

2018 Operating Budget Adoption

| | |
|--------------|------------------------------|
| Date: | February 26, 2018 |
| To: | Toronto Public Library Board |
| From: | City Librarian |

SUMMARY

The purpose of this report is to seek Toronto Public Library (TPL) Board adoption of the 2018 Council-approved operating budget of \$182.283 million net (\$201.607 million gross), which represents a \$3.176 million net (\$2.504 million gross), or 1.8%, increase over 2017. The budget increase is comprised of a base increase of \$1.662 million net (\$0.990 million gross), or 0.9%, and funding for budget enhancements totalling \$1.514 million gross and net, or 0.9%, which primarily support the City’s Poverty Reduction Strategy.

The Council-approved budget enhancements are comprised of funding of \$0.574 million gross and net for Sunday service enhancements, \$0.390 million gross and net, including 3.0 full time equivalents (FTEs), for three new Youth Hub locations, \$0.300 million gross and net for the expansion of the popular Wi-Fi hotspot lending program and \$0.250 million gross and net, including 2.0 FTEs, for an e-Learning initiative.

Over 2016 to 2018, TPL has received additional funding for service enhancements totalling \$3.148 million gross and net, which advance a number of TPL strategic objectives and primarily support the City’s Poverty Reduction Strategy.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. adopts the 2018 operating budget of \$182.283 million net (\$201.607 million gross), which represents a \$3.176 million net (\$2.504 million gross), or 1.8%, increase over 2017, comprised of the following services:

| <u>Service</u> | <u>Gross</u> <u>(\$ millions)</u> | <u>Net</u> <u>(\$ millions)</u> |
|--|--------------------------------------|------------------------------------|
| Library Collections & Borrowing | 75.756 | 69.1731 |
| Branch and E-Services | 118.536 | 106.0915 |
| Partnerships, Outreach & Customer Engagement | 7.315 | 7.0185 |
| | <u>201.607</u> | <u>182.283</u> |

FINANCIAL IMPACT

TPL’s Council-approved 2018 operating budget is \$182.283 million net (\$201.607 million gross), which represents a \$3.176 million net (\$2.504 million gross), or 1.8%, increase over 2017. The budget increase is comprised of a base increase of \$1.662 million net (\$0.990 million gross), representing a 0.9% net increase, and funding for budget enhancements which primarily support the City’s Poverty Reduction Strategy of \$1.514 million gross and net, representing a 0.9% net increase.

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

ALIGNMENT WITH STRATEGIC PLAN

The 2018 operating budget of \$182.283 million net (\$201.607 million gross) supports TPL’s strategic plan, including advancing TPL’s digital platform, breaking down barriers to access and driving inclusion, expanding access to technology and training and establishing TPL as Toronto’s centre for lifelong and self-directed learning.

EQUITY IMPACT

The 2018 operating budget enhancements have been developed while applying an equity lens that ensures on-going integration of access and removal of barriers for equity-seeking groups in the City of Toronto. This approach ensures equitable outcomes for all and that all benefit equally from programs and services delivered by TPL.

TPL’s 2018 budget enhancements received funding that will expand access to technology and training, expand Sunday service, increase the number of Youth Hub locations, launch an e-Learning initiative and expand Wi-Fi hotspot lending. These proposals will have a positive impact on many equity-seeking groups, including youth from families with low-income, newcomers and people with low-income. Access to library resources and programs can increase access to: learning opportunities, City information, training and employment opportunities, as well as opportunities for civic engagement and community participation.

DECISION HISTORY

At its meeting on November 20, 2017, the Board considered the [2018 Operating Budget Submission - Revised](#) and endorsed a base budget of \$180.769 million net (\$200.093 million gross), which represents a \$1.662 net (\$0.990 million gross), or 0.9%, increase over the 2017 operating budget along with budget enhancements totalling \$1.635 million gross and net, or 0.9%, for total increase of \$3.176 million net (\$2.504 million gross), or 1.8%, over 2017. The enhancements endorsed are detailed below:

- \$0.574 million net for Sunday service enhancements
- \$0.390 million net for three additional Youth Hub locations, including 3.0 FTEs;
- \$0.300 million net for the expansion of the popular Wi-Fi hotspot lending program;
- \$0.250 million net for an e-Learning initiative, including 2.0 FTEs; and
- \$0.121 million net for advancing transformational change, including 1.0 FTEs.

