



## STAFF REPORT ACTION REQUIRED

13.

### 2008 Operating Budget – City Manager Recommended Target

<b>Date:</b>	January 21, 2008
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

#### **SUMMARY**

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The purpose of this report is to present reduction options to the Toronto Public Library Board in order to meet the City Manager recommended 2008 operating budget target of \$169.988 million gross (\$155.674 million net) or a four percent increase which requires a reduction of \$700,000 to the Board approved budget request of \$170.688 million gross (\$156.374 million net).

#### **RECOMMENDATIONS**

**The City Librarian recommends that the Toronto Public Library Board:**

1. Receives the *2008 Operating Budget – City Manager Recommended Target* report;
2. Approves the reduction options totalling \$700,000 in order to meet the City Manager recommended 2008 operating budget target of \$169.988 million gross (\$155.674 million net) or a four percent increase;
3. Adopts the reduced 2008 operating budget of \$169.988 million gross (\$155.674 million net) as shown in Attachment 2, subject to Council approval; and
4. Authorizes and directs the appropriate staff to take the necessary action to give effect thereto.

#### **FINANCIAL IMPACT**

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The City Manager recommended budget of \$169.988 million gross (\$155.674 million net) represents a four percent increase over the 2007 approved budget. The recommended budget requires a \$700,000 reduction to the 2008 budget request of \$170.688 million gross (\$156.374 million net) which represents a 4.5 percent increase.

## ISSUE BACKGROUND

In October 2007, the Board approved a 2008 operating budget request of \$170.688 million gross (\$156.374 million net) which represents a 4.5 percent increase over the prior year. In October and November 2007, meetings were held with the Board Budget Working Group, Budget Committee representatives, and the City Manager and Deputy City Manager and Chief Financial Officer. At its meeting in November 2007, the Board was presented with an update report on the status of the 2008 operating budget, with possible reductions scenarios to achieve a three percent overall budget increase even though no target had been received at the time, apart from the overall City target of a zero percent increase.

City Finance staff has now communicated that the City Manager recommended 2008 operating budget target is a four percent increase, which results in a \$700,000 reduction to the Board-approved budget request.

## COMMENTS

### 2007 Cost Containment Measures

Cost containment measures implemented in 2007 included a hiring freeze, reduction of spending on library materials, a delay in the reopening of the Jane/Dundas branch, and a reduction in discretionary spending. The proposed savings from Sunday closures were not achievable. After considering the budget pressure from sick-leave pay-outs during the year, the current projection is for a 2007 net cost-savings of \$635,000 to be returned to the City.

### 2008 Budget Reductions

The required \$700,000 reduction represents a 0.5 percent reduction to the Board requested budget. To meet the target, every effort is being made to avoid significant service reductions. Attachment 1 lists reduction options totalling \$700,000 and describes their impacts in detail.

- **Training, Conference and Travel**  
A \$75,000 reduction to training, conference and travel is proposed as a continuation of the 2007 discretionary spending curtailment. Reduced training and conferences result in lower staff productivity which could negatively impact customer service.
- **Bloor/Gladstone Reopening**  
Based on the current construction schedule, the Bloor/Gladstone Branch reopening has been delayed by two months resulting in a savings of \$80,000. The branch is scheduled to reopen in the fall of 2008.

- **Security Audit**  
A delay to the planned security audit of the Information Technology environment would result in a \$60,000 savings. This initiative was already delayed in 2007 as part of the cost containment measures. A further delay will result in the absence of an IT security policy and may therefore increase security risks.
- **2008 Library Materials Economic Adjustment**  
Due to a strong Canadian dollar, the 2008 economic increase for library materials can be eliminated without negatively impacting the purchasing power of the library materials budget. Despite the strong Canadian dollar, continuing pressures on the library materials budget include the demand for multiple languages and multiple formats due to changing technology. Availability of current materials impacts circulation.
- **Unallocated Budget Reduction**  
To achieve a further \$143,000 reduction, spending will be monitored during the year to take advantage of any cost-savings opportunities as they arise. If the required cost savings cannot be achieved, then the library materials budget will be reduced.

### **Budget Adoption**

Attachment 2 shows the City Manager recommended reduced budget in the format which is used for Council approval and Board adoption.

### **Timetable**

Attachment 3 provides an updated timetable for the 2008 operating budget review and approval process.

### **CONTACT**

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### **SIGNATURE**

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Josephine Bryant  
City Librarian

Attachment 1 – 2008 Operating Budget - Reduction to Meet City Manager Target of 4%

Attachment 2 – 2008 Operating Budget - Adoption

Attachment 3 – 2008 Operating Budget Process Timetable