

# St. Catharines Public Library 2020 Proposed Budget

**A community enriched by lifelong opportunities for learning and connection.**

**Presented by Ken Su, CEO and  
K. Smith Curtis, Business Administrator**



# Agenda

- 2019 Accomplishments
- 2020 Actions and Activities
- 2020 Proposed Operating Budget
- Municipal Contribution



# 2019 Accomplishments

- 2019 has been a year to put building blocks in place
- New CEO started in January 2019
- Strategic Plan completed - presented to Council
- Condition assessment completed for Centennial Branch (renewal cost \$4.26 MM over next 10 years)
- Enhanced community engagement with social agencies
- Engaged in reviewing Centennial Branch for space use over the next 20 years



# 2020 Actions and Activities

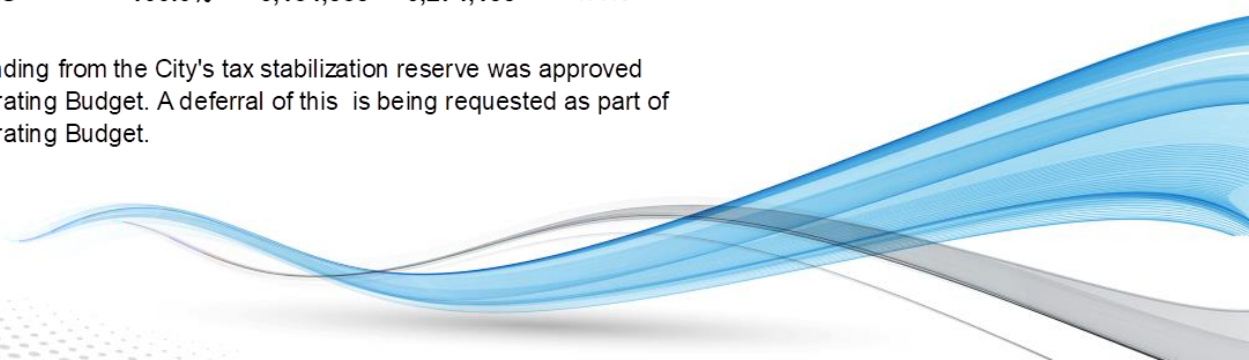
- Completion of space review
  - Plan evolution of Centennial & Merritt Branches
- Transition of human capital management system
- Installation of new elevator and dumbwaiter
- Expand community engagement through increased outreach and partnerships
- Enhance accessibility (shelving, desks and website)
- Create non-traditional collections
- Enrich brand recognition for Library



# 2020 Proposed Operating Budget

	% of Total Budget	2020 Budget	2019 Budget	% Difference Budget to Budget
<b><u>Revenue</u></b>				
City Contribution	91.8%	\$5,677,708	\$5,512,338	3.0%
One Time City Funding*	1.6%	\$100,000	\$100,000	0.0%
Provincial Grant	3.7%	228,600	228,600	0.0%
Miscellaneous Revenue	2.9%	178,277	433,197	-58.8%
<b>TOTAL REVENUE</b>	<b>100.0%</b>	<b>6,184,585</b>	<b>6,274,135</b>	<b>-1.4%</b>
<b><u>Expenditures</u></b>				
Salaries and Benefits	66.7%	\$4,124,023	\$4,169,123	-1.1%
Library Materials	16.0%	990,500	1,002,500	-1.2%
Occupancy Costs	8.9%	551,323	580,306	-5.0%
Supplies & Services	5.1%	315,971	323,316	-2.3%
Operating Capital	3.3%	202,767	198,890	1.9%
<b>TOTAL EXPENDITURES</b>	<b>100.0%</b>	<b>6,184,585</b>	<b>6,274,135</b>	<b>-1.4%</b>