At its meeting on December 18, 2017, the City's Budget Committee began its review of the 2018 Preliminary Operating Budget as presented by the City Manager. The base budget was in-line with the Board-approved base budget but no enhancements were included in the Committee's discussion at that time, but were considered for funding separately through the budget process as part of the City's Poverty Reduction Strategy.

At its final meeting on January 23, 2018, Budget Committee endorsed TPL's 2018 operating budget of \$182.283 million net (\$201.607 million gross), including funding for the base budget as well as for budget enhancements of \$1.514 million gross and net, which primarily support the City's Poverty Reduction Strategy. The budget enhancement of \$0.121 million gross and net for advancing transformational change was not recommended.

COMMENTS

At its meeting on February 6, 2018, Executive Committee endorsed TPL's 2018 operating budget as recommended from Budget Committee with no changes.

At its meeting on February 12-13, 2018, City Council approved TPL's 2018 operating budget of \$182.283 million net (\$201.607 million gross), as recommended from Executive Committee with no changes. which represents a \$3.176 million net, or 1.8%, increase over 2017, and is comprised of a base budget increase of \$1.662 million net, or 0.9%, including a reduction of 4.5 FTEs of clerical work, and funding for budget enhancements of \$1.514 million gross and net, or 0.9%, including an increase of 5.0 FTEs. Overall, there is a net increase of 0.5 FTEs.

The budget enhancements of \$1.514 million gross and net primarily support the City's Poverty Reduction Strategy and are comprised of \$0.574 million net for Sunday service enhancement (remaining five District branches receiving year-round Sunday service and an additional nine Neighbourhood branches receiving seasonal Sunday service), \$0.390 million gross and net, including 3.0 FTEs, for three new Youth Hub locations (Downsview, Flemington Park and Malvern), \$0.300 million gross and net for Wi-Fi hotspot lending program and \$0.250 million gross and net, including 2.0 FTEs, for an e-Learning initiative.

The 2018 Council-approved budget, summarizing the changes from the 2017 approved budget, is shown below in Table 1:

Table 1 - 2018 Operating Budget (\$ millions)

| | <u>Gross</u> | <u>Revenue</u> | <u>Net</u> | <u>%</u> | <u>FTE</u> |
|---|----------------|----------------|----------------|--------------|----------------|
| 2017 Operating Budget | 199.103 | 19.995 | 179.108 | | 1,734.3 |
| 2018 Base Budget | | | | | |
| Budget pressures | 3.582 | (1.819) | 5.401 | 3.02% | |
| Expenditure Efficiencies & Budget Reliefs | | | | | |
| Budget reliefs (alternative funding sources) | (1.100) | 1.127 | (2.227) | -1.24% | |
| Efficiencies | (1.037) | | (1.037) | -0.58% | (4.5) |
| Technological innovation | (0.455) | 0.020 | (0.475) | -0.27% | |
| | (2.592) | 1.147 | (3.739) | -2.09% | (4.5) |
| 2018 Base Increase | 0.990 | (0.672) | 1.662 | 0.93% | (4.5) |
| 2018 Operating Base Budget | 200.093 | 19.323 | 180.769 | 0.93% | 1,729.8 |
| Budget Enhancements | | | | | |
| Sunday service enhancement | 0.574 | | 0.574 | 0.32% | |
| Additional Youth Hub locations | 0.390 | | 0.390 | 0.22% | 3.0 |
| Wi-Fi hotspot lending program expansion | 0.300 | | 0.300 | 0.17% | |
| e-Learning initiative* | 0.250 | | 0.250 | 0.14% | 2.0 |
| Total Enhancements | 1.514 | - | 1.514 | 0.85% | 5.0 |
| 2018 Increase (Base+Enhancements) | 2.504 | (0.672) | 3.176 | 1.77% | 0.5 |
| Council-approved 2018 Operating Budget | 201.607 | 19.323 | 182.283 | 1.77% | 1,734.8 |

* funding phased over two years

Section 24(2) of the Public Libraries Act requires the Board to adopt the annual estimates that have been approved by City Council for the following services, as shown in Table 2 below:

