



City Budget 2012

Toronto Public Library Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

2012–2021 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

TABLE OF CONTENTS

PART I: RECOMMENDATIONS	3
PART II: 2012 SERVICE OVERVIEW AND PLAN	
Program Map and Service Profiles.....	4
2012 Recommended Service Levels	5
2012 Service Deliverables	5
PART III: 2012 RECOMMENDED BASE BUDGET	
2012 Recommended Base Budget	6
2012 Recommended Service Changes	8
2013 and 2014 Outlook	13
PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS	
2012 Recommended New/Enhanced Service Priority Actions	15
PART V: ISSUES FOR DISCUSSION	
2012 and Future Year Issues	16
Issues Referred to the 2012 Operating Budget Process	21
APPENDICES	
Appendix 1: 2011 Performance	23
Appendix 2: 2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers	26
Appendix 3: Summary of 2012 Recommended Service Changes	28
Appendix 4: Summary of 2012 Recommended New/Enhanced Service Priority Actions	29
Appendix 5: Inflows / Outflows to/ from Reserves and Reserve Funds	30
Contacts:	
Alan Cohen Manager, Financial Planning Tel: (416) 392-3740	Tim Lam Senior Financial Planning Analyst Tel: (416) 397-4225

PART I: RECOMMENDATIONS

2012 Recommended Operating Budget

(In \$000s)

(In \$000s)	2011		2012 Recomm'd Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget			2013	2014
	\$	\$	\$	\$	\$			%	\$
GROSS EXP.	184,230.7	186,380.5	172,266.0	19.0	172,285.0	(11,945.7)	(6.5)	1,393.5	1,382.9
REVENUE	13,432.8	15,732.8	14,758.3	19.0	14,777.3	1,344.5	10.0	20.0	8.0
NET EXP.	170,797.9	170,647.7	157,507.7	-	157,507.7	(13,290.2)	(7.8)	1,373.5	1,149.9
Approved Positions	1,824.9	1,824.9	1,663.9	-	1,663.9	(161.0)	(8.8)	(8.5)	20.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(17,043.9)	(17,043.9)	-	10.0%

Recommendations

The City Manager and Chief Financial Officer recommend that:

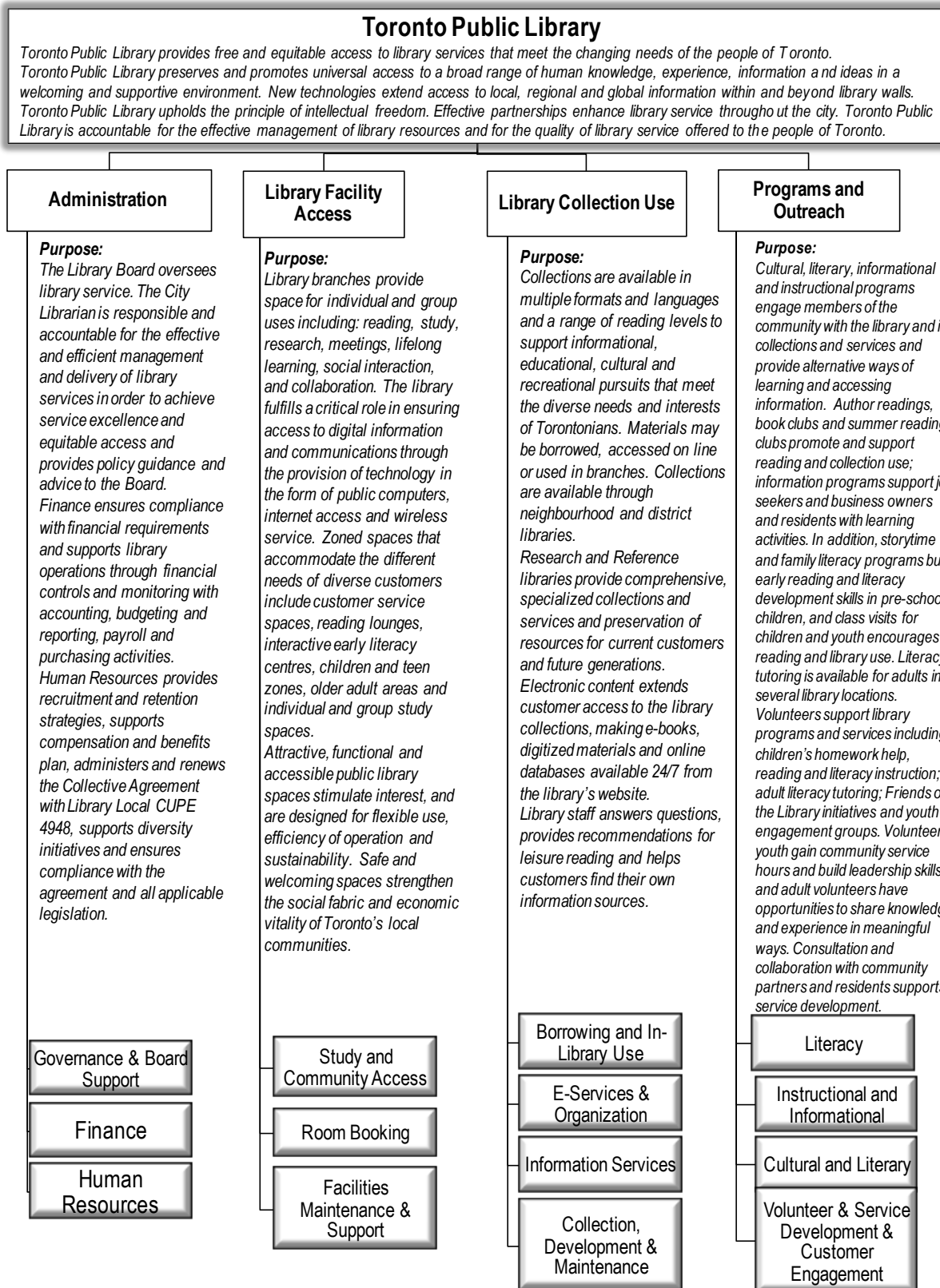
1. City Council approve the 2012 Recommended Operating Budget for Toronto Public Library of \$172.285 million gross and \$157.508 million net, comprised of the following services:

<u>Service(s)</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Library Administration	6,281.4.0	6,141.9
Library Services	<u>166,003.6</u>	<u>151,366.0</u>
Total Program Budget	<u>172,285.0</u>	<u>157,507.9</u>

2. Toronto Public Library Board report to Budget Committee at the 2012 Operating Budget final wrap-up meeting on January 9th, 2012 on specific sustainable budget reductions and associated service impacts to replace the \$7.327 million gross and net recommended service change reduction included in the Toronto Public Library 2012 Recommended Operating Budget.

