

2021 Operating Budget Submission – Revised

Date:	November 16, 2020
To:	Toronto Public Library Board
From:	City Librarians

SUMMARY

The purpose of this report is to seek Toronto Public Library (TPL) Board approval of a revised 2021 operating budget submission which reflects an adjustment to the phased reopening and resumption of TPL services given the current resurgence of COVID-19.

The revised 2021 base budget request reflects a reduction of \$1.823 million from the budget submission approved at the October 19, 2020 Board meeting related to a more gradual reinstatement of services and other resulting budget savings. The base budget increase, excluding COVID costs, is now 0.9% which is reduced from 1.8%.

The revised 2021 base budget is \$202.398 million net, which represents a \$5.703 million net increase, or 2.9%, over the 2020 budget comprised of \$1.771 million net, or 0.9%, to maintain services and service levels while also modernizing TPL’s digital capabilities, and \$3.933 million net, or 2.0%, of budget pressures related to increased expenditures and loss of revenues due to the impact of COVID-19.

The budget submission also includes phased budget enhancements totalling \$0.619 million net, or 0.3%, unchanged from the October 19 Board meeting.

The total revised 2021 operating budget submission, including enhancements is \$203.017 million net, which represents a \$6.322 million net, or 3.2%, increase and aligns with many of the City’s key strategies, including the Poverty Reduction Strategy, Seniors Strategy and community safety.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the revised 2021 operating submission of \$203.017 million net (\$222.372 million gross), as detailed in Attachment 1, which represents a \$6.322 million net (\$5.038 million gross) increase, or 3.2%, over the 2020 operating budget, comprised of:
 - 1.1 a revised base budget increase of \$1.771 million net (\$2.614 million gross), or 0.9%;
 - 1.2 COVID-19 related budget increases of \$3.933 million net (\$2.104 million gross), or 2.0%; and
 - 1.3 budget enhancement requests totalling \$0.619 million net (\$0.319 million gross), or 0.3%;
2. authorizes staff to forward the revised 2021 operating budget submission to Budget Committee and City Council for approval.

FINANCIAL IMPACT

The revised 2021 operating base budget submission of \$202.398 million net (\$222.053 million gross) represents a net budget increase of \$5.703 million, or 2.9%, over the approved 2020 operating budget and is comprised of \$1.771 million net (\$2.614 million gross), or 0.9%, to maintain existing services and service levels while also modernizing TPL's digital capabilities, and \$3.933 million net (\$2.104 million gross), or 2.0%, of budget pressures related to COVID-19, as summarized in Table 1 below:

Table 1: Revised 2021 Operating Budget Summary & 2022-2023 Outlook (\$millions)

	2021					2022		2023	
	<i>FTEs</i>	GROSS	REVENUE	NET	%	NET	%	NET	%
2020 Approved Operating Budget	1,769.8	217.334	20.640	196.695		202.398		209.744	
Base budget pressures	18.0	2.614	0.844	1.771	0.9%	9.296	4.6%	5.321	2.5%
COVID-19 related budget pressures	-	2.104	(1.828)	3.933	2.0%	(1.950)	-1.0%	(1.683)	-0.8%
Base Budget Increase	18.0	4.719	(0.985)	5.703	2.9%	7.346	3.6%	3.638	1.7%
Revised 2021 Operating Base Budget	1,787.8	222.053	19.655	202.398	2.9%	209.744	3.6%	213.383	1.7%
Budget Enhancements	4.0	0.319	(0.300)	0.619	0.3%	10.799	5.3%	8.883	4.2%
Budget Increase	22.0	5.038	(1.285)	6.322	3.2%	18.145	9.0%	12.522	6.0%
Revised Total 2021 Operating Budget	1,791.8	222.372	19.355	203.017	3.2%	220.543	9.0%	222.266	6.0%

The 2021 operating budget submission also includes phased budget enhancements totalling \$0.619 million net (\$0.319 million gross), or 0.3%, for a total budget submission of \$203.017 million net (\$222.372 million gross), which represents a \$6.322 million net (\$5.038 million gross) increase, or 3.2% as detailed on Attachment 1.

The Director, Finance and Treasurer has reviewed this financial impact statement and agrees with it.

DECISION HISTORY

At its meeting on October 19, 2020, the Board approved a [2021 Operating Budget Submission](#) of \$204.840 million net (\$224.195 million gross), which represented a \$8.145 million, or 4.1%, net increase over the 2020 budget and was comprised of:

- 1.1 a base budget increase of \$3.594 million net (\$4.437 million gross) or 1.8%;
- 1.2 COVID-19 related budget increases of \$3.933 million net (\$2.104 million gross) or 2.0%; and
- 1.3 budget enhancement requests totalling \$0.619 million net (\$0.319 million gross) or 0.3%;

COMMENTS

The budget has been reassessed in the context of the current pandemic resurgence and impacts of COVID-19. As a result, adjustments have been made to the phased reopening to reflect a more gradual reinstatement of some services resulting in the need to revise the 2021 base budget submission to \$202.398 million net, which is \$1.823 million lower than what was previously approved at the October 19, 2020 Board meeting, and is summarized below in Table 2:

