



November 16, 2023

Mayor Murdock and Council
District of Saanich
770 Vernon Avenue
Victoria, BC V8X 2W7

Dear Mayor Murdock and Council:

Re: Greater Victoria Public Library 2024 Budget and Five-Year Financial Plan

The Greater Victoria Public Library Board respectfully submits its 2024 Operating Budget and Five-Year Financial Plan for 2024-2028. As per the terms of the Library Operating Agreement, approval by council resolution is required by May 1, 2024.

The overall system-wide municipal contribution amount increase requested for 2024 is 5.99%.

The District of Saanich's share of the 2024 requisition, based on converted assessment values and population of your municipality, including rental adjustment, is \$6,731,938. 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. Budget drivers include salaries and benefits, library materials, building occupancy costs and other factors which are described in the attached 2024 budget notes.

GVPL's libraries are vibrant community hubs that not only provide access to resources and learning that residents are seeking, but also foster connection, belonging, and empowerment. Serving ten municipalities and 369,756 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 [GVPL Annual Report 2022](#).

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

Sincerely,

Andrew Appleton
Board Chair

Maureen Sawa
CEO

cc: Brent Reems, CAO, District of Saanich
Paul Arslan, Director of Finance, District of Saanich
Paul McKinnon, Director, Finance & Facilities, Greater Victoria Public Library



**GREATER VICTORIA
PUBLIC LIBRARY**

2024 Budget and 2024-2028 Five Year Financial Plan

Review / Approval Dates:

Review - Finance Committee: August 22, 2023

Review – Finance Committee: September 19, 2023

Approved - Board of Trustees: October 24, 2023



BUDGET AT A GLANCE

| | <u>2024</u> | <u>2023</u> |
|---|---------------|---------------|
| Operating Budget ¹ | \$ 23,897,109 | \$ 22,271,858 |
| Operating Budget Increase (Decrease) ² | 7.74% | 8.58% |
| Capital Budget | \$ 1,794,952 | \$ 1,695,560 |
| Capital Budget Increase (Decrease) | 5.86% | (15.86%) |
| Total Budget - Funded ³ | \$ 23,529,061 | \$ 21,867,418 |
| Total Budget Increase (Decrease) | 7.60% | 6.18% |
| Municipal Contribution - Total | \$ 20,707,793 | \$ 19,537,497 |
| Municipal Contribution - Increase | \$ 1,170,296 | \$ 1,097,197 |
| Municipal Contribution - Increase (%) | 5.99% | 5.95% |
| Cost per Capita ⁴ | \$ 56.00 | \$ 53.89 |
| Cost per Capita Increase ⁵ | \$ 3.17 | \$ 3.03 |
| Population (Member Municipalities) ⁶ | 369,756 | 362,553 |

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, 2022 Sub-Provincial Population Estimates



