



November 12, 2019

Mayor Helps and Council

**City of Victoria**

1 Centennial Square  
Victoria, BC V8W 1P6

Dear Mayor Helps and Council:

**Re: Greater Victoria Public Library 2020 Budget and Five-Year Financial Plan**

I am pleased to submit Greater Victoria Public Library's 2020 Operating Budget and Five-Year Financial Plan for 2020-2024. As per the terms of the Library Operating Agreement, approval by council resolution is required by May 1, 2020.

We are proud to report that the Greater Victoria Public Library continues to rank as one of the highest circulation per capita public library systems in Canada (i.e. community members borrow more items, per capita, compared to other large Canadian library systems). We achieve this position through innovation, efficiencies and the implementation of new technologies and service models. Serving ten municipalities and 346,993 citizens, we deliver library services at our twelve branch locations, online and through community outreach initiatives.

To sustain our level of service and to meet increasing and changing service demands, the overall municipal contribution increase requested for 2020 is 3.90%. The City of Victoria's share of the 2020 requisition is \$5,240,488 which is based on converted assessment values and population of your municipality, including rental adjustment.

It has been said that our communities are only as privileged as our least privileged citizen. Public libraries provide a place where every citizen belongs and that everyone can call their own. It is not an exaggeration to say that *libraries change lives*. By providing citizens with equitable access to information, services and resources, public libraries allow everyone to grow: discovering new ideas that can change minds.

Thank you for your ongoing appreciation of our work. GVPL is an essential component of the social infrastructure that is critical to healthy communities and we look to the future, supported by you, with confidence and anticipation.

Sincerely,

Deborah Begoray  
Chair, Greater Victoria Public Library Board

cc: Jocelyn Jenkins, CAO, City of Victoria

Susanne Thompson, Director of Finance, City of Victoria

Maureen Sawa, CEO, Greater Victoria Public Library

Paul McKinnon, Director, Finance & Facilities, Greater Victoria Public Library



# GREATER VICTORIA PUBLIC LIBRARY

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## 2020 Budget and 2020-2024 Five-Year Financial Plan

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**Review / Approval Dates:**

**Review - Finance Committee: August 27, 2019**

**Approved – Finance Committee: October 1, 2019**

**Approved– Board of Trustees: October 22, 2019**



## **BUDGET AT A GLANCE**

	<u>2020</u>	<u>2019</u>
Operating Budget <sup>1</sup>	\$ 19,677,628	\$ 18,727,639
Operating Budget Increase <sup>2</sup>	3.92%	3.67%
Capital Budget	\$ 2,150,067	\$ 2,070,067
Capital Budget Increase (Decrease)	3.86%	-4.50%
Total Budget - Funded <sup>3</sup>	\$ 20,029,695	\$ 19,275,506
Total Budget Increase	3.91%	2.72%
Municipal Contribution - Total	\$ 18,078,726	\$ 17,400,121
Municipal Contribution - Increase	\$ 678,605	\$ 382,783
Municipal Contribution - Increase (%)	3.90%	2.25%
Cost per Capita <sup>4</sup>	\$ 52.10	\$ 53.08
Cost per Capita Increase <sup>5</sup>	\$ 1.96	\$ 1.17
Population (Member Municipalities) <sup>6</sup>	346,993	327,797

Note 1 – Operating budget consists of operating expenses only

Note 2 – Net of Amortization (5.1% including amortization)

Note 3 – Total budget funded is equal to Expenses (Operating budget) less amortization (non-funded expense) + capital budget

Note 4 – Municipal Contribution Total divided by Population, decrease from prior year due to higher population stats over prior year (5.86% increase in estimate per BC Stats)

Note 5 – Municipal Contribution Increase divided by Population

Note 6 – As per BC Stats, 2018 Sub-Provincial Population Estimates

### **Note to Budget Increase**

The operating budget increase is slightly higher than the municipal contribution increase as there are specific one-time costs within the 2020 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 a pilot project to add a centralized scheduling department to realize operational scheduling efficiencies, and first year operating costs related to the planned replacement of the events booking software.