Table 2 - 2018 Operating Budget by Service (\$ millions)

| <u>Service</u> | <u>Gross</u> | <u>Net</u> |
|--|----------------|----------------|
| Library Collections & Borrowing | 75.756 | 69.173 |
| Branch and E-Services | 118.536 | 106.092 |
| Partnerships, Outreach & Customer Engagement | 7.315 | 7.019 |
| | 201.607 | 182.283 |

2016-2018 Budget Enhancements

Over 2016 to 2018, TPL has received additional funding for service enhancements totalling \$3.148 million gross and net, which advance a number of TPL strategic objectives and primarily support the City's Poverty Reduction Strategy, as detailed in the table below:

2016-2018 Budget Enhancements (\$ millions)

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>Total</u> | <u>FTEs</u> |
|----------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Sunday Service Enhancement | 0.558 | 0.139 | 0.574 | 1.271 | |
| Youth Hubs Expansion | 0.200 | 0.387 | 0.390 | 0.977 | 7.0 |
| Wi-Fi hot spots | 0.100 | 0.150 | 0.300 | 0.550 | |
| Digital Innovation Hub | 0.100 | - | - | 0.100 | 1.0 |
| e-Learning initiative | - | - | 0.250 | 0.250 | 2.0 |
| Total | <u>0.958</u> | <u>0.676</u> | <u>1.514</u> | <u>3.148</u> | <u>10.0</u> |

Sunday Service Enhancement

Over 2016 to 2018, TPL's Sunday service enhancement funding increased by a total of \$1.271 million gross and net, expanding Sunday service hours by 71%, including adding seasonal Sunday service at 15 Neighbourhood branches and additional summer service at all 19 District and R&R libraries. The 2018 service enhancement includes the addition of seasonal service at Sanderson, St. James Town, Thorncliffe, Steeles, Jane/Dundas, Weston, Morningside, Eglinton Square, and Burrows Hall branches and summer service at the remaining five District libraries (Agincourt, Bloor/Gladstone, Don Mills, Maria A. Shchuka and Pape/Danforth). By 2018, TPL will offer Sunday service at 42 branches with year-round service at 19 District and R&R libraries and seasonal service at 23 Neighbourhood branches.

Youth Hubs Expansion

Over 2016 to 2018, TPL's Youth Hub enhancement funding increased by a total of \$0.977 million gross and net. For 2018, TPL will establish three new Youth Hub locations at Downsview, Flemingdon Park and Malvern branches, including 3.0 FTEs, resulting in a total of 11 Youth Hubs.

Wi-Fi Hotspot Lending

Over 2016 to 2018, TPL's popular Wi-Fi hotspot lending program funding increased by a total of \$0.550 million gross and net. This funding, supplemented with additional third party funding received through the TPL Foundation. The approved funding will allow TPL to provide approximately 1,000 Wi-Fi hotspot units for Torontonians to borrow.

Digital Innovation Hub

In 2016, TPL's received enhancement funding of \$0.100 million gross and net to establish a digital innovation hub at Malvern.

e-Learning Initiative

In 2018, with funding of \$0.300 million gross and net phased over two years (\$0.250 million in 2018 and \$0.050 million in 2019), including 2.0 FTEs, TPL will be able to establish an e-Learning initiative in collaboration with the City, Cisco NetAcademy and George Brown College.

2019-2020 Operating Budget Outlook

The operating budget outlook, as detailed in Attachment 1, shows a 3.7% net increase in 2019, and a further 1.8% increase in 2020, which excludes salary COLA as it is a collective bargaining year.