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



2012 Recommended Service Levels

The Toronto Public Library's services, activities, and the associated service levels are currently under development. Detailed program map with distinct services, activities, and associated service levels will be available during the 2013 budget process.

2012 Service Deliverables

The 2012 Recommended Operating Budget of \$157.508 million net will provide funding to:

- ✓ Provide on average 4,801.5 hours of operation weekly; support over 18 million in person visits and offer 25,912 library programs with attendance of over 697,500;
- ✓ Provide 1,700 computer workstations and wireless internet access in all branches;
- ✓ Provide access to over 11 million items in a variety of formats, and languages, with circulation of over 32 million items;
- ✓ Provide over 2.4 million annual reference transactions; and,
- ✓ Provide access to library services 24/7 via the library's website with over 25 million virtual visits.

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget

(In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
			\$	%	2013	2014
GROSS EXP.	184,230.7	172,285.0	(11,945.7)	(6.5)	1,618.5	1,157.9
REVENUE	13,432.8	14,777.3	1,344.5	10.0	20.0	8.0
NET EXP.	170,797.9	157,507.7	(13,290.2)	(7.8)	1,373.5	1,149.9
Approved Positions	1,824.9	1,663.9	(161.0)	(8.8)	(8.5)	20.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(17,043.9)	(17,043.9)	0.0	10.0%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$157.508 million net is \$13.290 million or 7.8% below the Toronto Public Library's 2011 Approved Operating Budget of \$170.798 million net.
- The 2012 Recommended Base Budget of \$157.508 million net includes recommended Program reductions of \$17.044 million that achieve TPL's 10.0% reduction target of \$17.044 million. *(Please refer to 2012 Recommended Service Change Summary on P.9 for further information)*
- Recommended service changes of \$17.044 million include base budget savings \$1.523 million net, savings from efficiencies of \$6.839 million net, revenue changes of \$1.355 million net, and minor service changes of \$7.327 million net.
- The 2012 Recommended Budget reflects the deletion of 161.0 filled permanent staff positions. Approval of the 2012 recommended service changes will result in total staff complement decreasing from 1,824.9 to 1,663.9 approved positions as noted on [page 7](#).

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	1,824.9
- 2011 In-year Adjustments	
2011 Approved Staff Complement	1,824.9
2012 Recommended Staff Complement Changes	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	(161.0)
Total Recommended Positions	1,663.9

- The reduction in staff complement of 161.0 resulting from 2012 recommended service changes are mainly contributed by service efficiencies such as business process re-engineering (45.0 positions), savings from technology initiatives (26.8 positions), service consolidations (17.2 positions), and reduction of open hours (61.0 positions). **Please refer to 2012 Recommended Service Change Summary on P.8 for further information.**

- 2012 Recommended Service Change Summary

(In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Base Expenditure Changes								
Savings Annualized: Year 2 - Integration of Periodicals	(4.0)	(365.0)	(365.0)	(0.2%)				
Savings Annualized: Year 2 - Relocation of Urban Affairs	(2.5)	(629.0)	(629.0)	(0.4%)				
Expenditure Reduction Based on Actual Experience		(528.7)	(528.7)	(0.3%)				
Base Expenditure Changes	(6.5)	(1,522.7)	(1,522.7)	(0.9%)				
Base Revenue Changes								
Base Revenue Changes								
Sub-Total Base Budget Changes	(6.5)	(1,522.7)	(1,522.7)	(0.9%)				
Service Efficiencies								
Reduction of Exempt and Support Staff	(9.0)	(764.1)	(764.1)	(0.4%)				
Service Functions Consolidation	(10.7)	(710.9)	(710.9)	(0.4%)				
Business Process Re-engineering	(45.0)	(3,147.7)	(3,147.7)	(1.8%)				
Savings from Technology Initiatives	(26.8)	(1,924.8)	(1,924.8)	(1.1%)	(250.0)	(4.5)	(74.0)	
Revision to Staffing Structure and Construction Schedules	(2.0)	(292.0)	(292.0)	(0.2%)	117.0	(1.2)	(91.0)	(2.0)
Savings from Automated Sorting System*					(225.0)	(2.0)		
Sub-Total Service Efficiencies	(93.5)	(6,839.5)	(6,839.5)	(4.0%)	(358.0)	(7.7)	(165.0)	(2.0)
Revenue Adjustments:								
Increase Fines/Fees Revenue			(605.0)	(0.4%)	(20.0)		(8.0)	
Increase Contribution from DC Reserve			(750.0)	(0.4%)				
Sub-Total Revenue Adjustments			(1,355.0)	(0.8%)	(20.0)		(8.0)	
Minor Service Impact:								
Reduction of Open Hours and Library Materials	(61.0)	(7,326.8)	(7,326.8)	(4.3%)				
Sub-Total Minor Service Impacts	(61.0)	(7,326.8)	(7,326.8)	(4.3%)				
Major Service Impact:								
Sub-Total Major Service Impacts								
Total Service Changes	(161.0)	(15,689.0)	(17,043.9)	(10.0%)	(378.0)	(7.7)	(173.0)	(2.0)

* The estimated savings of \$0.225 million resulting from operational efficiencies achieved through the installation of the automated sorting system at Ellesmere Delivery Hub in 2013 is subject to the approval of Toronto Public Library Board at its board meeting on December 12, 2011.

2012 Recommended Service Changes

- The 2012 recommended service changes consist of base budget changes of \$1.523 million net, service efficiency savings of \$6.839 million net, revenue changes of \$1.355 million net, and minor service changes of \$7.327 million that total \$17.044 million net. While the base budget changes, service efficiencies and revenue changes will not impact 2011 approved service levels provided by the Toronto Public Library, the approval of the minor service changes will result in a 7% reduction in open hours and purchasing of library materials in 2012.

Base Expenditure Changes

Annualized Savings: Integrate Periodicals at Toronto Reference Library

- The major renovation of the Toronto Reference Library (TRL) provides the opportunity for Toronto Public Library to achieve service efficiencies by taking stand-alone Periodicals and Newspaper collection and services and integrating them into the various subject departments.
- This service efficiency was approved during the 2011 Budget process and was implemented by the summer of 2011. As this service efficiency initiative was implemented part way through 2011, the 2012 recommended budget includes an incremental savings of \$0.365 million net (deletion of 4.0 filled permanent staff positions through attrition and redeployment) to capture full year savings to be realized in 2012.
- Approval of this recommended base budget change will not impact current service levels.

