

REVISED

12.



STAFF REPORT
ACTION REQUIRED

2020 Operating Budget – Adoption

Date:	February 24, 2020
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 2020 operating budget of \$195.180 million net (\$215.819 million gross), including 1,769.8 full-time equivalents (FTEs), as approved by Council on February 19, 2020. The total budget increase over 2019 is \$7.086 million net, or 3.8% (\$8.505 million gross, or 4.1%) and is comprised of a base increase of \$3.666 million net, or 1.9% (\$5.084 million gross, or 2.5%), including an additional 5.5 FTEs, and funding for budget enhancements totalling \$3.421 million net, or 1.8% (\$3.421 million gross, or 1.7%), including an additional 32.0 FTEs, which primarily support the City's Poverty Reduction Strategy.

The approved budget enhancements are comprised of: 10 new Youth Hub locations (20.0 FTEs); increased open hours at eight Neighbourhood branches to allow for the full operation of Youth Hubs (11.0 FTEs); seasonal Sunday service enhancement at eight Neighbourhood branches; and staff support for Digital Safety and Literacy programming (1.0 FTEs).

The approved budget represents a significant investment by Council in TPL operations, which recognizes the Library's important role in the social infrastructure of the city.

The operating budget does not include staffing cost of living adjustment (COLA) as the collective agreement expired on December 31, 2019.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

- adopts the 2020 operating budget of \$195.180 million net (\$215.819 million gross), which includes 1,769.8 FTEs, and is comprised of the following services:

<u>Service</u>	<u>Gross</u>	<u>Net</u>
	(\$ millions)	
Library Collections & Borrowing	79.667	72.797
Branch and E-Services	128.390	114.942
Partnerships, Outreach & Customer Engagement	7.762	7.441
	215.819	195.180

FINANCIAL IMPACT

The Council-approved 2020 operating budget is \$195.180 million net (\$215.819 million gross), which is comprised of a base budget of \$191.759 million net (\$212.399 million gross), including 1,737.8 FTEs, and budget enhancements of \$3.421 million net (\$3.421 million gross), including 32.0 additional FTEs, which primarily support the City's Poverty Reduction Strategy, as detailed in Attachment 1 and summarized below in Table 1.

Table 1: 2020 Operating Budget Summary

	<u>Gross</u>		<u>Net</u>		<u>FTEs</u>
	(\$ millions)	%	(\$ millions)	%	
2019 Approved Operating Budget	207.314		188.093		1,732.3
2020 Base Budget Increase	5.084	2.5%	3.666	1.9%	5.5
2020 Operating Base Budget	212.399	2.5%	191.759	1.9%	1,737.8
2020 Budget Enhancements	3.421	1.7%	3.421	1.8%	32.0
Total Budget Increase	8.505	4.1%	7.086	3.8%	37.5
2020 Operating Budget	215.819	4.1%	195.180	3.8%	1,769.8

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

BACKGROUND

Board Meeting – September 23, 2019

At the meeting on September 23, 2019, the Library Board endorsed the [2020 operating budget submission](#) of \$198.204 million net (\$218.844 million gross), including 1,847.8 FTEs. The total budget increase was \$10.111 million net, or 5.4% (\$11.529 million gross, or 5.6%) and was comprised of a base budget increase of \$3.666 million net, or 1.9% (\$5.084 million gross, or 2.5%), which included 5.5 additional FTEs, and budget enhancements totalling \$6.445 million net and gross, or 3.4%, including 110.1 additional FTEs as summarized below in Table 2.

