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To: Toronto Public Library Board – October 16, 2006

From: City Librarian

Subject: **2007 Operating Base Budget Request**

Purpose:

To obtain Toronto Public Library Board approval for the 2007 Operating Base Budget Request.

Funding Implications and Impact Statement:

The following is a summary of the 2007 Operating Base Budget request:

| <u>Description</u> | <u>NET</u> | | <u>GROSS</u> | |
|---------------------------------------|-------------------------|-------------|-------------------------|-------------|
| | Amount (\$ millions) | % Change | Amount (\$ millions) | % Change |
| 2006 Base Budget | 144.478 | | 158.572 | |
| Prior Year Impacts & Economic Factors | 6.641 | 4.6% | 6.572 | 4.1% |
| 2007 Adjusted Base Budget | 151.119 | 4.6% | 165.144 | 4.1% |
| Revenue Changes | (0.0615) | 0.0% | 0.0985 | 0.0% |
| 2007 Requested Base Budget | 151.058 | 4.6% | 165.243 | 4.1% |
| New / Enhanced Service Changes | - | 0.0% | - | 0.0% |
| 2007 Total Budget | 151.058 | 4.6% | 165.243 | 4.1% |

The 2007 Requested Operating Base Budget of \$151.058 million net (\$165.243 million gross) represents an increase of \$6.580 million net or 4.6 percent over the 2006 approved budget. The increase is comprised of Prior Year Impacts of \$2.056 million net (1.5 percent) and Economic Factors of \$4.516 million net (3.1 percent). A detailed breakdown of the 2007 Operating Base Budget request is provided in Attachment 1.

Recommendation:

It is recommended that the Toronto Public Library Board adopt the 2007 Operating Base Budget Request of \$151.058 million net (\$165.243 million gross), representing a 4.6 percent net increase over the 2006 approved operating budget, which has been provided to the City for discussion and consideration.

Background:

S24(1) of the Public Libraries Act states:

“A public library board ...shall submit to the appointing council, annually on or before the date and in the form specified by the council, estimates of all sums required during the year for the purposes of the board.”

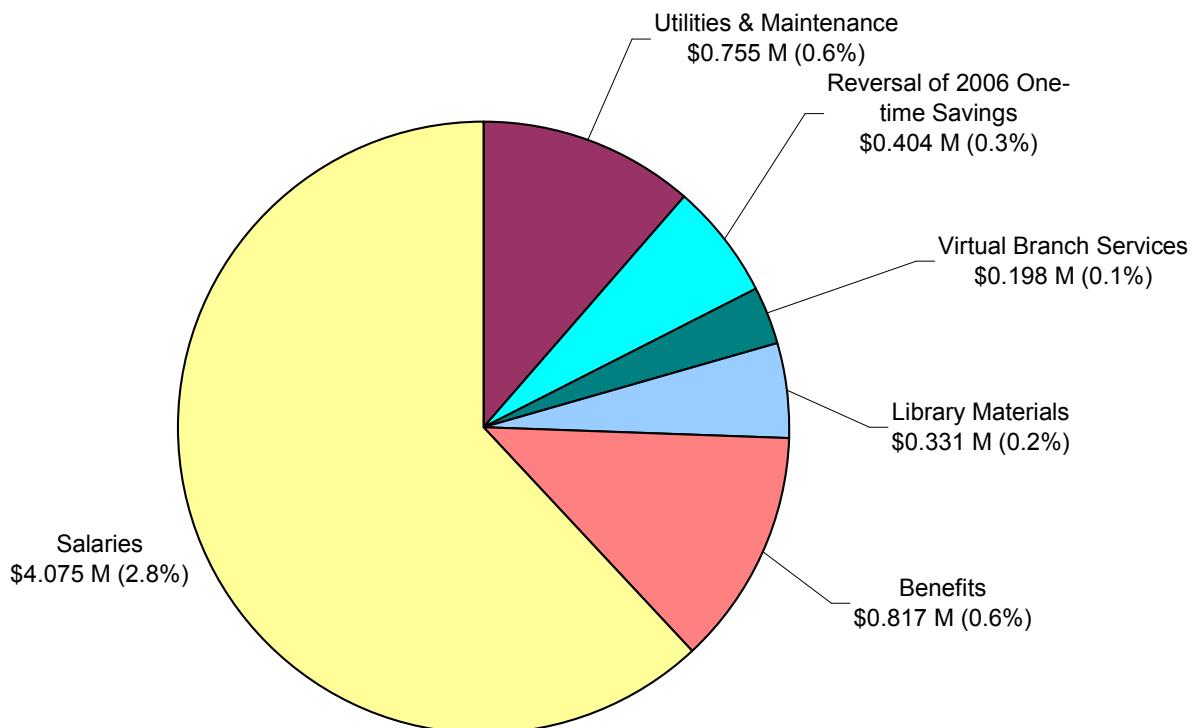
Attachments 1 and 2 comprise the Library Board’s 2007 Operating Base Budget Request.