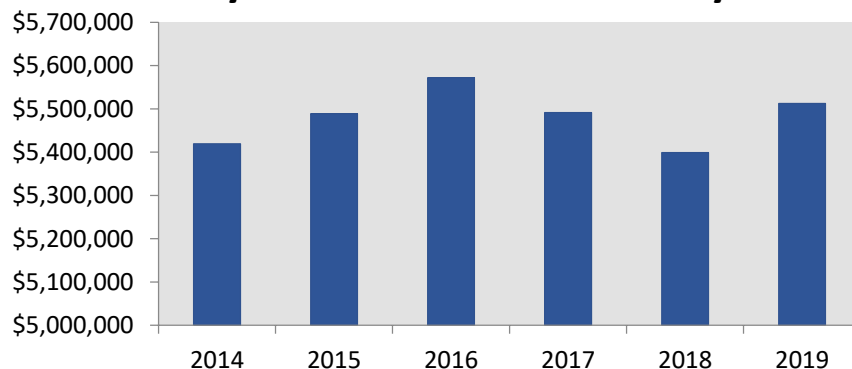
**\*Note:** The one time funding from the City's tax stabilization reserve was approved as part of the 2019 Operating Budget. A deferral of this is being requested as part of the proposed 2020 Operating Budget.



# Municipal Contribution

- Library requests Municipal Contribution of **\$5,677,708**
  - ✓ **3.0%** over the 2019 contribution
  - ✓ aligned with BSC recommendation
  - ✓ 92% of Library's operating budget
- Library requests one-time funding of \$100,000 approved as part of the 2019 Operating Budget be deferred to 2020

**City Contributions to Library**



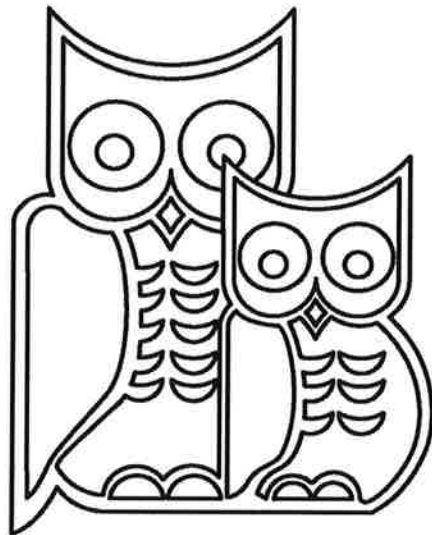
# ST. CATHARINES PUBLIC LIBRARY BOARD

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## 2020 OPERATING BUDGET

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EXPLANATORY NOTES  
October 28, 2019



