





**GREATER VICTORIA  
PUBLIC LIBRARY**

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# **2019 Final Budget and 2019-2023 Five Year Financial Plan**

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**Approval Dates:**

**Finance Committee – August 21, 2018**

**Finance Committee – September 18, 2018**

**GVPL Board – October 16, 2018**



## BUDGET AT A GLANCE

	<u>2019</u>	<u>2018</u>
Operating Budget <sup>1</sup>	\$ 18,727,639	\$ 18,285,077
Operating Budget Increase	3.67%	2.37%
Capital Budget	\$ 2,070,067	\$ 2,167,637
Capital Budget Increase (Decrease)	-4.50%	-7.79%
Total Budget - Funded <sup>2</sup>	\$ 19,275,506	\$ 18,764,414
Total Budget Increase	2.72%	1.08%
Municipal Contribution - Total	\$ 17,400,121	\$ 17,017,338
Municipal Contribution -Increase	\$ 382,783	\$ 478,939
Municipal Contribution - Increase (%)	2.25%	2.90%
Cost per Capita	\$ 53.08	\$ 51.52
Cost per Capita Increase	\$ 1.17	\$ 1.49

Note 1 – Operating budget consists of operating expenses only

Note 2 – Total budget funded is equal to Expenses (Operating budget) less amortization (non-funded expense) + capital budget

### **Note to Budget Increase**

The operating budget increase is higher than the municipal contribution increase as there are specific one-time costs within the 2019 budget that are being offset through the use of accumulated surplus. Therefore there are no direct impacts related to these costs to the municipal contribution total. These one-time costs include items such as project related ITS Hardware replacement costs, organizational leadership training, and organizational restructuring costs.

**2019 Budget and Five-Year Financial Plan - DRAFT**

	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>Change%</u>	<u>Notes</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues</b>									
Municipal Contributions - Operating	\$ 17,017,338	17,400,121	\$ 382,783	2.2%	1	17,863,961	18,191,289	18,533,181	18,850,264
Municipal Contributions - Start-up	460,600	355,280	\$ (105,320)	-22.9%	2	61,720	-	-	-
Provincial Grants	642,339	642,339	\$ -	0.0%	3	642,339	642,339	642,339	642,339
Federal Grants	7,379	-	\$ (7,379)	-100.0%	4	-	-	-	-
Fines, Fees and Printing	502,191	476,816	\$ (25,375)	-5.1%	5	459,342	442,939	427,544	413,096
Contracts for Service	28,450	28,450	\$ -	0.0%	6	28,450	28,450	28,450	28,450
Investment Income	74,000	74,000	\$ -	0.0%	7	74,000	74,000	74,000	74,000
Donations and Other Grants	49,300	42,000	\$ (7,300)	-14.8%	8	42,000	42,000	42,000	42,000
	18,781,597	19,019,006	\$ 237,409	1.3%		19,171,812	19,421,017	19,747,514	20,050,149
<b>Expenses (Operating Budget)</b>									
Salaries and Benefits	13,491,583	14,006,477	514,894	3.8%	9	14,182,382	14,465,484	14,754,035	15,048,569
Library Materials	903,000	862,000	(41,000)	-4.5%	10	862,000	862,000	862,000	862,000
Amortization	1,688,300	1,522,200	(166,100)	-9.8%	11	1,452,300	1,363,400	1,554,800	1,576,000
Supplies and Services	1,077,525	1,088,938	11,413	1.1%	12	1,098,705	1,082,104	1,082,158	1,076,213
Building Occupancy	762,838	894,056	131,218	17.2%	13	911,403	927,365	943,654	956,313
Other Expenses	361,831	353,968	(7,863)	-2.2%	14	356,119	344,177	345,781	347,165
	18,285,077	18,727,639	442,562	2.4%		18,862,909	19,044,530	19,542,428	19,866,260
Annual Surplus/(Deficit)	496,520	291,367	(205,153)	-41.3%		308,903	376,487	205,086	183,889
Add back: Unfunded Amortization	1,688,300	1,522,200	(166,100)	-9.8%	11	1,452,300	1,363,400	1,554,800	1,576,000
	2,184,820	1,813,567	(371,253)	-17.0%		1,761,203	1,739,887	1,759,886	1,759,889
<b>Total Budget - Funded</b>	<b>18,764,414</b>	<b>19,275,506</b>				<b>19,192,496</b>	<b>19,421,017</b>	<b>19,727,515</b>	<b>20,030,147</b>
<b>Municipal Contributions-Operating Increase</b>	<b>2.9%</b>	<b>2.25%</b>				<b>2.67%</b>	<b>1.83%</b>	<b>1.88%</b>	<b>1.71%</b>



