

The Corporation of the Town of Orangeville

Report to the Library Board



To: Chair and Members of the Board
From: Darla Fraser, Chief Executive Officer
Date: September 28, 2022
Report: 22-09
Subject: Draft Operating and Capital Budget 2023-2027

Recommendation:

That report 22-09, dated September 28, 2022, with respect to the Draft Operating and Capital Budgets for 2023-2027, be received;

And that the proposed 2023-2027 Operating and Capital Budget requests, be forwarded to Council for their consideration.

Purpose:

The purpose of this report is to present for discussion the proposed operating and capital budget requests for the library for the next five and ten years, respectively.

Background:

According to the Public Library Act, the library must submit their proposed budget to the Town according to the procedure set by the Town. Working with the CEO and the Treasurer, the board must prepare a budget deemed adequate to carry out the library's goals and objectives. The proposed budget as prepared must then be presented to council for their consideration.

Excerpt from the current Ontario [Public Libraries Act](#), (R.S.O. 1990, c. P.44).

Estimates

24 (1) A public library board, county library board or county library co-operative board shall submit to the appointing council, annually on or before the date and in the form specified by the council, estimates of all sums required during the year for the purposes of the board. R.S.O. 1990, c. P.44, s. 24 (1).

Approval of estimates

(2) The amount of the board's estimates that is approved or amended and approved by the council shall be adopted by the board and shall be paid to the board out of the money appropriated for it. R.S.O. 1990, c. P.44, s. 24 (2).

Idem

(3) The board shall apply the money paid to it under subsection (2) in accordance with the estimates as approved, subject to subsection (4). R.S.O. 1990, c. P.44, s. 24 (3).

Council may authorize variation

(4) The council may, in its approval of the board's estimates or at any time at the board's request, authorize the board to apply a specified amount or percentage of the money paid to it under subsection (2) otherwise than in accordance with the items of the estimates as approved. R.S.O. 1990, c. P.44, s. 24 (4).

Orangeville Town Council has the authority to change the estimates prior to approval. Typically, Town Council would provide some general direction and send the proposed budget back to the board for re-work if Council felt an adjustment was needed.

The municipality works with an operating budget forecasted for five years, and capital for ten years. However, according to the Municipal Act, Town Council can only approve financial plans one year at a time.

Discussion:

The library board has fulfilled its term of office (2019-2022) however, it remains as the governing body until successors are appointed by the new council (2023). This board leaves a lasting legacy with the introduction of a five (5) year strategic roadmap complete with an approved implementation plan. This aggressive plan maps a transformation of the library beginning with a fundamental shift pushing focus from collections to connections.

The vision behind the implementation plan defines the library as a place for everyone to connect and discover, where learning and possibility allow each member to soar. By following this new roadmap, we will deliver innovative and dynamic services that respond to the aspirations of our community. Our commitment is to build upon our customer-focused services, offer new technology and digital literacy programs (Makerspace), and create community spaces that are welcoming and inclusive.

The implementation plan has been operationalized and costed through the budget development process and the increases reflect the foundational beliefs and values of the board as well as a commitment to continuous strategic growth – a greater variety of items to borrow, programs to attend and more modern resources. The increases proposed in these 2023-2027 budget estimates address the current shortcomings identified in human resources and space required.

This plan represents a significant investment by the Community/Town, and the board is sensitive to the fact that the emergence of this long-term plan is taking place in an environment of great financial uncertainty.

Now is the time for a strategic investment in library services, the community has spoken, and the board has responded with detailed rationale and achievable plan for the library to take the lead as a dynamic space for building and sustaining community, championing inclusivity, and encouraging literacy in all its forms – all while fostering a lifelong love of learning.

The table below (figure 1) provides a high-level snapshot of the operating budget estimates for 2023. Overall, like many community services, the library is faced with reduced revenue and increased costs. The result for 2023 is an increase of 7.4% over last year’s operating budget along with capital requests totaling \$ 325,035.

