



**STAFF REPORT  
ACTION REQUIRED**

**11a.**

**2017 Operating Budget Adoption – Revised**

<b>Date:</b>	February 21, 2017
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

**SUMMARY**

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This revised report reflects the final 2017 operating budget, which includes additional one-time enhancement funding of zero net (\$0.387 million gross) for Toronto Public Library (TPL) as approved by City Council at its meeting on February 15, 2017.

The purpose of this report is for the Toronto Public Library Board to adopt the Council-approved TPL 2017 operating budget of \$179.052 million net (\$199.047 million gross), which represents a \$1.877 million net (\$4.280 million gross), or 1.1%, increase over 2016. The budget increase is comprised of a base increase of \$1.588 million net (\$3.604 million gross), representing a 0.9% increase, and funding for budget enhancements totalling \$0.289 million net (\$0.676 million gross), representing a 0.2% increase, which supports the City’s Poverty Reduction Strategy.

A portion of the budget enhancements totalling zero net (\$0.387 million gross) is funded in 2017 through a one-time contribution from the City’s Tax Rate Stabilization Reserve and will result in a budget pressure for TPL in 2018. This includes \$0.234 million gross for the two new Youth Hub locations and \$0.153 million gross for ongoing Youth Hub programming costs.

**RECOMMENDATIONS**

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**The City Librarian recommends that the Toronto Public Library Board:**

1. adopts the Council-approved 2017 operating budget of \$179.052 million net (\$199.047 million gross), which represents a \$1.877 million net (\$4.280 million gross), or 1.1%, increase over 2016, comprised of the following services:

<u>Service</u>	<u>Gross</u> <u>(\$millions)</u>	<u>Net</u> <u>(\$millions)</u>
Library Collections & Borrowing	75.123	68.661
Branch and E-Services	116.695	103.471
Partnerships, Outreach & Customer Engagement	7.229	6.920
	<u>199.047</u>	<u>179.052</u>

## **FINANCIAL IMPACT**

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TPL's approved 2017 operating budget is \$179.052 million net (\$199.047 million gross), which represents a \$1.877 million net (\$4.280 million gross), or 1.1%, increase over 2016. The budget increase is comprised of a base increase of \$1.588 million net (\$3.604 million gross), representing a 0.9% increase, and funding for budget enhancements of \$0.289 million net (\$0.676 million gross), representing a 0.2% increase, which supports the City's Poverty Reduction Strategy.

A portion of the budget enhancements totalling zero net (\$0.387 million gross) is funded in 2017 through a one-time contribution from the City's Tax Rate Stabilization Reserve and will result in a budget pressure for TPL in 2018.

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

## **ALIGNMENT WITH STRATEGIC PLAN**

The 2017 operating budget of \$179.052 million net (\$199.047 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. The 2017 operating budget includes funding for budget enhancements of \$0.289 million net (\$0.676 million gross), which supports the City's Poverty Reduction Strategy and further advances TPL's strategic plan.

## **BACKGROUND**

At its meeting on September 26, 2016, the Board considered the [2017 Operating Budget Submission](#) and endorsed a base budget of \$178.763 million net (\$198.371 million gross), which represents a \$1.588 million net (\$3.604 million gross), or 0.9%, increase over the 2016 operating budget. Also endorsed by the Board were budget enhancements totalling \$0.826 million, which support the City's Poverty Reduction Strategy, comprised of the following:

- \$0.300 million for Wi-Fi Hotspot Lending program expansion;
- \$0.234 million for additional Youth Hub locations;
- \$0.153 million for Youth Hub programming costs; and
- \$0.139 million for Sunday Open Hours Enhancement.

At its meeting on December 6, 2016, the City's Budget Committee began its review of the 2017 Preliminary Operating Budget as presented by the City Manager. The 2017 Preliminary Operating Budget and the service levels for TPL, as detailed in the [City's budget notes](#), is \$178.763 million net (\$198.371 million gross), which represents a \$1.588 million net, or 0.9%, increase. This was in line with the Board-approved base budget, but does not include the \$0.826 million of budget enhancements included in the Board submission. These enhancements were considered for funding separately through the budget process as part of the City's Poverty Reduction Strategy.

At its final meeting on January 24, 2017, Budget Committee endorsed TPL's 2017 operating budget of \$179.052 million net (\$198.660 million gross), which represents a \$1.877 million net (\$4.280 million gross), or 1.1%, increase over 2016. The budget increase is comprised of a base increase of \$1.588 million net (\$3.604 million gross), representing a 0.9% increase, and funding for budget enhancements of \$0.289 million gross and net, representing a 0.2% increase, which supports the City's Poverty Reduction Strategy.

