



To: Toronto Public Library Board – December 13, 2004

From: City Librarian

Subject: **2005 Operating Budget – EMT Recommended Budget**

Purpose:

To inform the Toronto Public Library Board of the impact of the Executive Management Team (EMT) recommended revisions and reductions to the 2005 Operating Budget, and present options to the Library Board for achieving these reductions.

Funding Implications and Impact Statement:

The EMT Recommended Budget of \$130.422 million is a 1.3 percent increase over the 2004 approved budget. This represents a \$3.729 million reduction from the budget submission of \$134.151 million, which represented a 4.2 percent increase over 2004.

Service reductions are required to achieve the EMT Recommended Budget.

Recommendation:

It is recommended that the Toronto Public Library Board:

- (1) receive the *2005 Operating Budget – EMT Recommended Budget* report on the EMT recommended revisions and reductions to the 2005 Operating Budget,
- (2) receive the options for achieving the EMT recommended \$1.0 million unallocated reduction, appended as Attachment 2, and provide direction to staff; and
- (3) receive the EMT recommended reduction of \$0.328 million New/Enhanced Services and provide direction to staff.

Background:

At its meeting of November 15, 2004, the Board received and approved the 2005 Operating Budget Submission which at \$134.151 million represents a 4.2 percent increase over 2004. During November, Library staff met with the City's Chief Administrative Officer (CAO) and Chief Financial Officer (CFO) to review the Library's operating budget submission. This review resulted in recommended revisions and reductions to the original budget submission and formed

the basis for the EMT Recommended Budget. On December 6, 2004, the CAO and CFO presented the EMT Recommended Budget.

Comments:

The EMT recommended budget contained certain revisions and reductions to the original submission. A summary of EMT recommended adjustments is shown in the table below.

	<u>Original Submission</u> %	EMT (\$000's)			
		<u>Revisions</u>	<u>Reductions</u>	<u>Budget</u>	<u>%</u>
2004 Approved Budget	128,730.2	-	-	128,730.2	
Economic Adjustment & Prior Year Impacts	3.4% 4,297.3	(300.0)	(1,401.2)	2,596.1	2.0%
2005 Adjusted Base	3.4% 133,027.5	(300.0)	(1,401.2)	131,326.3	2.0%
Other Base Changes	0.6% 796.0	(700.0)	-	96.0	0.1%
Unallocated Reductions	0.0% -	-	(1,000.0)	(1,000.0)	-0.8%
2005 Requested Base Budget	4.0% 133,823.5	(1,000.0)	(2,401.2)	130,422.3	1.3%
Reduce TAMP Operating Budget	0.0% -	(1,211.0)	-	(1,211.0)	-0.9%
Transfer TAMP Operating Budget to Capital	0.0% -	1,211.0	-	1,211.0	0.9%
New/Enhanced Service Changes	0.2% 327.8	-	(327.8)	-	0.0%
2005 Total Budget Request	4.2% 134,151.3	(1,000.0)	(2,729.0)	130,422.3	1.3%

Budget Revisions

During budget discussions with the CAO/CFO, it was recommended that the 2005 request of \$1.0 million for Technology Asset Management Program (TAMP) funding be transferred from the Library's Operating Budget to the Capital Budget. The TAMP initiative is a program that will provide for the scheduled replacement or upgrade of Library-owned hardware and software on a continual basis. This transfer will result in a \$1.0 million reduction to the 2005 Operating Budget request, and increase the 2005 Capital Budget request by the same amount. The City has committed to fund the \$1.0 million Capital request from non-debt sources, so this transfer should not negatively impact the Capital funding envelope.

There is currently \$1.211 million of TAMP funding within the 2004 Operating Budget. Based on the CAO/CFO direction, this \$1.211 million should also be transferred to the Capital Budget as "Capital from Current".

The total impact on the 2005 Capital Budget will be an increase of \$2.211 million gross and \$0 net, as the project will be funded from the Library's Operating Budget (capital from current) and other non-debt funding sources from the City.

Budget Reductions

In addition to the above revisions, \$2.729 million of reductions were recommended, which will bring the 2005 Requested Budget from \$134.151 million to \$130.422 million or 1.3 percent.

Alternatively Funded

\$1.401 million of reductions will be achieved through alternative funding sources: \$0.601 million for Library Materials to be funded from the Development Charge Reserve over the next five years; and \$0.800 million sick leave liability to be funded from the City's Sick Leave Reserve in 2005 only. For 2006 & subsequent years, EMT recommended that TPL contribute to its own reserve to fund the sick leave liability costs.

Unallocated Reduction

To achieve the EMT recommended budget, an additional \$1.0 million of reductions is required. Three options to achieve the \$1.0 million budget reductions to the 2005 Requested Base Budget are provided in Attachment 2. Each option includes a minor reduction in the economic adjustment and various combinations of major service changes, and all have a significant negative impact on service.

Option 1: Protect Monday to Saturday Hours – Eliminate Sunday Services in 14 District Libraries and eight Neighbourhood Libraries.

Option 2: Protect Collections – Eliminate Sunday Services in 8 Neighbourhood Libraries, shorten the Sunday season at the two Research & Reference Libraries and 17 District Libraries, and branches open more than eight hours on Fridays are reduced to an eight-hour service day on Fridays.

Option 3: Maintain full Sunday Season – Branches open more than eight hours on Fridays are reduced to an 8-hour service day on Fridays and collections are reduced.

New/Enhanced Services

At this time, none of the \$0.328 million New/Enhanced Services are being recommended by EMT. Further details are provided in Attachment 1.

Conclusion:

It is recommended that the Toronto Public Library Board receive the 2005 Operating Budget – EMT Recommended Budget report on the EMT recommended revisions and reductions to the 2005 Operating Budget, and provide direction to staff.

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List of Attachments:

Attachment 1: 2005 Operating Budget – EMT Recommended Budget

Attachment 2: 2005 Operating Budget – Options for EMT Recommended Reductions