

REPORT

Oakville Public Library Board

Meeting Date: October 27, 2022

FROM: Oakville Public Library

DATE: October 25, 2022

SUBJECT: 2023 Oakville Public Library (OPL) Operating Budget

RECOMMENDATION:

That the draft 2023 OPL Operating Budget be received for feedback.

KEY FACTS:

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

- At the July 28, 2022 meeting, the Board was presented with the key budget drivers for 2023. Including those drivers, the proposed 2023 Operating Budget at that time was **\$432,200 or 3.9%**. Since that meeting, time has been spent preparing the budget in more detail, resulting in a requested budget increase of \$418,600 or 3.8%.
- 2.5% or \$276,600 of the requested increase relates to inflation on personnel services and benefits, collections, utilities, repairs and maintenance and insurance due to the rising cost of service delivery.
- 1.09% or \$121,100 of the requested increase is to adjust the budget for Collections to bring the town budget in line with industry standards.
- It is expected that financial impacts related to COVID-19 will continue to be felt into 2023 (i.e. enhanced cleaning requirements and increased air handling). For 2023, COVID-19 impacts for OPL are estimated at \$116,700 or 1.05%. The town has decided to fund all one-time COVID related items through the **Tax Stabilization Reserve** rather than through the tax levy, thus these costs do not increase the OPL budget.

BACKGROUND:

Oakville Town Council gave direction to prepare the 2023 Budget with an overall increase in line with inflation. Unlike the past decade of budgets where inflation has remained quite stable, the current economic and inflation environment makes it difficult to determine what the tax increase should be. Rising inflation impacts both

residents and the town so it is important that budget increases balance the impact on residents against the impact on the town's financial stability and services offered.

In attempting to balance the significant uncertainties faced in this budget process with the impact that a property tax increase would have on residents, options will be prepared for the Budget Committee to consider to achieve a town increase of 4.6% plus 1% for the capital levy after projected assessment growth of 1.50%. This increase, combined with an assumed increase of 3.00% for the Region and no increase for Education, would result in an overall increase of 3.46%. This will allow the committee to consider the overall tax increase along with program and service needs and cost saving opportunities to best balance the needs and concerns of residents.

In July, the Board was provided with a 2023 Budget Drivers report that presented the key drivers impacting the OPL budget for 2023. The key driver for 2023 is inflation on personnel costs, collections, utilities, repairs and maintenance and insurance, which accounts for 2.5% of the requested increase.

COMMENT/OPTIONS:

Upon completion of the line-by-line review of the 2023 OPL Budget and with consideration to the above impacts, the 2023 requested operating budget is \$11,496,900 or 3.8%.

	2022 Restated Budget	2023 Inflation & Adjustments	2023 Capital and Growth Impacts	2023 Base Budget	\$ Change from 2022	% Change from 2022	2023 Service Level Change	2023 Requested Budget	\$ Change from 2022	% Change from 2022
Oakville Public Library										
EXPENSES										
Personnel Services & Benefits	8,895,400	129,400		9,024,800	129,400	1.5%		9,024,800	129,400	1.5%
Materials & Supplies	1,444,200	129,000	1,500	1,574,700	130,500	9.0%		1,574,700	130,500	9.0%
Capital out of Operations	15,000	5,200		20,200	5,200	34.7%		20,200	5,200	34.7%
Purchased Services	1,221,900	124,700	500	1,347,100	125,200	10.2%		1,347,100	125,200	10.2%
Payments & Grants	10,300	400	200	10,900	600	5.8%		10,900	600	5.8%
Internal Expenses & Transfers	180,500	104,600	9,000	294,100	113,600	62.9%		294,100	113,600	62.9%
Total EXPENSES	11,767,300	493,300	11,200	12,271,800	504,500	4.3%		12,271,800	504,500	4.3%
REVENUES										
External Revenues	-471,100	30,800		-440,300	30,800	6.5%		-440,300	30,800	6.5%
Internal Recovery & Fund Transfers	-217,900	-116,700		-334,600	-116,700	-53.6%		-334,600	-116,700	-53.6%
Total REVENUES	-689,000	-85,900		-774,900	-85,900	-12.5%		-774,900	-85,900	-12.5%
Total Net Budget	11,078,300	407,400	11,200	11,496,900	418,600	3.8%		11,496,900	418,600	3.8%

The Library is recommending the base operating budget be increased by 3.8% or \$418,600.

