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**STAFF REPORT
INFORMATION ONLY**

2012 Operating Budget Suggestions: Sale of Used Books and Other Materials

Date:	June 25, 2012
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

At its meeting on November 21, 2011, the Library Board considered the report *2012 Operating Budget – Budget Suggestions* and approved several Budget Committee suggestions for increasing revenue. The City Librarian was requested to report back on a number of these suggestions including information about increasing revenue through used book sales in branches or online. This report responds to this request and provides some estimated revenue projections for 2012.

The Library sells withdrawn material and unwanted donations in three ways: through local branch sales; by sending material to the online vendor Better World Books (BWB); and by providing materials to the Friends of Toronto Public Library for the two Book Ends stores.

Staff have reviewed the effectiveness of the allocation of used materials and donations to the three book sale streams and taken a number of actions to increase revenue. For 2012, the projected revenue from the sale of used books and other materials through local branch and online sales is \$99,000 which is a 15% increase over the prior year resulting mainly from the Board-approved doubling of prices at the beginning of 2012. The projected revenue from the Friends' Book Ends stores is \$139,000 which is a 26% increase over the prior year.

FINANCIAL IMPACT

In 2012, the projected revenue from the sale of used books and other materials through local branch and online sales is \$99,000 which is a 15% increase over the prior year resulting mainly from the board-approved doubling of prices at the beginning of 2012. The projected revenue from the Friends' Book Ends stores is \$139,000 which is a 26% increase over the prior year.

Sale of Used Materials

	2011		2012	% inc
	Actual	Budget	Projected	
Branch sales	82,000		91,000	11%
Better World Books	4,000		8,000	100%
	<u>86,000</u>	<u>86,000</u>	<u>99,000</u>	<u>15%</u>
Friends' Book Ends	<u>110,000</u>		<u>139,000</u>	<u>26%</u>

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

DECISION HISTORY

At its meeting on November 21, 2011, the Library Board considered the report *2012 Operating Budget – Budget Suggestions* and approved several Budget Committee suggestions for increasing revenue. The City Librarian was requested to report back on a number of these suggestions including information about increasing revenue through used book sales in branches or online.

COMMENTS

Local Branch Sales

The Library currently has book sales in 73 branches. Most of these branches have ongoing sales while others hold larger sales as special events. Book sale locations are determined based on the availability of space. Where space is a consideration, branches send their materials to a nearby branch or Book Ends. Revenues for 2011 were \$82,000, and essentially on budget. Local branch sales have been reviewed and measures have been introduced to increase revenue. The 2012 projected revenue will be approximately \$91,000, an 11% increase, resulting mainly from the price increases implemented at the beginning of 2012.

Action taken:

- Effective January 2, 2012, the prices for the sale of used materials doubled for local branch sales following Board approval at its July 26, 2011 meeting: books, CDs and DVDs increased from \$1.00 to \$2.00; mass market paperbacks increased from \$0.50 to \$1.00.
- Branch sale locations within branches have been reviewed, standard signage has been introduced and guidelines have been developed to provide staff with ways to improve the location, display and promotion of local branch sales.

	2012 Revenue	2011 Revenue	% Difference
1 st Quarter	\$ 21,000	\$19,000	+ 11%
Annual	\$ 91,000 (projected)	\$82,000	+ 11%

Local branch sales will represent approximately 40% of used material allocated for sale. This percentage allocation of used materials was reviewed and has been only slightly reduced for 2012. While the overall volume of material at the local level is appropriate based on available space and resources, a more detailed analysis of online sales through BWB indicates there is an opportunity to divert some high level nonfiction for sale online through BWB. In analyzing BWB sales, it is this material where additional potential revenue has been identified.

Better World Books

Better World Books is a U.S.-based company that sells used library material online through various vendors such as Amazon and Abe Books as well as its own website. BWB sets the sales price for an item and higher level nonfiction does particularly well so the Library is focusing on sending them this material. There is no charge to the Library for shipping or handling, however BWB does have more stringent guidelines about the material that can be sent for sale than the Library's local branch book sales and the Friends' Book Ends stores, so the Library has to be more selective about materials sent through this channel.

The Library receives 30% of net sales with 20% allocated to the Library directly and 10% to the Foundation to support literacy programs. Approximately 5% of used material will go to BWB for sale in 2012, approximately twice as much as in previous years. The additional material will consist of some high level nonfiction diverted from local branch sales and Book Ends. The first quarter revenue from BWB has doubled and is expected to grow based on the diversion of more material to this outlet. The expected revenue for 2012 is \$8,000.

	2012 Revenue	2011 Revenue	% Difference
1 st Quarter	\$ 2,200	\$ 1,100	+100%
Annual	\$ 8,000 (projected)	\$ 4,000	+100%

Book Ends

There is a Book Ends store at the Toronto Reference Library and the North York Central Library run by volunteers from the Friends of Toronto Public Library, a separately incorporated organization. These stores offer a retail experience for customers interested

in purchasing used materials. In addition to the ongoing sale of materials through the stores, special event book sales are organized throughout the year.

Books and other materials allocated to the two Book Ends stores will represent 55% of used material allocated for sale in 2012. Like local branch sales, this is slightly less than in 2011 as some high level nonfiction will be diverted to Better World Books. The relationship with the Friends group is managed by the Toronto Public Library Foundation and the revenue from these book stores flow through the Foundation and are allocated by the Friends to enhance and expand collections and programs.

Action taken:

- Effective January 2012, a new more prominent location for the Friends book store at the Toronto Reference Library was established following first floor renovations. The Friends' book stores have been very successful in raising revenue through its two book stores over the years, so a new more prominent location at the Toronto Reference Library provides even greater opportunity for more success.
- Pricing in the Book Ends stores varies based on the assessed value of the material. However, there are some base sale prices that are less than the new prices for local branch sales. Discussions are underway with the Friends about considering an increase to base sale prices so that Book Ends prices are the same as local branch sales.

	2012 Revenue	2011 Revenue	% Difference
1 st Quarter	\$ 29,000	\$ 23,000	26%
Annual	\$139,000 (projected)	\$110,000	26%

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SIGNATURE

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