



**GREATER VICTORIA
PUBLIC LIBRARY**

February 19, 2015

Mayor Helps and Council
The Corporation of the City of Victoria
#1 Centennial Square
Victoria, BC V8W 1P6

Dear Mayor Helps and Council,

Re: 2015 Budget and Five Year Financial Plan – FINAL

The Greater Victoria Public Library respectfully submits its Final 2015 Operating Budget and Five Year Financial Plan for 2015-2019 for approval by Council resolution by May 1, 2015.

We have reduced the Final Operating Budget municipal contribution increase to 3.94% (from the 4.35% presented in the Provisional Budget). Staff have succeeded in finding further efficiencies and alternative revenue sources without negatively impacting public service.

The City of Victoria's share of the 2015 requisition based on converted assessment values and population and including rental adjustment is \$4,475,781.

Library usage in our community continues to be strong. GVPL is consistently ranked as one of the highest per capita circulating libraries in Canada, and we are experiencing heavy use of our public spaces, as the library is increasingly utilized as a community connector. We are appreciative of the City of Victoria's commitment to review and renew City facilities, including the Central Library.

The operating budget increase that we are proposing for 2015 is the minimum amount that will allow us to maintain current library service levels. The Library Board is committed to providing efficient and effective library service to all. GVPL will continue to actively respond to the changing needs of our citizens by working with community partners to explore opportunities to reduce costs and improve services.

Thank you for your vision and ongoing support for the role public libraries play in building strong and vibrant communities.

We look forward to having the opportunity to speak to Council on Thursday, February 26th.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Murdoch', written in a cursive style.

Kevin Murdoch,
Chair, Greater Victoria Public Library Board

Enclosures

Copies: Jason Johnson, City Manager, City of Victoria
Susanne Thompson, Director of Finance, City of Victoria
Maureen Sawa, CEO, Greater Victoria Public Library
Donna Phillips, Director of Finance, Greater Victoria Public Library

Greater Victoria Public Library 2015 Operating Budget (Final)

	2013 Actuals	2014 Budget	2015 Provisional Budget	2015 Final Budget	2014 to 2015 Budget Change	
REVENUE						
Municipal contributions	\$ (14,468,541)	\$ (14,975,793)	\$ (15,627,428)	\$ (15,565,266)	\$ (589,473)	3.94%
Other revenue:						
Provincial grants	(805,665)	(644,503)	(643,011)	(643,011)	1,492	-0.23%
Federal and other grants	(58,658)	(17,592)	(15,534)	(15,534)	2,058	-11.70%
Fines, fees and printing	(684,314)	(678,000)	(622,000)	(622,000)	56,000	-8.26%
Contracts for service	(25,970)	(25,970)	(27,019)	(27,019)	(1,049)	4.04%
Investment income	(69,348)	(40,000)	(61,600)	(61,600)	(21,600)	54.00%
Gain on insurance settlement	(37,832)	-	-	-	-	0.00%
Donations	(165,275)	(30,000)	(10,000)	(10,000)	20,000	-66.67%
Sub-total: Other revenue	(1,847,062)	(1,436,065)	(1,379,164)	(1,379,164)	56,901	-3.96%
Transfer from reserves	(36,404)	(78,000)	(238,976)	(373,190)	(295,190)	378.45%
Transfer for start-up	(261,712)	-	-	-	-	0.00%
TOTAL REVENUES	\$ (16,613,719)	\$ (16,489,858)	\$ (17,245,568)	\$ (17,317,620)	\$ (827,762)	5.02%
EXPENDITURE						
Salaries and benefits	\$ 11,586,437	\$ 11,894,767	\$ 12,417,341	\$ 12,394,212	499,445	4.20%
Library materials	2,120,807	2,179,993	2,249,993	2,264,993	85,000	3.90%
Supplies and services	907,874	917,819	891,695	931,095	13,276	1.45%
Building occupancy	719,850	766,191	860,909	854,709	88,518	11.55%
Other expenses	311,820	334,525	338,817	351,325	16,800	5.02%
Capital expenditures	510,596	301,563	391,813	426,286	124,723	41.36%
Contributions to reserve funds	95,000	95,000	95,000	95,000	-	0.00%
TOTAL EXPENDITURES	\$ 16,252,384	\$ 16,489,858	\$ 17,245,568	\$ 17,317,620	\$ 827,762	5.02%
Net (Revenue) / Expense	\$ (361,335)	-	-	-	-	-
Total Budget, Net of Transfers	\$ (16,315,603)	\$ (16,411,858)	\$ (17,006,592)	\$ (16,944,430)	\$ (532,572)	3.25%

