



STAFF REPORT ACTION REQUIRED

12.

2019 Operating Budget Submission – Revised

Date:	October 29, 2018
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library (TPL) Board approval for the revised 2019 operating budget submission. The revised 2019 base budget request is \$187.296 million net, which represents a \$4.903 million, or 2.7%, net increase over the 2018 budget and is a reasonable and responsible funding request necessary to maintain existing services and service levels.

The revised base budget increase of \$4.903 million net is comprised of \$2.229 million net, or 1.2%, of recurring base budget pressures and \$2.674 million net, or 1.5%, of legislated or other base budget pressures.

City finance staff has advised that the two prior year Council-approved budget enhancements comprised of two additional Youth Hub locations totalling \$0.260 million net, or 0.1%, and seasonal Sunday service enhancement at eight Neighbourhood branches totalling \$0.208 million net (full-year costing of \$0.416 million), 0.1%, should be reclassified from base pressures to new enhancement requests. This reclassification results in a lower base budget increase of \$4.903 million, or 2.7%, down from \$5.371 million, or 2.9%, approved at the September 24, 2018 Board meeting.

The revised 2019 operating budget submission also includes service enhancements totalling \$3.815 million, up from the \$3.347 million approved at the September 24 Board meeting, and is comprised of: two additional Youth Hub locations for a cost of \$0.260 million net; seasonal Sunday service enhancement for a cost of \$0.208 million net (full-year costing of \$0.416 million); and phase 1 of the Open Hours Plan for a cost of \$3.347 million net (full year costing of \$5.578 million).

Including service enhancements, the total operating budget submission is \$191.111 million net and remains unchanged from the September 24 Board meeting at 4.7%.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the revised 2019 operating base budget submission of \$187.296 million net (\$206.517 million gross), which represents a \$4.903 million net (\$4.800 million gross) increase, or 2.7%, over the 2018 operating budget; and
2. approves the revised 2019 budget enhancements totalling \$3.815 million net and gross comprised of:
 - 2.1 prior year Council-approved budget enhancements comprised of two additional Youth Hub locations of \$0.260 million net and gross, including 2.0 full-time equivalents and seasonal Sunday service enhancement at eight Neighbourhood branches of \$0.208 million net and gross (full-year costing of \$0.416 million net); and
 - 2.2 phase 1 of the Open Hours Plan totalling \$3.347 million net and gross (full-year costing of \$5.578 million net), including 40.9 full-time equivalents, that focuses on adding Monday to Saturday service hours, Sunday service and introducing late evening hours of service.

FINANCIAL IMPACT

City finance staff has advised that the two prior year Council-approved budget enhancements comprised of two additional Youth Hub locations totalling \$0.260 million net, or 0.1%, and seasonal Sunday service enhancement at eight Neighbourhood branches totalling \$0.208 million net (full-year costing of \$0.416 million), 0.1%, should be reclassified from base pressures to new enhancement requests.

The revised 2019 operating base budget submission of \$187.296 million net (\$206.517 million gross) represents a net budget increase of \$4.903 million, or 2.7%, over the Council-approved 2018 operating budget and is comprised of \$2.229 million net, or 1.2%, related to recurring base budget pressures and \$2.674 million net, or 1.5%, related to legislated or other base budget pressures, as summarized in Table 1:

Table 1: Revised 2019 Operating Base Budget Summary (\$millions)

	<u>FTE</u>	<u>Gross</u>	<u>Revenue</u>	<u>Net</u>	<u>%</u>
2018 Approved Operating Budget	1,734.8	201.717	19.324	182.393	
Recurring cost pressures	(4.5)	2.776	0.547	2.229	1.2%
Other base cost pressures		2.024	(0.650)	2.674	1.5%
Base Budget increase	(4.5)	4.800	(0.103)	4.903	2.7%
2019 Operating Base Budget	1,730.3	206.517	19.221	187.296	2.7%

The revised 2019 operating budget submission also includes service enhancements totalling \$3.815 million, up from the \$3.347 million approved at the September 24 Board meeting, and is comprised of: two additional Youth Hub locations for a cost of \$0.260 million net, including 2.0 FTEs; seasonal Sunday service enhancement for a cost of \$0.208 million net (full-year costing of \$0.416 million); and phase 1 of the Open Hours Plan for a cost of \$3.347 million net (full-year costing of \$5.578 million), including 40.9 FTEs. Including service enhancements, the total revised operating budget submission is \$191.111 million net, or 4.7%.

