

Appendix C



**GREATER VICTORIA
PUBLIC LIBRARY**

December 9, 2022

Mayor Alto and Council
City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6

Dear Mayor Alto and Council:

Re: Greater Victoria Public Library 2023 Budget and Five-Year Financial Plan

The Greater Victoria Public Library respectfully submits its 2023 Operating Budget and Five-Year Financial Plan for 2023-2027. As per the terms of the Library Operating Agreement, approval by council resolution is required by May 1, 2023.

The overall system-wide municipal contribution amount increase requested for 2023 is 5.95%.

The City of Victoria's share of the 2023 requisition, based on converted assessment values and population of your municipality, including rental adjustment, is \$5,460,213. A detailed breakdown of each member municipality's individual contribution, including per capita increases for your municipality is provided on pages 4 and 5 of the budget package attached.

GVPL's 2023 operating budget submission will support the Library Board's strategic objectives including: supporting digital literacy and inclusion; enhancing access to information; and transforming library operations for 21st century service excellence. Budget drivers include salaries and benefits, library materials, building occupancy costs and other factors which are described in the attached 2023 budget notes.

Serving ten municipalities and 362,553 citizens, we deliver library services at our twelve branch locations, online and through community outreach initiatives. We are committed to working with our municipal and community partners to deliver responsive library services to support informed and inclusive communities. This is reflected in the GVPL's [2021-2023 Strategic Bridging Plan](#), and [2021 Annual Report](#),

Thank you for your support as we work together to build strong and vibrant communities.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Andy'.

Andy McKinnon
Board Chair

A handwritten signature in blue ink, appearing to read 'Maureen Sawa'.

Maureen Sawa,
CEO

cc: Jocelyn Jenkyns, City Manager, City of Victoria
Susanne Thompson, Director of Finance, City of Victoria
Paul McKinnon, Director, Finance & Facilities, Greater Victoria Public Library



**GREATER VICTORIA
PUBLIC LIBRARY**

2023 Budget and 2023-2027 Five Year Financial Plan

Review / Approval Dates:

Review - Finance Committee: August 23, 2022

Review - Finance Committee: September 20, 2022

Approved - Board of Trustees: October 25, 2022



BUDGET AT A GLANCE

	<u>2023</u>	<u>2022</u>
Operating Budget ¹	\$ 22,271,858	\$ 20,678,714
Operating Budget Increase (Decrease) ²	8.58%	4.72%
Capital Budget	\$ 1,695,560	\$ 2,015,060
Capital Budget Increase (Decrease)	(15.86%)	(2.66%)
Total Budget - Funded ³	\$ 21,867,418	\$ 20,593,774
Total Budget Increase (Decrease)	6.18%	3.95%
Municipal Contribution - Total	\$ 19,537,497	\$ 18,440,300
Municipal Contribution - Increase	\$ 1,097,197	\$ 361,574
Municipal Contribution - Increase (%)	5.95%	2.0%
Cost per Capita ⁴	\$ 53.89	\$ 51.43
Cost per Capita Increase ⁵	\$ 3.03	\$ 1.01
Population (Member Municipalities) ⁶	362,553	358,579

