



GREATER VICTORIA PUBLIC LIBRARY

2021 Budget and 2021-2025 Five Year Financial Plan

Review / Approval Dates:

Review - Finance Committee: August 25, 2020

Review – Finance Committee: September 15, 2020

Review – Finance Committee: October 6, 2020

Approved – Board of Trustees: October 27, 2020



BUDGET AT A GLANCE

	<u>2021</u>	<u>2020</u>
Operating Budget ¹	\$ 19,540,880	\$ 19,677,628
Operating Budget Increase (Decrease) ²	(0.78%)	3.92%
Capital Budget	\$ 2,070,067	\$ 2,150,067
Capital Budget Increase (Decrease)	(3.72%)	3.86%
Total Budget - Funded ³	\$ 19,810,947	\$ 20,029,695
Total Budget Increase (Decrease)	(1.09%)	3.91%
Municipal Contribution - Total	\$ 18,078,726	\$ 18,078,726
Municipal Contribution - Increase	\$ 0.00	\$ 678,605
Municipal Contribution - Increase (%)	0%	3.90%
Cost per Capita ⁴	\$ 51.32	\$ 52.10
Cost per Capita Increase ⁵	\$ 0.00	\$ 1.96
Population (Member Municipalities) ⁶	352,287	346,993

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, decrease from prior year due to higher population stats over prior year

Note 5 – Municipal Contribution Increase divided by Population

Note 6 – As per BC Stats, 2019 Sub-Provincial Population Estimates

Note to Budget – Municipal Contribution

The total municipal contribution amount is being held at the prior year amount, resulting in a zero percent increase in the municipal contribution amount. This is offset by reserves while the full impacts of the COVID-19 pandemic are realized. Due to unprecedented circumstances at the time of budget development (August 2020) related to COVID-19 and the additional pressure on municipal funding sources, the use of surplus reserves is approved.



2021 Budget and Five-Year Financial Plan

	<u>2020</u>	<u>2021</u>	<u>Change</u>	<u>Change%</u>	<u>Notes</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues									
Municipal Contributions - Operating	\$ 18,078,726	18,078,726	\$ -	0.0%	1	18,259,513	18,624,704	18,997,198	19,567,114
Municipal Contributions - Start-up	355,280	355,280	\$ -	0.0%	2	61,720	-	-	-
Provincial Grants	642,339	642,339	\$ -	0.0%	3	642,339	642,339	642,339	642,339
Federal Grants	-	-	\$ -	0.0%	4	-	-	-	-
Fines, Fees and Printing	523,400	333,400	\$ (190,000)	-36.3%	5	333,400	333,400	333,400	333,400
Contracts for Service	28,450	28,450	\$ -	0.0%	6	28,450	28,450	28,450	28,450
Investment Income	74,000	74,000	\$ -	0.0%	7	74,000	74,000	74,000	74,000
Donations and Other Grants	77,500	77,500	\$ -	0.0%	8	77,500	77,500	77,500	77,500
	19,779,695	19,589,695	\$ (190,000)	-1.0%		19,476,922	19,780,393	20,152,887	20,722,803
Expenses (Operating Budget)									
Salaries and Benefits	14,674,065	14,520,580	(153,485)	-1.0%	9	14,812,853	15,115,267	15,424,565	15,727,674
Library Materials	870,000	870,000	-	0.0%	10	864,000	862,000	862,000	862,000
Amortization	1,798,000	1,800,000	2,000	0.1%	11	1,750,000	1,750,000	1,750,000	1,750,000
Supplies and Services	1,148,723	1,172,076	23,353	2.0%	12	1,183,080	1,195,843	1,208,827	1,222,233
Building Occupancy	827,933	842,841	14,908	1.8%	13	858,629	874,743	881,801	892,320
Other Expenses	358,906	335,383	(23,523)	-6.6%	14	340,815	330,608	333,845	335,138
	19,677,628	19,540,880	(136,748)	-0.7%		19,809,377	20,128,461	20,461,037	20,789,366
Annual Surplus/(Deficit)	102,067	48,815	(53,252)	-52.2%		(332,455)	(348,068)	(308,151)	(66,564)
Add back: Unfunded Amortization	1,798,000	1,800,000	2,000	0.1%	11	1,750,000	1,750,000	1,750,000	1,750,000
	1,900,067	1,848,815	(51,252)	-2.7%		1,417,545	1,401,932	1,441,849	1,683,436
Total Budget - Funded	20,029,695	19,810,947	(218,748)			19,842,764	20,121,370	20,455,492	20,785,389
Municipal Contributions-Operating Increase	2.25%	0.00%				1.00%	2.00%	2.00%	3.00%