Table 2: 2020 Operating Budget - Board Submission

	Gross		Net		FTEs
	(\$ millions)	%	(\$ millions)	%	
2019 Approved Operating Budget	207.314		188.093		1,732.3
2020 Base Increase	5.084	2.5%	3.666	1.9%	5.5
2020 Operating Base Budget	212.399	2.5%	191.759	1.9%	1,737.8
<u>2020 Budget Enhancements</u>					
Open Hours Plan - Phase 1	2.231	1.1%	2.231	1.2%	40.9
Open Hours Plan - Phase 2	2.894	1.4%	2.894	1.5%	56.1
	5.125	2.5%	5.125	2.7%	97.1
Community Librarians outreach	0.223	0.1%	0.223	0.1%	4.0
Two new Youth Hub locations	0.461	0.2%	0.461	0.2%	4.0
Seasonal Sunday service	0.208	0.1%	0.208	0.1%	-
Seniors Strategy Digital Literacy	0.378	0.2%	0.378	0.2%	4.0
Digital Safety and Literacy	0.050	0.0%	0.050	0.0%	1.0
Total Budget Enhancements	6.445	3.1%	6.445	3.4%	110.1
Total Budget Increase	11.529	5.6%	10.111	5.4%	115.6
2020 Operating Budget - Board Submission	218.844	5.6%	198.204	5.4%	1,847.8

Budget Committee – January 10, 2020 Budget Launch

The City's Budget Committee launched the 2020 budget on January 10, 2020 and presented the [City staff-recommended operating budget](#) for TPL of \$192.478 million net (\$213.118 million gross), including 1,742.8 FTEs. The total budget increase was \$4.385 million net, or 2.3% (\$5.803 million gross, or 2.8%) and was comprised of a base budget increase that was the same as the Board's base request, and budget enhancements totalling \$0.719 million net and gross, including an additional 5.0 FTEs. The recommended budget enhancements included two new youth hub locations, seasonal Sunday service enhancement at eight Neighbourhood branches, and a position to support Digital Safety and Literacy programming, as summarized in Table 3 below.

Table 3: 2020 Operating Budget - City staff-recommended

	Gross		Net		FTEs
	(\$ millions)	%	(\$ millions)	%	
2019 Approved Operating Budget	207.314		188.093		1,732.3
2020 Base Increase	5.084	2.5%	3.666	1.9%	5.5
2020 Operating Base Budget	212.399	2.5%	191.759	1.9%	1,737.8
<u>2020 Budget Enhancements</u>					
Open Hours Plan - Phase 1	-	0.0%	-	0.0%	-
Open Hours Plan - Phase 2	-	0.0%	-	0.0%	-
	-	0.0%	-	0.0%	-
Community Librarians outreach	-	0.0%	-	0.0%	-
Two new Youth Hub locations	0.461	0.2%	0.461	0.2%	4.0
Seasonal Sunday service	0.208	0.1%	0.208	0.1%	-
Seniors Strategy Digital Literacy	-	0.0%	-	0.0%	-
Digital Safety and Literacy	0.050	0.0%	0.050	0.0%	1.0
Total Budget Enhancements	0.719	0.3%	0.719	0.4%	5.0
Total Budget Increase	5.803	2.8%	4.385	2.3%	10.5
2020 Operating Budget - City staff-recommended	213.118	2.8%	192.478	2.3%	1,742.8

The City staff-recommended operating budget did not include the Board-requested budget enhancements totalling \$5.726 million net and gross for the Open Hours Plan - Phases 1 & 2, Community Librarians outreach, and Seniors Strategy Digital Literacy.

Budget Committee – January, 17, 2020 Budget Review

At the meeting on January 17, 2020, the City’s Budget Committee requested the City Librarian to provide briefing notes ([BU14.2](#) Motion j #11) on the following:

1. the total amount of dollars contributed by the City since 2014;
2. the City’s increase in funding since 2014;
3. the increase in Sunday service hours over the last five years; and
4. the City’s proposed total investment in the 2020 budget.

TPL provided the requested briefing notes at the Budget Committee meeting on February 4, 2020.

TPL Board Meeting – January, 27, 2020

At the meeting on January 27, 2020, the Library Board received for information a [2020 Operating Budget - Update](#) which summarized the City staff-recommended operating budget of \$192.478 million net (\$213.118 million gross), including 1,742.8 FTEs.