**2020 Budget and Five-Year Financial Plan**

	<u>2019</u>	<u>2020</u>	<u>Change</u>	<u>Change%</u>	<u>Notes</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Revenues</b>									
Municipal Contributions - Operating	\$ 17,400,121	18,078,726	\$ 678,605	3.9%	1	18,591,476	18,936,713	19,272,528	19,604,169
Municipal Contributions - Start-up	355,280	355,280	\$ -	0.0%	2	61,720	-	-	-
Provincial Grants	642,339	642,339	\$ -	0.0%	3	642,339	642,339	642,339	642,339
Federal Grants	-	-	\$ -	0.0%	4	-	-	-	-
Fines, Fees and Printing	476,816	523,400	\$ 46,584	9.8%	5	523,400	523,400	523,400	523,400
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	42,000	77,500	\$ 35,500	84.5%	8	77,500	77,500	77,500	77,500
	19,019,006	19,779,695	\$ 760,689	4.0%		19,998,885	20,282,402	20,618,217	20,949,858
<b>Expenses (Operating Budget)</b>									
Salaries and Benefits	14,006,477	14,674,065	667,588	4.8%	9	15,007,706	15,313,762	15,629,053	15,950,276
Library Materials	862,000	870,000	8,000	0.9%	10	864,000	862,000	862,000	862,000
Amortization	1,522,200	1,798,000	275,800	18.1%	11	1,613,203	1,637,401	1,661,962	1,686,891
Supplies and Services	1,088,938	1,148,723	59,785	5.5%	12	1,160,403	1,158,813	1,162,400	1,166,070
Building Occupancy	894,056	827,933	(66,123)	-7.4%	13	842,841	857,407	872,275	878,062
Other Expenses	353,968	358,906	4,938	1.4%	14	362,049	350,532	352,601	353,564
	18,727,639	19,677,628	949,989	5.1%		19,850,201	20,179,916	20,540,292	20,896,862
Annual Surplus/(Deficit)	291,367	102,067	(189,300)	-65.0%		148,684	102,486	77,925	52,996
Add back: Unfunded Amortization	1,522,200	1,798,000	275,800	18.1%	11	1,613,203	1,637,401	1,661,962	1,686,891
	1,813,567	1,900,067	86,500	4.8%		1,761,887	1,739,887	1,739,887	1,739,887
<b>Total Budget - Funded</b>	<b>19,275,506</b>	<b>20,029,695</b>	<b>754,189</b>			<b>20,018,885</b>	<b>20,282,402</b>	<b>20,618,217</b>	<b>20,949,858</b>
<b>Municipal Contributions-Operating Increase</b>	<b>2.25%</b>	<b>3.90%</b>				<b>2.84%</b>	<b>1.86%</b>	<b>1.77%</b>	<b>1.72%</b>

	<u>2019</u>	<u>2020</u>	<u>Change</u>	<u>Notes</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Balance forward from Page 1</b>	1,813,567	1,900,067	86,500		1,761,887	1,739,887	1,739,887	1,739,887
<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	100,000	100,000	-	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
Vehicles - Operating	-	80,000	80,000		-	-	-	-
<b>Branch Start-ups:</b>								
Library Materials - Esquimalt Branch	8,000	8,000	-	2	2,000	-	-	-
Hardware - Esquimalt Branch Relocation	66,000	66,000	-	2	10,000	-	-	-
Furniture and Equipment - Esquimalt Branch Reloc	256,180	256,180	-	2	30,000	-	-	-
	2,070,067	2,150,067	80,000		1,781,887	1,739,887	1,739,887	1,739,887
<b>Transfers</b>								
Transfer to Replacement Reserve	120,000	120,000	-	16	120,000	120,000	120,000	120,000
Transfer from Replacement Reserve	(120,000)	(250,000)	(130,000)	16	(120,000)	(120,000)	(120,000)	(120,000)
Transfer from Personnel Contingency Reserve	(145,000)	(110,000)	35,000	16	(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	(92,500)	(10,000)	82,500	16	(10,000)	-	-	-
Transfer to/(from) Reserves	(256,500)	(250,000)	6,500		(20,000)	-	-	-