Figure 1 - High level summary - 2023 budget estimates

| Revenue | Estimates | % of Total | Expenses | Estimates | % of Total |
|-------------------|--------------|------------|----------------------------|--------------|------------|
| Tax Levy | \$ 2,101,987 | 93% | Compensation | \$ 1,766,860 | 76% |
| Non-Resident fees | \$ 100,000 | 4% | Collection Development | \$ 206,875 | 9% |
| Government Grants | \$ 33,950 | 1.5% | Transfers (& Reserves) | \$ 137,817 | 6% |
| User fees & fines | \$ 27,677 | 1.2% | Operations /Administration | \$ 107,607 | 5% |
| | | 100% | Facilities | \$ 104,137 | 4% |
| | | | | | 100% |

The base operating budget is submitted with the following adjustments.

Self-generated Revenues \$ 161,627 (100,000 + 33,950 + 27,677)

- a. **User fees & fines** - Extremely conservative estimates for self-generated revenue, accounts such as late fees, new card, lost or damaged items, and donations.
Overdue fines account for approximately 25% of the self-generated revenue roughly \$ 7,000. Moving forward the board may consider eliminating some or all overdue fines in support of barrier-free access to information. Many libraries in the province have adopted some version of a fine-free policy.
- b. **Government Grants** - No change to the grant funding (received through various levels of government) with the expectation of continued (albeit modest amounts) support from the Provincial and Federal levels.
- c. **Non-resident fees** - According to the Ministry of Tourism, Culture and Sport for the Province of Ontario, the catchment population for a public library is the local municipal population plus the population of municipalities, which contract for library service. In Orangeville’s case, there are no contracts for library service with surrounding municipalities – rather a unique collection arrangement where the library board invoices the neighbouring municipality directly for each non-resident membership issued.

A significant number of non-residents pay a non-resident membership fee to borrow materials from the Orangeville Public Library and use online resources. In 2021, this was 876 out of 4,878 total registered borrowers, or 18%.

Increases to the non-resident fees were proposed as per a previously approved schedule, however, the past two years have been detrimental to non-resident memberships, and it is staff's recommendation that the board hold the cost of new memberships at the 2022 price of \$ 185.00 per household. The cost of non-resident memberships is based on the amount of tax levied per household for library services for the residents of Orangeville plus a surcharge for administrative purposes.

Budget estimates reflect an ambitious goal of 540 new or renewed non-resident memberships for 2023. In 2019, there were 691 non-resident memberships issued or renewed, however, that figure dropped significantly through-out the pandemic with only 386 non-residents memberships invoiced in 2021. The cost per household for rate payers in Orangeville has also dropped over the past few years due to reduced operations (COVID restrictions).

According to the agreements in place with our neighbouring municipalities (Mono, Amaranth and East Garafraxa) fees for non-resident membership are invoiced three times per year (April, August, and December). Each invoice is accompanied with a privacy waiver signed by the member which allows us to share details such as cardholder's name and address with the respective municipality.

It is the recommendation of staff that the board meet with each of the neighbouring Councils early in 2023 to share new branding and open discussions on alternate collection agreement models. Correspondence regarding the 2023 rate will be drafted upon approval of the estimates.

Figure 2 – 2019-2023 Non-Resident Budget Estimates (with actuals)

| Year | Cost | % Increase | Estimated # of Households | Budget | Actual Revenue | Actual # of Households |
|------|-----------|------------|---------------------------|------------|--|------------------------|
| 2019 | \$ 165.00 | 6% | 485 | \$ 80,025 | \$ 118,680 | 691 |
| 2020 | \$ 175.00 | 6% | 490 | \$ 85,750 | \$ 66,472 | 352 |
| 2021 | \$ 185.00 | 6% | 495 | \$ 91,575 | \$ 71,965 | 386 |
| 2022 | \$ 185.00 | 0% | 527 | \$ 97,500 | Y-T-D August 2022 Revenue \$ 71,040 # of Memberships 384 | |
| 2023 | \$ 185.00 | 0% | 540 | \$ 100,000 | | |

Moving forward the library board may consider costing all eligible services based on the cost recovery model currently being developed by Recreation & Events, it would provide a uniform approach to cost recovery within the divisions of the Community Services Department.