	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>Notes</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Balance forward from Page 1</b>	2,184,820	1,813,567	(371,253)		1,761,203	1,739,887	1,759,886	1,759,889
<b>Capital Expenses</b>								
Library Materials - Operating	1,459,887	1,459,887	-	10	1,459,887	1,459,887	1,459,887	1,459,887
Hardware - Operating	93,000	100,000	7,000	15	100,000	100,000	100,000	100,000
Furniture and Equipment - Operating	60,000	60,000	-	15	60,000	60,000	60,000	60,000
Building Improvement - Operating	120,000	120,000	-	15	120,000	120,000	120,000	120,000
<b>Branch Start-ups:</b>								
Library Materials - sx <sup>w</sup> enx <sup>w</sup> əŋ təŋəx <sup>w</sup> James Bay Bra	74,250	-	(74,250)	2	-	-	-	-
Library Materials - Esquimalt Branch	10,000	8,000	(2,000)	2	2,000	-	-	-
Hardware - sx <sup>w</sup> enx <sup>w</sup> əŋ təŋəx <sup>w</sup> James Bay Branch	-	-	-	2	-	-	-	-
Hardware - Esquimalt Branch Relocation	66,000	66,000	-	2	10,000	-	-	-
Furniture and Equipment - sx <sup>w</sup> enx <sup>w</sup> əŋ təŋəx <sup>w</sup> James	-	-	-	2	-	-	-	-
Furniture and Equipment - Esquimalt Branch Reloca	284,500	256,180	(28,320)	2	30,000	-	-	-
Building Improvement - sx <sup>w</sup> enx <sup>w</sup> əŋ təŋəx <sup>w</sup> James Ba	-	-	-		-	-	-	-
	2,167,637	2,070,067	(97,570)		1,781,887	1,739,887	1,739,887	1,739,887
<b>Transfers</b>								
Transfer to Replacement Reserve	120,000	120,000		16	-	-	-	-
Transfer from Replacement Reserve	(120,000)	(120,000)		16				
Transfer from Personnel Contingency Reserve		(145,000)	(145,000)	16	(10,000)	(10,000)		
Transfer from Library Materials Reserve		(39,000)	(39,000)	16				
Transfer to Contingency Reserve	20,000	20,000		16				
Transfer from Contingency Reserve	(15,000)	(92,500)	(77,500)	16	(10,683)	10,000	20,000	20,000
Transfer to/(from) Reserves	5,000	(256,500)	(261,500)		(20,683)	-	20,000	20,000
Transfer to/(from) Accumulated Surplus	-	-	-					
Debt repayments	12,183	-	(12,183)		-	-	-	-
	17,183	(256,500)			(20,683)	-	20,000	20,000
<b>Financial Plan Balance</b>	-	-			-	-	-	-

## 2019 MUNICIPAL CONTRIBUTIONS

	2018		2019							Building Maint. Costs <sup>2</sup>	Total Municipal Budget 2019
	2018	Total Requisition 2018	Share 2019	Operating Budget	Rent Adjustment <sup>1</sup>	Total Requisition 2019	Increase				
							\$	%			
Central Saanich	5.20%	\$884,902	5.08%	\$883,926	\$8,992	\$892,918	\$8,017	0.90%	\$0	\$892,918	
Colwood	4.69%	798,113	4.73%	\$823,026	6,336	829,362	31,249	3.90%	27,151	856,513	
Esquimalt	5.42%	922,340	5.25%	\$913,506	-4,095	909,411	-12,928	-1.40%	0	909,411	
Highlands	0.65%	110,613	0.73%	\$127,021	981	128,002	17,389	15.70%	3,928	131,930	
Langford	10.04%	1,708,541	10.62%	\$1,847,893	14,341	1,862,234	153,693	9.00%	58,688	1,920,922	
Metchosin	1.43%	243,348	1.31%	\$227,942	1,734	229,676	-13,672	-5.60%	9,055	238,731	
Oak Bay	6.88%	1,170,793	6.86%	\$1,193,648	-4,859	1,188,789	17,996	1.50%	0	1,188,789	
Saanich	33.95%	5,777,386	33.98%	\$5,912,561	-22,259	5,890,302	112,916	2.00%	0	5,890,302	
Victoria	28.73%	4,889,081	28.51%	\$4,960,774	-2,316	4,958,458	69,377	1.40%	0	4,958,458	
View Royal	3.01%	512,222	2.93%	\$509,824	1,145	510,969	-1,253	-0.20%	0	510,969	
<b>Total</b>	<b>100%</b>	<b>\$17,017,338</b>	<b>100%</b>	<b>\$17,400,121</b>	<b>\$0</b>	<b>\$17,400,121</b>	<b>\$382,783</b>	<b>2.25%</b>	<b>\$98,822</b>	<b>\$17,498,943</b>	