2024 Budget and Five-Year Financial Plan

| | <u>2023</u> | <u>2024</u> | <u>Change</u> | <u>Change%</u> | <u>Notes</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> |
|---|-------------------|-------------------|------------------|----------------|--------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | |
| Municipal Contributions - Operating | \$ 19,537,497 | 20,707,793 | \$ 1,170,296 | 5.99% | 1 | 21,861,095 | 22,635,776 | 23,517,812 | 24,350,000 |
| Municipal Contributions - Start-up | - | - | \$ - | | 2 | - | - | - | - |
| Provincial Grants | 642,339 | 676,339 | \$ 34,000 | 5.3% | 3 | 642,339 | 642,339 | 642,339 | 642,339 |
| Federal Grants | - | - | \$ - | 0.0% | 4 | - | - | - | - |
| Fines, Fees and Printing | 218,400 | 218,400 | \$ - | 0.0% | 5 | 218,400 | 218,400 | 218,400 | 218,400 |
| Contracts for Service | 32,890 | 32,890 | \$ - | 0.0% | 6 | 32,890 | 32,890 | 32,890 | 32,890 |
| Investment Income | 85,000 | 150,000 | \$ 65,000 | 76.5% | 7 | 150,000 | 150,000 | 150,000 | 150,000 |
| Donations and Other Grants | 85,000 | 248,324 | \$ 163,324 | 192.1% | 8 | 261,601 | 302,386 | 236,997 | 180,458 |
| | 20,601,126 | 22,033,746 | \$ 1,432,620 | 7.0% | | 23,166,325 | 23,981,791 | 24,798,438 | 25,574,087 |
| Expenses (Operating Budget) | | | | | | | | | |
| Salaries and Benefits | 16,546,276 | 17,718,861 | 1,172,585 | 7.1% | 9 | 18,142,389 | 18,282,637 | 18,679,301 | 19,332,567 |
| Library Materials | 1,367,370 | 1,437,520 | 70,150 | 5.1% | 10 | 1,466,270 | 1,495,596 | 1,525,508 | 1,556,018 |
| Amortization | 2,100,000 | 2,163,000 | 63,000 | 3.0% | 11 | 2,163,000 | 2,163,000 | 2,163,000 | 2,163,000 |
| Supplies and Services | 876,869 | 1,238,620 | 361,750 | 41.3% | 12 | 1,263,392 | 1,288,660 | 1,314,433 | 1,340,722 |
| Building Occupancy | 1,026,241 | 913,972 | (112,269) | -10.9% | 13 | 932,251 | 950,896 | 969,914 | 989,313 |
| Other Expenses | 355,102 | 425,136 | 70,034 | 19.7% | 14 | 433,639 | 442,311 | 451,158 | 460,181 |
| | 22,271,858 | 23,897,109 | 1,625,251 | 7.3% | | 24,400,942 | 24,623,101 | 25,103,313 | 25,841,800 |
| Annual Surplus/(Deficit) | (1,670,732) | (1,863,363) | (192,631) | 11.5% | | (1,234,616) | (641,310) | (304,876) | (267,714) |
| Add back: Unfunded Amortization | 2,100,000 | 2,163,000 | 63,000 | 3.0% | 11 | 2,163,000 | 2,163,000 | 2,163,000 | 2,163,000 |
| | 429,268 | 299,637 | (129,631) | | | 928,384 | 1,521,690 | 1,858,124 | 1,895,286 |
| Total Budget - Funded | 21,867,418 | 23,529,061 | 1,661,643 | 8% | | 24,023,913 | 24,281,791 | 24,798,438 | 25,574,087 |
| Municipal Contributions-Operating Increase | 5.95% | 5.99% | | | | 5.57% | 3.54% | 3.90% | 3.54% |



| | <u>2023</u> | <u>2024</u> | <u>Change</u> | <u>Notes</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> |
|---|-------------|-------------|---------------|--------------|-------------|-------------|-------------|-------------|
| Balance forward from Page 1 | 429,268 | 299,637 | (129,631) | | 928,384 | 1,521,690 | 1,858,124 | 1,895,286 |
| Capital Expenses | | | | | | | | |
| Library Materials - Operating | 1,414,060 | 1,427,352 | 13,292 | 10 | 1,455,899 | 1,485,017 | 1,514,717 | 1,545,012 |
| Hardware - Operating | 101,500 | 200,000 | 98,500 | 15 | 204,000 | 208,080 | 212,242 | 216,486 |
| Furniture and Equipment - Operating | 60,000 | 105,800 | 45,800 | 15 | 63,036 | 64,297 | 65,583 | 66,894 |
| Building Improvement - Operating | 120,000 | 61,800 | (58,200) | 15 | 63,036 | 64,297 | 65,583 | 66,894 |
| Vehicles - Operating | | - | - | | - | - | - | - |
| Branch Start-ups: | | | | | | | | |
| Library Materials | - | - | - | | - | - | - | - |
| | 1,695,560 | 1,794,952 | 99,392 | | 1,785,971 | 1,821,690 | 1,858,124 | 1,895,287 |
| Transfers | | | | | | | | |
| Transfer from Replacement Reserve | - | - | - | 16 | - | - | - | - |
| Transfer from Personnel Contingency Reserve | (430,000) | (600,000) | (170,000) | 16 | (300,000) | - | - | - |
| Transfer from Library Materials Reserve | (495,315) | (495,315) | - | 16 | (495,000) | (300,000) | - | - |
| Reserve ITS | | - | - | 16 | - | - | - | - |
| Transfer to Contingency Reserve | - | - | - | 16 | - | - | - | - |
| Transfer from Contingency Reserve | (340,977) | (400,000) | (59,023) | 16 | (62,587) | - | - | - |
| Transfer to/(from) Reserves | (1,266,292) | (1,495,315) | (229,023) | | (857,587) | (300,000) | - | - |
| Transfer to/(from) Accumulated Surplus | - | - | - | | - | - | - | - |
| | (1,266,292) | (1,495,315) | (229,023) | | (857,587) | (300,000) | - | - |
| Financial Plan Balance | (0) | 0 | 0 | | (0) | (0) | 0 | (0) |