Annualized Savings: Relocate Urban Affairs to Toronto Reference Library

- The major renovation of the Toronto Reference Library (TRL) provides the opportunity for Toronto Public Library to relocate its Urban Affairs services currently provided at Metro Hall and North York Central Library to TRL to achieve operational efficiencies.
- This service efficiency was approved during the 2011 Budget process and the collections and service relocation to TRL was implemented in the fall of 2011. As this service efficiency initiative was implemented part way through 2011, the 2012 recommended budget has been adjusted to capture the additional savings of \$0.629 million net (including the deletion of 2.5 filled permanent staff positions through attrition and redeployment) for 2012.
- Approval of this recommended base budget change will not impact current service levels.

Expenditure Reductions to Reflect Actual Experience

- An in-depth review of Toronto Public Library's actual expenditures was conducted during the spring of 2011 that resulted in expenditure reductions totaling \$0.529 million gross and net to reflect actual expenditure requirements in areas such as employee benefits (dental and extended health) and Sunday Pay. These recommended base reductions do not impact TPL's current service level.

Service Efficiencies

Reduction of Exempt and Support Staff

- TPL currently has 86 managers and 31 other exempt staff, together representing 5% of the total workforce of 1,824.9 positions. Upon review of its management and exempt staff complement, TPL identified 9.0 filled permanent staff positions that can be reduced. The number of managers required is not solely determined by "span of control", but also influenced by the level of oversight required for the various work performed by the support departments. The reduction of 9.0 filled permanent staff positions will be achieved through attrition and redeployment. Approval of this recommended service efficiency will not impact current service levels.

Service Function Consolidation

- By consolidating various services that are currently delivered from multiple locations, TPL can achieve savings of \$0.711 million (deletion of 10.7 filled permanent staff positions). By combining separate business desks at the Toronto Reference Library, merging the two delivery hubs into one, and consolidating the Bookmobile and Home Library Service operations from three locations to one central location at North York Central Library, Toronto Public Library will be able to achieve more a efficient use of resources leading to reduced staffing and the disposal of one vehicle.
- Approval of this recommended service efficiency will not impact current service levels.

Business Process Re-engineering

- The selection, acquisitions, cataloguing, and processing of new collections are process intensive operations. Using Lean Six Sigma methodologies, Toronto Public Library has identified opportunities to enhance operating efficiencies in selection assignments, collection handling and processing by increasing batch processing and standardization for ordering and receiving, using electronic data interchange with more vendors for orders and invoices, and reducing wait time between processes and movement of collections. Other areas for improvement identified through Lean Six Sigma methodologies include customers' holds and timekeeping, which together result in the realization of \$3.148 million in total cost savings and the deletion of 45.0 filled permanent staff positions.
- Approval of this recommended service efficiency will not impact current service levels.

Savings from Technology Initiatives

- By replacing its desktop management and software delivery system with lower cost solutions, TPL can achieve savings of \$0.249 million (deletion of 1.0 filled permanent staff position) in maintenance and licenses areas. TPL has also successfully negotiated a telecommunication contract with Bell Canada resulting in additional savings of \$0.155

million. The implementation of self-service RFID technology at library branches is well underway. By December 2011, 10 library branches will be equipped with self-service RFID technology, resulting in savings of \$0.651 million (9.3 filled permanent staff positions) in 2012.

- To further capitalize the savings from self-service RFID technology, funding is recommended in TPL's 2012 capital budget for the installation of 5 automated RFID check-in sorting systems and implementation of self-service RFID technology for check-in at 10 additional branch locations. Estimated savings from the implementation of this initiative is \$0.870 million (16.5 filled permanent staff positions) in 2012, with incremental savings of \$0.196 million (4.5 filled permanent staff positions) in 2013 and a further \$0.097 million in savings in 2014.
- Approval of this recommended service efficiency will not impact current service levels.

Revision to Staffing Structure and Construction Schedules

- TPL reviewed its staffing structure and capital project construction schedules in the summer of 2011 and identified savings will arise from delays in completion of capital projects. The combination of a revised staffing level and adjustment to capital project construction schedules will result in:
 - savings of \$0.292 million (2.0 filled permanent staff positions) partly due to delay in re-opening of Brentwood Library in 2012,
 - pressure of \$0.140 million due to the reopening of Brentwood Library, which is partially offset by reduction of 1.2 filled permanent staff positions at Fairview Library in 2013; and,
 - savings of \$0.091 million (2.0 staff positions) in 2014 at the Fort York/Bathurst Library and Scarborough Centre Library.
- Approval of this recommended service efficiency will not impact current service levels.

Service Efficiency Study Findings

The City Manager's Service Efficiencies Study for TPL led by DPRA Canada indicated that operational efficiencies can be achieved at the Ellesmere delivery hub facility through the installation of an automated sorting system. A single sorter, with the capacity to accommodate the Library's daily volume (47,250 items to be sorted per day) provides greater efficiency and capability to handle fluctuations or increases in volume. The automated sorting system will reduce the staffing requirement at hub operations, with an estimated savings of \$0.345 million (2.0 filled permanent positions) in reduced staffing costs. However, this saving will be partially offset by the maintenance cost of approximately \$0.120 million per year, resulting in an estimated saving of \$0.225 million net in 2013.

- To realize the annual savings of \$0.225 million, an additional capital funding of \$1.69 million gross and net is being recommended for TPL to install this technology during 2012.

Revenue Adjustments

User Fee Review: Increases Fees/Rates Revenue

- In keeping with Council's directive to review City user fees, a comprehensive review of TPL's fee/fine structure was completed in the summer of 2011. At its meeting on July 26, 2011, the Toronto Public Library Board adopted the changes to TPL's fee/fine structure that will generate additional revenue of \$0.500 million in 2012. Changes to TPL's fee/fine structure are summarized as follows:
 - Fee structure is being revised to set fine rates to correspond to the type of materials borrowed instead of the age of the cardholder;
 - Fine rates will increase for:
 - general materials borrowed by adults will increase from \$0.30 per day per item/\$12.00 maximum per borrowing period to \$0.40 per day per item/\$16.00 maximum per borrowing period);;
 - general materials borrowed by teens will increase from \$0.15 per day per item/\$6.00 maximum per borrowing period to \$0.20 per day per item/\$8.00 maximum per borrowing period);
 - general materials borrowed by children will increase from \$0.10 per day per item/\$4.00 maximum per borrowing period to \$0.20 per day per item/\$8.00 maximum per borrowing period); and,
 - High demand items and DVDs will increase from \$0.30 per item per day/\$12.00 maximum per borrowing period to \$1.00 per item per day/\$20.00 maximum per borrowing period);
 - The threshold for accounts turned over to the collection agency will be lowered from \$50 to \$40;
 - Non-resident fees will increase from \$25 to \$30 per three-month period; and,
 - Sale prices for books, DVDs, and CDs will increase from \$1.00 to \$2.0 per item.

