

November 14, 2024

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

Dear Mayor Alto and Council:

Re: Greater Victoria Public Library 2025 Budget and Five-Year Financial Plan

The Greater Victoria Public Library respectfully submits its 2025 Operating Budget and Five-Year Financial Plan for 2025-2029. As per the terms of the Library Operating Agreement, approval by council resolution is required by May 1, 2025.

The overall system-wide municipal contribution amount increase requested for is 5.5%

The City of Victoria's share of the 2025 requisition, based on converted assessment values and population of your municipality, including rental adjustment, is \$6,055,558. A detailed breakdown of each member municipality's individual contribution is provided on pages 4 and 5 of the enclosed budget package. Budget drivers include salaries and benefits, library materials, building occupancy costs and other factors which are described in the attached 2025 budget notes. Additionally, please see Appendix A attached to this letter which provides a review of the GVPL's Municipal contributions funding formula.

As one of the few free, accessible public spaces available for everyone, public libraries are relied upon not only as trusted sources of information and learning, but vital community hubs. As a critical frontline service, GVPL is committed to supporting the overall health and well-being of our community amidst unprecedented pressures to adapt and respond to increasingly diverse needs and the challenges facing the most vulnerable.


GVPL is recognized for its essential role in lifelong learning, inclusivity and community wellbeing, as illustrated in GVPL's [2023 Annual Report](#). We look forward to meeting with you on November 21st to provide you with further details on the work we are doing to provide affordable, accessible and resilient services for the communities we serve.

Thank you for your continued support.

Sincerely,



Andrew Appleton
Board Chair



Maureen Sawa
CEO

cc: Jocelyn Jenkyns, City Manager, City of Victoria
Susanne Thompson, Chief Financial Officer, City of Victoria
Maureen Sawa, CEO, Greater Victoria Public Library
Melina Barnes, Assistant Director, Finance, Greater Victoria Public Library

Attachment: Appendix A- Municipal Contributions Formula, Population and Assessment Values



Municipal Contributions Formula, Population and Assessment Values

Municipal Funding formula is calculated:

- 50% Population (BC Statistics-2023)
- 50% BC Assessment property tax valuations (roll totals by jurisdiction and property class report 2023 less exemptions provided from Municipalities)
- Per the Library Operating Agreement; sec 6 Municipal Contributions to Net Operating Cost

Changes: Only two municipalities Funding Formula changed by more than 0.26%

- Saanich (0.72%)
- Lanford 0.71%

Population changes – overall increase 2.58%

- Langford 10.39%
- Highlands 10.19%
- Victoria 4.09%
- Saanich (0.38%)
- Oak Bay (1.71%)

Assessment changes – overall increase 1.51%

- Metchosin 5.65%
- Esquimalt 3.76%
- Langford 3.02%
- Saanich (0.39%)
- Oak Bay (1.37%)

Population change	2025	2024	Increase/(Decrease)	%
Central Saanich	18,369	18,689	(320)	-1.74%
Colwood	21,403	20,766	637	2.98%
Esquimalt	19,017	19,155	(138)	-0.73%
Highlands	2,894	2,599	295	10.19%
Langford	55,069	49,345	5,724	10.39%
Metchosin	5,295	5,142	153	2.89%
Oak Bay	18,888	19,211	(323)	-1.71%
Saanich	125,380	125,853	(473)	-0.38%
Victoria	100,505	96,390	4,115	4.09%
View Royal	12,584	12,606	(22)	-0.17%
	379,404	369,756	9,648	2.54%
			Avg	2.58%
Assessment change	2025	2024	Increase/(Decrease)	%
Central Saanich	954,894,320	937,064,002	17,830,318	1.87%
Colwood	896,511,341	878,821,233	17,690,108	1.97%
Esquimalt	957,988,563	921,991,678	35,996,885	3.76%
Highlands	133,880,882	136,966,653	(3,085,771)	-2.30%
Langford	2,186,742,463	2,120,599,473	66,142,990	3.02%
Metchosin	294,745,291	278,097,506	16,647,785	5.65%
Oak Bay	1,261,265,556	1,278,498,677	(17,233,121)	-1.37%
Saanich	5,494,388,170	5,515,882,488	(21,494,318)	-0.39%
Victoria	5,174,303,305	5,101,919,899	72,383,406	1.40%
View Royal	505,200,776	497,582,895	7,617,882	1.51%
	17,859,920,667	17,667,424,504	192,496,163	1.08%
			Avg	1.51%



