



REPORT TO THE LIBRARY BOARD

MEETING DATE: DECEMBER 15, 2011

Session:	Public Session
Subject:	LPL 2012 Operating Budget
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Presented By:	Susanna Hubbard Krimmer
Purpose of Report:	For Receipt and Update Only <input checked="" type="checkbox"/>

Recommendation:

It is recommended that the Library Board receive the attached 2012 London Public Library Operating Budget document, in City of London format.

Issue / Opportunity

The Library's budget target was established in principle at the Municipal Council's session on May 10, 2011. The target for the Library was set at 1.5%. The Library forms part of the Culture Service Grouping, which was given an overall 1.5% working target.

Background & Review

During the budget development process, Library Administration reviewed all budget lines following the Library Board approved budget guiding principles (Board motion L11/40.2, May 19, 2011) in order to flat line, reduce costs, and seek efficiencies and revenue opportunities wherever possible in order to meet the budget target. The Library's draft 2012 budget meets the 1.5% target set by Council.

Once the budget was approved by the Library Board (August 11, 2011) it was submitted to the City of London using the City budget format. As part of the budget process, Susanna Hubbard Krimmer and Barbara Jessop met with City Financial Planning and Policy staff in October to review the draft budget. Following the meeting the Library's submission was finalized and became part of the package for City Council. The 2012 budget, in City format, is attached.

Next Steps

The general property tax supported budget (operating and capital) was tabled on December 5, 2011. Final approval of the budget will take place on Tuesday, February 21, 2012.

London Public Library
Summary of 2012 Budget Request
(\$000's)

Service	2011 Revised Budget			2012 Requested Budget			Increase / (Decrease) Over Previous Year			
	Expense	Non Tax Revenue	Net Tax Supported	Expense	Non Tax Revenue	Net Tax Supported	Expense	Non Tax Revenue	Net Tax Supported	Net Tax Supported (%)
London Public Library	19,312	(1,518)	17,794	19,578	(1,518)	18,060	266	0	266	1.5%
Total Service	19,312	(1,518)	17,794	19,578	(1,518)	18,060	266	0	266	1.5%
% Increase/Decrease over previous year							1.4%	0.0%	1.5%	

Note: All figures are subject to rounding.

2012 Budget Highlights:

London Public Library has achieved the target it was given with a status quo budget with no changes to services. Cost increases are mandatory, such as contractual agreements and an OMERS increase; and inflationary, such as common area charge increases for leased locations. Efficiencies achieved by process reengineering have been "harvested" in order to respond to ongoing increased public utilization of all services without increased staffing levels. The London Public Library's 2010 to 2013 Strategic Plan was developed within a context of fiscal restraint and current strategic initiatives are being undertaken without increases to the operating budget allocation request. Because of the operating costs associated with the addition of new service points, construction of the two new branches identified in the Development Charges Background Study and London Public Library's long-term capital plan have been deferred.

London Public Library
2012 Requested Budget
(\$000's)

Object	2010 Actual	2011 Revised Budget	2012		Explanation of Changes within Budget				Increase / (Decrease) over previous year	
			Requested Budget	% of Budget	1. Base	2. Program Increases	3. New Initiatives	4. Program Reductions		
Expenditures										
Human Resources Costs	12,706	13,429	13,738	70.2%	309				309	2.3%
Administration Costs	102	112	112	0.6%	0				0	0.0%
Purchased Services	611	598	538	2.7%	(60)				(60)	(10.0%)
Technology Services	745	699	699	3.6%	0				0	0.0%
Utilities	713	796	796	4.1%	0				0	0.0%
Facilities Services	1,494	1,411	1,422	7.3%	11				11	0.8%
Materials & Collections	2,142	2,064	2,064	10.5%	0				0	0.0%
Program Services	79	62	62	0.3%	0				0	0.0%
General	6	6	6	0.0%	0				0	0.0%
Reserve Fund Contribution	73	91	97	0.5%	6				6	6.6%
Furniture and Equipment	41	44	44	0.2%	0				0	0.0%
Total Expenditures	18,712	19,312	19,578	100.0%	266	0	0	0	266	1.4%
Breakdown of Total Expenditures Increase / (Decrease)					1.4%	0.0%	0.0%	0.0%	1.4%	
Revenue										
Provincial Grants	(599)	(599)	(599)	3.1%	0				0	0.0%
Fines, Fees, Etc	(544)	(534)	(534)	2.7%	0				0	0.0%
Operating Revenues	(146)	(133)	(133)	0.7%	0				0	0.0%
Rental Revenue	(200)	(202)	(202)	1.0%	0				0	0.0%
Business Revenue	(55)	(50)	(50)	0.3%	0				0	0.0%
Reserve Fund Contribution	(82)	0	0	0.0%	0				0	0.0%
Sub-total - Non Property Tax Revenue	(1,626)	(1,518)	(1,518)	7.8%	0	0	0	0	0	0.0%
Breakdown of Total Revenue Increase / (Decrease)					0.0%	0.0%	0.0%	0.0%	0.0%	
Property Tax Support (Net Budget)	17,086	17,794	18,060	92.2%	266	0	0	0	266	1.5%
Additional Information / Commentary with respect to 2012 increase / (decrease)										
(1) Base (Flow through from prior years, inflation, contractual obligations, efficiencies) Wage, salary and benefit adjustments due to existing collective agreements, grid progression and benefit rate increases; various increases and decreases in Purchased Services (audit, bank charges, insurance, telephone etc.) with an overall decrease to reflect experience; increase in Facility Services for increased Common Area Maintenance (C.A.M.) for leased branches. A contribution to the vehicle reserve fund held by the City which was eliminated in order to meet the 2011 budget target has been restored.										