Contribution from Development Charge Reserve Fund

- At its October 17th, 2011 meeting, the Toronto Public Library Board recommended the use of additional revenues from Development Charge totalling \$0.750 million to fund library materials, increasing the annual withdrawal of Development Charge funding for library materials from \$1.000 million in 2011 to \$1.750 million in 2012. The recommended \$1.750 million annual withdrawal from the Development Charge Reserve

Fund is sustainable based on the 10-Year Capital plan from forecasted proceeds and planned growth related projects that are in the 2012 – 2021 Capital Plan horizons.

- Any Development Charge funding amount above this value may compromise the Development Charge By-Law provisions, which limit the value of DC funding that can be used for this purpose.

Minor Service Impacts

Reduction of Open Hours and Library Materials

- In order to achieve the 10% reduction target, the Chief Librarian has undertaken a review of library usage during the week and/or weekends, and has proposed a 7% overall reduction in service hours, resulting in savings of \$5.436 million and detailed as follows:
 - Mondays to Fridays: 13.5 hours or 0.3% per week for the two Research & Reference Libraries, 132.5 hours or 2.6% per week for 17 District Libraries, and 208 hours or 4% per week for 37 Neighbourhood Libraries, resulting in savings of \$5.133 million ; and
 - Sundays: 19 libraries will remain open on 37 Sundays, compare to 27 libraries open on 37 Sundays in 2011, resulting in savings of \$0.304 million.
- The proposed reduction of service hours harmonizes hours for the Research & Reference Libraries and the District Libraries, which is consistent with DPRA efficiency review findings. The Sunday operation is also consistent with the school year.
- As well, in order to achieve the 10% target, the 2012 Recommended Operating Budget includes a reduction in purchases of library items' from approximately 826,500 items in 2011 to approximately 720,500 items in 2012, resulting in savings of \$1.890 million.

2013 and 2014 Outlook:

- Approval of the 2012 Recommended Base Budget for Toronto Public Library will result in incremental costs of \$1.374 million in 2013 and \$1.149 million in 2014 to maintain 2012 recommended service levels, and to provide funding for the operating impacts of capital projects. Future year costs are primarily attributable to the following:
 - For 2013, the incremental expenditures are projected to be \$1.374 million. The 2013 Outlook includes increases for the 0.9% OMERS rate increase of \$0.948 million, progression pay and step increases of \$0.491 million, fringe benefit increases of \$0.239 million, and the operating impacts of \$0.031 million, which is mainly attributable to \$0.140 million in additional costs to reopen the renovated/expanded Brentwood Library, offset by the savings of \$0.160 million

- (4.5 filled permanent staff positions) achieved at Fairview Library through the installation of self-service check-in sorting system, and the estimated savings of \$0.225 million (including 2.0 filled permanent staff positions) resulting from the installation of the automated sorting system at the Ellesmere Delivery Hub.
- The 2014 Outlook increase of \$1.149 million includes progression pay and step increases of \$0.498 million, fringe benefits costs of \$0.243 million, and additional operating savings of \$0.947 million (20.0 staff complement) for the opening of the newly constructed Fort York/Bathurst Library and Scarborough Centre Library, offset by the incremental savings resulting from the 2012 recommended service changes (\$0.173 million) and one less working day (\$0.477 million) in 2014.
 - The 2013/2014 Outlooks also exclude Cost of Living Adjustment as the increase is subject to future negotiations.

PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2012 Recommended New/Enhanced Service Priority Actions

(In \$000s)

Description	2012 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Position	2013		2014	
	\$	\$	#	\$	# Pos	\$	# Pos
Enhanced Services:							
Sub-Total Enhanced Services							
New Services:							
(a) New Services							
(b) New Fees							
User Fee: Online Payment Charge	19.0						
Sub-Total New Services	19.0						
Total Enhanced/New Services	19.0						

2012 Recommended New/Enhanced Service Priority Actions

New Fees

Online Payment Charge

- Toronto Public Library is currently developing an online payment option to provide the public a convenient method to pay fees/fine payments from any location 24/7. Online fine payment will also improve TPL's ability to collect fines and reduce cash-handing in branches.
- This initiative will be developed within the Virtual Branch capital project and will be operational by June 2012. The banks will charge approximately \$1.00 for each online fine payment. To offset the banking charges to be incurred by TPL for the electronic transactions, a new service charge of \$1.00 for each online payment transaction is recommended. Thus, the 2012 Recommended Operating Budget includes \$0.019 million in additional revenue and corresponding expenditure to be generated from the establishment of a new online payment charge.

Part V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

2012 Recommended Service Changes

- In order to achieve the 10% reduction target of \$17.044 million, various base budget changes, service efficiencies and service changes totaling \$17.044 million are recommended for approval.
- During its meeting on October 17th, 2011, the Toronto Public Library Board considered the recommended reductions totaling \$17.044 million, and approved base changes and efficiency savings of \$9.717 million net. The Library Board did not approve the recommended reductions to reduce library open hours and purchases of library materials (\$7.327 million, 61.0 positions). The Library Board's approved budget request is 5.7% below the 2011 approved budget; that is \$7.327 million or 4.3% below the recommended 10.0% reduction target.
- During its meeting on November 21st, 2011, the Toronto Public Library Board requested the Chief Librarian to report back at its meeting of December 12th, 2011 on the withdrawal of an additional \$2.0 million Development Charges, other cost savings/revenue opportunities, and reduction of staff positions (up to 60 positions) to achieve the reduction target without reducing open hours. The Board also deferred consideration of the recommended reductions to reduce library open hours and purchases of library materials (\$7.327 million, 61.0 positions) to its meeting on December 12th, 2011.
- It is recommended that the Toronto Public Library Board report to Budget Committee at the 2012 Operating Budget final wrap-up meeting on January 9th, 2012 on specific sustainable budget reductions and associated service impacts to replace the \$7.327 million gross and net recommended service change reduction included in the Toronto Public Library 2012 Recommended Operating Budget.
- The total recommended reduction of \$17.044 million and the reduction of \$9.717 million submitted by the Toronto Public Library Board are compared on [Page 17](#).

