



City of Richmond

Report to Committee

To: Finance Committee

Date: November 15, 2019

From: Serena Lusk
General Manager, Community Services

File: 97-RPL
GENERAL/2019-Vol
01

Re: 2020 Operating and Capital Budgets for Richmond Public Library Board

Staff Recommendation

That the 2020 Richmond Public Library budget of \$9,862,500 as presented in Attachment 1 from the Chief Librarian and the Secretary to the Board, be approved.

Serena Lusk
General Manager, Community Services
(604-233-3344)

Att. 1

REPORT CONCURRENCE		
ROUTED TO: Finance Department	CONCURRENCE <input checked="" type="checkbox"/>	APPROVED BY THE CAO
CONCURRENCE BY SMT	INITIALS: 	



Report to Committee

To: City of Richmond Finance Committee **Date:** November 15, 2019

From: Susan Walters
Chief Librarian and Secretary to the Board
Richmond Public Library

Re: **2020 Operating and Capital Budgets for Richmond Public Library**

Staff Recommendation

1. That the 2020 Richmond Public Library budget of \$9,862,500 as presented in Attachment 1 from the Chief Librarian and the Secretary to the Board, be approved.

A handwritten signature in cursive script that reads "SWalters".

Susan Walters
Chief Librarian and Secretary to the Board
Richmond Public Library
(604-231-6466)

Att. 1

Staff Report

Origin

In accordance with the *Library Act, Section 10(1)*, the Richmond Public Library (RPL) Board must prepare and submit to City Council its annual budget for providing library services on or before March 1, 2020. Council must approve the draft budget with or without amendment. This library staff report details the 2020 Operating and Capital Budgets, which were approved for submission to the City by the Library Board at its September 25, 2019 meeting.

This report supports Council Strategic Plan 2018 – 2022 #5 Sound Financial Management:

Accountable, transparent, and responsible financial management that supports the needs of the community into the future.

5.1 Maintain a strong and robust financial position.

5.2 Clear accountability through transparent budgeting practices and effective public communications.

5.3 Decision-making focuses on sustainability and considers circular economic principles.

5.4 Work cooperatively and respectfully with all levels of government and stakeholders while advocating for the best interest of Richmond.

Analysis

2019 Highlights

In the first year of the library's new Strategic Plan 2019–2021, numerous strategic priorities were implemented to create opportunities for our community to learn, create and belong. Library spaces were enhanced with comfortable and additional seating, improved lighting and better distinction between quiet and active use. Community feedback influenced the purchase of additional copies of popular titles and changes to loan periods, boosting the use of popular collections. The replacement of service point and staff computers is complete with the deployment of new public computers on target for early 2020. To better serve vulnerable residents, the Home Services mobile delivery program was expanded to include volunteer drivers. Digital literacy programs continue to support seniors in building new skills and connecting with others, reducing isolation.

Year two of the strategic plan will be focused on improving customer experiences and continuing to build civic and community connections.

2020 Outlook

The creation of a human resources strategy will assist the library to meet our strategic goal of investing in staff through a variety of programs and development opportunities; supporting staff

in their commitment to providing the best possible library experience for our community. The introduction of a new customer service model will coincide with a review of service points and strategies for removing barriers to service within our facilities. To ensure consistent service across Richmond facilities, the library will be working with City IT to provide core infrastructure services and collaborate on projects; supporting library IT's strategic goal of enhancing customer library experiences with imaginative technologies and the introduction of a new website.

Committed to supporting a healthy and thriving community, library resources will continue to be directed to removing barriers and building new connections. Strengthening our civic relationships, the library is an increasingly active participant at community tables maximizing synergies to deliver services. In 2020, the Inspire Curiosity campaign with the Richmond School District will include Grade 4 students and expand to include private and non-traditional school students. Community service librarians will continue to move beyond library branches to connect with youth, seniors and newcomers; taking the library to where community gathers. The library values diversity, supporting vulnerable populations and will continue to respond to the Truth and Reconciliation Commission's calls to action for libraries.

2020 Operating Budget

The 2020 operating budget report presents the same level of service base budget resulting in 2.20% municipal contribution increase.

Main cost drivers to provide the same level of service are summarized as follows:

Table 1 – Main Cost Drivers

Main Cost Drivers	Amount	Municipal contribution increase
Labour*	\$ 167,900	1.74%
Decrease in revenue	29,700	0.31%
Others	14,400	0.15%
Proposed Municipal Contribution Increase	212,000	2.20%

*Excludes 2019 one-time to transition from Medical Service Plan (MSP) to Employer Health Tax (EHT)

A detailed proposed 2020 operating budget is presented in Attachment 1.

Revenues:

Provincial funding for public libraries was reduced by 20% in 2009 from \$17.6 million to \$14.0 million and since 2010, libraries have received \$14.0 million in annual funding. There is no annual increase in funding support from the province which leads to increased pressure on the City of Richmond and RPL's limited revenue options due to restrictions under the Library Act to address inflationary pressure and demand for new and expanded services. For 2020, the provincial grant is projected to continue to decrease by 3.46% based on the recent trends due to funding reallocation to other library associations.

Non-resident borrowing from other InterLink libraries is expected to decline due to downward trend in physical circulation and the Chinese language collection improvements made by other libraries, resulting in decrease in InterLINK reimbursement revenue of \$14,000.

Overall, revenue is expected to drop by \$29,700 or 4.31% to \$659,700.