Compensation \$ 1,722,071

The majority of the administrative expenses are generated from the compensation accounts which include all salary, wages, and benefit costs for eight full time and 21 part time employees. According to the data for 2022, compensation accounts for approximately 76% of the operating expenditures. Our part time wages (and benefits) account for 40% of the compensation amounts and have a direct link to hours of operation.

The overall increase of the estimates is 5.8% before the service level changes.

For 2023, there are adjustments to the compensation amounts due to the changes approved through the municipal salary review (April 2022), the full impact of changes to eligibility requirements for OMERS have also been reflected in this estimate. All compensation accounts have been increased with a cost-of-living adjustment (COLA) of 2% (approximately \$ 46,864). It should be noted that this amount is simply a placeholder, as any cost-of-living adjustment approved by council for non-unionized staff would affect the library compensation accounts.

Figure 3 – 2023 Compensation by Employment Type

| Status | FTE Allocation | Hours | Compensation | Benefits | Total | % of Total |
|----------------|----------------|---------------|---------------------|-------------------|---------------------|-------------|
| Full-Time Base | 8 | 14,560 | \$ 735,382 | \$ 231,418 | \$ 966,801 | 56% |
| Part-time Base | 9.2 | 16,658 | \$ 564,187 | \$ 117,732 | \$ 681,918 | 40% |
| Other * | n/a | n/a | \$ 57,036 | \$ 16,316 | \$ 73,352 | 4% |
| Total | 17.2 | 31,218 | \$ 1,356,605 | \$ 365,466 | \$ 1,722,071 | 100% |

*Other includes redistributed labour costs (communications, general manager, and assistant) along with estimated provisions for overtime. For summary purposes these allocations are included in the Transfers and Reserves line (Figure 1).

The table below details the additional staff requested, as per the implementation plan. Two service level change requests have been submitted (see descriptions below).

Figure 4 – 2023 Submitted Service Level Change Request

| Status | FTE Allocation | Hours | Compensation | Benefits | Total |
|-----------------------------|----------------|---------------|------------------|------------------|-------------------|
| SLC - Makerspace Specialist | 1 | 1,820 | \$ 87,102 | \$ 28,022 | \$ 115,124 |
| SLC - Student Page | 0.1 | 172 | \$ 2,734 | \$ 284 | \$ 3,018 |
| Total | 1.1 | 1992.0 | \$ 89,836 | \$ 28,306 | \$ 118,142 |

For the budget years 2024 through 2027, treasury has included COLA increases of 2% for the payroll forecast and financial impact is reflected for the implementation plan. Exact references to action items are detailed below.

Figure 5 - Long term Service Level Additions as per Strategic Plan

| Service Level Change | 2023 | 2024 | 2025 | 2026 | 2027 | Cost | Priority | Direction | Goal | Objective | Action |
|---------------------------------------|------|------|------|------|------|--------|----------|-----------|------|-----------|--------|
| Makerspace Specialist 1 FTE | ✓ | ✓ | ✓ | ✓ | ✓ | Medium | High | Discover | 3 | I | 17 |
| Student Page 0.25 FTE | ✓ | ✓ | ✓ | ✓ | ✓ | Low | Low | Soar | 5 | M | 30 |
| EDI Coordinator 1 FTE | | ✓ | ✓ | ✓ | ✓ | Medium | Medium | Connect | 1 | A | 1 |
| Community Engagement Specialist 1 FTE | | | ✓ | ✓ | ✓ | Medium | Medium | Soar | 6 | Q | 40 |

Makerspace Specialist – 1 FTE

Connection to Strategic Plan

Goal 3 - Ignite curiosity with innovative technology

Objective I - Design a makerspace with a digital media lab

Action 17 - Addresses the need for a full-time position beginning 2023

Through the assistance of the LEAF Grant program (\$ 30,400 awarded in 2021) new equipment has been purchased to create a Makerspace in Orangeville. This exciting innovative enhancement will require new skills and abilities. This new position: Makerspace Specialist will ensure success of this initiative. The incumbent will need to be a tech savvy knowledgeable educator skilled in teaching others, they will be responsible for providing setup, operational support, maintenance, and instructional support and administration of all makerspace equipment (including 3D Printers, digital editing software, camera/videography equipment, etc.). This role would provide community programming as well as technical support, training and troubleshooting assistance to staff and the public for a wide range of technologies.