GREATER VICTORIA PUBLIC LIBRARY

2025 Budget and 2025-2029 Five Year Financial Plan

Review / Approval Dates:

Review - Finance Committee: August 20, 2024

Review – Finance Committee: October 1, 2024

Approval – Board of Trustees: October 22, 2024



BUDGET AT A GLANCE

	<u>2025</u>	<u>2024</u>
Operating Budget ¹	\$ 25,192,972	\$ 23,897,109
Operating Budget Increase (Decrease) ²	7.15%	7.74%
Capital Budget	\$ 2,035,749	\$ 1,794,952
Capital Budget Increase (Decrease)	13.42%	5.86%
Total Budget - Funded ³	\$ 25,323,204	\$ 23,529,061
Total Budget Increase (Decrease)	7.63%	7.60%
Municipal Contribution - Total	\$ 21,846,722	\$ 20,707,793
Municipal Contribution - Increase	\$ 1,138,929	\$ 1,170,296
Municipal Contribution - Increase (%)	5.50%	5.99%
Cost per Capita ⁴	\$ 57.58	\$ 56.00
Cost per Capita Increase ⁵	\$ 3.00	\$ 3.17
Population (Member Municipalities) ⁶	379,404	369,756

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) plus capital budget

Note 4 – Municipal Contribution Total divided by Population

Note 5 – Municipal Contribution Increase divided by Population

Note 6 – As per BC Stats, 2023 Sub-Provincial Population Estimates



2025 Budget and Five-Year Financial Plan

	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>Change%</u>	<u>Notes</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Revenues									
Municipal Contributions - Operating	\$ 20,707,793	21,846,722	\$ 1,138,929	5.50%	1	\$ 22,720,590	\$ 23,515,811	\$ 24,221,285	\$ 24,947,924
Municipal Contributions - Start-up	-	-	-		2	-	-	-	-
Provincial Grants	676,339	712,372	36,033	5.3%	3	678,372	678,372	678,372	678,372
Fees and Misc.	218,400	25,757	(192,643)	-88.2%	4	25,757	25,757	25,757	25,757
Contracts for Service	32,890	32,890	-	0.0%	5	32,890	32,890	32,890	32,890
Investment Income	150,000	400,000	250,000	166.7%	6	400,000	400,000	400,000	400,000
Donations and Other Grants	248,324	203,436	(44,888)	-18.1%	7	168,484	168,524	168,565	168,606
	22,033,746	23,221,176	1,187,430	5.4%		24,026,094	24,821,354	25,526,869	26,253,549
Expenses (Operating Budget)									
Salaries and Benefits	17,718,861	17,486,121	(232,740)	-1.3%	8	18,273,988	18,903,456	19,296,777	19,697,965
Library Materials	1,437,520	1,624,966	187,446	13.0%	9	1,665,590	1,698,902	1,732,880	1,767,538
Amortization	2,163,000	1,905,517	(257,483)	-11.9%	10	1,905,517	1,905,517	1,905,517	1,905,517
Supplies and Services	1,238,620	2,229,537	990,918	80.0%	11	1,701,950	1,609,487	1,640,676	1,672,490
Building Occupancy	913,972	1,271,002	357,030	39.1%	12	1,250,277	1,274,282	1,248,768	1,273,743
Other Expenses	425,136	585,829	160,693	37.8%	13	596,724	608,659	620,832	633,249
	23,897,109	25,102,972	1,205,863	5.0%		25,394,045	26,000,302	26,445,450	26,950,501
Annual Surplus/(Deficit)	(1,863,363)	(1,881,795)	(18,433)	1.0%		(1,367,952)	(1,178,948)	(918,582)	(696,953)
Add back: Unfunded Amortization	2,163,000	1,905,517	(257,483)	-11.9%	11	1,905,517	1,905,517	1,905,517	1,905,517
	299,637	23,722	(275,916)			537,565	726,569	986,935	1,208,564
Total Budget - Funded	23,529,061	25,233,204	1,704,143	7%		25,276,946	25,879,372	26,360,211	26,901,668
Municipal Contributions-Operating Increase	5.95%	5.50%				4.00%	3.50%	3.00%	3.00%
Municipal Contributions-Estimated Increase from prior year		5.57%				3.54%	3.90%	3.54%	