GREATER VICTORIA PUBLIC LIBRARY

2024 MUNICIPAL CONTRIBUTIONS

| | 2023 | | 2024 | | | | | |
|-----------------|---------------|------------------------------|---------------|---------------------|---------------------------------|---------------------------|--------------------|--------------|
| | Share 2023 | Total Requisition 2023 | Share 2024 | Operating Budget | Rent Adjustment ¹ | Total Requisition 2024 | Increase | |
| | | | | | | | \$ | % |
| Central Saanich | 5.19% | \$1,023,182 | 5.18% | \$1,072,664 | \$9,169 | \$1,081,833 | \$58,651 | 5.70% |
| Colwood | 5.04% | 991,446 | 5.30% | \$1,097,513 | 7,112 | 1,104,625 | 113,179 | 11.40% |
| Esquimalt | 5.24% | 1,019,280 | 5.20% | \$1,076,805 | -4,602 | 1,072,203 | 52,923 | 5.20% |
| Highlands | 0.74% | 145,571 | 0.74% | \$153,238 | 994 | 154,232 | 8,660 | 5.90% |
| Langford | 12.22% | 2,404,009 | 12.67% | \$2,623,677 | 17,142 | 2,640,819 | 236,810 | 9.90% |
| Metchosin | 1.51% | 297,022 | 1.48% | \$306,475 | 1,965 | 308,440 | 11,418 | 3.80% |
| Oak Bay | 6.31% | 1,227,493 | 6.22% | \$1,288,025 | -5,462 | 1,282,563 | 55,070 | 4.50% |
| Saanich | 32.75% | 6,372,206 | 32.63% | \$6,756,953 | -25,015 | 6,731,938 | 359,732 | 5.60% |
| Victoria | 27.96% | 5,460,213 | 27.47% | \$5,688,431 | -2,516 | 5,685,915 | 225,702 | 4.10% |
| View Royal | 3.05% | 597,084 | 3.11% | \$644,012 | 1,213 | 645,225 | 48,142 | 8.10% |
| Total | 100% | \$19,537,497 | 100% | \$20,707,793 | \$0 | \$20,707,793 | \$1,170,296 | 5.99% |

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

2024 MUNICIPAL PER CAPITA CONTRIBUTIONS

| 2024 | | | | | |
|-----------------|------------------------|-------------------------|----------------------|---------------------|--------------------|
| | Total Requisition 2024 | Population ¹ | Cost Per Capita 2024 | Increase per capita | increase |
| Central Saanich | \$1,072,664 | 18,689 | 57.40 | \$3.14 | \$58,651 |
| Colwood | \$1,097,513 | 20,766 | 52.85 | \$5.45 | \$113,179 |
| Esquimalt | \$1,076,805 | 19,155 | 56.22 | \$2.76 | \$52,923 |
| Highlands | \$153,238 | 2,599 | 58.96 | \$3.33 | \$8,660 |
| Langford | \$2,623,677 | 49,345 | 53.17 | \$4.80 | \$236,810 |
| Metchosin | \$306,475 | 5,142 | 59.60 | \$2.22 | \$11,418 |
| Oak Bay | \$1,288,025 | 19,211 | 67.05 | \$2.87 | \$55,070 |
| Saanich | \$6,756,953 | 125,853 | 53.69 | \$2.86 | \$359,732 |
| Victoria | \$5,688,431 | 96,390 | 59.01 | \$2.34 | \$225,702 |
| View Royal | \$644,012 | 12,606 | 51.09 | \$3.82 | \$48,142 |
| Total | \$20,707,793 | 369,756 | \$56.00 | \$3.17 | \$1,170,296 |

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 2023>

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 2024 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.