CONTACT

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SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: 2018 Approved Operating Budget and 2019-2020 Outlook

TORONTO PUBLIC LIBRARY
2018 Approved Operating Budget and 2019-2020 Outlook

| | 2018 Operating Budget | | | | | 2019 Outlook | | | 2020 Outlook | | | |
|----|---|-----------------|----------------|----------------|----------------|------------------|-----------------|----------------|------------------|-----------------|----------------|---------------|
| | APPRV'D STAFF | GROSS | REVENUE | NET | % | APPRV'D STAFF | NET \$Ms | % | APPRV'D STAFF | NET \$Ms | % | |
| | | \$Ms | | | | | | | | | | |
| 1 | 2017 COUNCIL APPROVED ADJUSTED BUDGET | 1,734.30 | 199.103 | 19.995 | 179.108 | | | | | | | |
| | Base Budget Pressures | | | | | | | | | | | |
| 2 | Salary and benefits cost increase | | 2.252 | | 2.252 | 1.26% | | 2.702 | 1.48% | | 0.917 | 0.49% |
| 3 | Increased cost of contracted services | | 0.504 | | 0.504 | 0.28% | | 0.516 | 0.28% | | 0.541 | 0.29% |
| 4 | Library collections economic increase | | 0.494 | | 0.494 | 0.28% | | 0.506 | 0.28% | | 0.519 | 0.27% |
| 5 | Increased cost of supplies and services | | 0.402 | | 0.402 | 0.22% | | 0.433 | 0.24% | | 0.429 | 0.23% |
| 6 | Increased cost of utilities | | 0.100 | | 0.100 | 0.06% | | 0.462 | 0.25% | | 0.469 | 0.25% |
| 7 | Operating impact of capital projects | | 0.080 | | 0.080 | 0.04% | | 0.060 | 0.03% | | 0.010 | 0.01% |
| 8 | Increase in insurance deductible (as requested by FPD) | | 0.049 | | 0.049 | 0.03% | | | | | | |
| 9 | Temporary funding from City reserve to fund sick leave payouts | | (0.300) | (0.300) | 0.000 | 0.00% | | | | | | |
| 10 | Temporary increase DC draw on collections | | | (0.650) | 0.650 | 0.36% | | 0.650 | 0.36% | | | |
| 11 | One-time Library collections economic increase funded from DC | | | (0.482) | 0.482 | 0.27% | | | | | | |
| | | | 3.582 | (1.432) | 5.014 | 2.80% | | 5.328 | 2.92% | | 2.885 | 1.53% |
| 12 | Reversal of 2017 one-time funding for additional Youth Hub locations (tax rate stabilization) | | | (0.234) | 0.234 | 0.13% | | | | | | |
| 13 | Reversal of 2017 one-time funding for Youth Hub programming costs (tax rate stabilization) | | | (0.153) | 0.153 | 0.09% | | | | | | |
| | | | | (0.387) | 0.387 | 0.22% | | | | | | |
| | subtotal - base budget pressures | | 3.582 | (1.819) | 5.401 | 3.02% | | 5.328 | 2.92% | | 2.885 | 1.53% |
| | Efficiencies | | | | | | | | | | | |
| | Budget Reliefs (Alternative Funding sources) | | | | | | | | | | | |
