



**STAFF REPORT
ACTION REQUIRED**

13.

2012 Operating Budget – Budget Suggestions

Date:	November 21, 2011
To:	Toronto Public Library Board
From:	Budget Committee

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with the Budget Committee's recommendations regarding suggestions received from Board members regarding increasing revenues and reducing costs.

At the meeting on October 17, 2011, the Board reviewed the *2012 Operating Budget Submission* and approved efficiencies and additional revenues of \$9.717 million net, which represent a 5.7% decrease from the 2011 budget. The balance of \$7.327 million from service reductions to open hours and collections, which represents 4.3% of the 10% reduction target, was referred to the Budget Committee, which is to report back to the November Board meeting on potential alternatives to the proposed service reductions.

Some of the suggestions in the report from the Budget Committee report may result in increased revenues or lower costs, but the impact in 2012 is not expected to be significant. There is, however, a potential for greater impact in subsequent years.

There still remains a shortfall of \$7.327 million or 4.3% in order to meet the full 10% reduction target of \$17.044 million.

RECOMMENDATIONS

The Budget Committee recommends that the Toronto Public Library Board:

1. approves the recommended actions as shown in Appendix 1 of Attachment 2;
2. requests the City Librarian to report to the Board regarding the changes proposed by M. Foderick to Appendix 1 of Attachment 2:
Suggestion 3: Increase Overdue Fines – The City Librarian be asked to report back to the next meeting of the Budget Committee, to be held prior to the November 21 Board Meeting, on the projected revenue implications of the following scenarios;

- a. Increasing adult fines to 60 cents, 75 cents and \$1 per day;
- b. Increasing children's fines to 25 cents, 35 cents and 50 cents per day;
- c. Increasing Best Books and DVD fines to \$1.10, \$1.25 and \$1.50 per day;
- d. The feasibility of a different fine schedule for low-income users;
- e. Clarifying and improving fine forgiveness thresholds for low-income residents in the policy;

Suggestion 4: New fine for holds not picked up – The City Librarian be asked to report back to the next meeting of the Budget Committee with an implementation plan for a fine for holds not picked up, to start January 1, 2012;

Suggestion 6: Introduce pay parking at branches – The City Librarian be asked to confer with the Toronto Parking Authority on the feasibility of installing pay and display machines at all potentially suitable TPL-owned parking lots: 12 joint facilities, 31 “smaller lots,” and 9 “larger branches,” as discussed in Attachment E, and report back to the next Budget Committee meeting on the results of these discussions;

Suggestion 7: Program sponsorships – The City Librarian be asked to report to the Board in Q.1 2012 on all existing and potential sponsorships, including:

- a. A full list of what is currently sponsored at the TPL;
- b. A proposed list of any programs, collections or capital renovations (not including the renaming of branches themselves), etc., that the City Librarian believes has potential to be sponsored at the TPL;
- c. Suggestions solicited from the Toronto Public Library Foundation on what they would like the Board to authorize the sponsorship of;

Suggestion 10: Sponsorship of WIFI services – Defer this item to the next Budget Committee meeting pending Budget Committee review (confidential, if necessary) of the Rogers/GTAA agreement, and the existing TPL WIFI contract;

Suggestion 11: Expand advertising channels and opportunities –

- a. The City Librarian be asked to report to the Board in Q.1 2012 on a proposed Advertising Policy, as she has recommended;
- b. The City Librarian be asked to report to the December Board meeting specifically on the feasibility of an advertising bookmark, as suggested by B. Wulffhart;

Suggestion 12: Used-book sales in branches – The City Librarian be asked to report to the Board in Q1 2012 with an update;

Suggestion 13: Sell ebooks online –

- a. The City Librarian be asked to report to the next meeting of the Budget Committee on the feasibility of partnering with

- Overdrive, or another appropriate partner, to sell ebooks online through the TPL's website;
- b. The City Librarian be asked to report to the Board in Q.1 2012 on the feasibility of a retail function for book sales on the Library website, including potential partnerships with existing retailers;

Suggestion 14: Individuals to purchase collections – The City Librarian be asked to report to the Board no later than Q.2 2012 on the feasibility of these ideas; and

3. does not recommend the closing of any library or the reduction of hours at any library, or any of the following proposals listed in Nos. 15 – 21 of Appendix 1:

- 15. Thermostat (further temperature setbacks);
- 16. Cut programming;
- 17. Eliminate computers;
- 18. Warehouse collections and reduce collections spending;
- 19. Reduce size of branches;
- 20. Close 38 branches;
- 21. Close North York Central.