**FIVE YEAR FINANCIAL PLAN (Final)
2015 - 2019**

	2014	2015	2016	2017	2018	2019
Revenue						
Municipal contributions	14,975,793	15,565,266	16,190,768	16,921,034	17,648,159	18,147,259
Provincial grants	644,503	643,011	643,011	643,011	643,011	643,011
Federal and other grants	17,592	15,534	15,534	15,534	15,534	15,534
Fines, fees and printing	678,000	622,000	572,240	526,461	484,344	445,596
Contracts for service	25,970	27,019	27,560	28,111	28,673	29,246
Investment Income	40,000	61,600	60,000	60,000	60,000	60,000
Donations	30,000	10,000	10,000	10,000	10,000	10,000
Transfer from reserves ²	78,000	373,190	212,524	109,259	108,087	110,000
Transfer for start-up - Langford ³	-	-	765,000	-	-	-
Possible transfer for start-up - James Bay ⁴	-	-	-	740,000	-	-
Total Revenue	\$ 16,489,858	\$ 17,317,620	\$ 18,496,637	\$ 19,053,410	\$ 18,997,808	\$ 19,460,646
Expenditure						
Salaries and benefits	11,894,767	12,394,213	12,697,081	13,139,849	13,596,257	13,923,657
Library materials	2,179,993	2,264,993	2,690,250	2,765,082	2,551,521	2,633,046
Supplies and services	917,819	931,095	964,081	989,785	1,012,608	1,022,201
Building occupancy	766,191	854,709	941,457	991,515	1,037,395	1,073,068
Other expenses	334,525	351,325	352,650	361,919	370,028	373,674
Capital expenditures ⁵	301,563	426,285	751,118	700,260	320,000	320,000
Contribution to reserve funds	95,000	95,000	100,000	105,000	110,000	115,000
Total Expenditure	\$ 16,489,858	\$ 17,317,620	\$ 18,496,637	\$ 19,053,410	\$ 18,997,808	\$ 19,460,646
Net Surplus (Deficit)	-	-	-	-	-	-
Budget Increase, Net of Transfers ⁶	\$ 450,373 2.81%	\$ 532,572 3.25%	\$ 574,683 3.39%	\$ 685,038 3.91%	\$ 685,571 3.77%	\$ 460,925 2.44%
Budget Increase, Total	\$ 450,373 2.81%	\$ 827,762 5.02%	\$ 1,179,017 6.81%	\$ 556,773 3.01%	\$ (55,601) -0.29%	\$ 462,838 2.44%
Municipal Contribution Increase	\$ 507,251 3.51%	\$ 589,473 3.94%	\$ 625,502 4.02%	\$ 730,266 4.51%	\$ 727,126 4.30%	\$ 499,099 2.83%

Refer to Notes on Page 2.

GREATER VICTORIA PUBLIC LIBRARY
NOTES TO THE 2015 - 2019 FINANCIAL PLAN (Final)

1. This Financial Plan is not in accordance with Public Sector Accounting Board (PSAB) standards, but rather complies with the requirements of the Community Charter for a balanced five year financial plan. It combines financial operating and capital plans.

2. Transfers from Reserves consist of:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Sources of funding						
Unrestricted donation fund	-	118,173	9,259	9,259	3,087	-
Operating surplus from 2013	-	70,000	80,000	-	-	-
Personnel contingency	-	24,548	-	-	-	-
Endowment reserve	-	15,000	15,000	15,000	15,000	15,000
Replacement reserve	78,000	145,469	108,265	85,000	90,000	95,000
	\$ 78,000	\$ 373,190	\$ 212,524	\$ 109,259	\$ 108,087	\$ 110,000
Uses of funding						
Salaries and benefits	-	76,548	-	-	-	-
Library materials	-	15,000	15,000	15,000	15,000	15,000
Building occupancy	-	60,000	80,000	-	-	-
Other expenses	-	10,325	340	160	13	-
Capital expenditures	78,000	211,317	117,184	94,099	93,074	95,000
	\$ 78,000	\$ 373,190	\$ 212,524	\$ 109,259	\$ 108,087	\$ 110,000