| 14 | Increase Capital Project Management Fees | | | 0.189 | (0.189) | -0.11% | | | | | | |
| 15 | Increase in revenue from premium room rentals, tenants and print | | | 0.456 | (0.456) | -0.25% | | (0.067) | -0.04% | | (0.072) | -0.04% |
| 16 | Permanent increase in DC funding for collections | | | 0.482 | (0.482) | -0.27% | | (0.041) | -0.02% | | (0.171) | -0.09% |
| 17 | One-time expenditure bridging strategy due to NYCL closure | | (1.100) | | (1.100) | -0.61% | | 1.100 | 0.60% | | | |
| | | | (1.100) | 1.127 | (2.227) | -1.24% | | 0.992 | 0.54% | | (0.243) | -0.13% |
| | Efficiencies | | | | | | | | | | | |
| 18 | 2017 technological efficiencies (prior year approval) | | (0.100) | | (0.100) | -0.06% | | | | | | |
| 19 | Line by line review | | (0.457) | | (0.457) | -0.26% | | | | | | |
| 20 | Rationalize & consolidate print and electronic serials (NYCL collections during closure) | | (0.480) | | (0.480) | -0.27% | | 0.150 | 0.08% | | | |
| | | | (1.037) | 0.000 | (1.037) | -0.58% | | 0.150 | 0.08% | | | |
| | Technological Innovation - Capital Investment Required (\$3.0 M capital investment) | | | | | | | | | | | |
| 21 | Expansion of technological efficiencies (\$1.6 M capital investment) (VOIP, MFD, Pay-for print) | -1.50 | (0.215) | 0.020 | (0.235) | -0.13% | -1.50 | (0.185) | -0.10% | | | |
| 22 | Answerline & Community Space Rental Modernization (\$1.4 M capital investment) | -3.00 | (0.240) | | (0.240) | -0.13% | -3.00 | (0.290) | -0.16% | | | |
| | | -4.50 | (0.455) | 0.020 | (0.475) | -0.27% | -4.50 | (0.475) | -0.26% | | | |
| | subtotal - efficiencies | -4.50 | (2.592) | 1.147 | (3.739) | -2.09% | -4.50 | 0.667 | 0.37% | 0.00 | (0.243) | -0.13% |
| | BUDGET ENHANCEMENTS | | | | | | | | | | | |
| 23 | Sunday Service Enhancement | | 0.574 | | 0.574 | 0.32% | | 0.416 | 0.23% | | 0.416 | 0.22% |
| 24 | Additional locations for Youth Hubs | 3.00 | 0.390 | | 0.390 | 0.22% | 2.00 | 0.260 | 0.14% | 2.00 | 0.260 | 0.14% |
| 25 | e-Learning Initiative (phased 3/4 of a year and 1/4 into 2019) | 2.00 | 0.250 | | 0.250 | 0.14% | | 0.050 | 0.03% | | | |
| 26 | Wi-Fi Hotspot Lending program | | 0.300 | | 0.300 | 0.17% | | | | | | |
| | subtotal - enhancements | 5.000 | 1.514 | 0.000 | 1.514 | 0.85% | 2.000 | 0.726 | 0.40% | 2.000 | 0.676 | 0.36% |
| 27 | BUDGET INCREASE | 0.50 | 2.504 | (0.672) | 3.176 | 1.77% | -2.50 | 6.721 | 3.69% | 2.00 | 3.318 | 1.76% |
| 28 | City Council Approved 2018 Operating Budget and 2019-20 Outlook | 1,734.80 | 201.607 | 19.323 | 182.283 | 1.77% | 1,732.30 | 189.004 | 3.69% | 1,734.30 | 192.322 | 1.76% |



