

REPORT

Oakville Public Library Board

Meeting Date: July 28, 2022

FROM: Oakville Public Library

DATE: July 19, 2022

SUBJECT: 2023 Budget Driver Report – July 28, 2022

RECOMMENDATION:

That the 2023 Budget Drivers report be received for feedback.

KEY FACTS:

The following are key points for consideration with respect to this report:

- The Town's 2023 Budget Forecast and Direction report will be brought to the August 9 Council Meeting.
- This report provides key drivers that are expected to impact the 2023 OPL operating and capital budgets for board feedback. Any feedback will be integrated into the budget for review in October and approval in November by the Board.
- OPL continues to see impacts related to COVID-19 such as, the need for ongoing enhanced cleaning and increased air handling.
- The Town's Information Technology Solutions (ITS) Department has introduced a new focus that requires OPL to submit a business case request for an additional 3.0 FTE's to maintain current technology service levels. The Information Technology Solutions Focus and Re-Alignment Change report provides more detail.

BACKGROUND:

This report provides an overview of the key drivers behind the creation of the OPL 2023 Budget. The drivers are presented to the OPL Board for review and comment and will factor into the budget that will be presented to the OPL Board in October.

COMMENT/OPTIONS:

Personnel costs resulting from contract renewals, step/merit increases and benefits have been incorporated at \$216,300. In addition, inflationary increases related to

rising costs of fuel, utilities, supplies, and other purchased services have been anticipated.

Operating Budget

The 2023 Operating Budget for OPL is being drafted with a number of key assumptions related to the ongoing COVID-19 pandemic. The 2023 Budget is focused on continuing pandemic recovery while returning delivery of all core library services. Below are the key drivers identified to date:

Personnel Costs

Personnel costs resulting from contract renewals, step/merit increases and benefits have been incorporated at targeted at \$216,300 for 2023. OPL is also requesting the transition of vacant part-time hours to a full-time position within the Collection Development Department.

Ongoing COVID-19 Related Costs

Due to the ongoing COVID-19 pandemic, it is expected that enhanced cleaning requirements and increased air handling will still be required through 2023.

Fine Revenue

OPL will be proposing that the fine revenue be adjusted to reflect actuals, while also moving it to the Collections budget from the Customer Experience budget. With the removal of overdue fines, this budget is now made up of lost materials fees and should be used to support the Collections budget for these replacement costs. The current fine budget of \$30,000 is not being achieved and the recommendation is to decrease this budget to \$20,000 for 2023.

Adjustments to expenditures

Additional funds have been added to marketing, technology and administration to align with actuals related to increased costs and services.

Adjustment to Collections

There has not been an increase to the base Collections budgets in 5+ year outside of the addition of the Sixteen Mile Branch collection. With rising costs, OPL is struggling to maintain service levels across all collection types. This increase will assist in mitigating high inflation and price increases due to ongoing paper shortage.

Operating Impacts from Capital

For 2023, the budgeted annual costs of \$17,800 to operate the vehicle for materials handling have been included as an operating impact from capital. This includes the cost of fuel, licences, repairs and maintenance and a transfer to reserve for future replacement of the vehicle.

The following table illustrates the preliminary OPL 2023 Budget based on the above drivers. As shown in the table, the 2023 Budget increase is currently projected at **\$432,200 or 3.9%**. Staff will be working over the next several weeks to finalize the 2023 Budget and will report back in October on the results.

| | | |
|--|---------------------|--------------|
| 2022 Approved Budget | \$11,070,300 | |
| Personnel costs - inflation and adjustments | \$ 216,300 | 1.95% |
| Inflation - collections, rental revenue | \$ 35,700 | 0.32% |
| Operating impact from capital - vehicle | \$ 17,800 | 0.16% |
| 2022 COVID impact reversals | \$ (129,600) | -1.17% |
| Adjustments to collections | \$ 100,000 | 0.90% |
| Adjustments to expenditures | \$ 63,900 | 0.58% |
| Adjustment to utilities based on actuals | \$ (29,200) | -0.26% |
| Adjustment to grant revenue for Canada Summer Jobs | \$ (3,300) | -0.03% |
| Adjustment to rental revenue | \$ 9,100 | 0.08% |
| Adjustment to fine revenue | \$ 10,000 | 0.09% |
| Adjustment to registration fee revenue | \$ 8,000 | 0.07% |
| Adjustments to photocopier revenue | \$ 15,600 | 0.14% |
| Net change | \$ 314,300 | 2.84% |
| 2023 Base Budget | \$11,384,600 | |
| <i>One time requests:</i> | | |
| Increased air-handling costs | \$ 15,900 | 0.14% |
| Enhanced cleaning costs | \$ 102,000 | 0.92% |
| one-time requests | \$ 117,900 | 1.07% |
| 2023 Requested Budget | \$11,502,500 | 3.90% |

ITS Impacts

As a result of the ITS re-alignment, OPL is forecasting a need for its FTE technology support to increase by an estimated 3.0 FTE's. The reasoning for this change and how the FTE count was determined can be found in the Information Technology Solutions Focus and Re-Alignment Change report. This increase is not currently included in the base budget as it will need to be submitted to the town as a new business case.

Capital Budget

OPL is drafting two capital project requests for the 2023 Budget submission.

Proposed New Capital Projects:

- Central Branch – The administration area in the 1st floor houses the offices for the CEO and Directors. As staff started to return to the office, it was immediately noticed that the current offices offer unexpected challenges regarding sound proofing and privacy. With so many meetings now virtual, conversations can easily be heard from next door offices and into the public hallway and reception area. Facilities and Construction Management is reviewing options and a recommendation will be brought to the OPL board for consideration in October.
- Scheduling Review – Currently OPL's practice for staff scheduling is entirely excel based and extremely time consuming. This budget request would be to hire a consultant to review OPL practices and identify requirements for a robust scheduling system.

Capital Projects for Review:

OPL is also requesting a review of the following projects to review timelines and assess whether costs have increased since the projects were originally approved.

- Palermo land purchase
- Trafalgar corridor land purchase

Fees and Fines

No changes are being recommended for the majority of fees and fines in 2023 as a review confirmed our fees to be competitive and in line with industry standards. Room booking rates will be increased to reflect the rate of inflation.

The draft OPL 2023 Budget will come to the Board for review at the October 27, 2022 Board Meeting and approval at the November 24, 2022 Meeting.

Prepared and submitted by:
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