Note 1 – Operating budget consists of operating expenses only

Note 2 – Net of 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

Note 5 – Municipal Contribution Increase divided by Population

Note 6 – As per BC Stats, 2021 Sub-Provincial Population Estimates

2023 Budget and Five-Year Financial Plan

	<u>2022</u>	<u>2023</u>	<u>Change</u>	<u>Change%</u>	<u>Notes</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Revenues									
Municipal Contributions - Operating	\$ 18,440,300	19,537,497	\$ 1,097,197	5.9%	1	20,707,793	21,861,095	22,635,776	23,360,120
Municipal Contributions - Start-up	61,720	-	\$ (61,720)	-100.0%	2	-	-	-	-
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	303,400	218,400	\$ (85,000)	-28.0%	5	218,400	218,400	218,400	218,400
Contracts for Service	28,450	32,890	\$ 4,440	15.6%	6	32,890	32,890	32,890	32,890
Investment Income	85,000	85,000	\$ -	0.0%	7	85,000	85,000	85,000	85,000
Donations and Other Grants	85,000	85,000	\$ -	0.0%	8	85,000	85,000	85,000	85,000
	19,646,209	20,601,126	\$ 954,917	4.9%		21,771,422	22,924,724	23,699,405	24,423,749
Expenses (Operating Budget)									
Salaries and Benefits	15,387,782	16,546,276	1,158,494	7.5%	9	16,825,839	17,451,195	18,052,567	18,663,973
Library Materials	1,102,369	1,367,370	265,001	24.0%	10	1,394,717	1,422,612	1,451,064	1,480,085
Amortization	2,100,000	2,100,000	-	0.0%	11	2,100,000	2,100,000	2,100,000	2,100,000
Supplies and Services	820,548	883,189	62,642	7.6%	12	900,853	918,870	937,248	955,992
Building Occupancy	911,393	1,026,241	114,848	12.6%	13	1,046,766	1,067,701	1,089,055	1,110,836
Other Expenses	356,622	348,782	(7,840)	-2.2%	14	355,757	362,872	370,130	377,532
	20,678,714	22,271,858	1,593,144	7.7%		22,623,932	23,323,251	24,000,064	24,688,420
Annual Surplus/(Deficit)	(1,032,505)	(1,670,732)	(638,227)	61.8%		(852,510)	(398,527)	(300,659)	(264,671)
Add back: Unfunded Amortization	2,100,000	2,100,000	-	0.0%	11	2,100,000	2,100,000	2,100,000	2,100,000
	1,067,495	429,268	(638,227)	-59.8%		1,247,490	1,701,473	1,799,341	1,835,329
Total Budget - Funded	20,593,774	21,867,418	1,273,644	6%		22,253,404	22,987,311	23,699,405	24,423,749
Municipal Contributions-Operating Increase	2.00%	5.95%				5.99%	5.57%	3.54%	3.20%



	<u>2022</u>	<u>2023</u>	<u>Change</u>	<u>Notes</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Balance forward from Page 1	1,067,495	429,268	(638,227)		1,247,490	1,701,473	1,799,341	1,835,329
Capital Expenses								
Library Materials - Operating	1,687,060	1,414,060	(273,000)	10	1,442,341	1,471,188	1,500,612	1,530,624
Hardware - Operating	100,000	101,500	1,500	15	103,530	105,601	107,713	109,867
Furniture and Equipment - Operating	60,000	60,000	-	15	61,200	62,424	63,672	64,946
Building Improvement - Operating	120,000	120,000	-	15	122,400	124,848	127,345	129,892
Branch Start-ups:		-			-	-	-	-
Library Materials - Esquimalt Branch	8,000	-	(8,000)	2	-	-	-	-
Hardware - Esquimalt Branch Relocation	10,000	-	(10,000)	2	-	-	-	-
Furniture and Equipment - Esquimalt Branch Relocation	30,000	-	(30,000)	2	-	-	-	-
	2,015,060	1,695,560	(319,500)		1,729,471	1,764,061	1,799,342	1,835,329
Transfers								
Transfer to Replacement Reserve	-	-	-	16	-	-	-	-
Transfer from Replacement Reserve	-	-	-	16	-	-	-	-
Transfer from Personnel Contingency Reserve	-	(430,000)	(430,000)	16	-	-	-	-
Transfer from Library Materials Reserve	(431,723)	(495,315)	(63,592)	16	(179,376)	-	-	-
Reserve ITS	-	-	-	16	-	-	-	-
Transfer to Contingency Reserve	-	-	-	16	-	-	-	-
Transfer from Contingency Reserve	(515,842)	(340,977)	174,865	16	(302,606)	(62,587)	-	-
Transfer to/(from) Reserves	(947,565)	(1,266,292)	(318,727)		(481,982)	(62,587)	-	-
Transfer to/(from) Accumulated Surplus	-	-	-		-	-	-	-
	(947,565)	(1,266,292)	(318,727)		(481,982)	(62,587)	-	-
Financial Plan Balance	0	(0)	(0)		0	(0)	(0)	0



