



**STAFF REPORT
ACTION REQUIRED**

11.

2016 Operating Budget Adoption

Date:	February 22, 2016
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library (TPL) Board adoption, subject to Council approval, of the 2016 operating budget of \$175.869 million net (\$193.462 million gross), which represents a budget increase of \$3.677 million net (\$4.754 million gross) or a 2.1% net increase. The budget increase is comprised of a base increase of \$2.719 million net (\$3.796 million gross), representing a 1.6% net increase, and enhancements of \$0.958 million gross and net, representing a 0.5% increase, which supports the City’s Poverty Reduction Strategy.

At its meeting on February 9, 2016, Executive Committee endorsed a motion that a \$1.249 million budget reduction be allocated by the City Manager to City Agencies, excluding the Toronto Police Services and Toronto Transit Commission. The City Manager has not yet determined the allocation of the budget reduction.

The operating budget does not include salary COLA for 2016, which is a collective bargaining year.

City Council is expected to approve the operating budget on February 17 to 18, 2016.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. adopts, subject to Council approval, the 2016 operating budget of \$175.869 million net (\$193.462 million gross), which represents an increase of \$3.677 million net (\$4.754 million gross) or 2.1% net over the 2015 operating budget, comprised of the following services:

<u>Service</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Library Collections & Borrowing	73,215.2	67,106.1
Branch and E-Services	113,200.1	101,984.4
Partnerships, Outreach & Customer Engagement	7,046.6	6,778.5
	<u>193,461.9</u>	<u>175,869.0</u>

FINANCIAL IMPACT

TPL's 2016 operating budget is \$175.869 million net (\$193.462 million gross), which represents a budget increase of \$3.677 million net (\$4.754 million gross) or a 2.1% net increase. The budget increase is comprised of a base increase of \$2.719 million net (\$3.796 million gross) representing a 1.6% net increase, and enhancements of \$0.958 million gross and net representing a 0.5% increase. There is a net increase of 1.1 staff positions.

Executive Committee adopted a motion that a \$1.249 million budget reduction be allocated by the City Manager to City Agencies, excluding the Toronto Police Services and Toronto Transit Commission. The City Manager has not yet determined the allocation of the budget reduction.

The operating budget does not include salary COLA for 2016, which is a collective bargaining year. The City's budget has a provision for settlements.

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

DECISION HISTORY

At its meeting on September 21, 2015, the Board approved an operating budget submission of \$175.330 million net (\$192.504 million gross), which represents a \$3.127 million or 1.8% net increase over the 2015 budget. Also approved by the Board were budget enhancements totalling \$0.958 million, which support the City's Poverty Reduction Strategy, and is comprised of two Youth Hubs, Sunday service open hours enhancement, internet wi-fi hotspot lending enhancement and a Malvern digital innovation hub.

At its meeting on December 15, 2015, the Budget Committee considered the City staff's Preliminary Budgets. The Preliminary Budget for TPL is \$174.912 million net (\$192.504 million gross), which represents a \$2.719 million net or 1.6% increase and includes a one-time contribution of \$0.418 million from the City's Tax Stabilization Reserve to fund the cost of one extra working day in 2016 and is offset by a \$0.010 million reversal of a 2015 fuel adjustment. The budget enhancements of \$0.958 million were not included in the Preliminary Budget but were being considered for funding separately through the budget process.

At the meeting on January 25 2016, the Board was updated on motions being considered by the City's Budget Committee during the review of TPL's budget.

COMMENTS

At the final meeting on meeting on January 26, 2016, the Budget Committee adopted a number of recommendations for Executive Committee consideration.

At its meeting on February 9, 2016, Executive Committee endorsed the two recommendations adopted by Budget Committee and is recommending a TPL 2016 operating budget of \$175.869 million net (\$193.462 million gross), which represents a budget increase of \$3.677 million net (\$4.754 million gross) or a 2.1% net increase. The recommended budget includes budget enhancements totaling \$0.958 million gross and net to support the City's Poverty Reduction Strategy. The recommended budget also includes a net increase of 1.1 staff positions.

The recommended budget and budget enhancements are detailed below:

2016 Operating Budget (\$000s)					
	Gross	Revenue	Net	%	FTEs
2015 operating budget	188,708.3	16,516.1	172,192.2		1,739.9
2016					
Budget pressures	4,285.3	(1.2)	4,286.5	2.49%	5.0
Efficiency expenditure reductions & revenue increases	(500.0)	659.7	(1,159.7)	-0.68%	(6.9)
2016 Board submission increase	3,785.3	658.5	3,126.8	1.81%	(1.9)
Funding from Tax Stabilization Reserve	-	418.3	(418.3)	-0.24%	-
Reversal of 2015 fuel adjustment	10.8	-	10.8	0.01%	-
2016 Base Operating Increase	3,796.1	1,076.8	2,719.3	1.58%	(1.9)
2016 Base Operating Budget	192,504.4	17,592.9	174,911.5	1.58%	1,738.0
2016 Budget Enhancements					
Sunday open hrs enhancement 1 - full yr at 8 branches	263.2		263.2	0.15%	
Sunday open hrs enhancement 2 - 6 new locations	294.3		294.3	0.17%	
Poverty reduction - Youth Hub Expansion (phase 2)	200.0		200.0	0.12%	2.0
Internet wi-fi hotspot lending enhancement	100.0		100.0	0.06%	
Malvern Digital Innovation Hub	100.0		100.0	0.06%	1.0
Total 2016 Budget Enhancements	957.5	-	957.5	0.56%	3.0
Total 2016 Budget Increase	4,753.6	1,076.8	3,676.8	2.14%	1.1
2016 Operating Budget	193,461.9	17,592.9	175,869.0	2.14%	1,741.0

Executive Committee also endorsed the \$1.249 million budget reduction be allocated by the City Manager to City Agencies, excluding the Toronto Police Services and Toronto Transit Commission. Any reduction should be taken from non-essential discretionary spending. The City Manager has not yet determined the allocation of the budget reduction; when the allocation is made it will be reported to the Board.

The Executive Committee recommended operating budget will be considered at the Council meeting of February 17 to 18, 2016.

Section 24(2) of the *Public Libraries Act* requires the Board to adopt the annual estimates that have been approved by City Council.

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946;
E-mail: lhughsam@torontopubliclibrary.ca

SIGNATURE

Vickery Bowles
City Librarian