	TPL Board Received Base and Service Changes (November 21, 2011)			Recommended Base and Service Changes		
	Gross	Revenue	Net	Gross	Revenue	Net
	\$	\$	\$	\$	\$	\$
2012 Operating Budget Submission			174,551.9			174,551.9
Base Changes						
Savings Annualized: Year 2 - Integration of Periodicals services	(365.0)		(365.0)	(365.0)		(365.0)
Savings Annualized: Year 2 - Relocation of Urban Affairs	(629.0)		(629.0)	(629.0)		(629.0)
Expenditure Reduction Based on Actual Experience	(528.7)		(528.7)	(528.7)		(528.7)
Total Base Changes:	(1,522.7)		(1,522.7)	(1,522.7)		(1,522.7)
Service Efficiencies						
Reduction of Exempt and Support Staff	(764.1)		(764.1)	(764.1)		(764.1)
Service Function Consolidation	(710.9)		(710.9)	(710.9)		(710.9)
Business Process Re-engineering	(3,147.7)		(3,147.7)	(3,147.7)		(3,147.7)
Savings from Technology Initiatives	(1,924.8)		(1,924.8)	(1,924.8)		(1,924.8)
Revision to Staffing Structure and Construction Schedules	(292.0)		(292.0)	(292.0)		(292.0)
Savings from Automated Sorting System*						
Total Service Efficiencies	(6,839.5)		(6,839.5)	(6,839.5)		(6,839.5)
Revenue Adjustments						
Increase Fees/Fines Revenue		605.0	(605.0)		605.0	(605.0)
Increase Contribution from Development Charge Reserve Fund		750.0	(750.0)		750.0	(750.0)
Total Revenue Adjustments		1,355.0	(1,355.0)		1,355.0	(1,355.0)
Minor Service Level Changes						
Reduction of Open Hours: Monday - Saturday						
<i>(7.0% fewer Mon-Sat hrs/yr in 2 Research & Reference, 17 District and 37 Neighbourhood branches)</i>				(5,133.0)		(5,133.0)
Reduction of Open Hours: Sunday						
<i>(29.6% fewer Sunday hrs/yr from closure of 8 Neighbourhood Branches)</i>				(304.0)		(304.0)
Reduction of Library Collections						
<i>(Library collections budget permanently reduced by 11% resulting in loss of approximately 106,000 library items.)</i>				(1,890.0)		(1,890.0)
Total Minor Service Level Changes				(7,327.0)		(7,327.0)
Total Service and Other Changes / 2012 Rec'd Budget	(8,362.2)	1,355.0	(9,717.2)	(15,689.2)	1,355.0	(17,044.2)
Revised 2012 Operating Budget			164,834.7			157,507.7
% of Reduction Target Achieved			5.7%			10.0%

* The estimated savings of \$0.225 million resulting from operational efficiencies achieved through the installation of the automated sorting system at Ellesmere Delivery Hub in 2013 is subject to the approval of Toronto Public Library Board at its board meeting on December 12, 2011.

- In order to achieve the 10% reduction target, the Chief Librarian has undertaken a review of library usage during the week and/or weekends, and has proposed a 7% overall reduction in service hours, resulting in savings of \$5.436 million and detailed as follows:
 - Mondays to Fridays: 13.5 hours or 0.3% per week for the two Research & Reference Libraries, 132.5 hours or 2.6% per week for 17 District Libraries, and 208 hours or 4% per week for 37 Neighbourhood Libraries, resulting in savings of \$5.133 million; and

- Sundays: 19 libraries will remain open on 37 Sundays, compare to 27 libraries open on 37 Sundays in 2011, resulting in savings of \$0.304 million.
- The proposed reduction of service hours harmonizes hours for the Research & Reference Libraries and the District Libraries, which is consistent with DPRA efficiency review findings. The Sunday operation is also consistent with the school year.
- In addition, to achieve the 10% target, the 2012 Recommended Operating Budget includes a reduction in purchases of library items' from approximately 826,500 items in 2011 to approximately 720,500 items in 2012, resulting in savings of \$1.890 million.
- The service level impact of this recommended service change is summarized as follow:

Description	2011 Service Levels	2012 Recommended Service Levels
Reduction of Service Hours: Monday to Friday		
2 Research & Reference Libraries: closing two mornings and one evening at North York Central Library and two mornings at Toronto Reference Library, resulting in reduction of 13.5 hours or 0.3% per week	60.0 to 65.5 hours per week	56 hours per week
17 District Libraries: closing on average two mornings and one evening per week, resulting in reduction of 132.5 hours or 2.6% per week	59.5 to 65.5 hours per week	56 hours per week
25 of 79 Neighbourhood Libraries: closing on average two mornings per week, resulting in reduction of 154 hours or 3.0% per week	58.5 to 65.5 hours per week	56 hours per week
9 of 79 Neighbourhood Libraries: closing on average one morning per week, resulting in reduction of 22.5 hours or 0.4% per week	50.5 hours per week	48 hours per week
3 of 79 Neighbourhood Libraries: closing one day per week, resulting in reduction of 31.5 hours or 0.6% per week	40.0 to 50.5 hours per week	40 hours per week
Reduction of Service Hours: Sunday		
2 Research & Reference Libraries and 17 District Libraries will remain open for 37 Sundays, with service available from January 8 to June 24 for 23 Sundays, and September 9 to December 16 for 14 Sundays in 2012	27 locations opens on 37 Sundays	19 Locations open on 37 Sundays
Sunday services at 8 Neighbourhood Libraries will be discontinued in 2012.		
Reduction of Library Materials		
Reduction of purchasing of library materials by 106,000 library items or 11%	826,500 items	720,500 items

Library Materials - Contribution from Development Charge (DC) Reserve Fund

- Library materials are eligible for Development Charge (DC) funding under the City's Development Charge By-Law and in prior years Council approved funding a portion of the library materials budget from the DC Reserve Fund in order to allow the library materials budget to increase to accommodate growth during a period of constrained budget increases. The funding sources for library materials since 2004 are summarized in the following table:

Year	Funding Source		Library Material Budget Changes	Total Library Material Budget	Comment
	Development Charges	City Funded (Property taxes)			
2004	\$2.051	\$13.668		\$15.719	2004 Approved Materials Budget
2005		0.065 0.629	0.065 0.629	16.413	- Library Materials impacts from Capital Projects - Inflationary Increase (4%)
2006		0.008 0.517	0.008 0.517	16.938	- Library Materials impacts from Capital Projects - Inflationary Increase (3%)
2007	0.350	(0.019)	0.331	17.269	- Inflationary Increase (2%)
2008	(0.350)	0.132 0.350	0.132	17.401	- Library Materials impacts from Capital Projects - Reversal of one-time additional DC draw of \$0.350M in 07
2009	(0.551)	0.551		17.401	- Recommended reduction in reserve draw for Lib. Material
2010		0.076 (0.065) 0.103 0.500	0.076 (0.065) 0.103	17.515	- Library Materials impacts from Capital Projects - Reductions to meet City target - Adjust HST impact (offset by reductions in other TPL exps) - Recommended reduction in reserve draw for Lib. Material
2011		0.313 (0.313) (0.400)	0.313 (0.313) (0.400)	17.115	- Inflationary Increase (1.8%) - Forego 2011 economic factor increase - Reduce purchases in Library Materials in 2011
2012	0.750	0.295 (1.890) (0.750)	0.295 (1.890)	15.520	- Inflationary Increase (1.5%) - Rec'd reduction of Library Materials - Recommended reduction in reserve draw for Lib. Materials
	\$1.750	\$13.770		\$15.520	2012 Materials Budget Recommended

