

A C T I O N

Report: 2008 Operating Budget – Reduction Scenarios

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Prepared for: Ottawa Public Library Board

Meeting of: November 5, 2007

Date: November 2, 2007

Recommendations:

- That the Library Board participate in the City of Ottawa budget reduction exercises
- That the Library Board receive the proposed scenarios for reducing the Library's operating budget by 10% of the net estimated 2008 budget over 3 years; a reduction of \$3.2 million to be achieved between 2008-2010
- That the Library Board approve the methodology used to develop potential branch closure scenarios, if required
- That the Board receive the efficiency target of \$830,000 (3%) to be achieved over 2008-2010

References

- Ottawa Public Library Board. *Ottawa Public Library Strategic Plan, 2008-2011*
- City of Ottawa. *2007-2010 Strategic Directions Report*
- City of Ottawa. *2006-2009 City Corporate Plan*
- Ontario Municipal CAO's Benchmarking Initiative (OMBI). 2005 Performance Benchmarking Report.
- Decima Research. *City of Ottawa, 2007 Citizen Survey Report*

1. Background

At its meeting of October 15, 2007, the Library Board approved a Strategic Plan for 2008-2011. To support the strategic plan, the Library Board approved for submission, a \$1.8 million increase to its operating budget. The Board recognized that these budget increases were required to meet the growing demands for library service in the city of Ottawa.

As part of the City's 2008 budget process and to meet Council's directions to provide a budget which would show what various municipal tax rates (0%, 1.4% and 3.4%) would look like in terms of service, the Community & Protective Services (CPS) Department, with which the Library is affiliated, has asked all branches, including the Library, to develop budget scenarios for

reducing their net operating budgets by 10% over 3 years based on service reductions. The units within Community and Protective Services Department include: Deputy City Manager, Paramedic Services, Bylaw and Regulatory Services, Emergency Management, Fire Services, Housing, Parks and Recreation, Child Care, Public Health, Employment and Financial Assistance, Culture Services and Community Funding, Long Term Care and the Ottawa Public Library as a separate agency.

Each City department and branch, including the Library, has also been assigned a share of the separate \$20 million efficiency target to be found through administrative efficiencies. The Library's efficiency targets are:

2008 - \$190,000
 2009 - \$280,000
 2010 - \$360,000

Total OPL administrative efficiencies, 2008-2010: \$830,000

These amounts will be removed from the approved annual operating budgets and solutions to how to achieve these additional savings will be developed.

The Library's estimated true net operating budget for 2008 is \$32,610,000. This amount includes negotiated salary increases for 2008 and RPAM (Real Property and Asset Management) costs associated with operating library facilities. A 10% reduction to the Library's budget represents \$3.2 million.

If the Library's budget is reduced by 10%, significant cuts to service will be required, including:

- ✓ closure of library branches
- ✓ reductions in service hours
- ✓ reduced funds for library collections
- ✓ or a combination of the above.

Reducing library service this way would make it difficult to implement the strategic directions identified in the Ottawa Public Library Board's Strategic Plan, 2008-2011. These types of reductions do not support the Board's stated directions to be responsive to changing community needs by:

- ✓ building collections
- ✓ providing more and better hours of service
- ✓ caring for and enhancing the places and spaces from which we serve the residents of Ottawa.

As part of its ongoing planning process, the Library has conducted a number of facility studies to evaluate existing facilities and to plan for growth in population up to 2021. These facility studies have not recommended eliminating any library locations, indicating that the existing 33 branches provide reasonable library coverage for the current urban, suburban and rural areas in the city of Ottawa.¹

¹ Ottawa Public Library: Application of the Service Delivery Framework to Community Level One and Two Libraries – Report by Jim Morgenstern of dMA Management Services Inc., 2004.

Notwithstanding, to achieve this level of reduction to the Library's budget, cuts to service must be considered to respond to Council direction.

2. Proposed Scenarios for Achieving 10% Reduction to the Operating Budget

The majority of library staff work in front-line public service positions. Reducing the budget by \$3.2 million would necessitate a significant reduction in service.

To achieve a -10% operating budget reduction however, the following options are proposed:

A. *Close as many as 10 community branch libraries*

- Estimated savings of \$2,115,000 to be realized over 2008-2009
- Estimated FTE impact – 38