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

ALIGNMENT WITH STRATEGIC PLAN

The operating budget supports TPL's strategic plan by supporting digital literacy and inclusion, enhancing access to information, technology and e-learning and transforming library operations for 21st century service excellence.

DECISION BACKGROUND

At its meeting on September 24, 2018, the Board approved a [2019 Operating Budget Submission](#) of \$187.764 million net (\$206.985 million gross), which represented a \$5.371 million net (\$5.268 million gross) increase, or 2.9%, over the 2018 operating budget.

Also approved at the meeting were 2019 budget enhancements of \$3.347 million net and gross (full-year costing of \$5.578 million net), including 40.9 FTEs, which represented the first phase of the Open Hours Plan. Including the base funding, the total 2019 operating budget submission was \$191.111 million net (\$210.332 million gross), which represented an \$8.718 million, or 4.7%, net increase over the 2018 budget.

COMMENTS

Through the budget review process, City finance staff advised that the two prior year Council-approved budget enhancements totalling \$0.468 million net, or 0.2%, be reclassified as new enhancement requests, resulting in a revised base budget increase of \$4.903 million,

or 2.7%, and a revised 2019 budget enhancement totalling \$3.815 million, or 2.0%, as detailed in Table 2:

Table 2: Comparison of September 24 submission and Revised Operating Budget (\$millions)

	Sept 24 Meeting			Revised - Oct 29 Meeting		
	FTE	Net	%	FTE	Net	%
2018 Approved Operating Budget	1,734.8	182.393		1,734.8	182.393	
Base Pressures						
Staffing related net budget pressures	(4.5)	0.915	0.5%	(4.5)	0.915	0.5%
Non-staffing related net budget pressures		1.314	0.7%		1.314	0.7%
Recurring net base pressures	(4.5)	2.229	1.2%	(4.5)	2.229	1.2%
Reversal of one-time bridging strategies		1.900	1.0%		1.900	1.0%
Bill 148 legislation - Parental leave		0.774	0.4%		0.774	0.4%
<i>2019 Additional locations for Youth Hubs</i>		<i>0.260</i>	<i>0.1%</i>		<i>-</i>	<i>0.0%</i>
<i>2019 Sunday Service Enhancement</i>	<i>2.0</i>	<i>0.208</i>	<i>0.1%</i>		<i>-</i>	<i>0.0%</i>
Other base pressures	2.0	3.142	1.7%	-	2.674	1.5%
Base Budget Increase	(2.5)	5.371	2.9%	(4.5)	4.903	2.7%
2019 Operating Base Budget	1,732.3	187.764	2.9%	1,730.3	187.296	2.7%
Budget Enhancements						
<i>2019 Additional locations for Youth Hubs</i>		<i>-</i>	<i>0.0%</i>	<i>2.0</i>	<i>0.260</i>	<i>0.1%</i>
<i>2019 Sunday Service Enhancement</i>		<i>-</i>	<i>0.0%</i>		<i>0.208</i>	<i>0.1%</i>
		<i>-</i>	<i>0.0%</i>	<i>2.0</i>	<i>0.468</i>	<i>0.2%</i>
Open Hours Plan - Phase 1	40.9	3.347	1.8%	40.9	3.347	1.8%
	40.9	3.347	1.8%	42.9	3.815	2.0%
2019 Operating Budget Submission	1,773.2	191.111	4.7%	1,773.2	191.111	4.7%

The reclassification of the two prior year Council-approved enhancements results in an increase to the service enhancements request of \$3.815 million, or 2.0%, up from \$3.347 million, or 1.8%, as approved at the September 24, 2018 Board meeting. Including service enhancements, the full 2019 operating budget submission remains unchanged at 4.7%.

CONCLUSION

TPL's revised 2019 base budget request, which represents a 2.7% net increase, is a reasonable and responsible funding request necessary to maintain existing services and service levels.

The 2019 revised operating budget submission also includes service enhancements totalling \$3.815 million and supports many of the Library's and City Council's strategic priorities.