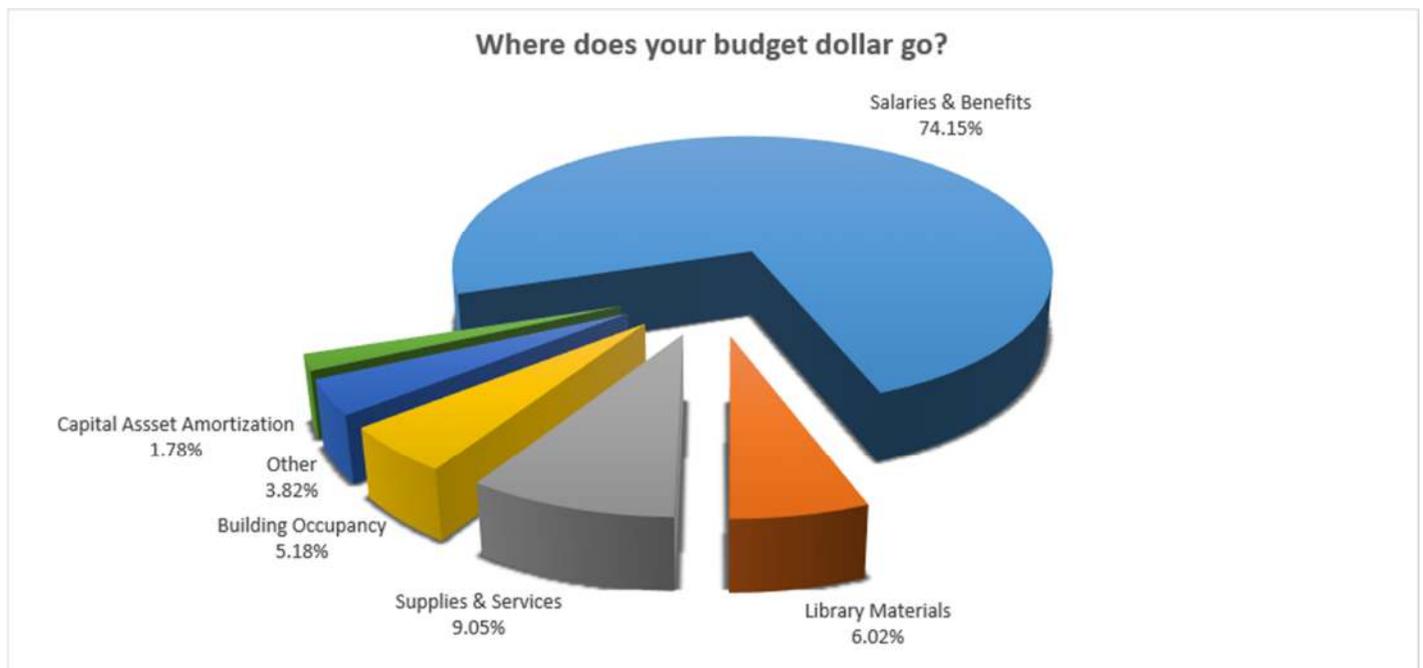
For 2024 inflationary pressures continue to be a focus with upward trends in labour and non-labour expenses. An increasingly complex operating environment has placed additional demands on operational and administrative staff support. Operational efficiencies through cost avoidance strategies will continue to be explored as with prior years, however the true costs of many inputs to deliver service are increasing. Lastly, the use of reserves has been approved to augment some unavoidable budget increases.

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.