2025 Budget and Five-Year Financial Plan

	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>Notes</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Balance forward from Page 1	299,637	23,722	(275,916)		537,565	726,569	986,935	1,208,564
Capital Expenses								
Library Materials - Operating	1,427,352	1,364,249	(63,103)	-4.4% 9	1,398,355	1,426,322	1,454,849	1,483,946
Hardware - Operating	200,000	300,000	100,000	50.0% 14	80,000	42,000	42,840	43,697
Shelving - Operating	-	80,000	80,000	14	82,000	83,640	85,313	87,019
Furniture and Equipment - Operating	105,800	216,000	110,200	104.2% 14	150,675	153,689	156,762	159,898
Building Improvement - Operating	61,800	75,500	13,700	22.2% 14	77,388	78,935	80,514	82,124
Vehicles - Operating	-	-	-		-	-	-	-
Branch Start-ups:								
Library Materials	-	-	-		-	-	-	-
	1,794,952	2,035,749	240,797		1,788,418	1,784,586	1,820,278	1,856,683
Transfers								
Unrest. donations: Marketing Research	-	-	-		-	-	-	-
Unrest. donations: Capital planning	-	-	-		-	-	-	-
Transfer to Replacement Reserve	-	-	-		-	-	-	-
Transfer from Replacement Reserve	-	(400,000)	(400,000)		(410,000)	(418,200)	(426,564)	(435,095)
Transfer from Personnel Contingency Reserve	(600,000)	(481,041)	118,959		(318,041)	-	-	-
Transfer from Library Materials Reserve	(495,315)	-	495,315		-	-	-	-
Transfer in from ITS Reserve	-	(430,000)	(430,000)		-	(10,500)	(10,710)	(10,924)
Transfer from Consulting Reserve	-	(200,000)	(200,000)		(100,000)	(100,000)	(50,000)	(50,000)
Transfer from Contingency Reserve	(400,000)	(175,986)	224,014		(422,811)	(529,317)	(346,068)	(152,100)
Transfer from Enhancement Reserve	-	(325,000)	(325,000)		-	-	-	-
Transfer to/(from) Reserves	(1,495,315)	(2,012,027)	(516,712)	15	(1,250,852)	(1,058,017)	(833,342)	(648,119)
Financial Plan Balance	0	(0)	(0)		(0)	(1)	(1)	1
Reserve Balance	7,816,835	5,804,808			4,553,956	3,495,939	2,662,597	2,014,477



GREATER VICTORIA PUBLIC LIBRARY

2025 MUNICIPAL CONTRIBUTIONS

	2024		2025		Rent Adjustment ¹	Total Requisition 2025	Increase	
	Share 2024	Total Requisition 2024	Share 2025	Operating Budget			\$	%
Central Saanich	5.18%	\$1,072,664	5.09%	\$1,111,998	\$9,009	\$1,121,007	\$48,343	4.50%
Colwood	5.30%	1,097,513	5.33%	\$1,164,430	7,155	1,171,585	74,072	6.70%
Esquimalt	5.20%	1,076,805	5.19%	\$1,133,845	-4,721	1,129,124	52,319	4.90%
Highlands	0.74%	153,238	0.76%	\$166,035	1,022	167,057	13,819	9.00%
Langford	12.67%	2,623,677	13.38%	\$2,923,091	18,119	2,941,210	317,533	12.10%
Metchosin	1.48%	306,475	1.52%	\$332,070	2,020	334,090	27,615	9.00%
Oak Bay	6.22%	1,288,025	6.02%	\$1,315,173	-5,603	1,309,570	21,545	1.70%
Saanich	32.63%	6,756,953	31.91%	\$6,971,289	-25,659	6,945,630	188,677	2.80%
Victoria	27.47%	5,688,431	27.73%	\$6,058,096	-2,538	6,055,558	367,127	6.50%
View Royal	3.11%	644,012	3.07%	\$670,694	1,196	671,890	27,878	4.30%
Total	100%	\$20,707,783	100%	\$21,846,722	\$0	\$21,846,722	\$1,138,939	5.50%

