Operating Budget Monitoring Report – March 31, 2020

Date: May 25, 2020
To: Toronto Public Library Board
From: City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library (TPL) Board with a summary of the gross and net operating expenditures of TPL for the three-month period ended on March 31, 2020, and to describe the current and expected impacts of the COVID-19 pandemic on the 2020 operating budget.

As of March 31, 2020, TPL is reporting a net favourable variance of $0.234 million comprised of a favourable expenditure variance of $0.249 million partially offset by an unfavourable revenue variance of $0.015 million. The branch closures effective after March 13, 2020, did not have a significant impact on the net operating budget spending for the first quarter. However, for the balance of the year, revenues and expenditures will be significantly impacted by COVID-19, though it is difficult to estimate the impact at this time. One major factor will be the process and timing for reopening branches and restoring service.

FINANCIAL IMPACT

As of March 31, 2020, TPL is reporting a net favourable variance of $0.234 million comprised of a favourable expenditure variance of $0.249 million partially offset by an unfavourable expenditure variance of $0.015 million.

The year-end forecast is uncertain at this time and will be impacted by COVID-19, and service closure and reinstatement.

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

TPL’s Council-approved 2020 operating budget is $195.180 million net ($215.819 million gross), not including the impact of the recently ratified collective agreement between TPL Board and the Toronto Public Library Workers’ Union Local 4948, CUPE. The 2020 operating budget will be adjusted at a later date, following Council’s approval of the required additional funding.

COMMENTS

For the three-month period ended on March 31, 2020, TPL is reporting a net favourable variance of $0.234 million comprised of a favourable expenditure variance of $0.249 million, partially offset by an unfavourable revenue variance of $0.015 million as shown in Table 1 below:

<table>
<thead>
<tr>
<th>Expense/Revenue Category</th>
<th>Actuals</th>
<th>Budget</th>
<th>Variance to Budget fav / (unfav)</th>
<th>Full Year Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ M</td>
<td>$ M</td>
<td>$ M</td>
<td>%</td>
</tr>
<tr>
<td>Staffing Costs</td>
<td>36.842</td>
<td>36.829</td>
<td>(0.013)</td>
<td>(0.0%)</td>
</tr>
<tr>
<td>Materials and Supplies and Other</td>
<td>0.508</td>
<td>0.410</td>
<td>(0.098)</td>
<td>(23.9%)</td>
</tr>
<tr>
<td>Library Materials</td>
<td>5.231</td>
<td>5.231</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Equipment, Services and Rent</td>
<td>8.508</td>
<td>8.868</td>
<td>0.361</td>
<td>4.1%</td>
</tr>
<tr>
<td>Contributions &amp; Transfers to Reserves</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Gross Expenditures</td>
<td>51.089</td>
<td>51.338</td>
<td>0.249</td>
<td>0.5%</td>
</tr>
<tr>
<td>Grants</td>
<td>1.429</td>
<td>1.428</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Fines, Fees and Room Rentals</td>
<td>0.989</td>
<td>1.205</td>
<td>(0.216)</td>
<td>(17.9%)</td>
</tr>
<tr>
<td>Grants from TPL Foundation and others</td>
<td>0.498</td>
<td>0.250</td>
<td>0.248</td>
<td>0.0%</td>
</tr>
<tr>
<td>Contributions &amp; Transfers from Reserves</td>
<td>0.540</td>
<td>0.588</td>
<td>(0.047)</td>
<td>(8.0%)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1.075</td>
<td>1.075</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>4.532</td>
<td>4.547</td>
<td>(0.015)</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>Net Expenditures</td>
<td>46.557</td>
<td>46.791</td>
<td>0.234</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Totals may not add due to rounding

The year-to-date favourable expenditure variance of $0.249 million is mainly attributable to a favourable expenditure variances resulting from expenditure savings in utilities, employee benefits, staff training and guard services, as impacted by
closures or delays related to COVID-19 that are partially offset by an unfavourable expenditure variance of $0.248 million related to specific library initiatives that are fully funded by grants from TPL Foundation and others.

The year-to-date unfavourable revenue variance of $0.015 million is mainly attributable to lower venue and community room rental revenue related to COVID-19 and is partially offset by a favourable revenue variance of $0.248 million resulting from supplementary grant revenues funded by the TPL Foundation and others to fund the costs of specific library initiatives.

The branch closures effective as of March 13, 2020, did not have a significant impact on the net operating budget spending for the first quarter.

The year-end forecast is uncertain at this time as it is difficult to estimate the impact of COVID-19. One major factor will be the process and timing for reopening branches and restoring service.

**COVID-19 Impact and Outlook**

Effective March 14, 2020, Toronto Public Library was closed due to the outbreak of the coronavirus/COVID-19, and in accordance with recommendations from Toronto’s Medical Officer of Health. Programs, events and room rentals were cancelled. Mobile library service (Bookmobile and Home Library Service), as well as community outreach were also cancelled.

The first phase of TPL’s staffing strategy during the closure has been to equip as many employees as possible to continue to work from home. In the support departments such as Information Technology Services, Finance and Human Resources, this has meant the important ‘business’ responsibilities of TPL have continued throughout the closure. For staff in public services who are working from home, it has meant that TPL has been able to provide a wide-range of on-line library services to the public, as well as supporting food banks. All staff continue to be paid.

The closure of branches has resulted in a number of operating budget pressures due to non-budgeted costs in a number of areas and a reduction of internally generated revenues. Some of these pressures include:

- Lost revenues (room bookings, printing, fines, etc.)
- One-time intensive cleaning of branches
- Operating food banks in branches;
- Personal protective equipment (PPE); and
- Additional technology to support remote working.
These pressures are offset by savings due to the closure of branches, including reduced:

- Security guards;
- Facilities-related contracts (pest control, janitorial contract, waste and recycling);
- Benefit costs;
- Staff costs in shift premium, overtime, superior duties, extra hours;
- Utilities;
- Vehicle gasoline;
- Printing supplies; and
- Programming / office supplies.

At this time, the future re-opening plans for branches and the associated timelines related to those plans are being developed, and therefore it is difficult to forecast what the financial impacts will be on the 2020 operating results.

**CONTACT**

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**SIGNATURE**

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Vickery Bowles
City Librarian