GREATER VICTORIA PUBLIC LIBRARY

2023 MUNICIPAL CONTRIBUTIONS

	2022		2023					
	Share 2022	Total Requisition 2022	Share 2023	Operating Budget	Rent Adjustment ¹	Total Requisition 2022	Increase	
							\$	%
Central Saanich	5.22%	\$962,515	5.19%	\$1,013,996	\$9,186	\$1,023,182	\$60,668	6.30%
Colwood	4.89%	900,852	5.04%	\$984,690	6,756	991,446	90,594	10.10%
Esquimalt	5.35%	985,934	5.24%	\$1,023,765	-4,485	1,019,280	33,346	3.40%
Highlands	0.70%	128,164	0.74%	\$144,577	994	145,571	17,407	13.60%
Langford	11.63%	2,145,466	12.22%	\$2,387,482	16,527	2,404,009	258,543	12.10%
Metchosin	1.44%	265,593	1.51%	\$295,016	2,006	297,022	31,429	11.80%
Oak Bay	6.27%	1,156,625	6.31%	\$1,232,816	-5,323	1,227,493	70,868	6.10%
Saanich	32.64%	6,019,457	32.75%	\$6,396,587	-24,381	6,372,206	352,749	5.90%
Victoria	28.84%	5,317,619	27.96%	\$5,462,684	-2,471	5,460,213	142,595	2.70%
View Royal	3.03%	558,076	3.05%	\$595,894	1,190	597,084	39,008	7.00%
Total	100%	\$18,440,300	100%	\$19,537,497	\$0	\$19,537,507	\$1,097,197	5.95%

¹ 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.



GREATER VICTORIA PUBLIC LIBRARY

2023 MUNICIPAL PER CAPITA CONTRIBUTIONS

	2023				
	Total Requisition 2023	Population ¹	Cost Per Capita 2023	Increase per capita	increase
Central Saanich	\$1,013,996	18,522	54.75	\$3.28	\$60,668
Colwood	\$984,690	19,693	50.00	\$4.60	\$90,594
Esquimalt	\$1,023,765	18,764	54.56	\$1.78	\$33,346
Highlands	\$144,577	2,582	55.99	\$6.74	\$17,407
Langford	\$2,387,482	47,313	50.46	\$5.46	\$258,543
Metchosin	\$295,016	5,186	56.89	\$6.06	\$31,429
Oak Bay	\$1,232,816	18,930	65.12	\$3.74	\$70,868
Saanich	\$6,396,587	124,639	51.32	\$2.83	\$352,749
Victoria	\$5,462,684	94,890	57.57	\$1.50	\$142,595
View Royal	\$595,894	12,034	49.52	\$3.24	\$39,008
Total	\$19,537,507	362,553	\$53.89	\$3.03	\$1,097,197

¹ Source of population figures - BC Stats website: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>, 2021, accessed July 12 2022

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 2023 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 balance and maintain municipal contribution increases against service delivery, rates of inflation and projected wage increases as negotiated through 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.