**2020 MUNICIPAL CONTRIBUTIONS**

	2019		2020							
	Share 2019	Total Requisition 2019	Share 2020	Operating Budget	Rent Adjustment <sup>1</sup>	Total Requisition 2020	Increase		Building Maint. Costs <sup>2</sup>	Total Municipal Budget 2020
							\$	%		
Central Saanich	5.08%	\$892,918	5.17%	\$934,670	\$9,151	<b>\$943,821</b>	\$50,903	5.70%	\$0	\$943,821
Colwood	4.73%	829,362	4.64%	\$838,853	6,209	<b>845,062</b>	15,700	1.90%	29,853	874,915
Esquimalt	5.25%	909,411	5.34%	\$965,404	(4,110)	<b>961,294</b>	51,883	5.70%	0	961,294
Highlands	0.73%	128,002	0.68%	\$122,935	912	<b>123,847</b>	(4,155)	-3.20%	4,622	128,469
Langford	10.62%	1,862,234	10.60%	\$1,916,345	14,309	<b>1,930,654</b>	68,420	3.70%	67,025	1,997,679
Metchosin	1.31%	229,676	1.44%	\$260,334	1,911	<b>262,245</b>	32,569	14.20%	8,264	270,509
Oak Bay	6.86%	1,188,789	6.65%	\$1,202,235	(4,877)	<b>1,197,358</b>	8,569	0.70%	0	1,197,358
Saanich	33.98%	5,890,302	33.46%	\$6,049,142	(22,342)	<b>6,026,800</b>	136,498	2.30%	0	6,026,800
Victoria	28.51%	4,958,458	29.00%	\$5,242,831	(2,343)	<b>5,240,488</b>	282,029	5.70%	0	5,240,488
View Royal	2.93%	510,969	3.02%	\$545,978	1,180	<b>547,158</b>	36,189	7.10%	0	547,158
<b>Total</b>	<b>100%</b>	<b>\$17,400,121</b>	<b>100%</b>	<b>\$18,078,726</b>	<b>\$0</b>	<b>\$18,078,726</b>	<b>\$678,605</b>	<b>3.90%</b>	<b>\$109,764</b>	<b>\$18,188,490</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. In 2018 the City of Victoria took over administration of building maintenance costs for the Central Branch. GVPL no longer invoices for these costs separately. As such, those costs are not included in the budget.

## 2020 MUNICIPAL PER CAPITA CONTRIBUTIONS

<b>2020</b>					
	<b>Total Requisition 2020</b>	<b>Population <sup>1</sup></b>	<b>Cost Per Capita 2020</b>	<b>Increase per capita</b>	<b>increase</b>
Central Saanich	\$934,670	18,139	51.53	\$2.81	\$50,903
Colwood	\$838,853	18,310	45.81	\$0.86	\$15,700
Esquimalt	\$965,404	18,818	51.30	\$2.76	\$51,883
Highlands	\$122,935	2,451	50.16	<b>-\$1.70</b>	<b>-\$4,155</b>
Langford	\$1,916,345	39,368	48.68	\$1.74	\$68,420
Metchosin	\$260,334	5,075	51.30	\$6.42	\$32,569
Oak Bay	\$1,202,235	19,228	62.53	\$0.45	\$8,569
Saanich	\$6,049,142	122,245	49.48	\$1.12	\$136,498
Victoria	\$5,242,831	92,041	56.96	\$3.06	\$282,029
View Royal	\$545,978	11,318	48.24	\$3.20	\$36,189
<b>Total</b>	<b>\$18,078,726</b>	<b>346,993</b>	<b>\$52.10</b>	<b>\$1.96</b>	<b>\$678,605</b>

<sup>1</sup> Source of population figures - BC Stats website:  
<<http://www.bcstats.gov.bc.ca/StatisticsBySubject/Demography/PopulationEstimates.aspx>>, 2018 population estimates, accessed on May 2019.