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

2025 MUNICIPAL PER CAPITA CONTRIBUTIONS

	2025				
	Total Requisition 2025	Population ¹	Cost Per Capita 2025	Increase per capita	increase
Central Saanich	\$1,111,998	18,369	60.54	\$2.63	\$48,343
Colwood	\$1,164,430	21,403	54.41	\$3.46	\$74,072
Esquimalt	\$1,133,845	19,017	59.62	\$2.75	\$52,319
Highlands	\$166,035	2,894	57.37	\$4.78	\$13,819
Langford	\$2,923,091	55,069	53.08	\$5.77	\$317,533
Metchosin	\$332,070	5,295	62.71	\$5.22	\$27,615
Oak Bay	\$1,315,173	18,888	69.63	\$1.14	\$21,545
Saanich	\$6,971,289	125,380	55.60	\$1.50	\$188,677
Victoria	\$6,058,096	100,505	60.28	\$3.65	\$367,127
View Royal	\$670,694	12,584	53.30	\$2.22	\$27,878
Total	\$21,846,722	379,404	\$57.58	\$3.00	\$1,138,939

¹ Source of population figures - BC Stats website: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates, 2023>, accessed July 2024

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 2025 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 within an acceptable range, typically based on rates of inflation and wage increases as negotiated through the Greater Victoria Labour Relations Association.

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.

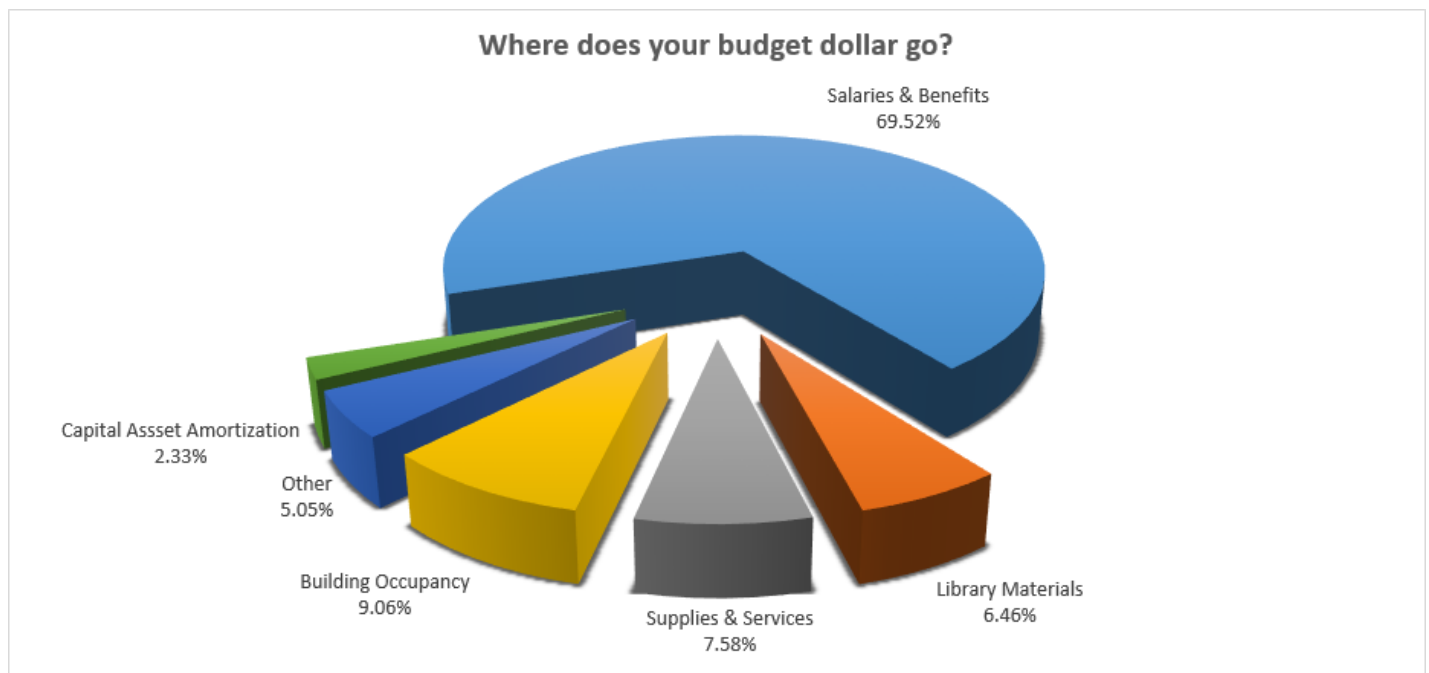
While maintaining status quo is the ideal it is recognized that the Fiscal 2025 Budget will be impacted by a number of unknowns most notably: the current collective agreement expires on December 31, 2024. The Board's strategic planning process will be completed at the end of 2024 and potential costs associated with a new plan cannot yet be projected. In addition, uncertainties related to the timing of branch development requirements may result in unanticipated costs. Costs for branches service delivery are budgeted in 2025 and future years at 2024 service levels. Support costs for providing library services continue to increase due to high inflation and escalating safety and security, facilities and system infrastructure costs.

