



## STAFF REPORT ACTION REQUIRED

### 2019 Operating Budget Submission – Revised

|              |                              |
|--------------|------------------------------|
| <b>Date:</b> | October 29, 2018             |
| <b>To:</b>   | Toronto Public Library Board |
| <b>From:</b> | City Librarian               |

### SUMMARY

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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

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### **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

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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>    |
|---------------------------------------|----------------|----------------|----------------|----------------|-------------|
| <b>2018 Approved Operating Budget</b> | <b>1,734.8</b> | <b>201.717</b> | <b>19.324</b>  | <b>182.393</b> |             |
| 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%        |
| <b>Base Budget increase</b>           | <b>(4.5)</b>   | <b>4.800</b>   | <b>(0.103)</b> | <b>4.903</b>   | <b>2.7%</b> |
| <b>2019 Operating Base Budget</b>     | <b>1,730.3</b> | <b>206.517</b> | <b>19.221</b>  | <b>187.296</b> | <b>2.7%</b> |

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 21<sup>st</sup> 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)**

|   | <b>Sept 24 Meeting</b> |                |             | <b>Revised - Oct 29 Meeting</b> |                |             |
|---|------------------------|----------------|-------------|---------------------------------|----------------|-------------|
|   | <u>FTE</u>             | <u>Net</u>     | <u>%</u>    | <u>FTE</u>                      | <u>Net</u>     | <u>%</u>    |
| <b>2018 Approved Operating Budget</b>           | <b>1,734.8</b>         | <b>182.393</b> |             | <b>1,734.8</b>                  | <b>182.393</b> |             |
| <u>Base Pressures</u>                           |                        |                |             |                                 |                |             |
| 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%        |
| <b>Recurring net base pressures</b>             | <b>(4.5)</b>           | <b>2.229</b>   | <b>1.2%</b> | <b>(4.5)</b>                    | <b>2.229</b>   | <b>1.2%</b> |
| 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> |
| <b>Other base pressures</b>                     | <b>2.0</b>             | <b>3.142</b>   | <b>1.7%</b> | <b>-</b>                        | <b>2.674</b>   | <b>1.5%</b> |
| <b>Base Budget Increase</b>                     | <b>(2.5)</b>           | <b>5.371</b>   | <b>2.9%</b> | <b>(4.5)</b>                    | <b>4.903</b>   | <b>2.7%</b> |
| <b>2019 Operating Base Budget</b>               | <b>1,732.3</b>         | <b>187.764</b> | <b>2.9%</b> | <b>1,730.3</b>                  | <b>187.296</b> | <b>2.7%</b> |
| <u>Budget Enhancements</u>                      |                        |                |             |                                 |                |             |
| <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>-</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%        |
|   | <b>40.9</b>            | <b>3.347</b>   | <b>1.8%</b> | <b>42.9</b>                     | <b>3.815</b>   | <b>2.0%</b> |
| <b>2019 Operating Budget Submission</b>         | <b>1,773.2</b>         | <b>191.111</b> | <b>4.7%</b> | <b>1,773.2</b>                  | <b>191.111</b> | <b>4.7%</b> |

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](mailto:lhughsam@torontopubliclibrary.ca)

## **SIGNATURE**

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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

|    |  | 2019 Operating Budget         |         |         |       | 2020 Outlook |         |       | 2021 Outlook |         |       |
|----|--|-------------------------------|---------|---------|-------|--------------|---------|-------|--------------|---------|-------|
|    |  | CATEGORY                      | STAFF   | NET     | %     | STAFF        | NET     | %     | STAFF        | NET     | %     |
|    |  |                               | FTE's   | \$Ms    |       |              | FTE's   |       |              | \$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 &amp; 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% |              |         |       |              |         |       |
|    |  |                               | -4.5    | -0.475  | -0.3% |              |         |       |              |         |       |
|    | subtotal - efficiencies  |                               | -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%        |
| <b>Recurring Base Pressures</b> | <b>-4.5</b> | <b>2.229</b> | <b>1.2%</b> |
| Reversal of one-time bridging   |             | 1.900        | 1.0%        |
| Bill 148                        |             | 0.774        | 0.4%        |
| <b>Other Base Pressures</b>     | <b>0.0</b>  | <b>2.674</b> | <b>1.5%</b> |
| <b>Base Budget Increase</b>     | <b>-4.5</b> | <b>4.903</b> | <b>2.7%</b> |