K. Smith Curtis  
Business & Facilities Administrator

K. Su  
Chief Executive Officer

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<b>2020 OPERATING BUDGET</b>
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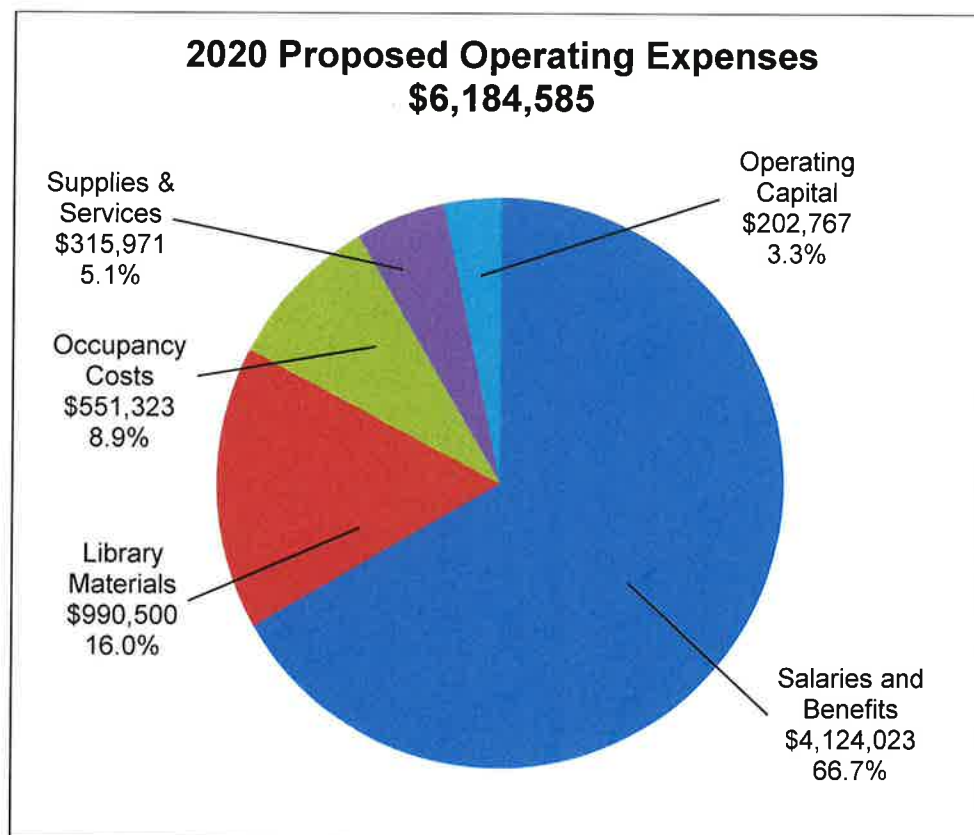
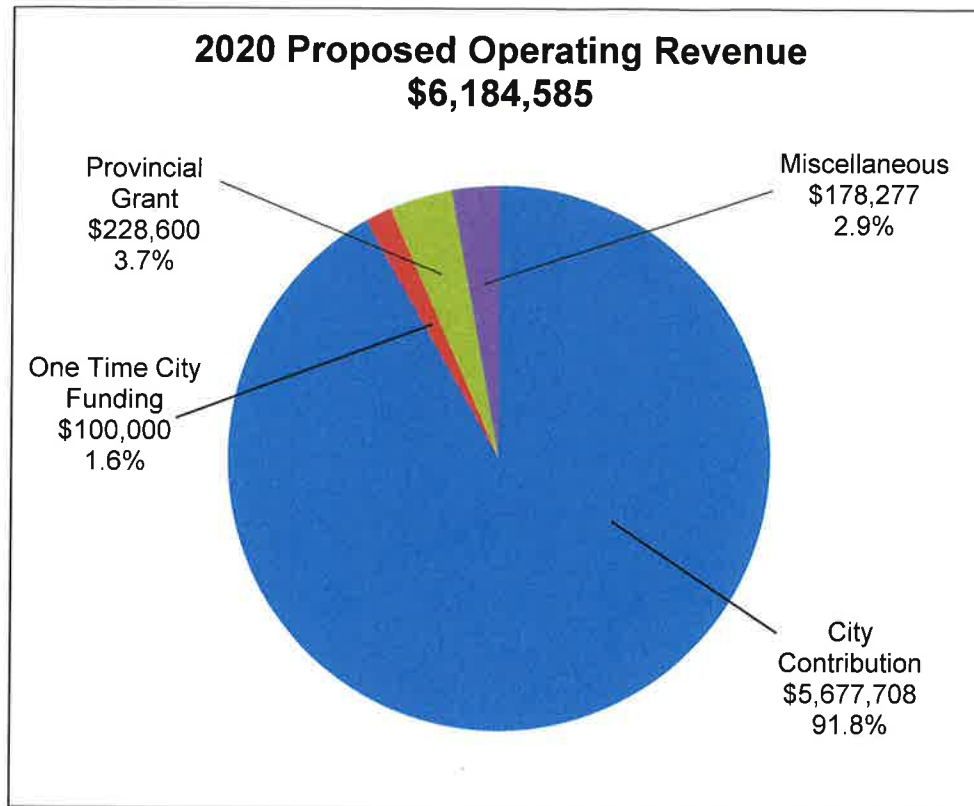
**\*Note:** The one time funding from the City's tax stabilization reserve was approved as part of the 2019 Operating Budget. A deferral of this to 2020 is being requested as part of the proposed 2020 Operating Budget.