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	<u>2020</u>	<u>2021</u>	<u>Change</u>	<u>Notes</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Balance forward from Page 1	1,813,567	1,848,815	(51,252)		1,417,545	1,401,932	1,441,849	1,683,436
Capital Expenses								
Library Materials - Operating	1,459,887	1,459,887	-	10	1,459,887	1,459,887	1,459,887	1,459,887
Hardware - Operating	100,000	100,000	-	15	101,500	103,023	104,568	106,136
Furniture and Equipment - Operating	60,000	60,000	-	15	60,000	60,000	60,000	60,000
Building Improvement - Operating	120,000	120,000	-	15	120,000	120,000	120,000	120,000
Vehicles - Operating	80,000	-	(80,000)		-	-	-	-
Branch Start-ups:								
Library Materials - Esquimalt Branch	8,000	8,000	-	2	2,000	-	-	-
Hardware - Esquimalt Branch Relocation	66,000	66,000	-	2	10,000	-	-	-
Furniture and Equipment - Esquimalt Branch Reloc	256,180	256,180	-	2	30,000	-	-	-
	<u>2,150,067</u>	<u>2,070,067</u>	<u>(80,000)</u>		<u>1,783,387</u>	<u>1,742,910</u>	<u>1,744,455</u>	<u>1,746,023</u>
Transfers								
Transfer to Replacement Reserve	120,000	120,000	-	16	120,000	120,000	120,000	120,000
Transfer from Replacement Reserve	(250,000)	(120,000)	130,000	16	(120,000)	(120,000)	(120,000)	(120,000)
Transfer from Personnel Contingency Reserve	(110,000)	-	110,000	16	-	-	-	-
Transfer from Library Materials Reserve	-	-	-	16	-	-	-	-
Transfer to Contingency Reserve	-	-	-	16	-	-	-	-
Transfer from Contingency Reserve	(10,000)	(221,252)	(211,252)	16	(365,842)	(340,977)	(302,606)	(62,587)
Transfer to/(from) Reserves	<u>(250,000)</u>	<u>(221,252)</u>	<u>28,748</u>		<u>(365,842)</u>	<u>(340,977)</u>	<u>(302,606)</u>	<u>(62,587)</u>



2021 MUNICIPAL CONTRIBUTIONS

	2020		2021							Building Maint. Costs ²	Total Municipal Budget 2021
	Share 2020	Total Requisition 2020	Share 2021	Operating Budget	Rent Adjustment ¹	Total Requisition 2021	Increase				
							\$	%			
Central Saanich	5.17%	\$943,821	5.16%	\$932,862	\$9,133	\$941,995	-\$1,826	-0.20%	\$0	\$941,995	
Colwood	4.64%	845,062	4.83%	\$873,202	6,470	879,672	34,611	4.10%	29,853	909,525	
Esquimalt	5.34%	961,294	5.28%	\$954,557	-4,246	950,311	-10,983	-1.10%	0	950,311	
Highlands	0.68%	123,847	0.68%	\$122,935	912	123,847	0	0.00%	4,622	128,469	
Langford	10.60%	1,930,654	11.23%	\$2,030,241	15,172	2,045,413	114,759	5.90%	67,025	2,112,438	
Metchosin	1.44%	262,245	1.42%	\$256,718	1,883	258,601	-3,644	-1.40%	8,264	266,865	
Oak Bay	6.65%	1,197,358	6.24%	\$1,128,113	-5,039	1,123,074	-74,285	-6.20%	0	1,123,074	
Saanich	33.46%	6,026,800	32.63%	\$5,899,087	-23,083	5,876,004	-150,795	-2.50%	0	5,876,004	
Victoria	29.00%	5,240,488	29.49%	\$5,331,416	-2,389	5,329,027	88,540	1.70%	0	5,329,027	
View Royal	3.02%	547,158	3.04%	\$549,593	1,188	550,781	3,624	0.70%	0	550,781	
Total	100%	\$18,078,726	100%	\$18,078,726	\$0	\$18,078,726	\$0	0.00%	\$109,764	\$18,188,490	

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 Maintenance Costs for jointly owned buildings** are additional municipal budget amounts that are over-and-above the requisition for the library operating budget. The two branches that are jointly owned are the Central Branch and the Juan de Fuca Branch. Similar costs at other branches do not flow through GVPL and are paid by the municipalities directly. Other than the contributions to the Juan de Fuca Major Asset Maintenance Trust fund ("JF MAM"), building costs are estimates. In 2018 the City of Victoria took over administration of building maintenance costs for the Central Branch, GVPL will no longer be invoicing for these costs separately, as such those costs are not included in the budget.