<sup>1</sup> The **Rent Adjustment** is calculated in accordance with Section 8.12 (a), (b) and (c) of the Library Operating Agreement and relates to portions of buildings used to benefit all member municipalities: the Collection and Technical Services section of the Juan de Fuca Branch building and the Administrative portion of the Central Branch building. Municipalities which did not contribute to the initial acquisition of such building or who did not subsequently purchase a portion of such building pays reasonable rent to those Municipalities that did.

<sup>2</sup> **Building Maintenance Costs for jointly owned buildings** are additional municipal budget amounts that are over-and-above the requisition for the library operating budget. The two branches that are jointly owned are the Central Branch and the Juan de Fuca Branch. Similar costs at other branches do not flow through GVPL and are paid by the municipalities directly. Other than the contributions to the Juan de Fuca Major Asset Maintenance Trust fund ("JF MAM"), building costs are estimates. Once actual costs are known, GVPL invoices the municipalities. Budgeted building costs for the branch portion of the jointly-owned buildings, excluding administrative area costs that are included in the library operating budget, are as follows:



**2019 MUNICIPAL PER CAPITA CONTRIBUTIONS**

	<b>2019</b>				
	<b>Total Requisition 2019</b>	<b>Population <sup>1</sup></b>	<b>Cost Per Capita 2019</b>	<b>Increase per capita</b>	<b>increase</b>
Central Saanich	\$883,926	16,213	54.52	\$0.49	\$8,017
Colwood	\$823,026	17,952	45.85	\$1.74	\$31,249
Esquimalt	\$913,506	16,899	54.06	-\$0.77	-\$12,928
Highlands	\$127,021	2,561	49.60	\$6.79	\$17,389
Langford	\$1,847,893	38,317	48.23	\$4.01	\$153,693
Metchosin	\$227,942	4,764	47.85	-\$2.87	-\$13,672
Oak Bay	\$1,193,648	18,717	63.77	\$0.96	\$17,996
Saanich	\$5,912,561	115,864	51.03	\$0.97	\$112,916
Victoria	\$4,960,774	86,130	57.60	\$0.81	\$69,377
View Royal	\$509,824	10,380	49.12	-\$0.12	-\$1,253
<b>Total</b>	<b>\$17,400,121</b>	<b>327,797</b>	<b>\$53.08</b>	<b>\$1.17</b>	<b>\$382,782</b>

<sup>1</sup> Source of population figures - BC Stats website:

<<http://www.bcstats.gov.bc.ca/StatisticsBySubject/Demography/PopulationEstimates.aspx>>, 2017 population estimates, accessed on July 2018.

General note: Percentage share of costs by municipality are determined based on 50% property assessment value and 50% population estimate. More detailed information on assessment values and population are available on request.

## Notes to the 2019 Budget and Five-Year Financial Plan

Budget allocations are also determined by our operational decisions and actions, which are based on our organizational values, policies and external mandates and legislation.

Approximately 90% of the GVPL operating budget is funded by our ten municipal partners. Consequently, a key objective is to keep municipal contribution increases within an acceptable range, typically based on rates of inflation and wage increases as negotiated through GVLRA. "Acceptable" increases are ultimately determined by Councils upon consideration of our budget requisition.

Because needs and opportunities change over time as we strive to best serve our communities within the Greater Victoria area, GVPL's budget process allows reasonable flexibility for business areas to adapt and optimize their activities as events unfold, while still requiring system-wide financial planning and accountability.

For 2019, operational efficiencies and cost avoidance strategies will continue to be explored as the demand for new and expanding services continues to increase. After the successful opening of the *sx<sup>w</sup>enx<sup>w</sup>əj tənəx<sup>w</sup>* James Bay Branch, the library is looking to 2019 to leverage the lessons learned and opportunities to align to the move of the Esquimalt branch.