London Public Library
2013 - 2016 Forecast
(\$ 000's)

Object	2012 Requested Budget	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2013 to 2016 Projected Increase
Expenditures	19,578	19,941	20,400	20,892	21,417	1,839
Non-Property Tax Revenue	(1,518)	(1,524)	(1,530)	(1,536)	(1,543)	(25)
Property Tax Supported (Net Budget)	18,060	18,417	18,870	19,356	19,874	1,814
Increase / (Decrease) Over Prior Year	266	357	453	486	518	1,814
Increase / (Decrease) Over Prior Year %	1.5%	2.0%	2.5%	2.6%	2.7%	10.0%
				Annual average increase:		2.4%
Target Increase / (Decrease) Over Prior Year %	1.5%	1.5%	2.5%	2.5%	2.5%	
				Annual average increase:		2.3%
Target Increase / (Decrease) Over Prior Year	267	271	458	470	482	1,681
Target Net Budget	18,061	18,332	18,790	19,260	19,742	1,681
Over / (Under) Target	(1)	86	(5)	16	36	133
Cumulative Over / (Under) Target		86	81	97	133	

Additional Information / Commentary with respect to 2013-2016 increase / (decrease)

Major Issues:

Costs for the ongoing implementation of Ontario's 5 Accessibility Standards (AODA) are estimated; actual standards will determine the level of compliance and associated costs. Employment Resource Centre (ERCs) funding of \$750,000 has been extended to March 2012. Elimination of the funding for the ERCs in March 2013 will result in the Library NOT continuing the current scope and level of employment information and referral services. Forecasts do not include growth requests such as a service strategy and plan for serving seniors.

London Public Library

Performance Measures and Staffing 2010 - 2016

Performance Measures	2010	2011	2012	2013	2014	2015	2016	Explanation
	Actual	Revised	Forecast					
Activity Measures								
Attendance-in person visits	3,197,297	3,216,000	3,250,000	3,265,000	3,280,000	3,296,000	3,350,000	It is anticipated that in person visits will rise in 2011 due to the Nov. 2010 addition of the new full-service location, Stoney Creek.
Borrowed items	4,038,334	4,120,000	4,180,000	4,263,000	4,345,000	4,432,000	4,520,000	Once again, LPL broke its record for circulation of library materials in 2010.
Reference transactions	1,303,575	1,310,000	1,316,000	1,323,000	1,330,000	1,337,000	1,344,000	
Attendance - virtual branch (website usage)	4,531,382	4,800,000	5,040,000	5,250,000	5,500,000	5,700,000	5,980,000	Patrons access the virtual branch to search the catalogue, place holds, access programs, research a topic, find homework help etc.
Holdings placed	900,806	920,000	1,000,000	1,020,000	1,040,000	1,060,000	1,081,000	One of the 2012 strategic initiatives is process re-engineering for holds, so it is expected that this popular service will continue to grow as capacity to process holds increases.
Efficiency Measures								
Annual library uses per capita (Source: OMBI)	39.6	40.9	42.2	42.5	43.0	43.5	45.0	The median for libraries in 2009 was 28.1, compared to LPL's 36.6.
Cost per library use (includes all types of electronic and non-electronic uses)	1.19	1.17	1.15	1.15	1.14	1.13	1.14	
Effectiveness / Quality / Satisfaction Measures								
How many times is each item borrowed?	5.4	5.4	5.5	5.5	5.5	5.5	5.5	This evaluates the quality of a library's collection. Generally, if an item has been borrowed many times in a year, it is an indication of how popular and relevant the item is to users. In 2009, the median turnover for libraries measured was 4.6, compared to LPL's 5.3.

London Public Library
Performance Measures and Staffing 2010 - 2016 (cont'd)

	2010	2011	2012	2013	2014	2015	2016	
Staffing	Revised	Revised	Forecast					Explanation
Full-time Equivalent # Increase / (Decrease) over previous year	196.0	200.5 4.5	200.5 0.0	200.5 0.0	200.5 0.0	200.5 0.0	200.5 0.0	Permanent staff FTEs include both full time and part time staff. Except in years where additional staff is requested and approved (for eg., staffing for the new Northeast branch in 2011), FTEs may vary slightly from year to year based on redeployment of staff to meet strategic objectives and service levels.
Full-Time Employees # Increase / (Decrease) over previous year	176	180 4	180 0	180 0	180 0	180 0	180 0	
Full-time Equivalent - Page staff Increase / (Decrease) over previous year	27.1	28.4 1.3	28.4 0.0	28.4 0.0	28.4 0.0	28.4 0.0	28.4 0.0	
Full-time Equivalent Casual staff Increase / (Decrease) over previous year	4.9	5.0 0.1	5.0 0.0	5.0 0.0	5.0 0.0	5.0 0.0	5.0 0.0	Casual staff are persons hired to temporarily replace permanent employees who may be absent due to leaves of absence (e.g. maternity or parental leaves), extended illness, periods of heavy workload or any other reason. Total FTEs may fluctuate from year to year.