- The 2012 Recommended Operating Budget includes service reductions that impact open hours and purchases of library materials in 2012. As the operating budget approval by Council is in January 2012 and TPL is required to provide notice of service changes to the Public, TPL will not be able to implement the 2012 recommended service changes until the spring of 2012. Thus, TPL has also estimated that an additional one-time reduction of \$2.8 million in library materials maybe required to achieve the recommended 10% reduction target in 2012.
- Based on the recent 2012-2021 development charge revenue forecast, TPL will have sufficient development charge revenue to maintain its contribution from the DC Reserve Fund at \$1.750 million in 2012, which is within the maximum eligible funding of the Development Charges By-law. However, any amount above what has been recommended may compromise the City's compliance with the Development Charge By-Law. The

Development Charge Reserve Fund will be monitored closely during 2012 to ensure sufficient funding is available for Library Materials and the capital projects approved in the 2012 Capital Budget and 2013–2021 Capital Plan.

Operating Impacts from Approved Capital Projects

- The Recommended Capital Plan for the years 2012 to 2014 will result in a cumulative increase in TPL's Operating Budget of \$1.022 million and 13.5 positions. The net incremental operating costs include salaries, on-going maintenance operational costs (utilities, services and rents, materials and supplies), and software licenses resulting from the opening/re-opening of renovation/expanded and newly constructed libraries.
- The following table summarizes the operating impacts from capital projects from 2012 to 2014:

Project Name	2012 Rec. Budget		2013 Plan		2014 Plan		2014 Plan	
	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions
Previously Approved Projects								
Brentwood Library Renovation	140.0	(2.0)	140.0				280.00	(2.00)
Scarborough Centre Library Construction					489.0	10.00	489.00	10.00
Mount Dennis Library Renovation	10.0		10.0				20.00	
Ft. York/Bathurst Library Construction					468.0	10.00	468.00	10.00
Fairview Library Renovation/Expansion			(160.0)	(4.50)	(130.0)		(290.00)	(4.50)
Union Station Kiosk	3.0						3.00	
New Projects - 2012								
Automated Sorting System - Ellesmere Delivery Hub*			(225.0)	(2.00)				
New Projects - Future Year								
Bridlewood Library Expansion			41.0		11.0		52.00	
Total Recommended (Net)	153.0	(2.0)	(194.0)	(6.5)	838.0	20.0	1,022.0	13.5

* The estimated savings of \$0.225 million resulting from operational efficiencies achieved through the installation of the automated sorting system at Ellesmere Delivery Hub in 2013 is subject to the approval of Toronto Public Library Board at its December 12, 2011 meeting.

- The 2012 operating impact from completed capital projects is \$0.153 million mainly due to the re-opening of the renovated/expanded Brentwood Library, the additional \$0.010 million expenses for the renovated Mount Dennis Library, and \$0.003 million to provide for library materials for the Union Station Kiosk.
- In 2013, completed capital projects will result in \$0.031 million net of additional costs, specifically resulting from the annualized operating cost of \$0.140 million for the Brentwood Library opening part way through 2012, the relocation of the Bridlewood Library of \$0.041 million, and the Mount Dennis Library Renovation of \$0.010 million, which is partially offset by the operational savings of \$0.160 million (4.5 staff positions) from the Fairview Library renovation project, and estimated savings of \$0.225 million (2.0 staff positions) through the implementation of the automated sorting system at the Ellesmere delivery hub facility.
- The 2014 operating impact from completed capital projects is projected to be \$0.834 million and 20.0 additional positions required for the opening of a newly constructed Fort York/ Bathurst Library (\$0.489 million and 10.0 positions) and the Scarborough Centre Library (\$0.489 million and 10.0 positions). The renovation/expansion capital

projects for the Bridlewood Library will result in incremental operating costs of \$0.011 million. The 2014 budget pressure will be partially offset by the annualized savings of \$0.130 million from the Fairview Library renovation project.

- Future year operating impacts will be reviewed annually through the Operating Budget process and are subject to actual capital project completion.

Issues Referred to the 2012 Operating Budget Process

Core Service Review Approvals

On September 26, 27, 2011 City Council adopted from the City Manager with his final recommendation on the finding of the Core Service Review conducted by KPMG. Council approved specific recommendations regarding Toronto Public Library and service levels; namely:

- *City Council request the City Manager to undertake a study of community infrastructure provided through the City's libraries, community centres, community hubs, related agencies, and organizations, and report to Executive Committee on a plan that maximizes the use of the City's assets, and enhances service system coordination.*
 - A study to review community infrastructure provided through Toronto Public Library, Association of Community Centres, Parks, Forestry, and Recreation, and other City Divisions and Agencies will be conducted in 2012. Findings of the study and a recommended plan that maximizes the use of the City's assets and enhances service system coordination will be reported to the Executive Committee during the 2013 budget process.
- *Referred the recommendation in the report (September 9, 2011) from the City Manager, "Toronto Public Library: consider opportunities to reduce services (hours and days of operation)", back to the city Manager for consideration as part of the 2012 and 2013 budget process.*
- As part of TPL's achievement of their 10% reduction target of \$17.044 million in 2012, a reduction of \$5.437 million net in library open hours is recommended. The service level impact of this recommended service reduction is as follows:
 - Mondays to Fridays: Reductions of 13.5 hours or 0.3% per week for the two Research & Reference Libraries, 132.5 hours or 2.6% per week for 17 District Libraries, and 208 hours or 4% per week for 37 Neighbourhood Libraries, which would result in savings of \$5.133 million; and,
 - Sundays: 19 libraries will remain open on 37 Sundays, compare to 27 libraries open on 37 Sundays in 2011, which would result in savings of \$0.304 million.

- Recommended and as directed by Council, the 2012 Recommended Operating Budget includes service changes of \$5.437 million gross and net (61.0 filled permanent staff positions) to reflect the recommended reduction in open hours.
- As part of Core Service Review, City Council received the following recommendation from the City Manager:
- *Consider rationalizing the footprint of libraries to reduce service levels, closing some branches.*

Status:

- The core service review recommendation to rationalize the footprint of libraries to reduce service levels and closure of branches was received by Council and is not included in the 2012 Recommended Operating Budget.

