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2016 OPERATING BUDGET BRIEFING NOTE

Toronto Public Library: 2013-2016 Trends for Specific Expenditure Accounts

Issue/Background:

Budget Committee has requested the Divisions, Agencies and the Association of Community Centres (AOCCs) to submit a briefing note on January 5, 2016 with detailed expenditures from 2013, 2014, 2015, and the preliminary 2016 budget for specified types of expenditures.

Key Points:

The table below contains the required expenditures with actual amounts spent in 2013 and 2014, projections for the end of 2015, the 2015 budget and the preliminary 2016 budget request. An analysis of each line item, explaining what it pays for, changes over the years and alignment with the 2016 budget request follows below the table.

Description	2013 Actual (\$000's)	2014 Actual (\$000's)	2015 Projected (\$000's)	2015 Budget (\$000's)	2016 Request (\$000's)
1 Mailing	115.90	21.20	266.30	141.50	146.00
2 Advertising and Promotion	207.70	216.20	163.80	165.10	165.10
3 Office Supplies	662.00	702.70	670.00	640.70	640.70
4 Travel	203.90	208.50	177.00	178.30	178.30
5 Training/Conferences	359.70	364.90	365.30	365.80	365.80
6 Material and Equipment – Communications	n/a	n/a	n/a	n/a	n/a
7 Rental of Office Equipment	n/a	n/a	n/a	n/a	n/a
8 Contracted Services – Renovations	129.20	85.40	66.60	62.80	64.20
9 Material and Equipment Hand Tools	3.00	3.00	4.80	3.00	3.00
10 Professional and Tech-Management Fees	310.90	239.60	266.40	269.50	263.50
11 Catering Services	30.20	44.70	54.40	58.30	58.30

1. Mailing

The Library communicates by mail with customers, suppliers, the City, other levels of government and related organizations. Examples of mailings include library materials overdue fines and collection notices, supplier cheques, etc.

Postage machines are generally filled towards the end of each year. A refill was made late in 2013 but machines were not replenished at the end of 2014 in response to budget

pressures, requiring refills at the beginning and near the end of 2015, which explains the low expenditure in 2014 and correspondingly higher costs in 2015. Canada Post increased mailing costs in 2015 and announced a further increase in 2016, therefore, a 3.2% budget increase was requested.

2. Advertising and Promotion

The Library uses a variety of channels and tactics to advertise and promote all aspects of its programs and services – online, in-branch and in the community. This includes an annual awareness-raising and customer engagement campaign (in past years, Keep Toronto Reading).

The advertising and promotion budget was reduced in 2015 based on cost reductions to the annual promotional campaign, and the migration of many advertising and promotion tactics to digital, online and social media. Based on the 2015 expenditure forecast, this target has been met and it is reflected in the 2016 budget request.

3. Office Supplies

Expenditures for office supplies include the purchase of items used by staff administration to run the Library and support the Library Board, as well as to serve the public at the Library's 100 branches. Expenditures in this line item include paper, toner and other supplies for all photocopiers and printers.

Efforts are being made to reduce printing, for example, a PDF printable agenda is now posted in the Library's web site to reduce the number of printed copies required for Board meetings. The expenditure projection for 2015 exceeds the budget available, but no budget increase was requested for 2016, as efforts to reduce expenditures will continue.

4. Travel

Travel expenditures consist of TTC, taxi, parking and mileage refunds to staff who are required to travel across the City to support service delivery in all the branches.

Actual expenditures and budget for travel have been reduced over the years through rigorous application of business travel expense policies, the use of shared TTC Metropasses and the increased use of new technologies, such as Virtual Meetings, teleconferencing and video training. The 2016 budget request is consistent with actual expenditures and the expected increase in TTC and parking costs.

5. Training and Conferences

Participation in training and conferences is an important support for customer service excellence in the library's 100 branches and robust online and social media channels. Participation in training and conferences supports legislative compliance in critical areas including health and safety, accessibility, diversity, service innovation and efficiency in

new and emerging areas including digital services, and the Library's succession management strategy including tuition assistance for approved academic training.

Group training, webinars and video training support participation and control costs. The 2016 budget request remains unchanged from 2015 at \$365,765 which is a modest .2% of the salary budget.

6. Material and Equipment – Communications

The Library has no operating expenditures of this type

7. Rental of Office Equipment

The Library has no operating expenditures of this type

8. Contracted Services – Renovations

The Library occupies and maintains 102 building locations housing 100 branches and two service buildings. Major renovations are undertaken as part of the Capital Budget and Plan, but day-to-day maintenance and repairs are funded through the operating budget. Included in this line item are interior refurbishing (painting, carpets, shelves), repairs and maintenance of electrical, plumbing, HVAC, alarms, building automation, doors, locks, elevators, etc.

The actual expenditure for 2013 is higher than average because it included one-time expenditures related to the consolidation of the Library processing and distribution hub from two locations into one to increase efficiencies in service delivery. The 2016 budget request is consistent with the level of actual expenditures.

9. Material and Equipment Hand Tools

The Library has a very small budget for small tools and expenditure varies each year depending on specific requirements. The projection for 2015 expenditures exceed the available budget but no budget increase has been requested for 2016.

10. Professional and Technical – Management Fees

As part of a robust overdue fines collections process, the largest single expenditure (55%) in this line item is collection agency fees required to collect outstanding unpaid fines incurred by customers who were either late or did not return library material borrowed. At the end of 2015, the return on investment reported by the collection agency is 4.5:1 (4:1 in 2013). Collection costs are recovered from customers.

The balance of this budget is mostly used for facilities related specialized professional services. Actual expenditures for 2013 are higher than average, as they included one-time expenditures associated with the relocation and consolidation of the processing and

distribution services. A budget reduction of \$6,000 is included in the 2016 budget request to reflect the level of actual expenditures.

11. Catering services

The Library provides food to Board members for Library Board meetings normally conducted in the evening and these costs are recovered from payments to Board members in lieu of expenses. Food is also provided for volunteer recognition, special programs and events and when hosting representatives of other Library systems. No food is provided for staff meetings.

The 2016 budget request remains unchanged from 2015 and it is consistent with the actual level of expenditures.

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