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

Budget Methodology – Costs funded from Reserves

The 2025 Budget utilizes Reserve balances including the newly created Enhancement Reserve. The explanations in each expense category break out the increase that is funded from Reserves versus the increase funded by Municipalities in the current budget year, 2025.

The Greater Victoria Public Library budget is allocated as illustrated below. The majority (69.52%) 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.



Components of the 2025 budget include the following:

1. Municipal Contributions – Operating

Increase \$1,138,929 or 5.5%

2. Municipal Contributions – Start-up

Nil

This line item represents any funds made available within the operating budget specifically identified for a new branch or relocation of an existing branch. No costs related to the Nellie McClung branch relocation, or alternate service delivery have been included.

3. Provincial Grants

Increase \$36,033

Regular Provincial funding (operating) for public libraries in British Columbia is based on the base funding received in 2024. Enhancement Grant funding is not included as it is not guaranteed. The base funding increased in 2023.

4. Fees and Misc. (formerly Fines, Fees and Printing)

Decrease \$192,643

Historically this revenue category included revenue relating to fines, fees, meeting room rentals and printing. Overdue fines are no longer charged, and policies and procedures related to printing and meeting room rentals are under review, so the category has been renamed. Projected revenue for fees associated with lost and paid for materials has been reduced based on 2024 forecasts.

5. Contracts for Service

No Change

This is an annual payment from the Capital Regional District for service delivery relating to the Juan de Fuca Electoral District. (Willis Point, Durrance, Malahat).

6. Investment Income

Increase \$250,000

Investment revenue is conservatively estimated to reflect projected continuation of modest earnings in the Municipal Finance Authority bond fund and an increase in returns for secured GIC's and operating bank interest that reflects increased interest rates. Investment revenue in 2023 was \$600K. Investment revenue in 2024 is estimated to be \$450K.

7. Donations and Other Grants

Decrease \$44,888

Donations and grants can vary from year to year and are dependent on specific funded programs and services planned during the year.

New funding opportunities will continue to be explored.

8. Salaries and Benefits
Decrease \$232,740

Labour is budgeted at full scheduled hours. Sunday services will continue to be reviewed based on staff availability. Staff gapping or an estimation of vacancies is included in the budget.

- Decreases for:
 - An increase to Staff Gapping to a 10% expected vacancy rate from 5% results in savings - (\$908K) including benefits
 - Strategic Bridging Plan positions budgeted in 2024 not included in 2025 – (\$620K) including benefits
- Increases for:
 - Contractually negotiated increases (estimated) - \$603K including benefits
 - Additional budgeted positions due to planned FTE increases and a reconciliation between standard schedules and budgeted - \$618K including benefits.
- Personnel Reserve is being utilized to partially fund the cost increase in 2025 and 2026 - \$363K

This budget includes employee benefit costs and payroll withholding costs such as EI and CPP. A detailed benefit review is completed as part of the annual budget development process. As a result of this year's analysis, we have determined that a decrease of 0.5% in the rate of benefits is more accurate.

9. Library Materials (Expensed and Capital)
Increase Expense – eResources and Digital Assets \$232,740
Decrease Capital – Physical Materials (\$63,103)

The library materials budget is split between Expenses for periodicals and eResources and Capital for books, audio visual and electronic materials which are capitalized as assets and amortized over 7 years.

