

2022 Operating Budget Status Update

Date:	September 27, 2021
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with a status update of the 2022 operating budget which is being prepared by staff. As part of the approved 2021 operating budget, the information provided for the 2022 operating budget outlook provides the starting point for this year's budget submission. The 2022 outlook reflected \$7.646 million net (\$9.380 million gross), or 3.8% net, increase over 2021 and was comprised of base budget pressures, COVID-19 related costs and the second year impact of the elimination of children's overdue fines. Other 2022 service enhancements, which were submitted as part of the 2021 budget review, included the elimination of adult and teen overdue fines, digital literacy for seniors, community librarians outreach and a portion of the Open Hours Plan.

Guidelines provided by the City state that for the 2022 operating budget submission, programs are expected to find offsets to expected 2022 incremental base pressures. Budget pressures related to the impact of COVID-19 will continue to be tracked separately.

The complete 2022 operating budget submission will be presented for Board consideration at its meeting on October 25, 2021.

FINANCIAL IMPACT

This report describes areas where staff will be updating amounts from the 2022 operating budget outlook for this year's budget submission. The 2022 operating budget submission will be presented to the Board for consideration at its October 25, 2021 meeting.

The Director, Finance and Treasurer has reviewed this financial impact statement and agrees with it.

COMMENTS

The starting point for this year's 2022 operating budget submission is the 2022 operating budget outlook which was provided for information as part of the [2021 approved budget](#). The 2022 outlook reflected \$7.646 million net (\$9.380 million gross), or 3.8% net, increase over 2021 and was comprised of base budget pressures, COVID-19 related costs and the second year impact of the elimination of children's overdue fines. The 2022 operating budget submission will contain a number of changes to the 2022 outlook and some of these are summarized below.

COVID-19 Impact

COVID-19 had a significant impact on the approved 2021 budget which included funding of \$5.933 million, or 3.0%, for reduced revenues, increased janitorial supplies and service costs, and increased guard service costs. These budget pressures are expected to continue into 2022 and the amounts will continue to be refined. One new COVID-19 pressure in 2022 will be an increase in HVAC maintenance costs due to a change in the quality of air filters and the frequency of replacing these in order to improve indoor air quality. A separate report, *Extended Authority Awards*, provides additional information.

Economic Increases

The economic factors as detailed in the City's 2022 Budget Guidelines have changed compared to the previous year and may result in changes to the budget.

Asset Replacement Reserve

Council is expected to approve the creation of an IT asset replacement reserve for TPL later in 2021 and the intention is for Toronto Public Library (TPL) to start making contributions to that reserve as part of the 2022 operating budget, and to grow that contribution annually until the reserve is fully funded. The purpose of the proposed reserve fund, once fully established and funded, is to provide stable and flexible funding for the annual replacement for IT equipment which is currently funded by the Technology Asset Management Program (TAMP) capital project.

Budget Enhancements

2022 outlook service enhancements, which were submitted as part of the 2021 budget review, and will be included in the 2022 operating budget submission, are:

- Adult and Teens overdue fines elimination;
- Digital Safety for Seniors, phased implementation over 2 years; and
- Community Librarians Outreach, phased implementation over 2 years.

The Open Hours Plan enhancement will be included in the 2023 and 2024 budget outlooks, given the current financial constraints faced by the City and the continuing impacts of COVID-19.

City Guidelines and Timetable

The City's 2022 Budget Guidelines state that for the 2022 operating budget submission, programs are expected to find offsets to expected 2022 incremental base pressures. Budget pressures related to the impact of COVID-19 will continue to be tracked separately as the City will continue to seek funding support from the federal and provincial governments.

The complete 2022 operating budget submission is expected to be presented for Board consideration at its October 25, 2021 meeting and TPL staff will continue to refine the budget and identify budget reliefs to reduce the budget request.

Activity	Schedule
Board Meeting - 2022 Operating Budget Submission	October 25, 2021
Administrative Review – City Finance, CFO, City Manager	October 2021
Budget Committee Informal Reviews	Week of October 18
Board Meeting - 2022 Budget Updates	December 6, 2021
Political Reviews (Confirmation Outstanding – Estimated Timeframe ONLY Below)	
Board Meeting - 2022 Budget Updates	January 2022
Board Meeting - 2022 Budget Updates or Adoption of Budgets	February 2022
Budget Launch - Budget Committee	City targeting Budget launch in early/mid-January with approvals expected to be in February
Budget Committee Review	
Public Presentations - Budget Committee	
Budget Committee Wrap-Up	
Budget Committee Final Wrap-Up	
Executive Committee	
City Council	
	Dates to be confirmed

Due to COVID-19, it is possible that adjustments to the fall/winter political schedule may occur.

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SIGNATURE

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