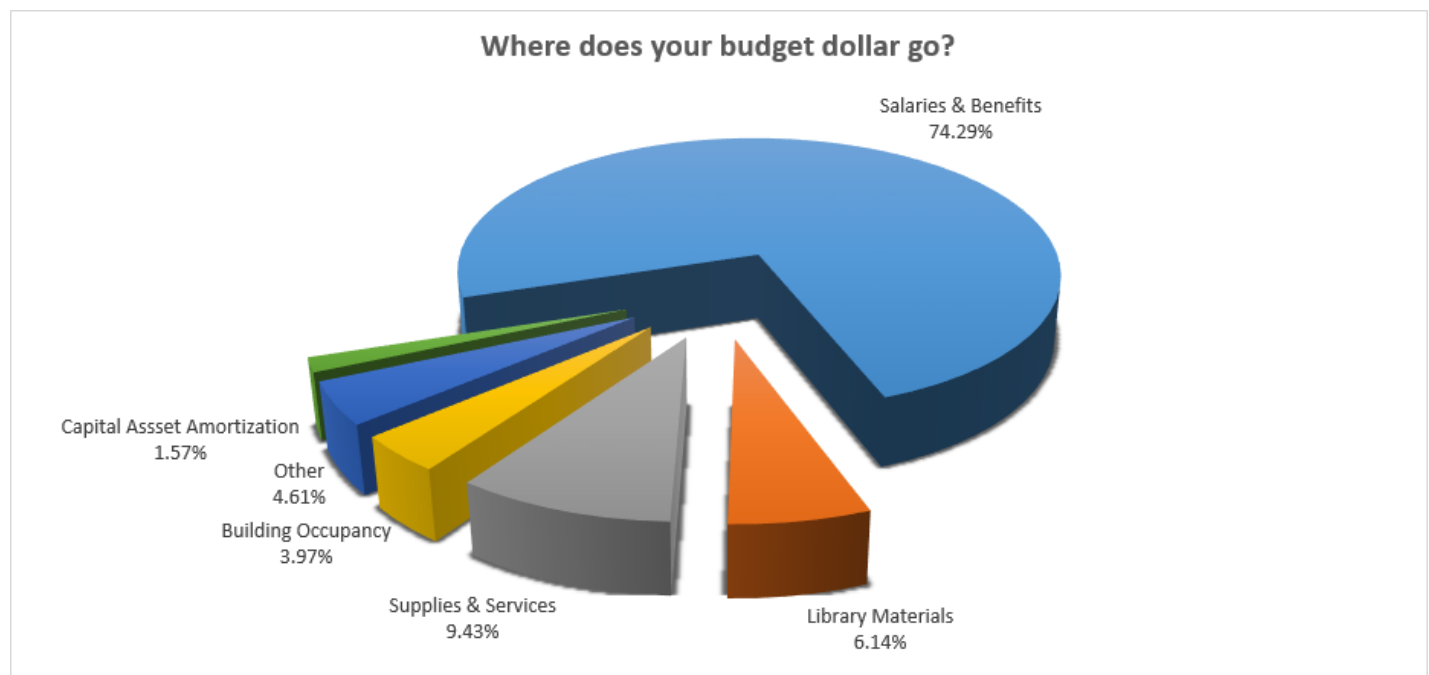
For 2023, as the organization like many others emerges from the global pandemic, increased pressure on staffing levels and service delivery has significantly impacted the operating budget. This, in addition to inflationary pressures, has resulted in an upward trend on expenses overall. Operational efficiencies through cost avoidance strategies will continue to be explored as with prior years, however the true costs of many inputs to deliver service are increasing. Lastly, as with other years the use of reserves has been approved to augment some un-avoidable budget increases.

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 2023 budget include the following:

1. **Municipal Contributions – Operating**
Increase \$1,097,197

The Greater Victoria Public Library budget is allocated as illustrated below. The majority (75%) is attributed to salaries and benefits which are jointly negotiated through the Greater Victoria Labour Relations Association (GVLRA). Salaries and benefits are the key cost driver for GVPL.



2. Municipal Contributions – Start-up
Decrease \$61,720

The opening of the new Esquimalt branch was completed in early 2022, therefore no additional startup funds are required or identified as part of the 2023 budget. The decrease in Start-Up funds is the year-to-year difference in startup funds identified on the budget.

3. Provincial Grants
No Change

Provincial funding for public libraries in British Columbia has remained frozen since 2009. 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
Decrease \$85,000

Revenue relating to Fines and Fees was reduced for the 2023 budget, due in part to the current service delivery levels and the potential adjustments to fines and fees which are currently under review.