B. *Eliminate the cost of living increase to the collections budget*

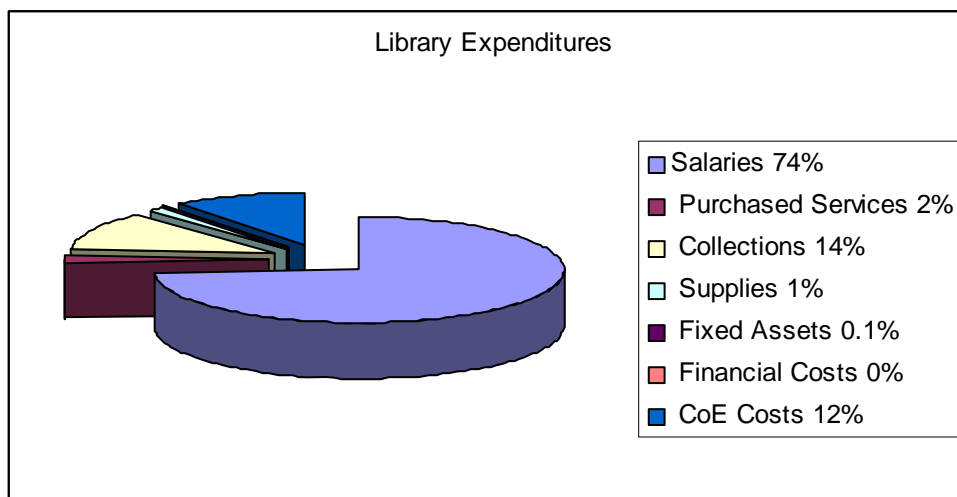
- Estimated savings of \$85,000 in 2008
- No impact on FTEs

C. *Reduce library service hours system-wide by closing all community branches one day per week. Main Library and District Branch Libraries would remain open.*

- Estimated savings of \$1,000,000 in 2010
- Estimated impact on FTEs – 23

TOTAL estimated savings: \$3,200,000

TOTAL estimated FTE impact: 61



3. Proposed Methodology for Identifying Branches for Potential Closure

In developing a methodology to identify branches for potential closure, four primary factors were taken into consideration:

- Cost effectiveness / value for money
- Impact the fewest people to the extent possible
- Planning for the future by considering projected residential population growth and usage trends
- Ensure that a distribution of library locations would be maintained city-wide

The following demonstrates how these factors would be applied.

Step 1

Cost-effectiveness: Begin by looking at cost per use, a measure of cost-effectiveness and efficiency. Cost per use is a measure used for libraries by both the Ontario Municipal Benchmarking Initiative (OMBI) and the Municipal Performance Measurement Program (MPMP) of the Ministry of Municipal Affairs and Housing.

Cost per use is calculated by comparing the annual operating cost of the branch to the amount of annual use by the public.

- Use annual operating budgets (including RPAM budgets associated with each branch) to represent annual operating cost. Note that branch operating budgets do not include lines for collections; the library collection is developed for the system as a whole.
- Use the following OMBI usage measures to determine use: circulation, reference questions, library visits, and use of computers in libraries.
- OMBI usage measures that describe virtual uses of the library system such as access to web services and electronic collections are excluded, as they cannot be applied to specific branches.

Use the results of calculating the cost per use of each branch as a first step to rank branches in an order in which they could be considered for potential closure.

Step 2

Begin by looking at branches that show above average cost per use and review each one individually, in comparison to other branches in the same cluster and geographic area:

Impact on the fewest people: Compare the total annual usage of each branch to identify any significant differences in the usage of one branch over others in the same cluster and geographic area.

Planning for the future: Identify if there are some branches that have projected high population growth where others do not. Also consider historical usage trends to see if usage shows a pattern of declining use vs. increasing use when comparing branches of similar size with similar performance characteristics.

Maintain city-wide distribution of library facilities: Before identifying any branch for potential closure, ensure that despite having fewer branches, the remaining branches would still be reasonably distributed across all areas of the city.

Based on all of these considerations, identify branches for potential closure among those with above average cost per use.

Step 3

Apply the same process as above to those branches that showed below average cost per use until the required savings are achieved.

Note: Bookmobile Services are not included in this analysis but could be reviewed in the context of addressing the Library's efficiency targets.

4. Impact of proposed scenarios

The closure of any branch library would have wide-ranging impacts on its community, including the following:

A. Impact of closing as many as 10 community branch libraries

- Reduced access to library service, particularly for children, people with disabilities and the elderly.
- Reduced ability to support the Library Board's Strategic Plan and the City's Strategic Plan:
 - Reduced ability to move ahead with the Ottawa Public Library Board's Four-Year Strategic Plan to strengthen "places and spaces" and to build community by developing branches to support growth and address service gaps.
 - Reduced ability to support the City's "Neighbourhood Agenda", committed to creating "neighbourhoods that provide housing, retail, recreational, cultural and employment opportunities within walking or cycling distance."
 - Reduced ability to support the City's "Opportunity Agenda", with reduced access to programs that promote learning and literacy and reduced ability to facilitate access to the Internet.
 - Reduced ability to support the City's "Rural Agenda".
 - Reduced ability to support the City's "Immigration Ottawa Initiative".
- Lowered performance scores for Ottawa on Ontario Municipal Benchmarking Initiative (OMBI).
 - Service hours per capita will be reduced (Ottawa is currently at 0.09 below the median of 0.11).
- Lowered ranking scores for Ottawa Public Library on Canadian Urban Libraries Council (CULC) performance measures related to space.
 - Ottawa has 0.49 sq. ft of library space per capita. The average ratio of square feet per capita for library space is 0.68 among key Canadian comparator libraries.