2018 Operating Budget Adoption Toronto Public Library Board

February 26, 2018



2018 Operating Budget

Summary

| | Net (\$ millions) | % | <i>FTE</i> |
|---------------------------------------|------------------------------|----------------------------|------------------------------|
| 2017 Operating Budget | 179.108 | | 1,734.3 |
| Base Budget increase | <u>1.662</u> | <u>0.93%</u> | <u>(4.5)</u> |
| 2018 Operating Base Budget Submission | <u>180.769</u> | <u>0.93%</u> | <u>1,729.8</u> |
| Budget Enhancements | <u>1.514</u> | <u>0.85%</u> | <u>5.0</u> |
| Budget increase | <u>3.176</u> | <u>1.77%</u> | <u>0.5</u> |
| 2018 Council Approved Budget | <u><u>182.283</u></u> | <u><u>1.77%</u></u> | <u><u>1,734.8</u></u> |

2018 Operating Budget

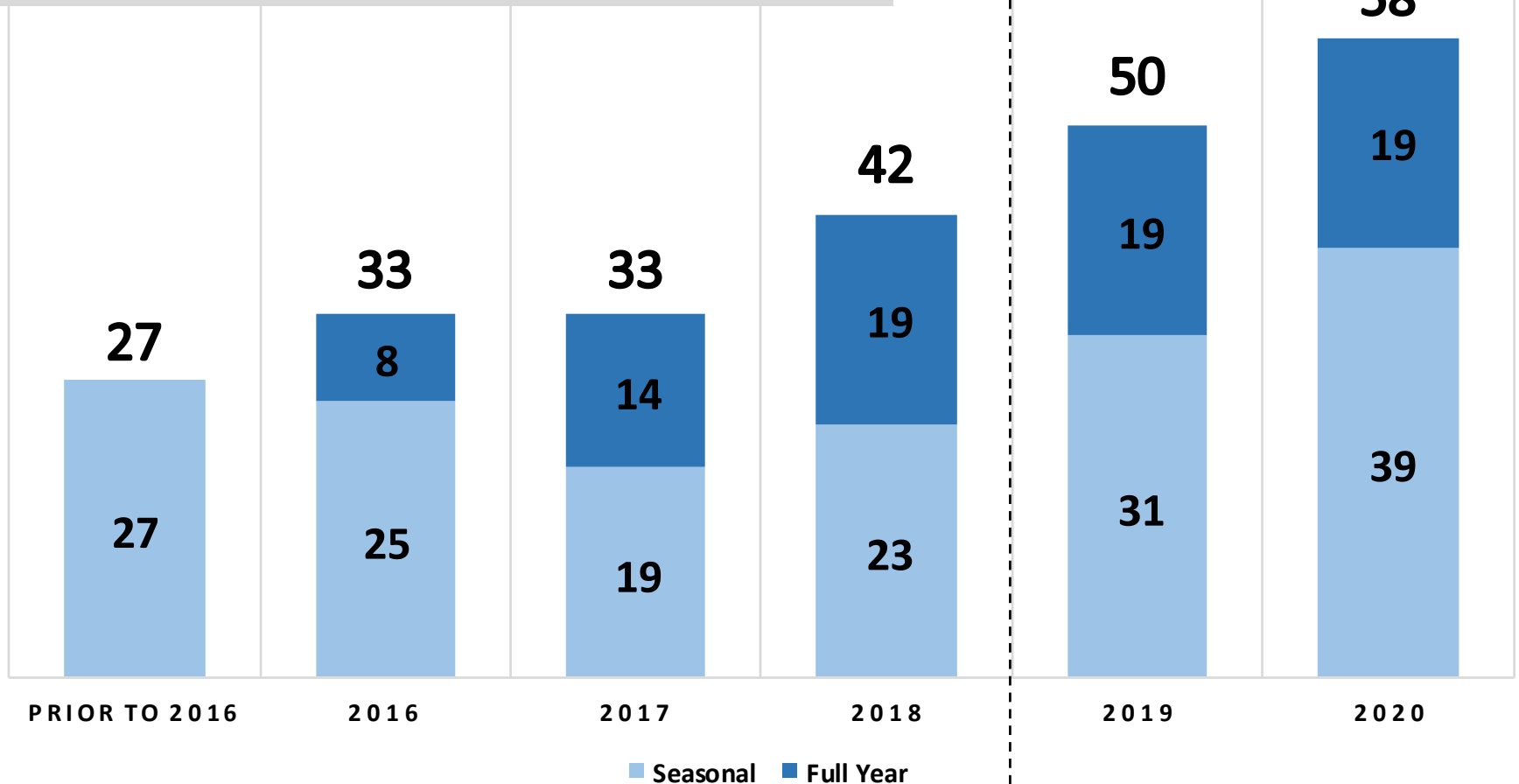
Budget Enhancements

| | 2018 | | | 2019 | | | 2020 | | |
|-------------------------------------|----------------------|-------------|------------|----------------------|-------------|------------|----------------------|-------------|------------|
| | Net (\$ millions) | % | FTEs | Net (\$ millions) | % | FTEs | Net (\$ millions) | % | FTEs |
| <u>Approved Enhancements</u> | | | | | | | | | |
| Sunday service expansion | 0.574 | 0.3% | | 0.416 | 0.2% | | 0.416 | 0.2% | |
| Additional locations for Youth Hubs | 0.390 | 0.2% | 3.0 | 0.260 | 0.1% | 2.0 | 0.260 | 0.1% | 2.0 |
| Wi-Fi hotspot lending program | 0.300 | 0.2% | | | | | | | |
| e-learning initiative | 0.250 | 0.1% | 2.0 | 0.050 | 0.0% | | | | |
| | 1.514 | 0.8% | 5.0 | 0.726 | 0.4% | 2.0 | 0.676 | 0.4% | 2.0 |