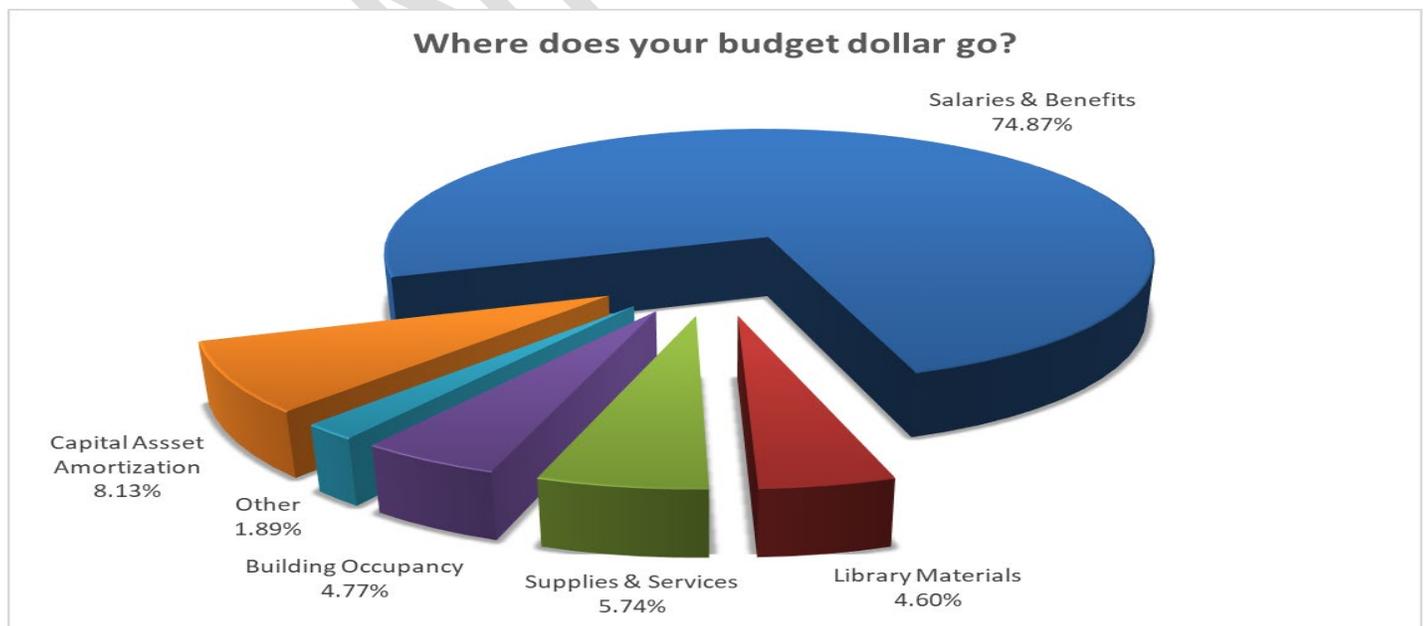
Modest revenue generation opportunities will continue to be explored in 2019 in addition to the new passive revenue source of the coin donations boxes now installed at all branches.

GVPL is committed to operating efficiently and effectively to deliver library service to 10 municipalities. The library system leverages more than 100 active community partnerships to expand programs and lifelong learning opportunities for Greater Victoria residents.

### Components of the 2019 budget include the following:

#### 1. Municipal Contributions – Operating Increase \$382,783

Of the 2.25% increase in municipal contributions, the majority (75%) is attributed to salaries and benefits which are jointly negotiated through the GVLRA. Salaries and benefits are the key cost driver for GVPL. The remainder is allocated by the following:



**2. Municipal Contributions – Start-up**  
**Decrease \$105,320**

In 2019 there is a decrease in the amounts for new and relocated branch start-up costs (furnishing and equipping the branch, as well as a collection inventory for new branches). As with prior years these are funded by the individual municipalities providing the facilities.

For 2018 the following was identified for branch start-up funds:

- sʷeηxʷəη təηəxʷ James Bay Branch - \$75,000
- Esquimalt relocation - \$385,600

For 2019 the following has been identified for branch start-up funds:

- Esquimalt relocation - \$355,280

The majority of these contributions are for capital expenditures, with a small percentage of start-up funding going towards non-capital costs, such as moving and some supplies below the asset threshold.