FINANCIAL IMPACT

At the meeting on October 17, 2011, the Board reviewed the *2012 Operating Budget Submission* and approved efficiencies and additional revenues of \$9.717 million net, which represent a 5.7% decrease from the 2011 budget. The balance of \$7.327 million from service reductions to open hours and collections, which represents 4.3% of the 10% reduction target, was referred to the Budget Committee, which is to report back to the November Board meeting on potential alternatives to the proposed service reductions.

Some of the suggestions in the report from the Budget Committee may result in increased revenues or lower costs, but the impact in 2012 is not expected to be significant. There is, however, a potential for greater impact in subsequent years.

There still remains a shortfall of \$7.327 million or 4.3% in order to meet the full 10% reduction target of \$17.044 million.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At its meeting on October 17, 2011, the Board reviewed the *2012 Operating Budget Submission* and adopted the following motions:

1. *approves a 2012 operating budget funding request of \$164.835 million net (\$179.565 million gross), which achieves \$9.717 million or 5.7% of the Library's 10% budget reduction target of \$17.044 million;*

3. *approves an additional one-time draw of Development Charges for collections of up to \$2 million in 2012 to assist with transitioning to full budget reductions in 2012, resulting in an operating budget submission of \$157.508 million net (\$174.239 million gross); and*
4. *authorizes staff to conduct public consultation about the impact of potential reductions in service hours and collections and directs staff to report on the results of consultation at the November or December Board meeting.*

With regards to recommendation 2 concerning a further budget decrease of \$7.327 million from service reductions to open hours and collections, which represents 4.3% of the 10% reduction target, the Board adopted the following:

...recommendation 2 be referred to the Budget Committee, to report back to the next regular Board meeting on alternatives to the proposed service reductions, including the feasibility of various cost-saving and revenue-generating ideas from Board members that shall be forwarded to the City Librarian prior to the Budget Committee meeting.

The report from the Budget Committee (Attachment 2) summarizes the suggestions that have been received from Board members, and provides some background, assessment and potential budget impact.

COMMENTS

The recommendations from the Budget Committee are included in Attachment 1, *Budget Committee - 2012 Operating Budget - Budget Suggestions – Motions and Actions Arising from the Meeting*.

Many of the budget suggestions contained in the report from the Budget Committee will require additional work to assess their feasibility and possible operational, legal and budget impacts. Also, some of the suggestions would involve new policies or amendments to existing policies, and in some cases, a fundamental change to the Library's current service mandate.

Given the considerable resources already committed to implementing the Board-approved \$9.717 million of efficiencies and revenue increases, and the expected lead time required to assess and implement many of the suggestions, it is unlikely that significant revenues or cost reductions will result in 2012 from the suggestions. There is, however, a potential for greater impact in subsequent years.

After applying the Board-approved \$9.717 million of efficiencies and additional revenues, there still remains a shortfall of \$7.327 million or 4.3% in order to meet the full 10% reduction target of \$17.044 million. Service reductions to open hours and collections totalling \$7.347 million were presented to the Board for consideration at its meeting on October 17, 2011.

CONTACT

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SIGNATURE

Jane Pyper
City Librarian

ATTACHMENTS

Attachment 1: (November 1, 2011) Budget Committee – 2012 Operating Budget -
Budget Suggestions – Motions and Actions Arising from the Meeting
Attachment 2: (November 1, 2011) City Librarian Report to the Budget Committee –
2012 Operating Budget – Budget Suggestions