Comments:

The 2007 Requested Base Budget of \$151.058 million net (\$165.243 million gross) represents a base increase of \$6.580 million net or 4.6 percent over 2006.

The following pie chart highlights the significant areas of the requested budget base increase:

2007 Net Base Budget Increase (\$6.580 million or 4.6%)



- Salaries and benefits account for ¾ of the total 4.6 percent budget increase:
 - salaries represent a 2.8 percent budget increase comprised of merit and step increases of \$0.576 million or 0.4 percent; Cost of Living Adjustment (COLA) of \$3.257 million or 2.3 percent; and the cost of an extra work day in 2007 of \$0.293 million or 0.2 percent;
 - fringe benefits increase of \$0.817 million or 0.6 percent is due to rate increases and coverage changes included in the collective agreement.
- The \$0.331 million or 0.2 percent increase for library materials is due to a 2 percent inflation factor (4 percent in 2006), which reflects the impact of the relatively strong Canadian dollar on purchasing power.
- Utilities and maintenance increase of \$0.755 million or 0.6 percent reflects inflationary increases for utilities and general maintenance costs.
- One-time savings amounting to \$0.404 million or 0.3 percent incorporated into the 2006 budget will reverse and create a pressure in 2007.
- An increase of \$0.198 million or 0.1 percent is due to the cost of software licenses mainly for the Integrated Library System capital project.

A full presentation of the 2007 Operating Budget will be made at the Board meeting to provide Board members with an expanded explanation of the proposed budget.

2007 Operating Budget Target

To achieve the 2007 Operating Budget Target increase of 0 percent established by the City would require a \$6.580 million (4.6 percent) budget reduction. Service reduction options to meet the 0 percent target will be presented to the Board later in the year.

Issues

Staffing Resources to Meet Growing Demand

After amalgamation, TPL reduced its staffing by 10 percent and staffing levels have remained at this level despite significant growth in demand for service in a number of areas. Over the last five years alone, circulation has grown 20 percent and now totals 31 million annually. Library staff are also closely involved and integrated with City priority service initiatives such as the Neighbourhood Action Teams and Community Safety Plan. In addition, corporate initiatives such as pandemic planning have involved Library resources. These initiatives have been supported without any additional staff resources.

TPL's virtual branch is the on-line face of the library 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. Over the last five years, virtual visits have grown 285 percent and now total 21 million annually, and TPL continues to enhance content and services and stay current with technology.

While these technology-based and other efficiency measures implemented over the years have allowed TPL to cope with growing demand, staffing resources are stretched and TPL is currently challenged to meet the \$3.8 million gapping targets in 2006, which represents a 3.2 percent of total salaries and benefits and the equivalent to 57 full-time positions.

Job Evaluation and Pay Equity

TPL will be engaging in a job evaluation process together with a pay equity review for bargaining unit employees to be completed in 2007. This review is required by legislation after the wage harmonization award of December 2004 impacting union wages. As the costs cannot be determined at this time, no provision has been made in the 2007 operating budget.

Conclusion:

The Toronto Public Library's 2007 Operating Budget Request was prepared in accordance with the instructions issued by the City to all Agencies, Boards, Commissions and City Programs.

Contact:

Larry Hughsam; Director, Finance and Treasurer; Tel: 416-397-5946; Fax: 416-393-7115;
E-mail: lhughsam@torontopubliclibrary.ca

Yolanda Santos; Manager, Budget & Financial Reporting; Tel: 416-393-7003;
Fax: 416-393-7115; E-mail: ysantos@torontopubliclibrary.ca

Josephine Bryant
City Librarian

List of Attachments:

Attachment 1: 2007 Operating Base Budget Financial Summary

Attachment 2 is unavailable electronically. To receive a copy, please contact Nancy Marshall at nmarshall@torontopubliclibrary.ca