allocating open hour reductions to branches:

- distributed access to Library resources across the city;
- greatest number of open hours at largest and busiest branches across the city;
- a balance of morning, evening and weekend hours;

- standard schedules to maximize efficiency of operations; five, six and seven day service at branches across the city, with a minimum service level of 5 days, 40 hours per week, with the exception of Swansea Memorial and Todmorden Room.

### ***Impact of Service Reductions***

Library open hours both during weekdays and on weekends provide access to library service to a broad range of individual users and to those attending programs. Morning hours are important to seniors, preschool children and their caregivers; lunch hours to students and workers; afternoon and after school times to elementary and high school students and evening hours provide access to workers, mature students and recreational users.

Residents of all ages, including students, and those engaged in lifelong learning, use the Library for computer and wireless access, study space, research materials and attend programs. Access to community meeting rooms by community groups builds community capacity.

Fewer open hours reduces service levels in two ways: the branch is open fewer hours for residents to visit and it limits the time available for study, accessing collections, programs, etc; and when the Library is open, the space will be more congested and crowded, reducing access to study space, computers and to zoned spaces, including those for teens, children and preschoolers.

### ***Impact on Library Collections***

After significant reductions in the 1990's, the collections budget has recovered to pre-reduction levels when adjusted for inflation and exchange rates. However, the necessity of purchasing collections in multiple languages and formats, and the growth of electronic formats such as e-books, has placed additional pressures on the budget in recent years. TPL's circulation of over 32 million is directly linked to the availability of current collections that meet the needs of the public.

The 2014 base budget includes a request of \$0.434 million as an economic adjustment to maintain the purchasing power of the collections budget. Under the service reduction options presented in this report to meet the Revised Target, 50% of the economic adjustment would be foregone.

Any loss of collections budget will be allocated to minimize the impact on the public as much as possible. There will be fewer titles and/or copies purchased, which reduces the scope and currency of collections available.

## **Achieving Budget Target of 0% Increase**

If the budget target is not adjusted for the cost of the new branches, then the budget shortfall to the target would be \$1.968 million or 1.2%. To achieve a 0% target, additional service reductions to collections and hours would be necessary and, if required, these will be brought to the Board for consideration.

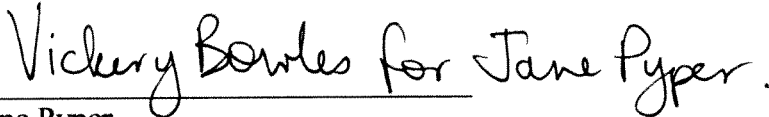
## **Timetable**

The City's Budget Committee will introduce the operating and capital budgets on November 25, 2013 and review meetings will be held through December and January. The Executive Committee will meet to review the budgets on January 10, 2014 and Council will meet to approve the budgets on January 15-17, 2014.

## **CONTACT**

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## **SIGNATURE**

  
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Jane Pyper  
City Librarian

## **ATTACHMENTS**

Attachment 1: *\$0.922 Million Budget Reductions – Service Reductions to meet Revised Target*

**TORONTO PUBLIC LIBRARY  
2014 OPERATING BUDGET  
\$0.922 MILLION BUDGET REDUCTIONS - SERVICE REDUCTIONS TO MEET REVISED TARGET  
(Assumes budget target revised for cost of 2 new branches)**