Expenditures:

Total salaries and benefits are anticipated to increase by \$167,900 or 1.41% to \$7,766,400. This increase includes an allowance for step increases and for anticipated contract salary increases, which will be under negotiation next year.

Contracts in 2020 have increased by \$24,600 which includes self check-out upgrade for all branches and IT network server migration. Janitorial contract has a minor increase due to contractual obligation.

Leases for the Cambie and Ironwood branches were renewed and are set to increase by \$21,200 mainly due to higher operating costs.

General and Administration expenses have decreased by \$13,900, mostly due to the completion of the telephone system upgrade in 2019. This savings is being reallocated to offset the increases in contracts.

Overall, operating expenses have increased by \$23,500 or 1.28%.

Total expenses have increased by \$122,300 or 1.18% to \$10,522,500.

2020 Capital Budget

Collection:

The transfer to Provision – Collection is \$1,274,400. Approximately \$382,000 is allocated for eBooks and digital collections and the remaining \$892,400 supports print collections.

Additional Level Requests

Expanded Children and Family Services – \$167,150 ongoing:

Two library staff positions focused on children and youth are needed to significantly expand services and programs delivered inside and outside library walls. These positions would also support increased collaboration with city staff, schools and community service agencies to provide city-wide services that meet the needs of vulnerable youth. These two new positions would require professional programming and robust community engagement skills, in addition to deep understanding of child youth development and specific trends in the Richmond community. Additional language skills would be a significant asset in serving Richmond's diverse children and youth.

These positions support RPL's 2019-2021 Strategic Plan to inspire curiosity, transform lives and empower everyone in our community. We are committed to reaching out to vulnerable populations, ensuring every child has a library card, responding to community needs and engaging with our volunteers. This request originates from the *Referral Report on Borrowing Limits, Municipal Library Services and Impact of Increased Per Capita Funding* (Finance Committee, November 14, 2016.)

Automated materials handling system and redesigned book return wall at Brighthouse Branch – \$108,000 one-time:

Introducing customer radio-frequency identification (RFID) self-check-in kiosks will modernize this aspect of library self-service, expedite returns and support the reallocation of staff to public service. A redesigned book return wall and viewing window will support public engagement with the technology.

Note that the total cost will be \$183,000 and the Library Board has approved \$75,000 from Library general operating surplus to support this request.

Financial Impact

In 2019 the approved municipal contribution was \$9,710,500 which included a one-time contribution of \$60,000. The proposed 2020 budget requests a municipal contribution of \$9,862,500, which is a 2.2% increase over 2019's base contribution. The 2020 library budget has a decrease in revenues of \$29,700 (-4.31%) and an increase in expenditures of \$122,600 (1.18%).

Conclusion

This report recommends a same level of service budget with a municipal contribution of \$9,862,500 be approved. An ongoing additional level request for \$167,150 and a one-time additional level request for \$108,000 have been submitted to the City's 2020 Budget Process for consideration.



Susan Walters, Chief Librarian and Secretary to the Board
Richmond Public Library
(604-231-6466)

**Richmond Public Library
2020 Proposed Operating Budget**

	2019 Adjusted Base Budget	2020 Proposed Budget	Difference	% Difference from 2019 Approved Budget
REVENUES				
Provincial Grants	\$390,000	\$376,500	(\$13,500)	(3.46%)
Book Fines	149,900	147,700	(2,200)	(1.47%)
Interlink Reimbursement	44,000	30,000	(14,000)	(31.82%)
Printers & Photocopiers	39,100	39,100	0	0.00%
In House Book Sales	33,400	33,400	0	0.00%
Other Revenue	33,000	33,000	0	0.00%
Total Revenues	689,400	659,700	(29,700)	(4.31%)
EXPENDITURES				
Salaries and Benefits	\$7,598,500	\$7,766,400	\$167,900	2.21%
<i>One-Time Cost of MSP Transition to EHT</i>	<i>60,000</i>	<i>0</i>	<i>(60,000)</i>	<i>(100.00%)</i>
Total Salaries and Benefits	7,658,500	7,766,400	107,900	1.41%
Contracts	\$470,000	\$494,600	\$24,600	5.23%
General and Administration	736,200	722,300	(13,900)	(1.89%)
Leases	257,400	278,600	21,200	8.24%
Utilities	137,900	138,200	300	0.22%
Supplies	114,000	114,300	300	0.26%
Equipment Purchases	87,500	78,500	(9,000)	(10.29%)
Professional Fees and Insurance	36,900	36,900	0	0.00%
Total Operating Expenses	1,839,900	1,863,400	23,500	1.28%
Transfer to Provision - Collection	\$892,400	\$892,400	\$0	0.00%
Transfer to Provision - Enterprise Fund	9,100	0	(9,100)	100.00%
Total Transfer	901,500	892,400	(9,100)	(1.01%)
TOTAL EXPENSES	10,399,900	10,522,200	122,300	1.18%
SUMMARY:				
REVENUE	689,400	659,700	(29,700)	(4.31%)
EXPENDITURE	10,399,900	10,522,200	122,300	1.18%
Net Budget (Municipal Contribution) before adjustment	9,710,500	9,862,500	152,000	1.57%
Remove: One-Time Municipal Contribution Adjustment for Cost of MSP Transition to EHT	(60,000)	0	60,000	
Net Budget (Municipal Contribution)	\$9,650,500	\$9,862,500	\$212,000	2.20%