- Comparator libraries include Calgary (0.43), Edmonton (0.52), Hamilton (0.62), London (0.93), Toronto (0.73) and, Vancouver (0.83).
- Redistribution of service demand to neighbouring locations, potentially requiring allocation of additional resources or decreased level of service as clients encounter longer wait times for library service.
- Decline in citizen satisfaction with library service (rated 2nd highest of City services after Fire Services, in the Decima Citizen Survey, May, 2007.)
- Impact on local businesses
 - Research conducted by the Urban Libraries Council demonstrates that library traffic directly benefits local businesses.²

B. Impact of eliminating the cost of living increase to the Library collections budget

- Reduces the quantity and availability of books and other materials for library users
 - The budget for library collections has not kept pace with demand; since 2001 the collection budget has not been increased, while circulation has increased by 45%.
- This action will lower Ottawa's performance on the OMBI benchmarking measure of library holdings/capita.
 - Library holdings per capita will be reduced (Ottawa is currently at 2.9, below the median of 3.2).
- Reduces staff's ability to implement the Library Board's Strategic Plan.
 - In particular, this action will make it impossible to address the Board's priority to build collections to address the gap between growing demand and current supply.
- Lowers Ottawa's performance among CULC performance measures for expenditure per capita.
 - Average expenditure of all CULC libraries is \$5.63 per capita. Ottawa Public Library is currently below average at \$4.68 per capita, while serving both French and English language populations. Ottawa Public Library is significantly lower than key comparator libraries including: Calgary (\$7.47), Toronto (\$6.67) and Edmonton (\$7.13).
- Decline in citizen satisfaction with library service.

C. Impact of reducing library service hours system-wide by closing all community branches one day per week. (Main Library and District Branch Libraries would remain open.)

- Reduces access to library service
 - While access to service would be reduced for all members of the community, those for whom alternative transportation a greater challenge will be more affected: children, people with disabilities, and the elderly.

² Urban Libraries Council. Making Cities Stronger. Public Library Contributions to Local Economic Development. 2007.

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- There would be reduced support for learning and literacy initiatives including fewer children's literacy programs and newcomer support programs.
 - Reduces the Library's ability to meet the objective of the City's "Neighbourhood Agenda" to provide recreational and cultural services within walking and cycling distance.
 - Reduces the Library's ability to support the Immigration Ottawa Initiative through library programs and services.
 - Reduces the Library's ability to support the "Opportunity Agenda", with reduced access to programs that promote learning and literacy and reduced ability to facilitate access to the Internet; reduced access to City of Ottawa web services for residents who rely on the Library for Internet access.
 - Conflicts with Board direction outlined in the Ottawa Public Library Board's Strategic Plan, 2008 - 2011 which directs the Library to be more responsive to library users by providing more and better hours of service.
 - Lowers Ottawa's performance on OMBI benchmarking measures
 - Service hours per capita will be reduced (Ottawa is currently at 0.09 below the median of 0.11).
 - Decline in citizen satisfaction with library.
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- Appendices:
1. List of branches
 2. List of branches by tier

Appendix 1.

Branch / Service	Address
Alta Vista	2516 Alta Vista Drive
Beaverbrook (KANATA)	2500 Campeau Drive
Blackburn Hamlet	199 Glen Park Drive
Bookmobile	363 Lorry Greenberg Dr.
Carlingwood	281 Woodroffe Ave
Carp	3911 Carp Rd
Centennial	3870 Richmond Rd
Constance Bay	262 Len Purcell Dr.
Cumberland District	1599 Tenth Line Rd
Elmvale Acres	1910 St. Laurent Rd
Emerald Plaza	1547 Merivale Rd
Fitzroy Harbour	100 Clifford Campbell St.
Greely	7008 Parkway Rd
Greenboro District	363 Lorry Greenberg Dr.
Hazeldean (KANATA)	50 Castlefrank Rd
Manotick	5499 South River Dr.
Metcalfe	2782 Albert St.
Munster	7749 Bleeks Rd
Nepean Centrepointe	101 Centrepointe Dr.
North Gloucester	2036 Ogilvie Rd
North Gower	6579 Fourth Lane Rd
Orléans	1705 Orléans Blvd
Osgoode	5630 Main St.
Richmond	6240 Perth St.
Rideau	377 Rideau St.
Rockcliffe Park	380 Springfield Rd
Rosemount	18 Rosemount Ave
Ruth E. Dickinson (BARRHAVEN)	100 Malvern Dr.
St. Laurent	515 Côté
Stittsville	1637 Main St. (Stittsville)
Sunnyside	1049 Bank St.
Vanier	310, ave des Pères blancs
Vernon	8682 Bank St.

Appendix 2.

Library Branches by Tier
Community 3 Branch (Small) (10 branches)
Constance Bay
Fitzroy Harbour
Greely
Metcalfe
Munster
North Gower
Osgoode
Richmond
Rockcliffe Park
Vernon
Community 2 Branch (Medium) (9 branches)
Blackburn Hamlet
Carp
Elmvale Acres
Emerald Plaza
Manotick
Rideau
Rosemount
Stittsville
Vanier
Community 1 Branch (Large) (10 branches)
Alta Vista
Beaverbrook
Carlingwood
Centennial
Hazeldean
North Gloucester
Orléans
Ruth E. Dickinson
St-Laurent
Sunnyside
District Branch (3 branches)
Cumberland
Greenboro
Nepean Centrepointe
Main Library