2018 Operating Budget

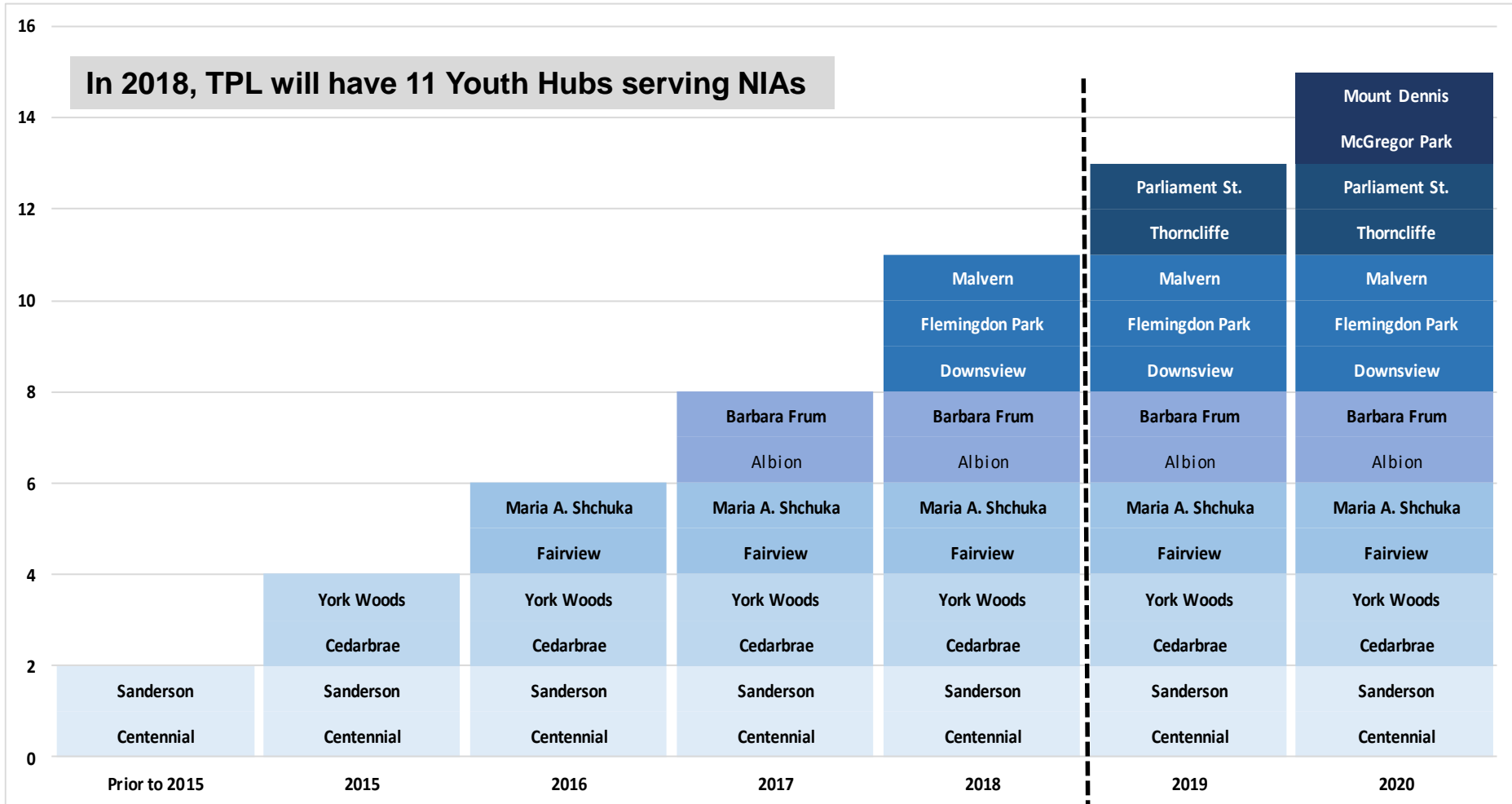
Sunday Service Enhancements

In 2018, TPL will have 19 branches that provide full year Sunday service and 23 branches with seasonal Sunday service