Components of the 2024 budget include the following:

1. **Municipal Contributions – Operating**
Increase \$1,170,296

The Greater Victoria Public Library budget is allocated as illustrated below. The majority (74.15%) 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
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 such activities are planned or forecasted at this time. The last relocation of an existing branch was Esquimalt in 2022.

3. Provincial Grants
Increase \$34,000

Regular Provincial funding (operating) for public libraries in British Columbia has remained frozen since 2009. This change does not represent a change in the regular Provincial Grant funding, but rather the allocated expense for a portion of the additional one time enhancement funding grant the Province allocated in 2023.

4. Federal Grants
Nil

Federal grants are cyclical in nature and are dependent on specific programs planned during the operating budget year.

5. Fines, Fees and Printing
No Change

Revenue relating to Fines, Fees and Printing is forecasted to remain static for the 2024 budget. Previous years saw a planned reduction in fines revenue to prepare for the final results of the organizational review of fines and fees. Fees associated with lost and paid for materials will remain a revenue source in the budget and five-year plan. Printing revenue is under review.

6. 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) Work is currently underway with the CRD and GVPL to review and renew the legacy agreement.

7. Investment Income
Increase \$65,000

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, and operating bank interest.

8. Donations and Other Grants
Increase \$163,324

Donations and grants are cyclical in nature and are dependent on specific programs planned during the operating budget year. The increase in Donations and Other Grants for the 2024 budget represents a continuation of ongoing donations based on actuals from the prior years. New funding opportunities will continue to be explored.

9. Salaries and Benefits
Increase \$1,172,585

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

- Contractually negotiated increases (projected) - \$500,000 including benefits
- Net Labour Increase ~ \$672,000
 - Labour ~ \$542,000
 - Benefits ~ \$130,000

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 a modest increase of 0.3% to the rate of benefits will be implemented. This represents minor increases in services costs from benefits providers as provisioned under the Greater Victoria Labour Relations Association Trust.

10. Library Materials (Expensed and Capital)
Increase (Expense – eResources and Digital Assets) \$70,150
Increase (Capital – Physical Materials) \$13,292

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 continues to increase substantially. As a result, additional funds are being allocated to meet the ongoing needs.

Demand for both digital and physical remains high for popular titles and Fast Reads and Fast Views. Additional funding is being utilized through specific restricted library materials reserves (surplus funds and donations).

11. Amortization
Increase \$63,000

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 \$361,750

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 IT related costs from third party suppliers (data connections), and IT service agreements (license fees), along with the ongoing strategic commitment of enhancing digital services and access. Additionally, higher costs associated with the provision and renewal of patron and staff equipment, and associated support licenses will continue to drive costs upward in this category.

13. Building Occupancy
Decrease \$112,269

Building occupancy includes such items as building maintenance, security, recycling and refuse collection and utilities. Cost drivers in this category are directly related to service delivery costs for contracted services such as janitorial and in branch security. Service contract costs have increased due to higher contract costs (including minimum wage increases, contract renewal and additional service requirements).

The decrease is mainly due to realized hydro savings (as high as 35% in some locations) from branch LED lighting conversions, which are now being realized in the budget plus a lower than anticipated janitorial increase in 2023 for the two year contract.

14. Other Expenses
Increase \$70,034

Other expenses include such items as insurance and employee recruitment costs, training, and business travel expenses. The increases in this budget area are a result of higher costs associated with institutional memberships, increased public printing costs directly related to supplies, and higher training costs and related business travel. Upward pressure on this category is expected in to continue due to industry wide increases for insurance coverage, and renewed business travel and higher training costs.

15. Other Capital Expenditures (Hardware, Furniture and Equipment, Building Improvement)
Increase \$86,100

Other capital expenditures increased in 2024 are mainly due to increased IT hardware replacement costs, and higher replacement costs on furniture and equipment overall. This is consistent with ongoing renewal and enhancement of public spaces. This increase is offset in part as some smaller furniture and equipment no longer meets the criteria for capitalization and is now expensed.

16. Transfer to/(from) Reserves
Change in Net Transfer From Reserves \$229,023

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 are 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 – (\$170,000)
- Transfer from Contingency Reserve – (\$59,023)