Also presented at this meeting were additional implementation options for the Open Hours Plan and a list of potential future TPL Youth Hub locations. At the meeting, the Board approved a motion to provide a communication to the City’s Budget Committee, all City Councillors, and the Mayor to emphasize the importance of the Open Hours Plan, which was not included in City staff-recommended budget.

COMMENTS

Budget Committee – February 4, 2020 Final Wrap Up

On February 4, 2020, Budget Committee recommended to Executive Committee a [2020 Operating Budget](#) of \$194.322 million net (\$214.962 million gross), which was comprised of the City staff-recommended budget, further enhanced by an additional eight new Youth Hub locations totalling \$1.844 million net and gross, including an additional 16.0 FTEs, to address youth violence, as summarized in Table 4.

Table 4: 2020 Operating Budget - Budget Committee Recommended

	Gross		Net		FTEs
	(\$ millions)	%	(\$ millions)	%	
2020 Operating Budget - City staff-recommended	213.118	2.8%	192.478	2.3%	1,742.8
Eight new Youth Hub locations - <i>new</i>	1.844	0.9%	1.844	1.0%	16.0
2020 Operating Budget - Budget Committee	214.962	3.7%	194.322	3.3%	1,758.8

Budget Committee also received TPL’s briefing notes regarding TPL’s [2014-2020 History of Funding](#) and [Sunday Service Increases](#) and a [communication](#) from the TPL Board emphasizing the importance of TPL’s Open Hours Plan, which was not included in the City staff-recommended 2020 operating budget. The communication was also sent to members of City Council and the Mayor.

Executive Committee – February 13, 2020

On February 13, 2020, the Executive Committee endorsed the Budget Committee’s recommended [2020 operating budget](#) with no changes.

City Council – February 19, 2020

On February 19, 2020, City Council approved the 2020 operating budget, which is comprised of the Executive Committee recommended budget plus additional funding to increase the hours at eight Youth Hub branches so that those branches have full open hours, including every evening, in order to provide full Youth Hub service, resulting in a Council-approved budget of \$195.180 million net (\$215.819 million gross), including 1,769.8 FTEs. Table 5 below details all budget enhancements approved by Council.

Table 5: 2020 Operating Budget - Council Approved

	Gross		Net		FTEs
	(\$ millions)	%	(\$ millions)	%	
2019 Approved Operating Budget	207.314		188.093		1,732.3
2020 Base Increase	5.084	2.5%	3.666	1.9%	5.5
2020 Operating Base Budget	212.399	2.5%	191.759	1.9%	1,737.8
<u>2020 Budget Enhancements</u>					
Two new Youth Hub locations	0.461	0.2%	0.461	0.2%	4.0
Eight new Youth Hub locations	1.844	0.9%	1.844	1.0%	16.0
	2.305	1.1%	2.305	1.2%	20.0
Open Hours - Youth Hub Focus - new	0.858	0.4%	0.858	0.5%	11.0
Seasonal Sunday service	0.208	0.1%	0.208	0.1%	-
Digital Safety and Literacy	0.050	0.0%	0.050	0.0%	1.0
Total Budget Enhancements	3.421	1.7%	3.421	1.8%	32.0
Total Budget Increase	8.505	4.1%	7.086	3.8%	37.5
2020 Operating Budget - Council approved	215.819	4.1%	195.180	3.8%	1,769.8

The total budget increase of \$7.086 million net, or 3.8% (\$8.505 million gross, or 4.1%), over 2019, is comprised of a base budget increase of \$3.666 million net, or 1.9% (\$5.084 million gross, or 2.5%), which includes an additional 5.5 FTEs, and budget enhancements of \$3.421 million net, or 1.8% (\$3.421 million gross, or 1.7%), including an additional 32.0 FTEs, comprised of:

