



January 20, 2011

Mayor J. Fontana

Councillor W.J. Armstrong

Councillor J. L. Baechler

Councillor J.P. Bryant

Councillor N. Branscombe

Councillor D. Brown

Councillor M. Brown

Councillor D.G. Henderson

Councillor P. Hubert

Councillor S. Orser

Councillor W.J. Polhill

Councillor J.L. Swan

Councillor H.L. Usher

Councillor P. Van Meerbergen

Councillor S. White

Re: London Public Library 2011 Operating Budget - City Appropriation Request

London Public Library (LPL) provides services that are highly valued by the community as shown by the ongoing high use of services and positive public feedback. At the same time, the Library Board understands the fiscal environment and the task before Council and is working to do its part to support the efforts.

In the spirit of supporting the work that Council is undertaking, the London Public Library Board held a special board meeting on January 13, 2011 for the purpose of re-examining its 2011 Operating Budget appropriation request to the City of London. The objective was to seek out cost avoidance or potential savings that might enable LPL to reduce its 2011 operating budget need.

LPL is now also acting in response to the following Municipal Council direction of December 20, 2010, that:

“All civic boards, commissions and agencies BE REQUESTED to bring forward a list of salary and wage savings, vacancy management savings and potential cuts to services with 2011-2015 budget impacts and service implications”.

To date, LPL has provided the requested information to the Civic Administration. In this correspondence LPL is providing Council directly with:

- A list of actions it would need to take to reduce its budget by \$190,000 (\$200,000 with Sunday Service annualized) as part of the 2011 operating budget process, and
- An appendix which provides examples of cost avoidance, cost containment and cost cutting measures taken over the last couple of years conservatively totaling over

\$500,000, LPL has already undertaken in order to balance available resources with the provision of relevant, accessible, high quality library service.

2011 Budget Need

As part of the 2010 budget process, the Library projected that a 6% increase would be required for 2011. At that time, it was anticipated that approximately 2.5% would be needed for operating expenses associated with the new Stoney Creek Branch Library in the northeast; 0.5% for unsustainable reductions made in order to meet the 2010 target; and 3.0% for operating expenditure increases due to collective agreement obligations, inflationary pressures, etc. The new branch had been approved as part of the City of London 10 year capital plan in recognition of growth occurring in the north part of the city. The City made an adequate allowance within its 2010 budget for the new branch to support the branch "going live" in 2010, so the Library's actual budget need for 2011 was reduced to 4.8%. In June 2010, City Council approved a 2011 target of 4.3% for the Library.

It should be noted that the initial Library budget submission met this target. It is also important to note that \$283,662 (1.7%) of the \$728,000 (4.3%) LPL 2011 operating budget need is the balance required for full year operational funding for the Stoney Creek Branch.

The Impact of the 2010 Budget

The task facing the Library Board this year is a challenging one due to the fact that LPL has already implemented ongoing cost avoidance, cost containment and cost cutting measures in order to balance funding levels with the provision of relevant, accessible, high quality library service during a time of unprecedented community demand for library services.

As part of the multi-year forecast developed during the 2008 budget process, the Library projected that a 3.6% increase would be required in 2010. Working within the 2009 budget allocation, operating lines were adjusted to reflect actual experience and the total projected need for 2010 was reduced to \$412,700 or 2.5% over the 2009 budget.

In June 2009, City Council established the 2010 targets and the Library target was set at 0%. The Library cut costs and reduced Sunday Service hours, to achieve reductions/cuts of to meet \$312,700 of its 2010 need, and brought forward a request of \$100,000 or .6% increase to support the library collections. This was approved by Council.

Current Budget Review

Given the impact of the operating needs and reductions/cuts LPL has already made to achieve the 2010 and 2011 targets (as shown by examples provided in Appendix 1), further actions to reduce the LPL appropriation request are limited to potential savings and cuts that will have impact on services and operations.

LPL has developed the following list of actions it would need to take to reduce its budget by \$190,000 (\$200,000 with Sunday Service annualized) as part of the 2011 operating budget process:

- Utilities cost reduction - \$40,000
- Vacancy management - \$45,000
- Elimination of "Sunday Service" - \$30,000 (\$40,000 annualized)
- Close Glanworth Branch - \$10,000
- Reduce collections budget - \$50,000
- Salaries – management wage freeze - \$15,000.

The London Public Library again acknowledges the challenges facing council in continuing to ensure the best possible services for Londoners in this difficult economic time. Council has begun the process of how it will achieve a budget that balances service delivery with cost containment and reduction measures. It is the hope of the Library Board that our efforts demonstrate our support to the work that is before all of us.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Morgan', with a long horizontal flourish extending to the right.

Josh Morgan
Chair, London Public Library Board

A handwritten signature in black ink, appearing to read 'Susanna Hubbard Krimmer', written in a cursive style.