Part-time Student Page – 0.25 FTE

Connection to Strategic Plan

Goal 5 - Cultivate a workplace culture that fosters creativity & innovation

Objective M - Support continuous learning & develop a training strategy to develop skills

Action 30 – Speaks to the need to continue to review and ensure adequate staff capacity in the library

Beginning in September 2023, in an effort to provide employment opportunities for youth in the community the library will create two student pages positions to support the work of the Public Service Assistants.

Primary Responsibilities of Student Page:

1. Organizes and shelves library materials.
2. Checks, maintains, and shelves multimedia materials.
3. Maintains the shelves in proper sequence.
4. Assists in the delivery of events for the public.

| | |
|-----------------------------------|------------------|
| Operations /Administration | \$107,607 |
|-----------------------------------|------------------|

Adjustments for inflation, resulting in an increase of \$ 4,294 over the last year, have been applied to the base budget for various administrative expense accounts.

In addition, funds from this area are levied by the Town for inter-departmental costs including those related to IT and finance (e.g., annual audit). Estimates totaling \$ 29,465 are included in the Transfers (& Reserves) line in Figure 1.

The new strategic plan along with implementation plan maps out a clear path for increased opportunities and offerings.

| | |
|------------------------------|------------------------------|
| Facilities Management | \$104,137 + \$ 35,000 |
|------------------------------|------------------------------|

There is a modest increase to these accounts totally 3.5% overall (inflationary only).

The board will cease contributing \$ 50,000 annually for the replacement of the elevator as completion of the project is eminent, however, the board will continue to contribute \$ 35,000 each year towards the building reserve.

Estimates for the cost of utilities and insurance are calculated by the finance division.

| |
|----------------------------------|
| Capital Budget \$ 325,035 |
|----------------------------------|

As with the operational budget estimates the newly adopted implementation plan sets out estimates for additional space and functionality as detailed in the Business and Branding strategies and reflected in the implementation plan.

The new funds requested for 2023 (Capital project B1286) are offset by a reduction to the furniture and fixtures project in the same year. Investment to continuous improvement, modern and up to date technical equipment with software's and peripheral pieces are also included.

Estimates for computer hardware and network infrastructure are developed with the Manager of Information Technology.

Figure 6 - Capital Budget Estimates (2023 - 2032)

| Library Reserves and Capital Budget Submission | | | | | | | | | | |
|--|-------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Project Description | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
| Library Collections | \$ 206,875 | \$ 213,082 | \$ 219,474 | \$ 226,059 | \$ 229,466 | \$ 235,203 | \$ 241,083 | \$ 254,000 | \$ 260,000 | \$ 265,000 |
| Building Reserve | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 |
| Elevator Replacement | | | | | | | | | | |
| Furniture & Equipment | \$ 5,000 | \$ 30,000 | \$ 10,000 | \$ 30,000 | \$ 10,000 | \$ 30,000 | \$ 10,500 | \$ 30,000 | \$ 10,500 | \$ 30,000 |
| Modernize Space | \$ 20,000 | | \$ 20,000 | | \$ 20,000 | | \$ 20,500 | | \$ 20,500 | |
| MakerSpace Updates | | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,500 | \$ 5,500 | \$ 5,500 | \$ 5,500 | \$ 5,500 |
| Alder Expansion | | \$ 11,000,000 | | | | | | | | |
| Computer Hardware | \$ 48,160 | | \$ 4,326 | | \$ 52,339 | | | | | |
| Network Infrastructure | | | | \$ 26,000 | | | | | | |
| Security Inventory System (Self-check) | \$ 10,000 | \$ 30,000 | \$ 25,000 | | | \$ 25,000 | | | \$ 30,000 | |
| Lockers/Kiosk | | | | \$ 25,000 | \$ 25,000 | | | | | |
| Total | \$ 325,035 | \$ 11,313,082 | \$ 318,800 | \$ 347,059 | \$ 376,805 | \$ 330,703 | \$ 312,583 | \$ 324,500 | \$ 361,500 | \$ 335,500 |