6. Contracts for Service
Increase \$4,440

This is an annual payment of \$32,890 (up from \$28,450) from the Capital Regional District for service delivery relating to the Juan de Fuca Electoral District. (Willis Point, Durrance, Malahat) This increase represents a small inflationary increase relating to the provisionary budget from the CRD. Work is currently underway to review and renew the legacy agreement with the CRD to update including a financial review of the services fees and per capita costs.

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

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 2023, in tandem with new donor engagement strategies.

9. Salaries and Benefits
Increase \$1,158,494

Labour is budgeted at full schedule hours (which may differ from operating hours) meaning the budget is fully loaded to support full service, there is no anticipated changes because of any adjustment to open hours or Sunday Services at present.

- Contractually negotiated increases (projected) - \$525,000 including benefits
- Strategic Bridge Positions (funded from reserves) - \$380,000
- Net Labour Increase - \$633,000
 - Labour - \$510,000
 - Benefits - \$123,000

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 year's analysis, we have determined that the rate of benefits and withholding costs will remain steady at 23% of total salaries and wages.

10. Library Materials (Expensed and Capital)
Increase (Expense – eResources and Digital Assets) \$265,001
Decrease (Capital – Physical Materials) \$281,000

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.

Demand for digital resources has grown substantially as a result of the service changes related to the COVID-19 Pandemic. As a result, additional funds are being allocated to meet the ongoing and expected continued demand.

The drop in physical collection is partially accounted for relating to the timing of the relocation of the Esquimalt branch, and physical circulation levels normalizing post pandemic. Demand for digital and physical remains high in particular for popular titles and Fast Reads and Fast Views. Additional funding is being utilized through specific restricted library materials reserves (surplus funds and donations).

Collection budgets are under review with a view to understand the longer-term changes that came as a result of the pandemic and increased costs at the supplier level for both physical and digital collection types.

11. Amortization
No Change

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 \$62,642

Supplies and services include such items as telephone, networks, printer paper and other supplies and shuttle fuel. The primary driver for the increases in this area is related to higher networks costs from third party suppliers (data connections), and IT service agreements (license fees). Additional increases are being driven by higher fuel costs for shuttle services which have seen increases up to 35% during the last 12 months.

13. Building Occupancy
Increase \$114,848

Building occupancy includes maintenance contracts, security, garbage and utilities. Cost drivers in this category are directly related to anticipated higher service delivery costs for contracted services such as janitorial and in branch security for the central branch.

Service contract costs have increased due to higher contract costs (including minimum wage increases, contract renewal and additional service requirements). Contracted cleaning costs are also included in this budget line.

14. Other Expenses
Decrease \$7,840

Other expenses include such items as insurance and employee recruitment costs, marketing costs, and business travel expenses. The decrease in this budget is a result of reductions specific to business travel. Upward pressure on this category is expected in 2024 due to industry wide increases for insurance coverage, and renewed business travel post pandemic.

15. Other Capital Expenditures (Hardware, Furniture and Equipment, Building Improvement)
Decrease \$46,500

Other capital expenditures reduced in 2023 due to the completion of the relocation of the Esquimalt branch. Any branch relocation or start up results in higher capital costs (funded from Start-Up funds) which will only occur during the period of start up, and be reduced or eliminated following the completion of the project.

16. Transfer to/(from) Reserves
Change in Net Transfer From Reserves \$318,727

This change is the result of year over year differences in transfers to and from specific restricted reserve funds. Any transfers to and from these reserves is controlled and approved by the Board of Trustees. The figures below represent the net changes, specific detail including year over year comparison can be found on the Budget and Five-Year Financial Plan under 'Transfers'.

Net Changes to Reserve transfers are as follows:

- Transfer from Personnel Contingency Reserve – (\$430,000)
- Transfer from Library Materials Reserve – (\$63,592)
- Transfer from Contingency Reserve - \$174,865