**3. Provincial Grants**  
**No Change**

For 2019 there is no expected change to the grant levels of the prior year of \$642,339.

Provincial funding has been frozen since approximately 2009, had this funding increased with CPI (annualized at 1.5%) as with other expenses to the present budget year, there would have been an increase to this funding by approximately \$120,000. This shortfall continues to be made up by individual municipalities in order to maintain status quo on ongoing programming and services.

**4. Federal Grants**  
**Decrease \$7,379**

Federal grants are cyclical in nature and are dependent on specific programs planned during the operating budget year.

**5. Fines, Fees and Printing**  
**Decrease \$25,375**

Revenue from fines, fees and printing is estimated to continue to decline modestly. Fees (e.g. meeting room rentals) are under review and additional opportunities for revenue generation will continue to be explored in 2019. GVPL is currently investigating potential revenue sources such as fees for overdue holds not picked up.

**6. Contracts for Service**  
**No Change**

This is an annual payment of \$28,450 from the Capital Regional District.

**7. Investment Income**  
**No Change**

Investment revenue is conservatively estimated to reflect projected continuation of modest earnings in the Municipal Finance Authority bond fund and slight increases in returns for secured GIC's.

**8. Donations and Other Grants**  
**No Change**

New funding opportunities will continue to be explored in 2019, in tandem with new donor engagement strategies.

**9. Salaries and Benefits**  
**Increase \$514,894**

The library's CUPE Collective Agreement expired on December 31, 2016.

The full-time equivalent (FTE) count for regular employees (including full and part time employees) remains at 150 FTE. Salaries and benefits account for 75% of the library's overall budget in 2019.

This budget includes employee benefit costs and payroll withholding costs such as EI and CPP. A detailed benefit review took place as part of the 2019 budget development and it was determined that the rate of benefits and withholding costs will be adjusted down from 24.5% to 23.75% of total salaries and wages, this is despite the anticipated increase associated with the newly implemented British Columbia Employer Health Tax.

**10. Library Materials (Expensed and Capital)**  
**Decrease \$41,000**

The library materials budget is split between Expenses, for periodicals and eResources, and Capital Expenses, for books, audio visual and electronic materials, which are capitalized as assets and amortized over 7 years. The reduction year over year is being offset by an additional \$135,000 in surplus funds, \$96,000 in 2018, and \$39,000 in 2019.

**11. Amortization**  
**Decrease \$166,100**

This is the estimated amortization expense for tangible capital assets, in accordance with the Board's Tangible Capital Asset policy. Since this is an unfunded expense (see explanation below), it is added back to the budgeted annual surplus, and does vary year over year pending capital asset purchases and disposals.

**12. Supplies and Services**  
**Increase \$11,413**

Supplies and services include such items as telephone, networks, printer paper and other supplies and shuttle fuel. These items have all increased slightly, but through efficient negotiation of service contracts, cost reduction in other areas the increase is below the Vancouver CPI (Consumer Price Index of 2%).

**13. Building Occupancy**  
**Increase \$131,218**

Building occupancy includes maintenance contracts, security, garbage and utilities. The primary driver for the increase is a significant increase in budgeted janitorial costs, and higher security costs (Central). Janitorial costs have increased significantly in the market due to such items as increased environmental fees, and higher labour costs. Security costs have increased due higher contract costs due to increases in minimum wage, contract renewal and additional services requested from our service provider.

**14. Other Expenses**  
**Decrease \$7,863**

Other expenses include such items as insurance and employee recruitment costs, marketing costs, and business travel expenses.

**15. Other Capital Expenditures (Hardware, Furniture and Equipment, Building Improvement)**  
**Increase \$7,000**

Hardware increased by \$7,000 (Offset by an additional \$10,000 in surplus funds) to replace aging computer hardware as was identified and approved at the May 2018 Year End Finance Committee meeting as part of the recommendations on the use of the 2017 surplus funds.

- Furniture and Equipment – No Change
- Building Improvement – No Change

**16. Transfer to/(from) Reserves**  
**Change in Net Transfer From Reserves (\$261,500)**

Change to Reserve transfers are as follows:

- Transfer to / from Replacement Reserve – \$0
- Transfer from Personnel Contingency Reserve – (\$145,000)
- Transfer from Library Materials Reserve – (\$39,000)
- Transfer to / from Contingency Reserve – (\$77,500)