- 10 new Youth Hub locations totalling \$2.305 million net and gross (full-year funding of \$2.355 million net and gross), including an additional 20.0 FTEs, at Jane/Dundas, Richview, North York Central Library, S. Walter Stewart, Agincourt, Parkdale, Don Mills, Kennedy/Eglinton, Weston and Mount Dennis branches;
- increase open hours of service by 5,538 hours annually totalling \$0.858 million net (\$0.858 million gross; full-year funding of \$1.430 million net and gross), including an additional 11.0 FTEs, at eight Neighbourhood branches (Centennial, Downsview, Flemingdon Park, Jane/Dundas, Kennedy/Eglinton, Mount Dennis, Sanderson, and Weston). The increase to fund extended library hours to allow for the full operation of Youth Hubs was presented to the Board at its January 27 meeting. The 2020 budget increase is funded by the City's one-time recovery from unutilized prior year capital from current funding and will be a base pressure in 2021.
- seasonal Sunday service enhancement at eight Neighbourhood branches totalling \$0.208 million net and gross (full-year funding of \$0.416 million net and gross) at Amesbury Park, Bendale, Black Creek, Cliffcrest, Evelyn Gregory, Northern Elms, Victoria Village and Woodview Park; and
- funding for Digital Safety and Literacy programming totalling \$0.050 million net and gross (full-year funding of \$0.100 million net and gross), including 1.0 FTE.

The operating budget does not include staffing COLA as the collective agreement expired on December 31, 2019.

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

2020 Operating Gross Budget with Future Year Commitments

The approved 2020 budget enhancements have future year impacts due to the annualization of cash flows. Table 6 below details the full impact of these approved enhancements on the gross operating budget. When accounting for these annualized costs, the 2020 Council-approved budget commits to a gross budget increase of \$9.385 million, or 4.5%, over 2019. This represents a major investment by Council in TPL operations, which recognizes the Library’s important role in the social infrastructure of the city.

Table 6: 2020 Operating Budget with Future Year Commitments

	2020 Gross Budget		Future Year Commitments		Total Impact of 2020 Budget	
	(\$ millions)	%	(\$ millions)	%	(\$ millions)	%
2019 Approved Operating Budget	207.314				207.314	
2020 Base Increase	5.084	2.5%			5.084	2.5%
2020 Operating Base Budget	212.399	2.5%	-	0.0%	212.399	2.5%
<u>2020 Budget Enhancements</u>						
Open Hours - Youth Hub Focus	0.858	0.4%	0.572	0.3%	1.430	0.7%
Two new Youth Hub locations	0.461	0.2%	0.010	0.0%	0.471	0.2%
Eight new Youth Hub locations	1.844	0.9%	0.040	0.0%	1.884	0.9%
Seasonal Sunday service	0.208	0.1%	0.208	0.1%	0.416	0.2%
Digital Safety and Literacy	0.050	0.0%	0.050	0.0%	0.100	0.0%
Total Budget Enhancements	3.421	1.7%	0.880	0.4%	4.301	2.1%
Total Increase	8.505	4.1%	0.880	0.4%	9.385	4.5%
Operating Budget w/ Future Year Commitments	215.819	4.1%	0.880	0.4%	216.699	4.5%

2021-2022 Operating Budget Outlook

Based on the Council-approved budget, the 2021-2022 operating budget outlook, as detailed in Attachment 1, results in a 1.9% and 2.0% net increases respectively, excluding staffing COLA.

