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2003 BUDGET BRIEFING NOTE

Toronto Public Library Adjustments to Achieve the 2003 EMT Target

Issue/Background:

The Toronto Public Library's (TPL) 2003 Operating Budget submission had a requested base increase of \$7.136 million or 6.1%. During the review process, the EMT recommended downward reclassifications of \$0.209 million and a reduction of \$2.284 million to the base budget request, which would bring the total base increase down to 4.0%.

At its November 2002 Board meeting, options were considered to achieve the \$2.284 million EMT recommended reduction. Library staff was able to identify \$1.297 million of reductions which would have minor service impacts, but the remaining \$0.987 million of reductions would have a major impact on service, affecting library materials or hours of service.

Library staff have done further analysis on identifying ways to achieve the remaining \$0.987 million reduction while minimizing the impact on service. Appendix 1 is a Library staff proposal to achieve the required reductions; it has been reviewed with members of the Board's Budget Group, but not the full Library Board.

Key Point(s):

- On November 25, 2002, the Provincial government introduced legislation to freeze electricity prices, retroactive to May 1, 2002. Based on initial input from the City's Energy & Waste Management Division, the price freeze could provide budget relief to TPL. The proposal is to reduce the 2003 economic adjustment for hydro from 5% to 0% saving \$0.135 million, and to further reduce the hydro budget by an additional 2%, saving an additional \$0.054 million. The details of the price freeze are still being finalized, but any under or over achievement will add to or reduce the Unallocated Reduction below.
- The 2003 economic adjustment on library materials will be reduced from 6% to 4%, saving \$0.260 million. This is a reduction in service.
- Closing libraries at 5:00pm in July and August will save \$0.165 million. Library use tends to be relatively lower on Friday evenings in the summer. This will impact approximately 30,000 citizens annually. This is a reduction in service.

- TPL has hired the services of City Real Estate and all tenant leases are being reviewed. There is a potential to increase rent revenues, on account or property taxes, by approximately \$0.060 million.
- There remains an unallocated reduction of \$0.313 million, which will be managed from identified cost savings throughout the year. These savings are in addition to the already identified \$1.297 million of reductions which would have minor service impacts.

Outstanding Issues:

1) High Gapping Target

TPL's 2002 gapping target was \$3.4 million or 3.5%. As part of the 2003 Operating Budget submission, \$0.9 million was requested to reduce the gapping target down to 2.6%. Following the City's budget guidelines, the gapping reduction request was classified as an "Enhancement" which is not being recommended by the EMT. If the gapping target remains at 3.5%, this would be one of the highest of any City department or special purpose body. Given TPL's increasing usage activity, the high gapping target cannot be sustained indefinitely.

2) Service Impacts

The reduction to the 2003 economic adjustment on library materials as well as the Friday evening closures during the summer will result in service reductions.

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