



## REPORT TO THE LIBRARY BOARD

MEETING DATE: DECEMBER 16, 2010

Session:	Public Session
Subject:	LPL 2011 Operating Budget
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Presented By:	Susanna Hubbard Krimmer
Purpose of Report:	For Decision: Receipt <input checked="" type="checkbox"/>

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### **Recommendation:**

It is recommended that the Library Board receive the following 2011 London Public Library Operating Budget document, in City of London format.

### **ISSUE / OPPORTUNITY**

On June 9, 2010, Board of Control approved the 2011 - 2015 Operating Budget Targets. The 2011 budget target for the Library is 4.3%. Projected targets for the four years following are 3.3% each year in 2012, 2013, 2014 and 2015.

The 4.3% target recognizes that, in addition to inflationary increases and contractual labour costs, additional funds are required due to operating costs associated with the opening of the new Northeast Branch Library.

### **BACKGROUND & REVIEW**

During the budget development process, Library Administration reviewed all budget lines following the Library Board approved budget guiding principles (Board motion L10/37.1, May 22, 2010), in order to flat line, reduce costs and seek efficiencies wherever possible in order to meet the budget target.

Once the budget was approved by the Library Board it was submitted to the City of London using the city budget format. Susanna Hubbard Krimmer and Barb Jessop met with City Financial Planning & Policy Staff early in November, 2010, for the technical review step that is part of the budget process. Following this, the LPL submission was

finalized and became part of the package for City Council. The 2011 London Public Library Operating Budget document, in City of London format, is attached.

## **NEXT STEPS**

The general property tax supported, water and wastewater budgets will be tabled on December 20, 2010 and approval of the general property tax supported budget will take place during the week of February 28, 2011 (tentative).

**London Public Library**  
 Summary of 2011 Budget Request  
 (\$000's)

Service	2010 Revised Budget			2011 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	18,659	(1,573)	17,086	19,342	(1,528)	17,814	683	45	728	4.3%
<b>Total Service Grouping</b>	<b>18,659</b>	<b>(1,573)</b>	<b>17,086</b>	<b>19,342</b>	<b>(1,528)</b>	<b>17,814</b>	<b>683</b>	<b>45</b>	<b>728</b>	<b>4.3%</b>
<b>% Increase/Decrease over previous year</b>							<b>3.7%</b>	<b>(2.9%)</b>	<b>4.3%</b>	

<b>Impact of current performance and Targets on budget:</b>
The Library achieved a record circulation of over 4 million items in 2009 and anticipates continued high levels of attendance (3.2 million in 2009) and utilization of all library services. Increased usage also has an impact on the wear and tear of the Library's facilities.
The 4.3% budget increase is required due to operating costs associated with the opening of the new Northeast Branch Library, as well as contractual labour costs and inflationary pressures. In addition, the Library strives to ensure that resource levels are sufficient to meet the increasing needs, expectations and demands for library services in a time of ongoing sociological, technological, cultural and economic change.
The Library must remain open to opportunities to keep services relevant and up-to-date even during periods of fiscal restraint. The Library must respond to rapid and ongoing technological changes and a rapidly changing information environment. The impact of changing technological and information environments exacerbates literacy issues and requires increased service levels.
London Public Library provides services in the following core areas: Literacy; Learning; Culture; Leisure and Recreation; Information; and Community Meeting Place. Previous years' budget 'Breakdown by Service Model' was based on a percentage estimate of overall budget, consistent with the Comprehensive Service Level Review (2003). However, all Library staff provide, or support, any one or more of these activities. Collections and resources, depending upon the user, may fulfil one or more of these service outcomes as well.
Note: Funding by the Ministry of Training, Colleges and Universities (MTCU) for the Employment Resource Centres (ERCs) at Central Library and five branch locations has been extended to March 2012. Elimination of the funding for the ERCs in March 2012 will result in the Library NOT continuing the current scope and level of employment information and referral services.