Table 2: Changes in Revised 2021 Operating Budget Submission

	October 19 Board		November 16 Board	
	NET (\$M)	%	NET (\$M)	%
2020 Council Approved Budget	196.695		196.695	
Base budget pressures	3.594	1.8%	3.594	1.8%
Additional Savings				
Savings from phased reopening plan			(1.332)	-0.7%
Other Savings			(0.491)	-0.2%
	-	-	(1.823)	-0.9%
Revised base budget pressures	3.594	1.8%	1.771	0.9%
2021 COVID-related pressures	3.933	2.0%	3.933	2.0%
Base Budget Increase	7.526	3.8%	5.703	2.9%
Revised 2021 Operating Base Budget	204.221	3.8%	202.398	2.9%
2021 Budget Enhancements	0.619	0.3%	0.619	0.3%
Budget Increase	8.145	4.1%	6.322	3.2%
Revised Total 2021 Operating Budget	204.840	4.1%	203.017	3.2%

Full details of the revised base budget pressure of \$1.771 million net, or 0.9%, is detailed in Attachment 1.

The savings of \$1.823 million net is comprised of: \$1.332 million net, or 0.7%, primarily related to staff savings associated with revised phased reopening plans to Sunday service and weekday service in smaller branches where social distancing is a challenge; \$0.491 million net, or 0.2%, related to services and rents associated with lower library programming costs, travel, mileage and conference expenditures; and a reduction to TPL's contribution to the City's Fleet Reserve. These additional 2021 savings will become a budget pressure in 2022. Details are provided in Table 3 below:

Table 3: Details of Changes in Revised 2021 Operating Budget Submission

Phased Reopening Savings	Impact (\$M)	%
Sunday Service - No Sunday service until February. Impacts all 58 branches that offer Sunday service.	\$ (0.380)	-0.2%
Sunday Service - Sunday service will be reintroduced starting in February with the largest branches including R&R, district and the larger neighborhood libraries . These account to 42 of the 58 branches that offer Sunday service. The remaining 16 branches will be be phased in later in the year.	\$ (0.408)	-0.2%
11 smallest branches will reopen after the first quarter.	\$ (0.544)	-0.3%
	\$ (1.332)	-0.7%
Other Savings		
Fleet Reserve contribution reduced by 1/3: Less usage allowed new purchases to be pushed out slightly allowing for this reduction with no impact to funding status of reserve.	\$ (0.117)	-0.1%
Other changes including office supplies, staff overtime, conferences, travel/mileage, library programming and fleet fuel costs.	\$ (0.373)	-0.2%
	\$ (0.491)	-0.2%
Total Additional Savings in Revised Budget Submission	\$ (1.823)	-0.9%

Including the new savings identified in this report, TPL has now identified savings totalling \$4.462 million net, or 2.2%, which reduces the operating budget funding being requested from the City.

Table 4: Total Savings in Revised 2021 Operating Budget Submission

	2021	
Savings included in October submission	Impact (\$M)	%
Line by line efficiencies	\$ (0.209)	-0.1%
Voluntary Separation Program savings	\$ (2.012)	-1.0%
Foregoing library materials economic adjustment	\$ (0.418)	-0.2%
Subtotal : Phased reopening	\$ (2.639)	-1.3%
Additional savings in this report	\$ (1.823)	-0.9%
Total Savings in Revised Budget Submission	\$ (4.462)	-2.2%

Staff will continue to monitor the COVID-19 situation and directions from the City of Toronto, including Toronto Public Health, and from the Province of Ontario, to determine if further adjustments to the reopening plans and service offerings are required.

CONCLUSION

TPL's 2021 revised operating budget submission was developed to support the City's reopening, recovery and rebuild strategy; provide affordable, accessible and resilient digital supports as a public service; and advance equity in the city and workplace, all of which align with TPL's strategic plan. The base budget submission is a reasonable and responsible funding request necessary to maintain existing service levels and manage the resumption of services, while making adjustments in response to changing conditions and disruptions. The budget request allows for investments in additional digital and community-based services that support vulnerable populations and address the financial impacts and recovery from COVID-19.

CONTACT

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SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: Revised 2021 Operating Budget and 2022-2023 Outlook
Attachment 2: Timetable

