

To: Toronto Public Library Board – November 20, 2006

From: City Librarian

Subject: **2007 Operating Budget – City Manager Proposed Budget**

Purpose:

To provide the Toronto Public Library Board with reduction options to meet the City Manager's proposed 2007 operating budget for Toronto Public Library (TPL), and the impact of these options.

Funding Implications and Impact Statement:

The City Manager's proposed 2007 operating budget of \$148.8 million (net) is a 3.0 percent increase over the 2006 approved budget. This represents a \$2.2 million reduction to the 2007 base budget submission of \$151.0 million (net), which represents a 4.6 percent increase over 2006.

Recommendation:

It is recommended that the Toronto Public Library Board:

- (1) receive the *2007 Operating Budget – City Manager Proposed Budget* report;
- (2) review the options for reducing the 2007 operating base budget by \$2.2 million to achieve the City Manager's proposed budget; and
- (3) provide direction to staff.

Background:

At its meeting on October 16, 2006, the Library Board approved a 2007 Operating Base Budget Request submission of \$151.1 million net (\$165.2 million gross), which represents a 4.6 percent increase over 2006. At the time of the budget submission, the Council-approved target was a zero percent budget increase for 2007, which would have resulted in a reduction of \$6.6 million to the budget request.

During October and November, Library staff met with the City Manager and Chief Financial Officer to review TPL's 2007 operating budget request. These reviews resulted in a City Manager proposed 2007 operating budget with a three percent increase, which would result in a reduction to the budget request.

Comments:

The City Manager's proposed budget results in a \$2.2 million reduction to the 2007 Operating Base Budget Request. Attachment 1 describes two reduction options to reduce the base budget by \$2.2 million and the operational impacts.

Minor Service Impact

Under both Options 1 and 2, five reductions totaling \$1.285 million have been identified, which have minor service impacts:

- (1) TPL has committed to continue with the \$335,300 of cost containment measures implemented to achieve a reduction target assigned as part of the 2006 operating budget approval process;
- (2) Of the \$927,700 in general economic adjustments for 2007, TPL will implement cost control measures to reduce the request by \$400,000;
- (3) A \$350,000 one-time draw on development charge reserves to partially fund library materials would create temporary budget relief in 2007, but would create a budget pressure in 2008;
- (4) TPL has been investigating options around re-selling some of its used and discarded books. An estimated annual revenue stream of \$100,000 would reduce the budget request; and
- (5) A review of photocopy and fax equipment (and related telephone lines) will be undertaken with the objective to achieve a \$100,000 cost reduction.

Major Service Impact

To achieve the City Manager's proposed budget target would result in a further \$1.0 million of reductions which involve reductions to Library service. Options 1 and 2 are provided in Attachment 1.

Shorten Sunday Season

Option 1

- (6) Shortening the Sunday season from 37 to 28 Sundays in 22 libraries will save \$295,695 annually. Five libraries (Toronto Reference Library, North York Central Library,

Cedarbrae District, Lillian H. Smith District and Richview District) will continue the full season of 37 Sundays ensuring that some service remains available across the City;

Option 2

- (7) Shortening the Sunday season from 37 to 28 Sundays in all 27 libraries will save \$501,848 annually.

Library Materials Reduction

Option 1

- (8) Of the \$330,528 economic adjustment for library materials in 2007, a 50 percent reduction would reduce the budget request by \$165,250. This reduction would represent 0.9 percent of the library materials budget, and result in the purchase of 6,610 fewer items;

Option 2

- (9) Foregoing the full 2007 economic adjustment would result in a budget reduction of \$330,500. This reduction would represent 1.9 percent of the library materials budget and result in the purchase of 13,200 fewer items.

Further Service Hours and/or Library Materials Reductions

- (10) The balance of the reductions, \$499,015 under **Option 1** and \$127,612 under **Option 2**, would be achieved by further reductions to service hours and/or library materials spending, and staff are working on preparing options to achieve these reductions. Access to collections, information services, internet services and study space could be reduced and there could be fewer morning and evening hours available for residents to access library services. Because of the late budget approval and the requirement to provide notice to the public, only 50 percent of the total savings from service hours would be achievable in 2007, which means that library materials spending would be temporarily reduced in 2007 to achieve full cost savings.

Earlier Reduction Scenarios

In preparation for discussions with City staff, TPL had prepared various reduction scenarios. Attachment 2, for information only, shows earlier reduction scenarios at zero percent and three percent budget increase.

Conclusion:

The City will publicly launch the 2007 operating budget in January 2007, with a planned Council approval at the end of March 2007. Staff will continue to update the Board on any developments with the 2007 Operating Budget.

Contact:

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

Josephine Bryant
City Librarian

List of Attachments:

Attachment 1: 2007 Operating Budget – Reduction Options - City Manager’s Proposed Budget
Attachment 2: 2007 Operating Budget – Reduction Options - Earlier Reduction Scenarios.