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 2020 Budget and Five-Year Financial Plan

Approximately 90% of the GVPL operating budget is funded by our ten municipal partners. Consequently, a key objective is to maintain municipal contribution increases within an acceptable range, typically based on rates of inflation and wage increases as negotiated through the Greater Victoria Labour Relations Association. “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, 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 2020, operational efficiencies and cost avoidance strategies will continue to be explored as the demand for new and expanding services continues to increase.

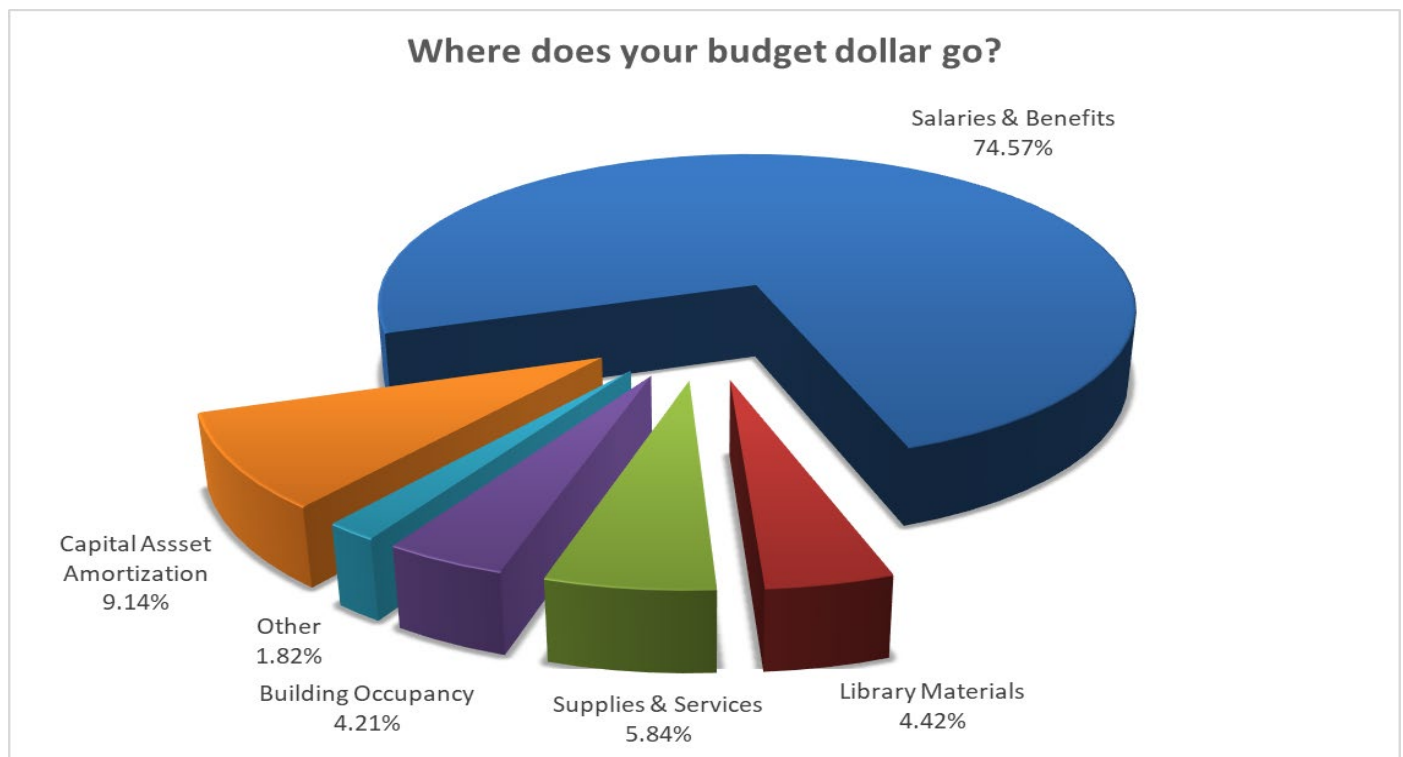
Modest revenue generation opportunities will continue to be explored in 2020, in conjunction with seeking out opportunities for additional grants and other sources of funding to offset expenses.