Susanna Hubbard Krimmer
CEO & Chief Librarian

cc: Jeff Fielding (Chief Administrative Officer)
Martin Hayward (City Treasurer & Chief Financial Officer)

APPENDIX 1: London Public Library Cost Control Measures

Issue/Opportunity

LPL has been successful in saving money, time and resources, while making a difference in the community through the provision of relevant, accessible and high quality library services, by

- Continually implementing cost avoidance, cost containment and cost cutting measures in order to balance available resources with the provision of relevant, accessible, high quality library service and to meet community needs and expectations;
- Adopting a “continuous improvement” strategy to ensure that all operations are effective and efficient and are able to support service demand; and
- Leveraging technology processes to save time and resources and to improve the customer service experience.

LPL implemented various actions, including wage management, service cuts and other reductions, in order to meet 2010 and 2011 budget targets.

Cost Avoidance, Cost Containment and Cost Cutting

Collections Management:

LPL has worked hard to maintain the scope and depth of collections to ensure that materials are relevant, accessible and up-to-date and meet high levels of public demand as shown by circulation and the number of holds placed by the public. Some of the means used to achieve this include:

- Aggressive procurement strategies including consortium purchasing with other Ontario libraries to reduce costs for collections materials through economies of scale.
- Centralized collections selection and ordering to make operations effective and efficient to redeploy Customer Services & Branch Operations staff time to direct public service to meet ever increasing public demand, e.g. circulation, holds.
- Reduction of duplication between print, audiovisual and electronic formats in order to reduce costs in order to pay for new formats being requested by public.

General Procurement:

LPL has done some joint procurement with the City of London for services such as the Voice over IP telephone system and cleaning contracts. In the last three years, LPL has tendered some large technology service contracts: photocopiers and connectivity (bandwidth). LPL has been able to secure contracts that have contained costs significantly and so has been able to absorb cost increases within existing budgets.

2010 – LPL reduced its furniture and equipment budget, designated for tables, chairs, book carts, etc. by \$16,700, representing approximately 25% of this budget.

2010 – LPL reduced its advertising budget by resetting priorities and using earned media opportunities.

LPL absorbed 20% inflationary insurance cost increases of \$19,000 per year into the 2010 budget by reducing other operating lines.

Energy Management:

LPL has an Energy Management Plan in place and will be updating this as part of the new 2010-2013 Strategic Plan. Examples of successes to date include:

- Rebuilt Central escalators to improve efficiency;
- Installed hydraulic pump motors on passenger elevators;
- Building control access to increase scrutiny of oversight of energy use to adjust as required in real time;
- Ongoing retrofitting of lighting to reduce consumption;
- Combine meter services to enhance cost efficiency;
- Adjustment of heating and cooling temperatures to reduce consumption;
- Summer reduced use of interior lights to reduce consumption; and
- Water conservation, e.g. low flow toilets and taps as replacements required.

LPL has also introduced a pilot power generation site: Solar Panel Project, Landon Branch Library. The solar panels are paid for and so benefits are being realized currently; LPL sells power to Ontario Power Authority.

Wage Management

LPL has maintained low staff ratios in terms of number of locations, hours, attendance, circulation and square footage according to library professional standards and in comparison with other comparable libraries.

In 2010, LPL absorbed a \$30,000 increased need resulting from statutory minimum wage increase (from \$9.25 per hour to \$10.25 per hour) affecting Page employees through reductions/savings achieved in other lines. Minimum wage also increased previous 3 years.

Also in 2010, a total of \$129,000 savings was achieved in wages and benefits:

- \$105,000 - vacancy management which was accomplished by two strategies: gapping positions or temporarily filling the position with casual staff. Vacancy management was also done in 2009.
- \$14,000 - cutting Sunday Service Hours from 4 hours to 3 hours per open Sunday.
- \$10,000 - cutting conference attendance and changing format of system-wide staff training and development event.

Collective Agreement Settlements – negotiated favorable union contract for three years, with wage settlement below that of most libraries in province with no benefit changes for period of 2010-2012.

A wage freeze for the CEO, which has been in place since the current LPL CEO took the position in June 2008, continues into 2011.

Leveraging Technology

LPL has worked hard to streamline and standardize services to the public and internal processes in order to save time and resources using hardware and software solutions. Examples of successes LPL has achieved to date include:

- Patron self service: ability to renew materials, self check out machines, ability to place reserves, library computer booking system, etc. that reduce staff time spent in transactions and allow for reallocation of staff time to meet areas of increased service demands while providing patrons with a range of desirable service options.
- E-reminders to patrons when materials are due reducing phone calling and letter mailing costs.
- Invoice loaders between collections acquisitions system and vendors with flow through to LPL general ledgers to increase staff productivity and ability to manage collections budget.

Revenue Generation

LPL has been able to increase its revenue the last few years and has projected a \$10,000 increase in fines revenue for 2011. Examples of means used to increase revenue include:

- Use of debit and credit card services for patrons to pay fines and fees and other monetary charges;
- Use of a “collections agency” to collect significant outstanding fines;
- Increased charges for proctoring of exams bringing fees in line with those of other institutions.
- Maximizing meeting room space rental; and
- Tenant agreements with onsite partners; etc.