3. **Transfer for Start-up Langford** neighbourhood branch is the budgeted amount to be received from the City of Langford for the new branch, for furniture, equipment and library collection, in accordance with the Library Operating Agreement (LOA) Section 8.1 (c) "Start-up", and which becomes property of the Library Board. The assumed branch opening date is April 1, 2016. The amount consists of \$350,000 for library materials collection and \$415,000 for furniture and equipment.

4. **Possible Transfer for Start-up James Bay** Branch, \$740,000: Although the City of Victoria has not approved the capital request for a James Bay Branch, the financial plan provides preliminary estimates of the start-up costs for furniture, equipment and library collection if this branch is in operation as of July 1, 2017.

5. **Capital Expenditures** do not include the portion of the library materials budget which is also capitalized in accordance with PSAB; these costs are included in Library Materials. The capital expenditures line in this five year financial plan consists of:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Capital leases - principal	59,063	35,816	42,853	40,260	45,000	40,000
Hardware	105,000	125,000	125,000	125,000	125,000	125,000
Software	-	60,000	-	-	-	-
Furniture & equip. replacement	59,500	60,000	60,000	60,000	60,000	60,000
Furniture & equip. start-up branches	-	-	415,000	390,000	-	-
Building improvements	78,000	145,469	108,265	85,000	90,000	95,000
	\$ 301,563	\$ 426,285	\$ 751,118	\$ 700,260	\$ 320,000	\$ 320,000

6. **Budget Increase, Net of Transfers** excludes the transfer amounts included in Revenues for transfers from reserves and transfers for branch start-ups. Refer to Notes 2, 3 and 4 for more information on these transfers. The percentage increase amount on this line is more representative of the regular operating budget increases, as expenditures funded from reserves are primarily for one-time and/or project-based costs.

7. **Estimated Operating Costs for New Branches:** Incremental increases in operating costs for new branches are included in this plan as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Langford branch~					
Library materials	-	24,750	33,000	33,000	33,000
Supplies and other	-	31,575	35,920	35,991	36,064
Building occupancy	-	17,175	23,136	23,377	23,622
	\$ -	\$ 73,500	\$ 92,056	\$ 92,368	\$ 92,686
Preliminary estimates					
	\$ -	\$ -	\$ 183,525	\$ 372,870	\$ 378,795

~Langford branch note: no additional salary costs included in plans to date

2015 MUNICIPAL CONTRIBUTIONS (FINAL)

	2014		2015							Building Costs ²	Total Municipal Budget 2015
	Share 2014	Total Requisition 2014	Share 2015	Operating Budget	Rent Adjustment ¹	Total Requisition 2015	Increase				
							\$	%			
Central Saanich	5.28%	\$800,068	5.26%	\$818,733	\$9,310	\$828,043	\$27,975	3.50%	\$0	\$828,043	
Colwood	4.78%	722,244	4.73%	736,237	6,330	742,567	20,323	2.81%	26,871	769,438	
Esquimalt	5.58%	831,626	5.51%	857,646	(4,057)	853,589	21,963	2.64%	0	853,589	
Highlands	0.71%	107,281	0.68%	105,844	912	106,756	(525)	-0.49%	3,873	110,629	
Langford	9.61%	1,452,127	9.90%	1,540,961	13,346	1,554,307	102,180	7.04%	56,218	1,610,525	
Metchosin	1.63%	246,276	1.63%	253,714	2,170	255,884	9,608	3.90%	9,262	265,146	
Oak Bay	6.54%	974,639	6.47%	1,007,073	(4,818)	1,002,255	27,616	2.83%	0	1,002,255	
Saanich	34.35%	5,122,315	33.96%	5,285,964	(22,054)	5,263,910	141,595	2.76%	0	5,263,910	
Victoria	28.61%	4,282,286	28.77%	4,478,127	(2,346)	4,475,781	193,495	4.52%	93,816	4,569,597	
View Royal	2.91%	436,931	3.09%	480,967	1,207	482,174	45,243	10.35%	6,732	488,906	
Total	100%	\$14,975,793	100%	\$15,565,266	\$0	\$15,565,266	\$589,473	3.94%	\$196,772	\$15,762,038	

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.