**London Public Library**  
**2011 Requested Budget**  
(\$000's)

Object	2009 Actual	2010 Revised Budget	2011		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		
<b>Expenditures</b>										
Human Resources Costs	12,431	12,811	13,419	69.4%	387	221			608	4.7%
Administration Costs	86	101	103	0.5%	2				2	2.0%
Purchased Services	673	574	598	3.1%	19	13		(8)	24	4.2%
Technology Services	638	744	699	3.6%	(20)			(25)	(45)	(6.0%)
Utilities	769	794	856	4.4%	42	20			62	7.8%
Facilities Services	1,514	1,389	1,391	7.2%	(24)	26			2	0.1%
Materials & Collections	1,963	2,054	2,064	10.7%	10				10	0.5%
Program Services	83	69	71	0.4%	2				2	2.9%
General	6	6	6	0.0%					0	0.0%
Reserve Fund Contribution	96	73	91	0.5%	20	1		(3)	18	24.7%
Furniture and Equipment	59	44	44	0.2%	(2)	2			0	0.0%
<b>Total Expenditures</b>	<b>18,318</b>	<b>18,659</b>	<b>19,342</b>	<b>100.0%</b>	<b>436</b>	<b>283</b>	<b>0</b>	<b>(36)</b>	<b>683</b>	<b>3.7%</b>
<b>Breakdown of Total Expenditures Increase / (Decrease)</b>					<b>2.3%</b>	<b>1.5%</b>	<b>0.0%</b>	<b>(0.2%)</b>	<b>3.7%</b>	
<b>Revenue</b>										
Provincial Grants	(599)	(599)	(599)	3.1%					0	0.0%
Fines, Fees, Etc	(528)	(509)	(519)	2.7%				(10)	(10)	2.0%
Operating Revenues	(157)	(146)	(146)	0.8%					0	0.0%
Rental Revenue	(186)	(185)	(185)	1.0%					0	0.0%
Business Revenue	(49)	(79)	(79)	0.4%					0	0.0%
Reserve Fund Contribution	(13)	(55)	0	0.0%	55				55	(100.0%)
<b>Sub-total - Non Property Tax Revenue</b>	<b>(1,532)</b>	<b>(1,573)</b>	<b>(1,528)</b>	<b>7.9%</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>(10)</b>	<b>45</b>	<b>(2.9%)</b>
<b>Breakdown of Total Revenue Increase / (Decrease)</b>					<b>(3.5%)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.6%</b>	<b>(2.9%)</b>	
<b>Property Tax Support (Net Budget)</b>	<b>16,786</b>	<b>17,086</b>	<b>17,814</b>	<b>92.1%</b>	<b>491</b>	<b>283</b>	<b>0</b>	<b>(46)</b>	<b>728</b>	<b>4.3%</b>

**London Public Library**  
**2011 Requested Budget (cont'd)**  
(\$000's)

**Additional Information / Commentary with respect to 2011 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 increases; increase in purchased services (insurance costs and bank charges); inflationary increase in bandwidth and internet connectivity costs in order to maintain the current service level; inflationary pressure on utilities; and a final increase to sick leave reserve contribution to ensure that the Library meets its liability. A final 2010 draw down on the energy (stabilization) reserve is unsustainable and will leave a 0 balance. With the exception of Human Resources Costs and Reserve Fund Contributions, all lines were adjusted to reflect HST changes (with a net impact of 0). Changes in the Base budget to Administration Costs, Materials and Collections, Program Services and Furniture and Equipment were due solely to the HST impact.

(2) Program Increase (Represents service level increases to services currently being offered due to volume and demand):

Costs associated with the new Northeast Branch Library were included in the Library's 4.3% target approved by Council, (BOC report, June 9, 2010). The new branch opened, as part of the Stoney Creek Community Centre, YMCA and Library, in response to population growth and increased demand in the northeast.

(4) Program Reductions:

Additional savings/increased revenue to meet the target include an anticipated increase in fine revenue, a reduction in the marketing budget, and the absorption of additional internet connectivity costs required to maintain current service levels into the technology budget, by extending computer lease terms.

**London Public Library**  
**2012 - 2015 Forecast**  
(\$ 000's)

<b>Object</b>	<b>2011 Requested Budget</b>	<b>2012 Forecast</b>	<b>2013 Forecast</b>	<b>2014 Forecast</b>	<b>2015 Forecast</b>	<b>2012 to 2015 Projected Increase</b>
Expenditures	19,342	19,967	20,704	21,338	22,003	2,661
Non-Property Tax Revenue	(1,528)	(1,528)	(1,528)	(1,528)	(1,528)	0
Property Tax Supported (Net Budget)	17,814	18,439	19,176	19,810	20,475	2,661
Increase / (Decrease) Over Prior Year	728	625	737	634	665	2,661
	4.3%	3.5%	4.0%	3.3%	3.4%	14.9%
				Annual average increase:		3.5%

**Additional Information / Commentary with respect to 2012-2015 increase / (decrease)**

**Major Issues:**

**2012 Forecast:**

The OMERs pension plan rate increase will impact the 2012 and 2013 personnel benefit costs.