		<b>\$0.922 M Shortfall</b>	
		\$000's	% total budget
<b>Monday - Saturday Service Hours Reduction</b>			
(38 Branches: 2 Research & Reference (R&R), 17 District, 19 Neighbourhood; 264,828 hrs of service)			
1 Reduction in service hours will limit access to collections, library programs, information service, internet services and study space. Additionally, there will be fewer morning, evening and Saturday hours available for customers to access library service.			
<b>8,450 or 3.2% fewer Monday to Saturday hours per year</b>		641	0.4
- 2 Neighbourhood Branches will go from 62 hrs/wk to 59.5 hrs/wk (from 6 mornings to 5 mornings)			
<i>Danforth/Coxwell</i>	<i>Locke</i>		
- 5 Neighbourhood Branches will go from 62 hrs/wk to 50.5 hrs/wk (from 6 mornings to 4 mornings and from 4 evenings to 3 evenings)			
<i>Forest Hill</i>	<i>Main Street</i>		
<i>High Park</i>	<i>Wychwood</i>		
<i>Leaside</i>			
- 2 Neighbourhood Branch will go from 58.5 hrs/wk to 50.5 hrs/wk (from 5 mornings to 4 mornings and from 4 evenings to 3 evenings)			
<i>Jane/Dundas</i>	<i>Morningside</i>		
- 8 Neighbourhood Branches will go from 50.5 hrs/wk to 40 hrs/wk (from 6 days to 5 days)			
<i>Annette Street</i>	<i>Jones</i>		
<i>Evelyn Gregory</i>	<i>Oakwood Village</i>		
<i>Gerrard/Ashdale</i>	<i>St. Lawrence</i>		
<i>Jane Sheppard</i>	<i>Weston</i>		
<b>Sunday Service Hours Reduction</b>			
(27 Branches: 2 R&R, 17 District, 8 Neighbourhood; 3,496.5 hours of service during 37 Sundays @ 3.5 hrs/day)			
2 All locations will open for 36 Sundays (1 less Sunday than current)		64	0.1
<b>94.5 or 2.7% fewer Sunday hours per year</b>			
Subtotal - Combined Hours (Mon-Sat + Sun)		705	0.5
<b>Library Collections Reduction</b>			
(2013 annual budget is \$17.4M; average cost per item is \$19.15)			
3 Eliminate 50% of Economic Adjustment for Collections, representing a loss of approx. 11,000 collections		217	0.1
<b>TOTAL SERVICE REDUCTIONS</b>		<b>922</b>	<b>0.6</b>
<b>FTE reductions and % of workforce</b>		<b>11.0</b>	<b>0.6%</b>

**TORONTO PUBLIC LIBRARY  
2014 OPERATING BUDGET  
MONDAY TO SATURDAY SERVICE HOURS REDUCTIONS**

				MONDAY TO SATURDAY		
Branch Name	Ward	Councillor	Visits Quartile	Current Weekly Hours	Reduced Weekly Hours	Reduction in Weekly Hours
<b>2 Neighbourhood Branches will go from 62 hrs/wk to 59.5 hrs/wk</b>						
1 Danforth/Coxwell	32	Mary-Margaret McMahon	2nd Quartile	62.0	59.5	2.5
2 Locke	25	Jaye Robinson	2nd Quartile	62.0	59.5	2.5
<b>5 Neighbourhood Branches will go from 62 hrs/wk to 50.5 hrs/wk</b>						
3 Forest Hill	21	Joe Mihevc	3rd Quartile	62.0	50.5	11.5
4 High Park	14	Gord Perks	2nd Quartile	62.0	50.5	11.5
5 Leaside	26	John Parker	2nd Quartile	62.0	50.5	11.5
6 Main Street	32	Mary-Margaret McMahon	2nd Quartile	62.0	50.5	11.5
7 Wychwood	21	Joe Mihevc	2nd Quartile	62.0	50.5	11.5
<b>2 Neighbourhood Branches will go from 58.5 hrs/wk to 50.5 hrs/wk</b>						
8 Jane/Dundas	13	Sarah Doucette	2nd Quartile	58.5	50.5	8.0
9 Morningside	44	Ron Moeser	2nd Quartile	58.5	50.5	8.0
<b>8 Neighbourhood Branches will go from 50.5 hrs/wk to 40 hrs/wk</b>						
10 Annette Street	13	Sarah Doucette	3rd Quartile	50.5	40.0	10.5
11 Evelyn Gregory	12	Frank Di Giorgio	4th Quartile	50.5	40.0	10.5
12 Gerrard/Ashdale	30	Paula Fletcher	3rd Quartile	50.5	40.0	10.5
13 Jane Sheppard	9	Maria Augimeri	3rd Quartile	50.5	40.0	10.5
14 Jones	30	Paula Fletcher	3rd Quartile	50.5	40.0	10.5
15 Oakwood Village	15	Josh Colle	3rd Quartile	50.5	40.0	10.5
16 St. Lawrence	28	Pam McConnell	3rd Quartile	50.5	40.0	10.5
17 Weston	11	Frances Nunziata	3rd Quartile	50.5	40.0	10.5
<b>TOTAL</b>				<b>955.0</b>	<b>793</b>	<b>162.5</b>

**Total Annual Hours Reduction**  
**Total Annual Savings (\$)**

**8,450**  
**\$641,000**