Future Year Issues

TPL Service Efficiency Study Findings

- The City Manager's Service Efficiency Study was led by external consultants, DPRA Canada. The areas of focus for the City Manager's review included: the rationalization of services such as the number and distribution of library locations, days and hours of operation, space and facilities utilization, the use of digital technology and the viability of increased use of virtual services and e-business, and the collections handling processes involved in borrowing, returning, delivery and shelving library collections.
- DPRA Canada's review started at the beginning of August and was completed in November 2011. The consultant's final report has been given to the Chief Librarian and the Toronto Public Library Board.

In particular, DPRA Canada's review indicated that significant operational efficiencies can be achieved at the Ellesmere delivery hub facility through the installation of an automated sorter. A single sorter, with the capacity to accommodate the Library's daily volume (47,250 items to be sorted per day) provides greater efficiency and capability to handle fluctuations or increases in volume. The automated sorting system will reduce the staffing requirement at hub operations, with an estimated savings of \$0.345 million (2.0 filled permanent positions) in reduced staffing costs. However, this saving will be partially offset by the maintenance cost of approximately \$0.120 million per year, resulting in an estimated saving of \$0.225 million net in 2013.

- Additional funding of \$1.690 million is being recommended in the TPL's 2012 – 2021 Capital Plan to allow TPL to install the new automated sorter to achieve the efficiency savings of \$0.225 million in 2013.

Appendix 1

2011 Performance

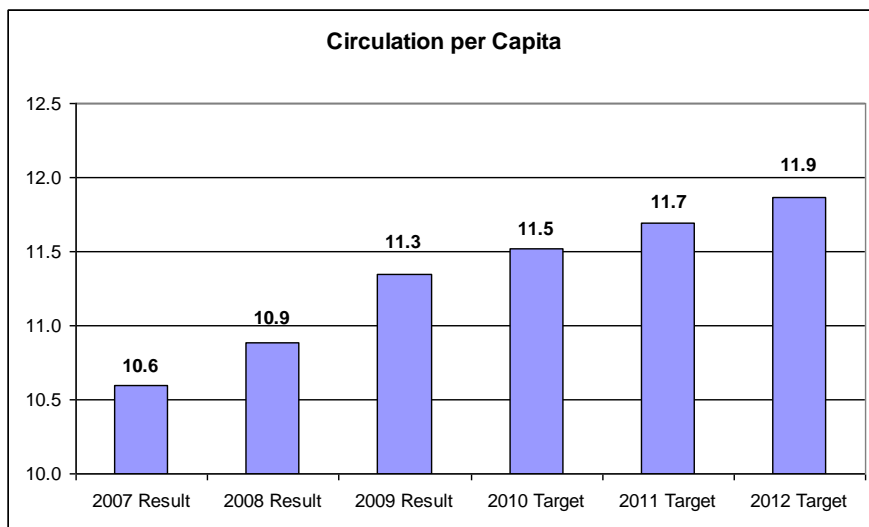
2011 Key Accomplishments:

In 2011, the Toronto Public Library accomplishments included the following:

- ✓ Increased library materials circulation by 3.4% to over 32 million items circulated;
- ✓ Increased library visits from 17.5 million in 2009 to 18.0 million visits in 2011;
- ✓ Increased virtual visits to TPL's website by 8% to over 25 million virtual visits;
- ✓ Offered library programs that attracted over 770,000 individuals, 32,642 children participated in the TD Summer Reading Club program, and provided 3,300 volunteer opportunities (76% are youth); and,
- ✓ Increased total library open hours by 120 hours at 15 branches through the implementation of the Self Service Check-Out capital projects.

2011 Performance

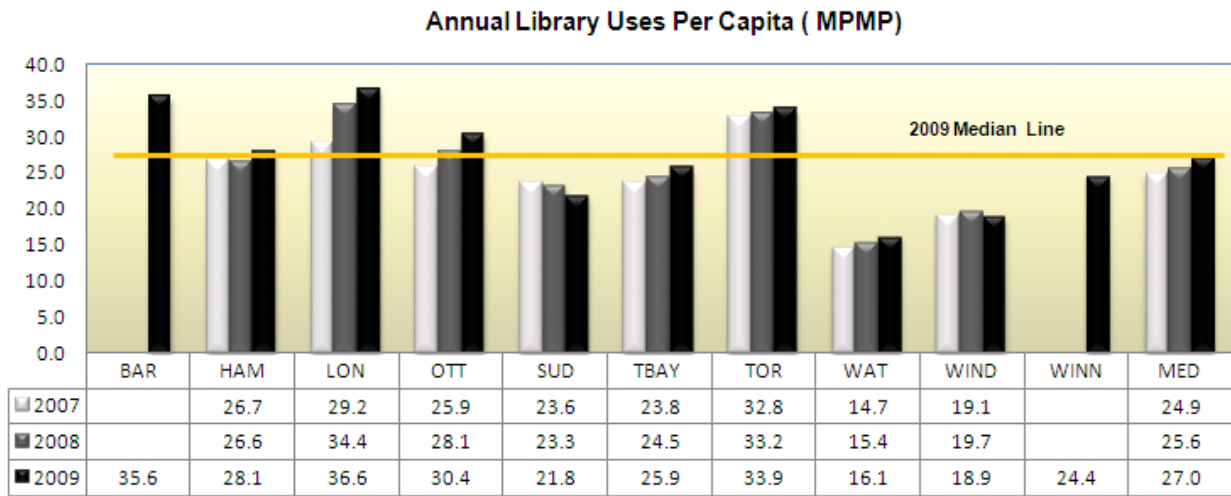
Effectiveness Measure: Circulation per Capita



Circulation per Capita continues to increase as the public demand for library materials continue to rise.

- Toronto Public Library is experiencing an increase in circulation as residents access the library’s collections to support education, employment and recreation. The library provides access to materials in over 40 languages and a variety of formats including e-content.

Efficiency Measure: Annual Library Uses per Capita



- The number of library uses per capita can be used to assess the effectiveness of library systems. The above chart compares Toronto's 2009 library use per Capita to other municipalities. Toronto ranks 3rd of 11 municipalities (1st quartile), in terms of having the highest number of residents utilizing library resources and programming.
- Key factors that influence the library use per capita include the number and size of branches, hours of operation, the size and mix of collections, the number of languages supported in library collections, the availability and degree of investment in web services, and effectiveness of outreach activities. A major factor behind Toronto's high rate of library use per capita (Toronto ranked 3rd of 11 municipalities: 1st quartile) is the responsiveness of library service to residents needs by continuing the established trend of expanding electronic and non-electronic use.