² Building Costs for shared facilities are budgets and subject to vary, once actual costs are known. GVPL invoices the municipalities in the latter half of the fiscal year. Central Branch costs are shared by the two branch providers: City of Victoria and Town of View Royal, Juan de Fuca costs are shared by Langford, Colwood, Metchosin and Highlands. Budgeted costs are as follows:

	Central Branch	Juan de Fuca Branch	Total
Shared strata costs (repairs, maintenance, MAM projects, cleaning, security, recycling)	21,684	-	21,684
Direct property manager costs (repairs, maintenance, misc.)	18,038	21,520	39,558
Building insurance	17,105	10,000	27,105
Strata contingency reserve contribution	13,721	-	13,721
Building study/assessment	30,000	-	30,000
Major asset maintenance (MAM) reserve fund contribution	-	64,704	64,704
	\$ 100,548	\$ 96,224	196,772

2015 MUNICIPAL PER CAPITA CONTRIBUTIONS

	2015			
	Total Requisition 2015	Population ¹	Cost Per Capita 2015	Increase per capita
Central Saanich	\$828,043	15,817	\$52.35	\$1.77
Colwood	742,567	16,405	45.26	\$1.24
Esquimalt	853,589	16,389	52.08	\$1.34
Highlands	106,756	2,186	48.84	-\$0.24
Langford	1,554,307	32,834	47.34	\$3.11
Metchosin	255,884	5,130	49.88	\$1.87
Oak Bay	1,002,255	17,657	56.76	\$1.56
Saanich	5,263,910	110,879	47.47	\$1.28
Victoria	4,475,781	82,959	53.95	\$2.33
View Royal	482,174	10,858	44.41	\$4.17
Total	\$15,565,266	311,114	\$50.03	\$1.89

¹ Source of 2015 population figures: BC Stats website:
<<http://www.bcstats.gov.bc.ca/StatisticsBySubject/Demography/PopulationEstimates.aspx>>, 2013 population estimates, accessed on December 19, 2014.

General note: Shared 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.



2015 LIBRARY OPERATING BUDGET AT A GLANCE

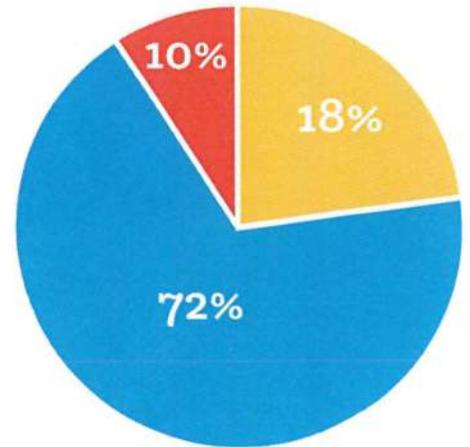
Revenue	\$1,379,164
Transfers from reserves	\$373,190
Municipal contributions	\$15,565,266
Cost to deliver library service	\$17,317,620

Cost per capita	\$50.03
Increase per capita	\$1.89

Municipal Contribution Increase

\$589,473 (3.94%)

- Salaries & benefits \$422,897
- Collection, building occupancy and other \$109,675
- Revenue decrease \$56,901



About GVPL

Greater Victoria Public Library aims to inspire literacy, lifelong learning and community enrichment for all. GVPL provides services, programs and collections in 10 branches, online at gvpl.ca and through outreach activities and partnerships in the community, and is very well-used by more than 315,000 residents in 10 municipalities.

- GVPL has one of the highest circulations per capita in Canada. We circulated 6.1 million items in 2014.
- Over the past three years, library programming and outreach activities have increased by 32% mostly due to collaborative partnerships and cooperation with local community groups.
- In 2014, there were 2.5 million visits to GVPL library branches. People visit the library to socialize, learn, connect, share and create. They come to borrow items, work on computers, attend programs, use meeting spaces or simply enjoy their community "living room".
- GVPL is regarded as an efficient and innovative library system with one of the lowest materials expenditure per capita compared to other Canadian libraries.