The primary driver of the 2023 Operational Budget continues to be inflation on personnel costs, collections, utilities, repairs and maintenance and insurance which account for \$276,600 or 2.5% of the increase.

Detailed Budget Overview

In 2023, the Library Services program's total expenditures are proposed at \$12,271,800 and total revenues are estimated at \$774,900 resulting in a net budget of \$11,496,900. The net change from the prior year is \$418,600. The main drivers of the budget are noted in the details below:

- **Operating Impacts of Capital Projects** total \$17,800 and include the budgeted costs to operate the vehicle for materials handling that should be arriving in 2023. This includes the cost of fuel, licences, repairs and maintenance and a transfer to reserve for future replacement of the vehicle.
- **Personnel Services & Benefits** costs have increased by \$129,400. The net change is due to:
 - Personnel costs for contracted rate increases, step/merit increases and benefits have been incorporated at \$183,900 for 2023.
 - Elimination of 1.2 FTE's or \$104,800 for facility maintenance as a budget efficiency through the Facility Maintenance Review
 - Conversion of a Branch Supervisor to Manager, Customer Experience and Service position
 - Conversion of part-time Acquisitions Assistant hours to one full-time Acquisitions and Cataloguing Technician position
 - Conversion of part-time Customer Service Technician hours to one full-time position
 - Addition of part-time student hours to expand the summer reading program
- **Materials and Supplies** have increased by \$130,500 and includes:
 - Inflation of \$12,700 for rate increases for utilities, offset by a reduction of \$49,000 to utilities budgets, primarily at Central branch in line with current spending
 - Inflation of \$48,900 on collections budgets due to rising prices of materials, as well as an increase of \$121,100 as a step to bring collections spending in line with the industry averages.
 - \$15,900 of one-time utilities costs for increased air-handling at the branches, funded from tax stabilization reserve for 2023
- **Purchased Services** has increased \$125,200 and includes:
 - Inflation of \$30,600 on building repairs and maintenance and insurance

- Various reallocations and adjustments to purchased services accounts to ensure costs align with current service delivery
- **Internal Charges** has increased \$113,600 and includes:
 - A transfer of \$104,800 to Facilities and Construction Maintenance for the maintenance of library buildings
- A transfer of \$7,100 to the Parks and Roads and Works Equipment reserve for future replacement of the vehicle for materials handling.
- **Activity Revenue** is the largest revenue component which is mainly comprised of fines, admissions, room rentals, photocopier revenue and registration fees. For 2023, overall revenues have decreased by \$30,800 and includes:
 - \$10,000 permanent reduction in fine revenues.
 - \$9,100 permanent reduction in room booking revenue based on a review of actuals from 2022 and anticipated bookings in 2023.
 - \$15,600 reduction of photocopier revenue based on review of actuals from 2022.
 - Increase grant revenue budget by \$3,300 for federal student grant program.
- **Internal Recovery and Fund Transfers** increase of \$116,700 is for a transfer from tax stabilization reserve for one time budget impacts for increased air handling and touch point cleaning at the branches, as the town continues to respond to the impacts of the COVID-19 pandemic.

Impacts related to ITS/OPL SLA

As identified in the Information Technology Solution Service Level Agreement report, OPL is proposing two new FTE's to complete phase 1 of the new SLA implementation. This request was submitted to the Town as a business case request separate from the operating budget request and is not reflected in the 3.8%. The business case identifies a budget request of \$153,800. Town ELT have reviewed and tentatively approved the business case to move forward in the 2023 budget process pending board review and approval.

Fees and Fines

The OPL is recommending an increase of 4.6% increase for fees related to room booking for 2023, in line with the rate increases being recommended in other town programs.

There has been slow uptake of room rentals in 2022. With the flexibility and accessibility of virtual now, the projected revenue from room rental has been decreased by \$9,100 for 2023 to reflect this change.

Prior to 2020, OPL offered a selection of programs at a fee. With the continuation of virtual programming and the lack of interest by customers in paying for these programs, OPL is proposing an \$8,000 reduction in program registration fees to reflect the expected climate for 2023.

OPL has removed Creation zone supplies from the fees and fines. OPL will continue to charge for these items but would prefer the flexibility to adjust pricing based on actuals to ensure full cost-recovery.

APPENDICES:

Appendix A – 2023 Library Rates and Fees

Prepared and submitted by:
Tara Wong, CEO