GREATER VICTORIA PUBLIC LIBRARY

2021 MUNICIPAL PER CAPITA CONTRIBUTIONS

	2021				
	Total Requisition 2021	Population ¹	Cost Per Capita 2021	Increase per capita	increase
Central Saanich	\$932,862	18,089	51.57	-\$0.10	-\$1,826
Colwood	\$873,202	18,867	46.28	\$1.83	\$34,611
Esquimalt	\$954,557	18,716	51.00	-\$0.59	-\$10,983
Highlands	\$122,935	2,481	49.55	\$0.00	\$0
Langford	\$2,030,241	42,653	47.60	\$2.69	\$114,759
Metchosin	\$256,718	5,168	49.67	-\$0.71	-\$3,644
Oak Bay	\$1,128,113	18,568	60.76	-\$4.00	-\$74,285
Saanich	\$5,899,087	122,173	48.28	-\$1.23	-\$150,795
Victoria	\$5,331,416	94,005	56.71	\$0.94	\$88,540
View Royal	\$549,593	11,567	47.51	\$0.31	\$3,624
Total	\$18,078,726	352,287	\$51.32	\$0	\$0

¹ Source of population figures - BC Stats website: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>, 2019 population estimates, accessed on June 9, 2020.

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 2021 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 maintain municipal contribution increases within an acceptable range, typically based on rates of inflation and 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 2021, operational efficiencies through cost avoidance strategies will continue to be explored as the impacts from the COVID-19 Pandemic are unfolding. The use of reserves has been approved to augment some un-avoidable budget increases.

Operational labour has been kept at full levels (unreduced) at this time, no reductions are planned for the 2021 budget year. It is anticipated that ongoing COVID-19 operations will utilize all staff as budgeted for.

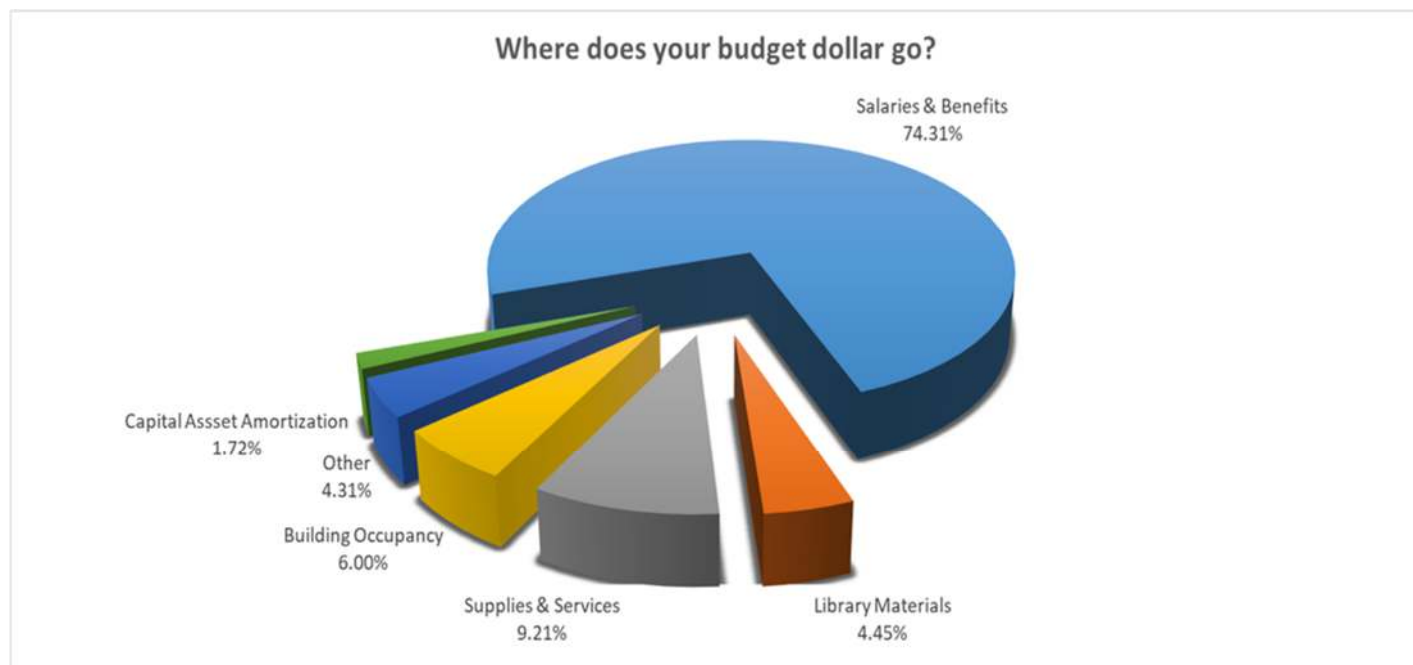
GVPL is committed to operating efficiently and effectively to deliver library service to 10 municipalities. The library system leverages more than 100 active community partnerships to expand programs and lifelong learning opportunities for Greater Victoria residents.