At its meeting on February 7, 2017, Executive Committee endorsed TPL's 2017 operating budget as recommended by Budget Committee with no changes.

## **COMMENTS**

At its meeting on February 15, 2017, Council approved TPL's 2017 operating budget of \$179.052 million net (\$199.047 million gross), which is comprised of the Executive Committee-endorsed budget of \$179.052 million net (\$198.660 million gross) plus additional enhancement funding of zero net (\$0.387 million gross). This represents a total budget increase of \$1.877 million net (\$4.280 million gross), or 1.1%, increase over 2016, and is comprised of a base increase of \$1.588 million net (\$3.604 million gross), representing a 0.9% increase, and funding for budget enhancements of \$0.289 million net (\$0.676 million gross), representing a 0.2% increase, which supports the City's Poverty Reduction Strategy.

Budget enhancements of \$0.289 million net (\$0.676 million gross) is comprised of: \$0.139 million gross and net for Sunday open hours enhancements at six District branches (Albert Campbell, Barbara Frum, Brentwood, Fairview, S. Walter Stewart and York Woods); \$0.150 million gross and net of the \$0.300 million requested by the Board for the expansion of the Wi-Fi Hotspot Lending program; zero net (\$0.234 million gross) for two new Youth Hub locations (Albion and Barbara Frum); and zero net (\$0.153 million gross) for ongoing Youth Hub programming costs.

The portion of the budget enhancements related to the addition of two new Youth Hub locations and ongoing programming costs totalling zero net (\$0.387 million gross) is funded in 2017 through a one-time contribution from the City's Tax Rate Stabilization Reserve and will result in a budget pressure for TPL in 2018 if these services continue.

The approved budget is summarized as follows:

**2017 Operating Budget (\$ millions)**

	<b>Gross</b>	<b>Revenue</b>	<b>Net</b>	<b>%</b>	<b>FTE</b>
<b>2016 Operating Budget</b>	<b>194.768</b>	<b>17.593</b>	<b>177.175</b>		<b>1,741.0</b>
<b>2017 Base Budget</b>					
Budget pressures	4.699	(0.418)	5.117	2.9%	
Expenditure Efficiencies & Budget Reliefs					
Expenditure efficiencies	(0.162)		(0.162)	-0.1%	
Technological Innovation	(0.933)		(0.933)	-0.5%	(8.7)
Revenue Increases		2.434	(2.434)	-1.4%	
	(1.095)	2.434	(3.529)	-2.0%	(8.7)
<b>2017 Base Increase</b>	<b>3.604</b>	<b>2.016</b>	<b>1.588</b>	<b>0.9%</b>	<b>(8.7)</b>
<b>2017 Operating Base Budget</b>	<b>198.371</b>	<b>19.609</b>	<b>178.763</b>	<b>0.9%</b>	<b>1,732.3</b>
<b>Budget Enhancements (permanent funding)</b>					
Wi-Fi Hotspot Lending Program expansion	0.150		0.150	0.1%	
Sunday Hours - full year at 6 District branches	0.139		0.139	0.1%	
	<b>0.289</b>	<b>-</b>	<b>0.289</b>	<b>0.2%</b>	<b>-</b>
<b>Budget Enhancements (one-time funding)</b>					
Additional locations for Youth Hubs	0.234	0.234	-	0.0%	2.0
Youth Hubs programming costs	0.153	0.153	-	0.0%	
	<b>0.387</b>	<b>0.387</b>	<b>-</b>	<b>0.0%</b>	<b>2.0</b>
<b>Total Enhancements</b>	<b>0.676</b>	<b>0.387</b>	<b>0.289</b>	<b>0.2%</b>	<b>2.0</b>
<b>2017 Increase (Base+Enhancements)</b>	<b>4.280</b>	<b>2.403</b>	<b>1.877</b>	<b>1.1%</b>	<b>(6.7)</b>
<b>2017 Council Approved Operating Budget</b>	<b>199.047</b>	<b>19.996</b>	<b>179.052</b>	<b>1.1%</b>	<b>1,734.3</b>

Of the \$0.300 million requested by the Board for the Wi-Fi Hotspot Lending program, \$0.150 million is included in the Council-approved budget. TPL staff continues to work with the TPL Foundation to pursue third-party funding to supplement the Wi-Fi hotspot lending program.

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

**CONTACT**

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**SIGNATURE**

Vickery Bowles.

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