

**2016 Operating Budget Update**

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|--------------|------------------------------|
| <b>Date:</b> | January 25, 2016             |
| <b>To:</b>   | Toronto Public Library Board |
| <b>From:</b> | City Librarian               |

**SUMMARY**

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The purpose of this report is to update the Toronto Public Library (TPL) Board on the status of the 2016 operating budget.

At its meeting on December 15, 2015, the City’s Budget Committee considered the City staff’s Preliminary Budgets. The 2016 Preliminary Operating Budget for TPL is \$174.912 million net (\$192.504 million gross), which represents a \$2.719 million net or 1.6% increase. The Preliminary Budget represents the Board-approved submission of a \$3.127 million net or 1.8% increase, which has been reduced by \$0.408 million or 0.2% through 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 Preliminary Budget does not include the \$0.958 million of budget enhancements included in the Board submission. These enhancements are being considered for funding separately through the budget process.

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

Final budget approval by City Council is expected on February 17 and 18, 2016.

**FINANCIAL IMPACT**

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The Preliminary Budget is \$174.912 million net (\$192.504 million gross), which represents a \$2.719 million net or 1.6% increase. The Preliminary Budget reflects the Board submission of a \$3.127 million net or 1.8% increase, which has been reduced by \$0.408 million or 0.2% and is comprised of 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 Preliminary Budget does not include salary COLA for 2016, which is a collective bargaining year.

The Preliminary Budget also does not include the \$0.958 million of budget enhancements included in the Board submission.

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

## BACKGROUND

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:

| <b>2016 Service Enhancements (\$000s)</b>                 |              |                |              |              |             |
|---|--------------|----------------|--------------|--------------|-------------|
|   | <b>Gross</b> | <b>Revenue</b> | <b>Net</b>   | <b>%</b>     | <b>FTEs</b> |
| Sunday open hours enhancement 1 - full year at 8 branches | 263.2        |                | 263.2        | 0.15%        |             |
| Sunday open hours 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%        |             |
| <b>Total 2016 Service Enhancements</b>                    | <b>957.5</b> | <b>-</b>       | <b>957.5</b> | <b>0.56%</b> | <b>2.0</b>  |

## COMMENTS

At the 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 Preliminary Budget is detailed in the following table:

**2016 Preliminary Operating Budget Submission (\$000s)**

|   | <u>Gross</u>            | <u>Revenue</u>         | <u>Net</u>              | <u>%</u>            | <u>FTEs</u>           |
|---|-------------------------|------------------------|-------------------------|---------------------|-----------------------|
| <b>2015 operating budget</b>                          | <b><u>188,708.3</u></b> | <b><u>16,516.1</u></b> | <b><u>172,192.2</u></b> |                     | <b><u>1,739.9</u></b> |
| <b>2016</b>   |                         |                        |                         |                     |                       |
| Budget pressures                                      | 4,285.3                 | (1.2)                  | 4,286.5                 | 2.49%               | 5.0                   |
| Efficiency expenditure reductions & revenue increases | <u>(500.0)</u>          | <u>659.7</u>           | <u>(1,159.7)</u>        | <u>-0.68%</u>       | <u>(6.9)</u>          |
| <b>2016 Board submission increase</b>                 | <b><u>3,785.3</u></b>   | <b><u>658.5</u></b>    | <b><u>3,126.8</u></b>   | <b><u>1.81%</u></b> | <b><u>(1.9)</u></b>   |
| Funding from Tax Stabilization Reserve                | -                       | 418.3                  | (418.3)                 | -0.24%              | -                     |
| Reversal of 2015 fuel adjustment                      | <u>10.8</u>             | -                      | <u>10.8</u>             | <u>0.01%</u>        | -                     |
| <b>2016 Preliminary increase</b>                      | <b><u>3,796.1</u></b>   | <b><u>1,076.8</u></b>  | <b><u>2,719.3</u></b>   | <b><u>1.58%</u></b> | -                     |
| <b>2016 Preliminary Operating Budget</b>              | <b><u>192,504.4</u></b> | <b><u>17,592.9</u></b> | <b><u>174,911.5</u></b> | <b><u>1.58%</u></b> | <b><u>1,738.0</u></b> |

Budget enhancements of \$0.958 million have not been included in the Preliminary Budget. These budget enhancements are being considered for funding separately through the budget process.

Library staff presented its 2016 budget at the Budget Committee meeting on January 6, 2016. The Budget Committee has also focused on reviewing discretionary spending by all divisions and agencies to find savings.

Unlike previous years, City staff is not presenting a recommended budget for the Library or any city division or agency due to the City's overall operating budget gap of \$23 million that needs to be resolved. Instead, a Preliminary Operating Budget is being considered at this stage.

Budget Committee meetings will be held throughout January, with a final meeting on January 26, 2016. The Executive Committee will meet on February 9 to review Budget Committee recommendations and Council will meet on February 17 and 18 to approve the 2016 budget.

## **CONTACT**

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

## **SIGNATURE**

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Vickery Bowles  
City Librarian