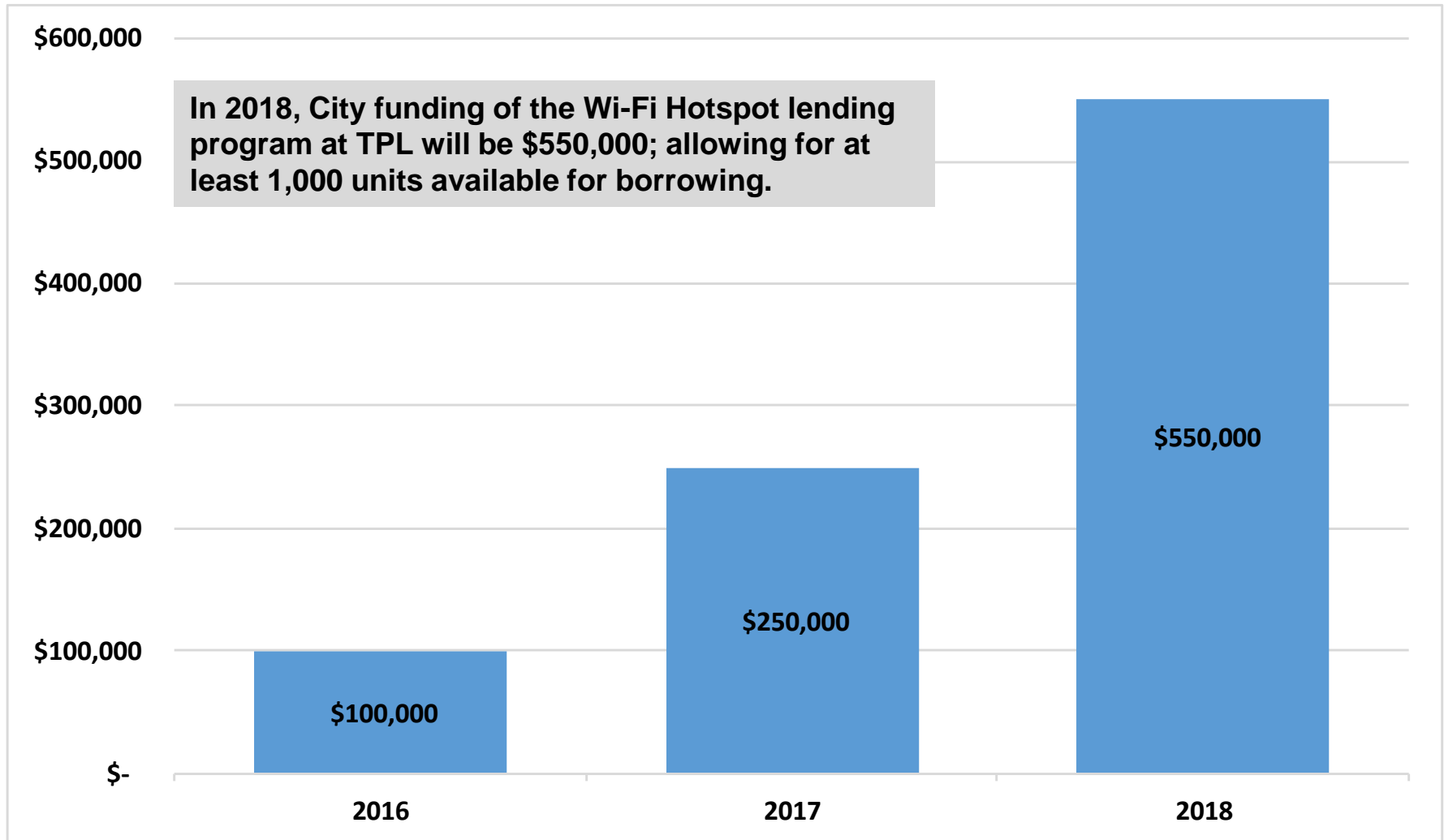


2018 Operating Budget

Youth Hub Expansion



City Funding of Wi-Fi Hotspot Lending Program



2018 Operating Budget

Summary

| | Net (\$ millions) | % | <i>FTE</i> |
|---------------------------------------|----------------------|--------------|----------------|
| 2017 Operating Budget | 179.108 | | 1,734.3 |
| Base Budget increase | 1.662 | 0.93% | (4.5) |
| 2018 Operating Base Budget Submission | 180.769 | 0.93% | 1,729.8 |
| Budget Enhancements | 1.514 | 0.85% | 5.0 |
| Budget increase | 3.176 | 1.77% | 0.5 |
| 2018 Council Approved Budget | 182.283 | 1.77% | 1,734.8 |