CONTACT

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SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: 2020 Council-Approved Operating Budget

TORONTO PUBLIC LIBRARY

Council Approved 2020 Operating Budget and 2021-2022 Outlook

	2020 Operating Budget					2021 Outlook			2022 Outlook		
	STAFF	GROSS	REVENUE	NET	%	STAFF	NET	%	STAFF	NET	%
	FTE's	\$Ms				FTE's	\$Ms		FTE's	\$Ms	
2019 Council Approved Adjusted Budget	1,732.3	207.314	19.221	188.093		1,769.8	195.180		1,769.8	198.981	
Base Budget Pressures											
1 Salary COLA (budgeted by the City)		0.000		0.000	0.0%		0.000	0.0%		0.000	0.0%
2 Salary merit and step increase		0.340		0.340	0.2%		0.360	0.2%		0.370	0.2%
3 Leap Day Adjustment		0.429		0.429	0.2%		-0.429	-0.2%			
4 Benefits cost economic increase		0.413		0.413	0.2%		0.405	0.2%		0.426	0.2%
5 2019 Sunday Service Enhancement (2020 annualization)		0.208		0.208	0.1%						
	0.0	1.390	0.000	1.390	0.7%	0.0	0.337	0.2%	0.0	0.796	0.4%
Economic Factors											
6 Facilities-related contracted services economic factor		0.580		0.580	0.3%		0.578	0.3%		0.512	0.3%
7 Library Materials economic factor		0.510	0.102	0.408	0.2%		0.418	0.2%		0.429	0.2%
8 Supplies & Services economic factor		0.347		0.347	0.2%		0.527	0.3%		0.541	0.3%
9 Utilities economic factor		0.287		0.287	0.2%		0.348	0.2%		0.361	0.2%
	0.0	1.724	0.102	1.622	0.9%	0.0	1.871	1.0%	0.0	1.844	0.9%
Expenditure Pressures											
10 Operating impact of capital - Technology projects		0.693		0.693	0.4%		0.400	0.2%		0.400	0.2%
11 Operating impact of capital - Building projects	1.5	0.148		0.148	0.1%		0.357	0.2%	4.0	1.037	0.5%
12 Security Guard coverage		0.300		0.300	0.2%						
13 Contribution to City's insurance reserve		0.029		0.029	0.0%						
14 Capital Budget project coordinators	2.0	0.124	0.124	0.000	0.0%		0.000	0.0%			
	3.5	1.293	0.124	1.169	0.6%	0.0	0.757	0.4%	4.0	1.437	0.7%
subtotal - base budget pressures	3.5	4.408	0.226	4.182	2.2%	0.0	2.966	1.5%	4.0	4.077	2.0%
Efficiencies & Revenue Increases											
Expenditure Savings											
15 Line by line review efficiencies		-0.438		-0.438	-0.2%						
Revenue increases											
16 Increase revenue from sale of online materials			0.029	-0.029	0.0%						
17 Increase in revenue of premium rentals	1.0	0.114	0.164	-0.050	0.0%		-0.044	0.0%		-0.046	0.0%
18 Toronto Public Library Foundation grants	1.0	1.000	1.000	0.000	0.0%						
	2.0	1.114	1.193	-0.079	0.0%	0.0	-0.044	0.0%	0.0	-0.046	0.0%
subtotal - efficiencies	2.0	0.676	1.193	-0.516	-0.3%	0.0	-0.044	0.0%	0.0	-0.046	0.0%
19 2020 Base Budget Increase	5.5	5.084	1.419	3.666	1.9%	0.0	2.922	1.5%	4.0	4.031	2.0%
20 2020 Operating Base Budget	1,737.8	212.399	20.640	191.759	1.9%	1,769.8	198.102	1.5%	1,773.8	203.012	2.0%
Budget Enhancements											
21 Ten new Youth Hub locations	20.0	2.305		2.305	1.2%		0.050	0.0%			
22 Increase open hours at 8 Neighbourhood branches - Youth Hub focus	11.0	0.858		0.858	0.5%		0.572	0.3%			
23 Seasonal Sunday Service at 8 Neighbourhood branches		0.208		0.208	0.1%		0.208	0.1%			
24 Digital Safety and Literacy Programming	1.0	0.050		0.050	0.0%		0.050	0.0%			
	32.0	3.421	0.000	3.421	1.8%	0.0	0.880	0.5%	0.0	0.000	0.0%
25 subtotal - budget enhancements	32.0	3.421	0.000	3.421	1.8%	0.0	0.880	0.5%	0.0	0.000	0.0%
26 2020 Budget Increase	37.5	8.505	1.419	7.086	3.8%	0.0	3.802	1.9%	4.0	4.031	2.0%
27 Council Approved 2020 Operating Budget and 2021-2022 Outlook	1,769.8	215.819	20.640	195.180	3.8%	1,769.8	198.981	1.9%	1,773.8	203.012	2.0%