Challenges

- Reduced funding from provincial and federal governments and decreasing fine revenues.
- Increasing costs to balance the demand for both new (digital) and traditional (print) collection formats.
- Reaching capacity for expanding services and programming.

Opportunities

- Collaborative, shared services approach to reduce costs and improve service.
- Pursuing new funding sources and revenue models for cost recovery.
- Engaged community of users who support their library.

BRIEFING NOTES

FOR MEMBERS OF COUNCIL, LIBRARY BOARD AND MUNICIPAL CAO'S/ TREASURERS

Subject: Final 2015 Operating Budget

Date: February 2015

Purpose: To provide additional notes on the final 2015 operating budget and explanation of variances.

Summary:

- Request for budget approval by Council resolution by May 1, 2015
- Municipal requisition of 3.25% expenditure increase plus 0.69% for loss of fine revenue for total of 3.94% municipal contribution increase
- Library system cost per capita increase of \$1.89
- Municipal contribution reduced from 4.35% in the provisional budget
- Total budget increase of 5.02% is a result of inclusion of a \$295,190 increase in expenditures funded from reserves ("Transfers), including donation funds on hand
- 61% of transfers are for capital expenditures

Variance Explanations (2015 over 2014 Budget):

Revenue

Provincial grants (-0.23%) – slight reduction based on 2014 funding; 2013 actual grants include a one-time change in funding period.

Federal and other grants (-11.70%) – included a Federal CAP (Community Access Program) grant provided by Industry Canada to fund internet access sites in 2013. This grant was discontinued in 2014. The budget for Federal and other grants includes a Young Canada Works grant for the Summer Reading Club and a Victoria Foundation grant for earnings from the Endowment fund. Endowment funds invested with the Victoria foundation totaled \$475,688 as at December 31, 2013.

Fines, fees and printing (-8.26%) – decreasing as e-formats do not generate overdue fines.

Contracts for service (+4.04%) – for services provided to the CRD Juan de Fuca Electoral Area.

Investment income (+54.00%) – conservatively estimated to include earnings on the unrestricted donation fund, currently invested with Nesbitt Burns, and MFA bond fund.

Gain on insurance settlement – this was a one-time gain due to water damage of collection at the Central Branch in 2013.

Donations (-66.67%) – consist of stable funding from Friends of the Library. While the library has initiated a Development Plan, the program is in its infancy and revenue cannot be reliability projected at this time.

Transfers from reserves (+378.45%) – do not impact municipal contributions; consist of 61% for capital expenditures (software, outreach vehicle lease, tenant improvements) and the balance is for one-time operating costs.

Transfer for start-up – Partial use of \$300,000 from Saanich for relocation of Emily Carr Branch, received in 2013. Balance used and recorded to revenue in 2014.

Expenditure

Salaries and benefits (+4.20%) – increase per collective agreement with no change in full-time equivalents, other than a one year temporary position for a Development Assistant, funded from the unrestricted donations fund. Benefit rate increases are included for pension and MSP, as well as expected increases in payroll taxes.

Library materials (+3.90%) – increase to continue to provide current collections (vendor cost increases), a minor increase for new digital collections as per user demand and replacement of damaged print materials.

Supplies and services (+1.45%) – savings and efficiencies found net of increases for mandatory criminal records checks (every 3 years), a new outreach vehicle operating costs, maintenance contracts for new automated materials handling equipment at the Emily Carr Branch, and adding a network/phone location at 747 Fort Street.

Building occupancy (+11.55%) – consists of utilities and recycling increases, building maintenance of support service areas at Central and Juan de Fuca Branch buildings, and office lease at 747 Fort, which is primarily funded from reserves. There are savings that help to offset increases, such as in janitorial contracts.

Other expenses (+5.02%) – consists of increase in vehicle insurance and printing operating lease costs, including PST.

Capital expenditures (+41.36%) – funded from reserves. More information provided in the notes to the 2015-2019 Financial Plan.

Contribution to reserve funds (0.00%) – contributions to the Contingency Reserve (fund target is 1% of total budget) and Replacement Reserve for tenant improvements and replacements.