Components of the 2021 budget include the following:

1. Municipal Contributions – Operating Increase \$0.00

- Use of surplus to reduce the overall municipal contribution increase for the current year to \$0 and augment revenue as part of the 5 year plan
- \$1.29M forecast reserve transfer from contingency for balance of 5 year plan as follows:
 - 2021 - \$221,252
 - 2022 - \$365,842
 - 2023 - \$340,977
 - 2024 – 302,606
 - 2025 - \$62,587
- Diminishing use of reserves to normalize the budget by year 5 (2025)
- Surplus utilized (Contingency) arose from operational funds unspent during the 2019 fiscal year and subsequently transferred to contingency in May 2020.

The Greater Victoria Public Library budget is allocated as illustrated below. The majority (75%) is attributed to salaries and benefits which are jointly negotiated through the GVLRA. Salaries and benefits are the key cost driver for GVPL.



2. Municipal Contributions – Start-up No Change

In 2021 there is no change in the amounts for new and relocated branch start-up costs (furnishing and equipping the branch, as well as a collection inventory for new branches). As with prior years these are funded by the individual municipalities providing the facilities.

For 2021 the following has been identified for branch start-up funds:

- Esquimalt Branch relocation - \$355,280

The majority of these contributions are for capital expenditures, with a small percentage of start-up funding going towards non-capital costs, such as moving and some supplies below the asset threshold.

3. Provincial Grants No Change

Provincial funding for public libraries in British Columbia has remained frozen since 2009. We are not projecting any change to the previous year's amount granted to GVPL of \$642,339.

4. Federal Grants No Change

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

5. Fines, Fees and Printing
Decrease \$190,000

This revenue line has been reduced for the foreseeable future as part of the 5 year plan in an effort to reduce dependence on fines and fees revenue overall, savings have been identified in other areas to offset this decrease.

6. Contracts for Service
No Change

This is an annual payment of \$28,450 from the Capital Regional District.

7. Investment Income
No Change

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.

8. Donations and Other Grants
No Change

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

New funding opportunities will continue to be explored in 2021, in tandem with new donor engagement strategies.

9. Salaries and Benefits
Decrease \$153,485

Salaries and benefits account for 75% of the library's overall budget in 2021. The full-time equivalent (FTE) count for regular employees (including full and part time employees) has remained stable at 158 FTE.

The decrease in Salaries and benefits is related to the following points:

- Benefits rate reduction - \$6,000;
- Efficiencies found as part of the standardized schedule process for Library Services and Administrative wages - \$147,485

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 years analysis we have determined that the rate of benefits and withholding costs will reduce slightly to 23.70% from the prior year figure of 23.75% of total salaries and wages.

10. Library Materials (Expensed and Capital)

No Change

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 has grown substantially as a result of the service changes related to the COVID-19 Pandemic, and funds are being shifted from physical materials to offset.

This offset, along with substantial reserves and donations will serve to augment the status quo budget to allow for increased spending in areas where there is the highest patron demand.

11. Amortization

Increase \$2,000

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 \$23,353

Supplies and services include such items as telephone, networks, printer paper and other supplies and shuttle fuel. These items have all increased slightly, but through effective negotiation of service contracts, cost reduction in other areas the increase is moderate. Longer term effects of supplies and services relating to the COVID-19 Pandemic are not known yet, but will effect this budget line as they are determined.

13. Building Occupancy

Increase \$14,908

Building occupancy includes maintenance contracts, security, garbage and utilities. Security costs have increased due to higher contract costs (including minimum wage increases, contract renewal and additional service requirements). Contracted cleaning costs are also included in this budget line. The cleaning contract renewal has been deferred as a cost saving measure, thus allowing for minimal increases in this area.

14. Other Expenses

Decrease \$23,523

Other expenses include such items as insurance and employee recruitment costs, marketing costs, and business travel expenses. The decrease in this budget is a result of reductions specific to business travel.

15. Other Capital Expenditures (Hardware, Furniture and Equipment, Building Improvement)

Decrease \$80,000

The prior year's budget was increased to account for the to the planned replacement of one of two shuttle vehicles. The GMC van reached the end of its lifespan and was replaced in 2020. This expense was offset by the use of surplus funds from the Replacement Reserve as approved at the May 2019 Year End Finance Committee meeting as part of the recommendations on the use of the 2018 surplus funds.

- Furniture and Equipment – No Change

- Building Improvement – No Change

16. Transfer to/(from) Reserves

Change in Net Transfer From Reserves \$28,748

Change to Reserve transfers are as follows:

- Transfer to / from Replacement Reserve – \$130,000
- Transfer from Personnel Contingency Reserve – \$110,000
- Transfer to / from Contingency Reserve – \$(211,252)