2011 Budget Variance Analysis

2011 Budget Variance Review (In \$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
GROSS EXP.	178,524.3	183,620.8	184,230.7	186,380.5	2,149.8	1.2
REVENUES	14,671.3	16,812.6	13,432.8	15,732.8	2,300.0	17.1
NET EXP.	163,853.0	166,808.2	170,797.9	170,647.7	(150.2)	(0.1)
Approved Positions	1,832.6	1,830.6	1,824.9	1,824.9	-	-

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- Toronto Public Library's September 30th, 2011 Variance Report projects that \$170.648 million net or 99.9% of the 2011 Approved Operating Budget of \$170.798 million will be spent by year-end.
- The projected year-end gross over-expenditure of \$2.150 million in materials, supplies and services for programs such as Summer Reading Club, Leading to Reading, English Can Be Fun, and the Sun life Museum and Art pass, are fully funded from higher than budget external grants and donations.
- The favourable net variance of \$0.150 million is mainly due to under-expenditure in staff training and favourable service contracts.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The higher than budgeted funding from external grants and donations are for specific one-time purposes to fund 2011 program expenditures for the Summer Reading Club, Leading to Reading, and English Can Be Fun programs. The continuation of these programs is contingent upon receipt of external grants and donations in 2012. Neither the expenditures nor the grant funding for these programs have been included in the 2012 Recommended Operating Budget.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2009 Actual	2010 Actual	2011 Budget	2011 Projected Actual	2012 Recommended Budget	2012 Change from 2011 Approved Budget		2013 Outlook
	\$	\$	\$	\$	\$	\$	%	\$
Salaries and Benefits	132,055.6	137,384.8	139,087.1	139,994.0	128,913.4	(10,173.7)	(7.3%)	130,189.3
Materials and Supplies	19,957.5	20,227.1	19,662.1	19,677.2	18,142.9	(1,519.2)	(7.7%)	18,142.9
Equipment	1,898.1	1,124.2	363.3	479.1	454.3	91.0	25.0%	454.3
Services & Rents	22,232.3	22,327.5	22,610.4	23,725.0	22,143.1	(467.3)	(2.1%)	22,250.7
Contributions to Capital	1,708.0	1,708.0	1,768.0	1,768.0	1,828.0	60.0	3.4%	1,838.0
Contributions to Reserve/Res Funds	667.0	752.8	735.8	735.8	748.3	12.5	1.7%	748.3
Other Expenditures	5.8	96.4	4.0	1.4	4.1	0.1	2.5%	4.1
Interdivisional Charges								
TOTAL GROSS EXPENDITURES	178,524.3	183,620.8	184,230.7	186,380.5	172,234.1	(11,996.6)	(6.5%)	173,627.6
Interdivisional Recoveries								
Provincial Subsidies	5,930.9	6,201.8	5,677.5	6,019.4	5,661.5	(16.0)	(0.3%)	5,661.5
Federal Subsidies	239.5	504.5	44.2	524.9	44.2		0.0%	44.2
Other Subsidies	136.4							
User Fees & Donations	4,839.1	4,128.6	5,595.6	5,666.9	4,767.0	(828.6)	(14.8%)	4,767.0
Transfers from Capital Fund	40.0	25.0	564.8	511.8	511.8	(53.0)	(9.4%)	511.8
Contribution from Reserve Funds	1,500.0	3,418.2	1,000.0	1,000.0	1,750.0	750.0	75.0%	1,750.0
Contribution from Reserve	1,985.4	2,534.5						
Sundry Revenues			550.7	2,009.8	1,991.8	1,441.1	261.7%	2,011.8
TOTAL REVENUE	14,671.3	16,812.6	13,432.8	15,732.8	14,726.3	1,293.5	7.7%	14,746.3
TOTAL NET EXPENDITURES	163,853.0	166,808.2	170,797.9	170,647.7	157,507.8	(13,290.1)	(7.8%)	158,881.3
APPROVED POSITIONS	1,832.6	1,830.6	1,824.9	1,824.9	1,663.9	(161.0)	(8.8%)	1,655.4

2012 Key Cost Drivers

Salaries and Benefits:

- The salaries and benefits expenditures have increase from \$132.056 million in 2009 to \$139.087 million in 2011 mainly due to COLA, progression pay and step increases, fringe benefits changes, OMERS rate increase, and the \$2.418 million for an one-time special payout to eligible employees who transferred to the Illness or Injury Plan (IIP), which is fully funded by the Employee Benefits Reserve Fund, in 2010.

- The reduction of \$10.174 million in salary and benefits experienced in 2012 is mainly due to the 2012 recommended service changes of \$12.033 million, offset by the OMERS rate increase, fringe benefits increases, progression pay and step increases totaling \$1.859 million.

Materials and Supplies/ Services and Rents:

- The expenditures of materials and supplies, as well as the services and rents, have decreased by \$3.348 million since 2009. Increases correspond to the re-opening of renovated/expanded libraries and increase in service demands experienced from 2008 to 2011. Decreases are due to the implementation of efficiencies and service level changes.

Contribution from Reserve Funds:

- The increase in contribution from reserve funds in 2010 was primarily due to one-time funding of \$2.418 million from the Employee Benefit Reserve Fund for the special payout related to the Illness or Injury Plan (IIP).
- The increase in contribution of \$0.750 million from reserve funds in 2012 reflects the recommended increase of \$0.750 from Development Charge Reserve Fund for library materials in 2012.

Appendix 3

Summary of 2012 Recommended Service Changes

Appendix 4

Summary of 2012 Recommended New/Enhanced Service Priority Actions

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011*	2013	2014
			\$	\$	\$
Development Charge - Library	XR2029	Projected Beginning Balance	11,954.0	9,481.0	5,363.0
		Proposed Withdrawals (-)	(6,139.0)	(7,858.0)	(5,624.0)
		Contributions (+)	3,666.0	3,740.0	3,849.0
Balance at Year-End			9,481.0	5,363.0	3,588.0

* Based on 3rd Quarter Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2011 *	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
			\$	\$	\$
Vehicle Equipment Reserve	XQ1700	182.0	(127.0)	46.5	157.5
Insurance Reserve Fund	XR1010	45,261.5			
Development Charges	XR2029	11,954.0	(2,473.0)	(4,118.0)	(1,775.0)
Total Reserve / Reserve Fund Draws / Contributions			(2,600.0)	(4,071.5)	(1,617.5)

* Based on 3rd Quarter Variance Report