Demand for digital resources continues to increase. As a result, funds are being allocated from capital to expenses. The overall increase is 4.3%.

10. Amortization
Decrease \$257,483

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 depending on capital asset purchases and disposals. GVPL has seen a trend of funding capital assets less than amortization. This trend is changing with increased capital spending planned for 2025.

11. Supplies and Services
Increase \$990,918

The majority of the increase is for specific one-time initiatives, funded from Reserves. Ongoing supplies and services costs that are funded by Municipalities include general and office supplies, telephone, networks, subscription and licensing, professional fees, advertising, printer paper, moving costs and shuttle fuel. This category also includes furniture, computer and other equipment and peripherals under \$1000. The primary drivers for the increase to ongoing costs in this category are related to higher network and licensing costs.

Additionally, a change in the capital budgeting process to be consistent with accounting practices results in a one-time increase of \$60K to the Supplies and Services category and a reduction in the Capital category.

Increase to Municipal funded costs \$196,157 or 16%

Funding from Reserves for specific one-time initiatives- \$794,761

12. Building Occupancy
Increase \$357,030

Building occupancy includes building maintenance, security, recycling and refuse collection and utilities. The main cost driver in this category is security services. Increased security services, \$138K are required to provide a secure safe place for both staff and patrons. The 2024 Budget represents one security guard at CE, both inside the branch in in the courtyard. The 2025 Budget represents two security guards, as well as costs for added security at other branches.

Increase to Municipal funded costs, \$157,030

Funding from Reserves – \$200,000

13. Other Expenses
Increase \$160,693

Other expenses include insurance, employee recruitment costs, training, and business travel expenses. Printer lease, copy costs and paper are also included in this category. The increase is primarily a result of higher costs associated with increased public printing. Training and professional development costs are expected to increase as a result of a new professional development framework.

Increase to Municipal funded costs \$85,693

Funding from Reserves – \$75,000

14. Capital Expenditures (Hardware, Furniture and Equipment, Shelving, Building Improvement)
Increase \$240,797

Capital expenditures increases are primarily due to increased IT hardware replacement costs, mainly funded from Reserves. A change in the capital budgeting process to be consistent with accounting practices results in a one-time increase to Capital expenditures that represents Facility Project costs funded from the Replacement Reserve and a re-allocation from Capital to other categories that represent facility projects costs considered expenses, for example: fabric or electrical repairs.

Decrease to Municipal funded costs \$194,203

Funding from Reserves – \$410,000

Grant funding - \$25,000

15. Transfer to/(from) Reserves
Change in Net Transfer From Reserves (\$516,712)

The 2025 budget utilizes Reserve balances to augment funding for facility upgrades, increased security costs and information technology infrastructure; as well as new initiatives relating to Occupational Health and Safety compliance, EDIA related recommendations and an updated website/virtual branch infrastructure. The Enhancement Reserve balance must be spent by December 31, 2025. Any transfers to and from reserves are approved by the Board of Trustees through the Budget approval process or specific briefing notes.



Appendix 1 - Reserve Fund Balances

Reserve Fund	Dec 2023 Balance	2023 Surplus Alloc	June 1/24 Balance	Planned 2024	2025 Budget	Planned 2026-2029	Forecasted Balance 2029
Replacement	1,584,611	353,425	1,938,036	(243,000)	(400,000)	(1,689,859)	(394,823)
Personnel	1,429,462	-	1,429,462	(100,000)	(481,041)	(318,041)	530,380
Library Material	546,141	166,044	712,185	-	-	-	712,185
ITS Replacement	508,053	350,000	858,053	(173,823)	(430,000)	(32,134)	222,096
Consulting Reserve	958,559	-	958,559	(75,000)	(200,000)	(300,000)	383,559
Contingency	1,187,363	1,000,000	2,187,363	-	(175,986)	(1,450,296)	561,081
Enhancement Reserve (2023 Province of BC Enhancement Grants)	-	1,453,065	1,453,065	(1,128,065)	(325,000)	-	-
Total Reserve Funds	6,214,189	3,322,534	9,536,723	(1,719,888)	(2,012,027)	(3,790,330)	2,014,478