2020 Operating Budget Adoption



Toronto Public Library Board

February 24, 2020



2020 Operating Budget – Revised Report

	Original Report		Revised Report	
	NET (\$ millions)		NET (\$ millions)	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
2019 Approved Operating Budget	188.093	194.322	188.093	195.180
Base Budget Increase	3.666	2.922	3.666	2.922
2020 Operating Base Budget	191.759	197.244	191.759	198.102
<u>Budget Enhancements</u>				
Open Hours Plan		1.430	0.858	0.572
Ten new Youth Hub locations	2.305	0.050	2.305	0.050
Seasonal Sunday service	0.208	0.208	0.208	0.208
Digital Safety and Literacy	0.050	0.050	0.050	0.050
	2.563	1.738	3.421	0.880
Total Budget Enhancements	2.563	1.738	3.421	0.880
Total Budget Increase	6.229	4.659	7.086	3.802
2020 Operating Budget	194.322	198.981	195.180	198.981
% Increase	3.3%	2.4%	3.8%	1.9%

2020 Operating Budget – City Staff Recommended

	Gross	Net	FTEs
	(\$ millions)		
2019 Approved Operating Budget	207.314	188.093	1,732.26
2020 Base Increase	5.084	3.666	5.5
2020 Operating Base Budget	212.399	191.759	1,737.8
<u>2020 Budget Enhancements</u>			
Two new Youth Hub locations	0.461	0.461	4.0
Seasonal Sunday service	0.208	0.208	
Digital Safety and Literacy	0.050	0.050	1.0
Total Budget Enhancements	0.719	0.719	5.0
Total Budget Increase	5.803	4.385	10.5
2020 Operating Budget	213.118	192.478	1,742.8
% Total Increase	2.8%	2.3%	

2020 Operating Budget – Budget Committee

	Gross	Net	FTEs
	(\$ millions)		
2019 Approved Operating Budget	207.314	188.093	1732.26
2020 Base Increase	5.084	3.666	5.5
2020 Operating Base Budget	212.399	191.759	1,737.8
<u>2020 Budget Enhancements</u>			
Two new Youth Hub locations	0.461	0.461	4.0
+ Eight additional new Youth Hub Locations	1.844	1.844	16.0
	2.305	2.305	20.0
Seasonal Sunday service	0.208	0.208	
Digital Safety and Literacy	0.050	0.050	1.0
Total Budget Enhancements	2.563	2.563	21.0
Total Budget Increase	7.647	6.229	26.5
2020 Operating Budget	214.962	194.322	1,758.8
% Total Increase	3.7%	3.3%	

2020 Operating Budget – Council Approved

	Gross	Net	FTEs
	(\$ millions)		
2019 Approved Operating Budget	207.314	188.093	1732.26
2020 Base Increase	5.084	3.666	5.5
2020 Operating Base Budget	212.399	191.759	1,737.8
<u>2020 Budget Enhancements</u>			
Two new Youth Hub locations	0.461	0.461	4.0
+ Eight additional new Youth Hub Locations	1.844	1.844	16.0
	2.305	2.305	20.0
+ Open Hours - Youth Hub Focus	0.858	0.858	11.0
Seasonal Sunday service	0.208	0.208	
Digital Safety and Literacy	0.050	0.050	1.0
Total Budget Enhancements	3.421	3.421	32.0
Total Budget Increase	8.505	7.086	37.5
2020 Operating Budget	215.819	195.180	1,769.8
% Total Increase	4.1%	3.8%	