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.

As part of the strategic plan, work will be underway to identify the costs and benefits of the implementation of a Radio Frequency Identification Device (RFID) solution for the efficient management of collections and lending services. The cost benefit analysis will be presented to the Library Board in the Spring of 2011.

Employment Resource Centre (ERCs) funding of \$750,000 has been extended to March of 2012. Funding this program as part of the Library's operating budget would add an additional 3.2% in 2012 and another 1% in 2013.

**2013 to 2015 Forecasts:**

Developing a service strategy and plan for serving seniors, in alignment with the City of London's Community Plan for Seniors, has been identified as a strategic initiative for London Public Library. Costs are estimated.

## London Public Library

### Performance Measures and Staffing 2009 - 2015

Performance Measures	2009	2010	2011	2012	2013	2014	2015	Explanation
	Actual	Revised	Forecast					
<b>Output and Service Level</b>								
Attendance-in person visits	3,207,984	3,242,000	3,424,420	3,458,664	3,493,251	3,528,183	3,563,465	2011 measures are anticipated to be higher due to the new branch.  Virtual attendance continues to increase; usage in 2009 increased 17% over 2008.
Borrowed items	4,032,752	4,105,000	4,487,100	4,576,842	4,668,379	4,761,746	4,856,981	
Reference transactions	1,258,543	1,270,000	1,282,700	1,295,527	1,308,482	1,321,567	1,334,783	
Holds	893,433	910,000	919,100	928,291	937,574	946,950	956,419	
Computer use in library	627,303	635,000	641,350	647,764	654,241	660,784	667,391	
Program attendance	179,210	177,500	178,500	181,000	181,000	181,000	181,000	
Website visits	3,780,880	3,950,000	4,147,500	4,354,875	4,572,619	4,801,250	5,041,312	
<b>Efficiency Measures</b>								
Library operating cost per use.	\$1.31	\$1.30	\$1.30	\$1.29	\$1.28	\$1.27	\$1.26	Average of comparator group is 4.12.  Average of comparator group is 2.75.
Average number of times in year items are borrowed (turnover)	5.25	5.26	5.26	5.27	5.28	5.30	5.32	
Library holdings per capita	2.54	2.60	2.65	2.70	2.70	2.70	2.70	
<b>Effectiveness Measures</b>								
Registered cardholders as a % of population	50.2%	50.3%	50.5%	50.6%	50.7%	50.8%	51.0%	Average of comparator group is 44.5%.
<b>Community Impact / Quality</b>								
Annual library uses per capita	36.6	38.8	39.6	40.4	41.2	42.0	42.8	Highest use per capita in the comparative group; 6% increase over 2008.  Second highest use per capita in the comparative group.
Active borrowers - % of population	42.9%	43.0%	44.0%	45.0%	47.0%	48.0%	50.0%	
Public access workstations per 100,000 population	114.9	118.0	118.0	118.0	118.0	118.0	118.0	
Annual program attendance/capita	0.49	0.49	0.50	0.50	0.50	0.50	0.50	
Annual electronic uses per capita	14.6	15.0	16.0	16.2	16.5	16.7	16.9	

**London Public Library**  
Performance Measures and Staffing 2009 - 2015 (cont'd)

	2009	2010	2011	2012	2013	2014	2015	
<b>Staffing</b>	<b>Revised</b>	<b>Revised</b>	<b>Forecast</b>					<b>Explanation</b>
Full-time Equivalent # Increase / (Decrease) over previous year	199.0	199.0	203.5 4.5	203.5 0.0	205.0 1.5	205.0 0.0	205.0 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	180	180	184 4	184 0	185 1	185 0	185 0	
Full-time Equivalent - Page staff Increase / (Decrease) over previous year	27.7	27.7	29.0 1.3	29.0 0.0	29.0 0.0	29.0 0.0	29.0 0.0	
Full-time Equivalent Casual staff Increase / (Decrease) over previous year	4.0	4.0	4.1 0.1	4.1 0.0	4.1 0.0	4.1 0.0	4.1 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.