### **REVENUE \$6,184,585**

- The St. Catharines Public Library Board requests a Municipal Contribution of **\$5,677,708** to fund the Library's 2020 Operating Budget. This is an increase of **3.0%** over the 2019 contribution and is aligned with the Budget Standing Committee recommended increase.
- In addition, the Library requests that one-time funding of \$100,000 approved as part of the 2019 Operating Budget be deferred and included as part of the 2020 Operating Budget.
- The Ministry has not advised the library community of any changes in the Grant for 2020 but there is risk due to the current government. There has been no change in the Grant for over twenty six years.
- The Library is expecting to raise \$178,277 from internal sources including fines and memberships, photocopying, audio visual equipment rentals, meeting room rentals, programming, investment income and sundry accounts.

### **EXPENDITURES \$6,184,585**

- The Library will spend \$3,364,961 on Salaries in 2020, a decrease of \$53,576 or 1.6 % less than the previous budget amount. The Library has underutilized the budgeted Salaries and Benefits in 2019. Key positions, especially Librarians, have become increasingly difficult to fill resulting in gapping. The vacancy factor has been increased to 6% of Salaries in the 2020 budget. This will encourage managers to more actively manage their 2020 staffing complement.
- In 2019, Collective Agreement negotiations will occur and the budget estimate includes a wage increase for professional, non-professional and maintenance staff.
- The Ontario Municipal Employees Retirement System (OMERS) announced no changes in pension contribution rates for 2019. The cost to provide pension benefits to library personnel in 2020 is \$260,660.
- There are three employees who have reached 35 years of credited service under the current OMERS retirement plan. No contributions are required for these employees which results in a \$24,130 savings to the Library.
- The cost to provide existing employee benefits has increased by approximately \$27,905 or 3.7% over the previous year.
- An expense of \$62,280 is included in the 2020 Operating Budget to cover Salaries and Benefits for Sunday openings at Centennial and Dr. Huq Branches.
- Although the average list price for materials has increased 1.4% in 2019, the Library Materials budget will be decreased by 0.1% to \$990,500. In addition, platform fees of \$17,705 will be funded through the Library Materials budget instead of the IT equipment maintenance budget.
- Savings in branch cleaning costs and lower utility useage will reduce Occupancy Costs by 5.0%.
- The Library has absorbed \$6,000 into Supplies & Services as a result of reduced provincial funding of the transportation for the Inter-Library Loan program. This has been partially offset by including platform fees into the Library Materials budget.
- A provision of \$40,520 is being made to the Furniture and Equipment budget in order to replace old, obsolete or non-ergonomic furniture throughout the Library system.
- A provision of \$20,000 is being made to comply with the Accessibility for Ontarians with Disabilities Act 2005 (AODA).
- A provision of \$81,241 has been made to finance the Debenture principle payment for the Dr. Huq Branch Library at the Kiwanis Aquatic Centre. The debenture debt as at December 31, 2020 will be \$989,813 outstanding. This is an increase on the principal payment of \$2,980 annually.
- Overall, the Library's 2020 Operating Expenditures have decreased by 1.4% from the 2019 Operating Budget.

**2020 OPERATING BUDGET BREAKDOWN**

## 2020 PROPOSED OPERATING BUDGET RESERVES - EXPLANATORY NOTES

This section of the budget information has been developed in response to the direction of Council. At the Library Board meeting on June 21, 2018, the Board approved a policy on Library Reserves. The policy for Reserves established two Reserve funds.

Reserve Name	Capital Reserve	Stabilization Reserve
Purpose	<ul style="list-style-type: none"> <li>To provide for substantial maintenance, upgrading or replacement of capital items.</li> <li>To provide for condition assessment reports and feasibility studies.</li> </ul>	<ul style="list-style-type: none"> <li>To moderate the impact of unforeseen expenditures and shortfalls in revenue.</li> </ul>
Funding Source	<ul style="list-style-type: none"> <li>Annual contribution of 1% of the insured value of assets</li> <li>Portion of budget surplus</li> </ul>	<ul style="list-style-type: none"> <li>Annual contribution of 2% of the annual operating budget</li> <li>Portion of budget surplus</li> </ul>
Use	<ul style="list-style-type: none"> <li>Capital expenditures as approved annually in the Capital Upgrade Program based on a 5 year forecast.</li> </ul>	<ul style="list-style-type: none"> <li>Operating budget support for unforeseen or unanticipated expenditures.</li> </ul>
Target Balance	Maximum balance of 10% of the total estimated replacement cost of insured Library assets \$3,982,400	Maximum 10% of annual operating budget \$627,413
Balance – Dec 31, 2018	\$3,568,380	\$299,983
To reach Target	\$414,020	\$327,430

### Capital Reserve

The Capital Reserve provides the Library with sufficient funding for substantial maintenance and upgrading of facilities as well as condition assessment reports and feasibility studies. Over the 18 year period from 1999 – 2018, the Library used the Reserve Account to fund \$3,918,000 to upgrade to facilities, IT infrastructure and furniture and equipment.