The total capital request for 2023 is \$ 325,035 which includes the annual amount for collection development. The requirement for collection development this year is estimated at \$ 206,875 which represents a 3% increase over last year.

Figure 7 - Collection Development Estimates by Material Type

| Collection Development | 2023 | 2024 | 2025 | 2026 | 2027 |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Physical Material | \$ 138,907 | \$ 137,516 | \$ 134,612 | \$ 133,612 | \$ 130,671 |
| eResources / Software Licences | \$ 67,968 | \$ 75,566 | \$ 84,862 | \$ 92,447 | \$ 98,795 |
| Total | \$ 206,876 | \$ 213,082 | \$ 219,474 | \$ 226,058 | \$ 229,466 |

In 2021 the library issued a request for proposals (RFP) for the selection, supply, cataloguing, processing, and delivery of library materials. The contract was awarded to Library Bound, Inc. (LBI). All automated release plans (ARP) and procedures for processing and invoicing were revised given the capabilities of the new company, resulting in several efficiencies and improvements upon past practices.

Print material prices are expected to remain stable with slight increases for junior and audio-visual material. The availability of physical DVDs continues to decrease as the industry moves toward streaming and rights-driven production. Similarly, demand for physical audio is falling as CD players are rarely added to vehicles anymore and households use their electronic devices to stream content. This will result in higher prices for those audio-visual items that are produced.

COVID-19 continues to affect industry through material and worker shortages. Release dates and formats change frequently and trucking/staffing problems both internationally and close to home are impeding the movement of books from China and other places.

While there was a clear call heard from the community for the opportunity to borrow a greater variety of items, such as technology and other non-traditional collections, it was also clearly expressed that books remain a key attraction. We will continue to hold the budget estimates consistent over the next five years will result in an overall reduction in physical materials, particularly traditional print materials.

Figure 8 - Collection Development - Physical Materials 5-year Estimates

| Physical Materials | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|------------------------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Adult Books | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| Junior Books | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| Periodicals | \$ 7,000 | \$ 7,000 | \$ 6,000 | \$ 6,000 | \$ 5,000 | \$ 5,000 |
| Audio/Visual | \$ 28,710 | \$ 27,907 | \$ 27,516 | \$ 24,612 | \$ 24,612 | \$ 22,671 |
| Materials processing (shelf ready) | \$ 34,000 | \$ 34,000 | \$ 34,000 | \$ 34,000 | \$ 34,000 | \$ 33,000 |
| Total | \$ 139,710 | \$138,907 | \$ 137,516 | \$ 134,612 | \$ 133,612 | \$ 130,671 |

eResources

As we have added and modified our slate of eResources quite extensively in the past few years with the removal of several low-performing programs and the addition of several popular but expensive platforms such as PressReader and Hoopla, this year will not see a change in online services offered. Our focus will be marketing the various resources we currently offered.

The demand for digital materials continues with impressive grow. To ensure that our collection of eResources meets both community needs and library requirements we will develop an evaluation process for our online services.

According to the 2021 Census data population in the Town of Orangeville increased to 30,167. As most digital product license costs are determined using a formula based on population served, increases are expected across several offerings. Cost will be an important factor in the pending eResource evaluation process.

Financial Impact:

Overall increase of the requested operating budget for 2023 is 7.4%.
Capital requests for 2023 total \$ 325,035.

Prepared and respectfully submitted by,
Darla Fraser
Chief Executive Officer