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

### Components of the 2020 budget include the following:

#### 1. **Municipal Contributions – Operating** **Increase \$678,605**

Of the 3.90% increase in municipal contributions, the budget is allocated as illustrated below. 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.





**2. Municipal Contributions – Start-up**  
**No Change**

In 2020 there is no change 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 2020 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**

Provincial funding for public libraries in British Columbia has remained frozen since the province's budget cuts of 2009. While advocacy efforts such as the '20 by 20' campaign and related initiatives have gained momentum, it is too soon to tell whether these will result in any adjustments to the province's allocations to public libraries in 2020. Therefore we are not projecting any change to the previous year's amount granted to GVPL of \$642,339.

**4. Federal Grants**  
**No Change**

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

**5. Fines, Fees and Printing**  
**Increase \$46,584**

Over the course of the past few years, revenue from fines, fees and printing have experienced a slight decline. This trend has stabilized and as such, the revenue forecast for these line items is projected to increase modestly in 2020. Fees (e.g. meeting room rentals) are under ongoing review and additional opportunities for revenue generation will continue to be explored in 2020.

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

This is an annual payment of \$28,450 from the Capital Regional District. Contract for service for the Juan de Fuca electoral area (EA) (Willis Point, East Sooke and Malahat)

**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**  
**Increase \$35,500**

Donations and grants are cyclical in nature and are dependent on specific programs planned during the operating budget year. New funding opportunities will continue to be explored in 2020, in tandem with new donor engagement strategies.

**9. Salaries and Benefits**  
**Increase \$667,588**

Salaries and benefits account for 75% of the library's overall budget in 2020. The full-time equivalent (FTE) count for regular employees (including full and part time employees) has increased slightly to 158 FTE. This represents a net change of 8 FTE's from the last budget reporting period.

The FTE adjustments were a result of two comprehensive reviews that were designed to enhance organizational efficiency and effectiveness and strengthen staff capacity:

- Senior leadership structure, and
- Organizational staffing levels.

These reviews resulted in:

- Organizational realignment of senior leadership positions;
- A robust leadership and management support structure that creates opportunities for staff development and succession planning throughout the organization.
- Operational alignment of staffing hours (standardized schedules);

This budget includes employee benefit costs and payroll withholding costs such as EI and CPP. A detailed benefit review occurs prior to the annual budget cycle and budget development. As a result of this years analysis we have determined that the rate of benefits and withholding costs will remain at the prior year figure of 23.75% of total salaries and wages.

**10. Library Materials (Expensed and Capital)**  
**No Change**

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. This status quo budget is being offset by an additional \$239,000 in surplus funds, \$39,000 in 2019 and \$200,000 in 2020.

**11. Amortization**  
**Increase \$275,800**

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, 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 \$59,785**

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 effective negotiation of service contracts, cost reduction in other areas the increase is moderate.

**13. Building Occupancy**  
**Decrease \$66,123**

Building occupancy includes maintenance contracts, security, garbage and utilities. The primary drivers for the reduction in 2020 is related to a change in service provider for contracted cleaning services in 2019, reduction in hydro in some branches due to the conversion of lighting over to LED and ongoing efficiencies relating to the lease of server space at UVIC.

**14. Other Expenses**  
**Increase \$4,938**

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 \$80,000**

Increase of \$80,000 due to the planned replacement of one of two shuttle vehicles. The GMC van has reached the end of its lifespan and will be replaced in 2020. This expense is being offset by the use of surplus funds from the Replacement Reserve as approved at the May 2019 Year End Board meeting as part of the recommendations on the use of the 2018 surplus funds.

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

**16. Transfer to/(from) Reserves**  
**Change in Net Transfer From Reserves \$6,500**

Change to Reserve transfers are as follows:

- Transfer to / from Replacement Reserve – (\$130,000)
- Transfer from Personnel Contingency Reserve – \$35,000
- Transfer from Library Materials Reserve – \$39,000
- Transfer to / from Contingency Reserve – \$62,500