TORONTO PUBLIC LIBRARY

Revised 2021 Operating Budget and 2022-2023 Outlook

	2021					2022 Outlook			2023 Outlook		
	STAFF	GROSS	REVENUE	NET	%	STAFF	NET	%	STAFF	NET	%
	FTE's	\$Ms				FTE's	\$Ms		FTE's	\$Ms	
2020 Council Approved Budget	1,769.8	217.334	20.640	196.695		1,787.8	202.398		1,800.8	209.744	
Base Budget Pressures											
1 Salary and Benefits costs	0.0	1.268	0.124	1.144	0.6%	0.0	4.364	2.2%	0.0	2.548	1.2%
Base Budget Changes											
2 Library Materials		0.523	0.105	0.418	0.2%		0.429	0.2%		0.440	0.2%
3 Utilities		0.244		0.244	0.1%		0.292	0.1%		0.269	0.1%
4 Supplies, Services and Rent		0.625		0.625	0.3%		0.270	0.1%		0.272	0.1%
5 Contracted Services		1.373		1.373	0.7%		0.500	0.2%		0.500	0.2%
6 Contribution to Fleet and Equipment Reserve		0.010		0.010	0.0%		0.011	0.0%		0.011	0.0%
7 Contribution to Insurance Reserve		-0.030		-0.030	0.0%						
8 Operating impact of capital - Technology projects		0.043		0.043	0.0%		0.400	0.2%		0.400	0.2%
9 Operating impact of capital - Building projects	2.0	0.072		0.072	0.0%	9.0	0.718	0.4%		0.491	0.2%
10 2021 Library Materials economic increase		-0.523	-0.105	-0.418	-0.2%						
11 Line by Line efficiencies		-0.144	0.065	-0.209	-0.1%						
12 Toronto Public Library Foundation Grants	3.0	0.500	0.500	0.000	0.0%						
13 Increase in recovery from capital			0.068	-0.068	0.0%						
	5.0	2.693	0.632	2.061	1.0%	9.0	2.619	1.3%	2.0	2.382	1.1%
Digital Service Modernization											
14 Digital Service Modernization	13.0	0.476	0.087	0.389	0.2%	4.0	0.490	0.2%	3.0	0.391	0.2%
Base Budget Increase - October 19	18.0	4.437	0.844	3.594	1.8%	13.0	7.473	3.7%	5.0	5.321	2.5%
15 Additional savings due to phased reopening plan		-1.332		-1.332	-0.7%		1.332	0.7%			
16 Other Additional savings		-0.491		-0.491	-0.2%		0.491	0.2%			
	0.0	-1.823	0.000	-1.823	-0.9%	0.0	1.823	0.9%			
Revised Base Budget Increase - November 16	18.0	2.614	0.844	1.771	0.9%	13.0	9.296	4.6%	5.0	5.321	2.5%
COVID-related Budget Pressures											
17 Increase in janitorial supplies		0.300		0.300	0.2%		-0.150	-0.1%		-0.150	-0.1%
18 Increase in janitorial services		1.000		1.000	0.5%		-0.500	-0.2%		-0.500	-0.2%
19 Increase in guard services		1.000		1.000	0.5%		-0.500	-0.2%		-0.500	-0.2%
20 Reduced tenant costs and revenues		-0.037	-0.153	0.116	0.1%		-0.058	0.0%		-0.058	0.0%
21 Reduction in Venues costs and revenues		-0.159	-0.856	0.697	0.4%		-0.348	-0.2%		-0.348	-0.2%
22 Reduction in Printing revenues			-0.252	0.252	0.1%		-0.126	-0.1%		-0.126	-0.1%
23 Reduction in Fines revenues			-0.567	0.567	0.3%		-0.267	-0.1%			
	0.0	2.104	-1.828	3.933	2.0%	0.0	-1.950	-1.0%	0.0	-1.683	-0.8%
Base Budget Increase - including COVID impacts	18.0	4.719	-0.985	5.703	2.9%	13.0	7.346	3.6%	5.0	3.638	1.7%
Revised 2021 Operating Base Budget	1,787.8	222.053	19.655	202.398	2.9%	1,800.8	209.744	3.6%	1,805.8	213.383	1.7%
Budget Enhancements											
24 Digital Literacy for Seniors	2.0	0.212		0.212	0.1%	2.0	0.511	0.3%			
25 Fines Elimination			-0.300	0.300	0.2%		1.400	0.7%		0.300	0.1%
26 Community Librarians Outreach	2.0	0.107		0.107	0.1%	2.0	0.305	0.2%			
27 Open Hours						96.0	8.583	4.2%	0.0	8.583	4.1%
subtotal - budget enhancements	4.0	0.319	-0.300	0.619	0.3%	100.0	10.799	5.3%	0.0	8.883	4.2%
Revised 2021 Budget Increase	22.0	5.038	-1.285	6.322	3.2%	113.0	18.145	9.0%	5.0	12.522	6.0%
Revised 2021 Operating Budget and 2022-2023 Outlook	1,791.8	222.372	19.355	203.017	3.2%	1,900.8	220.543	9.0%	1,805.8	222.266	6.0%

**Toronto Public Library
2021 Operating Budget
Budget Process Timetable**

Timetable	
TPL Board Meeting	November 16, 2020
Budget Committee Informal Reviews	November-December 2020 - TBD
Budget Launch - Budget Committee	January 14, 2021
Budget Committee Review / TPL presentation	January 20-22, 2021
Public Presentations - Budget Committee	January 25-26, 2021
TPL Board Meeting	January 25, 2021
Budget Committee Wrap-Up	January 28, 2021
Budget Committee Final Wrap-Up	February 4, 2021
Special Executive Committee	February 11, 2021
Special City Council	February 18, 2021
TPL Board Meeting	February 22, 2021