In 2019, staff commissioned a report from WSP Canada Inc. This study covered the overall condition of the Centennial Library with respect to the building envelope (exterior walls), the mechanical and electrical systems and architectural aspects of the Library.

The Central Library building has been well maintained but requires substantial repairs over the next ten years. The estimate is \$4,260,000 and the majority of this is accumulated in the Capital Reserve valued at \$3,568,000 at the beginning of 2019. The difference of \$700,000 will need to be accumulated over the next ten years through contributions to the Capital Reserve from the Operating Budget as per policy, through the Operating Capital component of the Operating Budget or through additional funding.

These replacements and upgrades will significantly impact the balance in the Capital Reserve. In addition, the Library will not be able to fully fund the Capital Reserve as required by the policy until 2025. The following chart is a continuity of the Capital Reserve for 2020 and the next 9 years.

**Capital Reserve - 10 Year Forecast**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Reserve balance	\$3,568,380	\$2,797,380	\$1,718,931	\$1,400,033	\$705,135	\$392,237	\$593,441	\$939,645	\$1,308,849	\$1,602,053
Contribution from Operating		99,551	199,102	199,102	199,102	398,204	398,204	398,204	398,204	398,204
	-	99,551	199,102	199,102	199,102	398,204	398,204	398,204	398,204	398,204
<b>Furniture and Equipment</b>										
Flooring Replacement			487,000		96,000					
Elevator/Dumbwaiter	588,000									
Centennial Roof		700,000								
Centennial Hot Water Tank Heater			11,000							
Centennial Atrium Repairs	20,000				225,000					
Centennial Electrical Upgrades			20,000			197,000		29,000		
Centennial HVAC/Boiler Replacement		478,000							105,000	
Centennial Sealants	114,000									
Centennial Ceiling Tiles				306,000						
Centennial Lighting Replacements				513,000						
Centennial Accessibility Improvements				75,000						
Centennial Life Safety Systems					69,000		52,000			
Centennial - Other					29,000					
Facility Feasibility Studies	49,000				93,000					
Total Spending	771,000	1,178,000	518,000	894,000	512,000	197,000	52,000	29,000	105,000	0
Anticipated Year End Balance	2,797,380	1,718,931	1,400,033	705,135	392,237	593,441	939,645	1,308,849	1,602,053	2,000,257
To reach target	\$1,184,660	\$2,263,109	\$2,582,007	\$3,276,905	\$3,589,803	\$3,388,599	\$3,042,395	\$2,673,191	\$2,379,987	\$1,981,783

**Stabilization Reserve**

This reserve provides the Library with financial stability against unforeseen issues in Revenue or unanticipated expenditures. It was used in 2018 and at the end of 2019; it is projected that the Stabilization Reserve will be \$299,983 well below the target balance of \$627,413. As with the Capital Reserve, there will not be adequate availability in the operating budget until 2025 to fully fund the Stabilization Reserve. The following chart is a continuity of the Stabilization Reserve for the next 5 years.

**Stablization Reserve - 5 Year Forecast**

	2020	2021	2022	2023	2024
Reserve balance	\$299,983	\$299,983	\$330,921	\$392,797	\$454,672
Contribution from Operating		30,938	61,876	61,876	61,876
	-	30,938	61,876	61,876	61,876
Total Spending	\$0	\$0	\$0	\$0	\$0
Anticipated Year End Balance	299,983	330,921	392,797	454,672	516,548
To reach target	\$318,476	\$287,538	\$225,662	\$163,786	\$101,910