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946;
Email: lhughsam@torontopubliclibrary.ca

SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Appendix 1: Revised 2019-2021 Operating Base Budget Summary

TORONTO PUBLIC LIBRARY
Revised 2019 Operating Base Budget and 2020-2021 Outlook

	CATEGORY	2019 Operating Budget			2020 Outlook			2021 Outlook				
		STAFF FTE's	NET \$Ms	%	STAFF FTE's	NET \$Ms	%	STAFF FTE's	NET \$Ms	%		
1	2018 COUNCIL APPROVED ADJUSTED BUDGET		1,734.8	182.393		1,730.3	187.296		1,730.3	190.146		
	<u>Base Budget Pressures</u>											
2	Salary and benefits COLA increase	Staffing		2.793	1.5%		1.345	0.7%		0.507	0.3%	
3	Bill 148 - Parental leave and minimum wage	Bill 148		0.774	0.4%		0.094	0.1%				
4	Increase in Security Guard Contract	Other		0.547	0.3%		0.042	0.0%		0.088	0.0%	
5	Library collections economic increase	Other		0.498	0.3%		0.510	0.3%		0.523	0.3%	
6	Supplies and services economic factor	Other		0.392	0.2%		0.399	0.2%		0.413	0.2%	
7	Increase in cost of contracted services	Other		0.386	0.2%		0.529	0.3%		0.560	0.3%	
8	Increase in cost of utilities	Other		0.359	0.2%		0.297	0.2%		0.328	0.2%	
9	e-Learning Initiative (2nd year annualization)	Staffing		0.050	0.0%							
10	Operating impact of capital projects	Other		0.028	0.0%		0.102	0.1%	9.2	0.902	0.5%	
11	Reversal of NYCL bridging strategy (2018)	Reversal of one-time bridging		1.250	0.7%							
12	Reversal of temporary increase DC draw on collections (2017)	Reversal of one-time bridging		0.650	0.4%							
	subtotal - base budget pressures			0.0	7.726	4.2%	0.0	3.318	1.8%	9.2	3.321	1.7%
	<u>Efficiencies & Revenue Increases</u>											
	<u>Expenditure Savings</u>											
13	Benefit savings - claims experience	Staffing		-0.950	-0.5%							
14	Increase gapping from 2.8% to 3.0%	Staffing		-0.503	-0.3%							
15	Line by line review - overtime, travel, etc.	Other		-0.357	-0.2%							
				0.0	-1.811	-1.0%	0.0	0.000	0.0%	0.0	0.000	0.0%
	<u>Revenue increases</u>											
16	Increase in print revenue due to technological innovation	Other		-0.275	-0.2%							
17	Increase in recovery of project management fees	Other		-0.155	-0.1%		(0.222)	-0.1%		(0.254)	-0.1%	
18	Inflationary increase in premium room rentals, tenant leases	Other		-0.067	0.0%		(0.076)	0.0%		(0.077)	0.0%	
19	Increase in funding of Collections from DC reserve	Other		-0.041	0.0%		(0.171)	-0.1%				
				0.0	-0.537	-0.3%	0.0	(0.468)	-0.3%	0.0	(0.331)	-0.2%
	<u>2nd Year of Technological Innovation</u>											
20	Answerline & Community Space Rental Modernization	Staffing		-3.0	-0.290	-0.2%						
21	Expansion of technological efficiencies (VOIP, MFD, Pay-for print)	Staffing		-1.5	-0.185	-0.1%						
	subtotal - efficiencies			-4.5	-0.475	-0.3%						
				-4.5	-2.823	-1.5%	0.0	(0.468)	-0.3%	0.0	(0.331)	-0.2%
22	Base Budget Increase			-4.5	4.903	2.7%	0.0	2.850	1.5%	9.2	2.990	1.6%
23	Revised 2019 Operating Base Budget and 2020-2021 Outlook			1,730.3	187.296	2.7%	1,730.3	190.146	1.5%	1,739.5	193.136	1.6%

SUMMARY BY CATEGORY

Staffing	-4.5	0.915	0.5%
Other		1.314	0.7%
Recurring Base Pressures	-4.5	2.229	1.2%
Reversal of one-time bridging		1.900	1.0%
Bill 148		0.774	0.4%
Other Base Pressures	0.0	2.674	1.5%
Base Budget Increase	-4.5	4.903	2.7%