



City of Richmond

Report to Committee

To: Finance Committee **Date:** November 15, 2022
From: Elizabeth Ayers **File:** 97-RPL
 General Manager, Community Services GENERAL/2022-Vol
01
Re: **2023 Operating and Capital Budgets for Richmond Public Library**

Staff Recommendation

That the 2023 Richmond Public Library budget of \$10,845,600 as presented in Attachment 1 from the Chief Librarian and the Secretary to the Board, be approved.

Elizabeth Ayers
General Manager, Community Services
(604-247-4669)

Att. 1

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



Report to Committee

To: City of Richmond Finance Committee **Date:** October 13, 2022

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

Re: **2023 Operating and Capital Budgets for Richmond Public Library**

Staff Recommendation

1. That the 2023 Richmond Public Library budget of \$10,845,600 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 "Walters".

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, 2023. Council must approve the draft budget with or without amendment. This library staff report details the 2023 Operating and Capital Budgets, which were approved for submission to the City by the Library Board at its September 20, 2022 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

2022 Highlights

In 2022, the library finds itself in a unique and challenging situation as we begin to emerge from the pandemic having returned to full operational hours at all branches. In addition to providing the same level of services offered pre-pandemic, the library is continuing to offer the many virtual services necessitated by the pandemic. A priority project is underway to review and analyze usage data to determine which services should remain virtual and which services would better serve our community if returned to in-person delivery.

In early 2021, the library board made the decision to extend the library's Strategic Plan 2019-2021 by an additional year into 2022 to ensure that key strategic deliverables delayed by the pandemic could reach completion. Various projects were prioritized for 2022, including an update to the library's Launchpad that introduced digital literacy, creation, and manufacturing technology, providing current skills training, technology and services at the library to meet the needs and interests of our community.

A new strategic planning process was also initiated in 2022, and recognizing that this commitment requires significant board and staff time, a strategic planning committee was created. In 2023, the library will engage the services of a consultant to undertake a community public consultation process, and to subsequently assist the library in developing a strategic plan which will include a program of services to meet the evolving needs of residents and a proposed plan for community engagement.

2023 Operating Budget

As the world economy is facing substantial inflationary pressures, the library expects contractual increases in various areas. An annual risk report was also conducted for the library in June of 2022 that identified a number of operational risks requiring attention.

To maintain our commitment of being an essential source of information and learning for the community, and providing useful and reliable service, we have a number of projects to address these risk concerns, while keeping in mind our budget limitations. As such, the library has allocated surplus funding to support these projects to eliminate the need for one-time additional funding requests of City Council. It should be noted that our surplus is a direct result of the pandemic for the past 2 years (2020 and 2021) and cannot be expected in the future. A list of initiatives funded by one-time surplus is detailed in Attachment 2.

The Library Board opted to gradually phase out the one-time transfer from Budget Stabilization with the eventual goal of presenting a budget that reflects the library's actual cost of providing library services. Continuing to fund the base operational budget with transfers from Budget Stabilization pushes the funding ask to future years and compounds the budget impact.

The 2023 operating budget report presents the same level of service base budget resulting in a 3.82% municipal contribution increase, which is below the forecasted CPI for 2023 of 3.98%. Including the gradual elimination of the transfer from Budget Stabilization from the previous year and the impact of the Provincial legislation on the Employment Standards Act, the total municipal contribution increase is 4.32%.

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
Salaries, wages and benefits	\$313,500	3.01%
Increase in Insurance	38,100	0.37%
Revenue Adjustment	32,000	0.31%
Increase in Utilities	12,600	0.12%
Increase in Leases	6,800	0.06%
Others	(5,500)	(0.05%)
Same Level of Service Budget Increase	\$397,500	3.82%
Wages and benefits related to new regulation from ESA	30,000	0.29%
Gradual elimination of one-time transfer from Budget Stabilization	22,000	0.21%
Proposed 2023 Operating Budget Increase	\$449,500	4.32%

A proposed 2023 Operating Budget is detailed in Attachment 1.

Revenues:

The total overall revenues have decreased by \$32,000 due to two main factors. RPL is shifting from a lending library to borrowing library as other lower mainland libraries strengthen their collections, and this directly impacts InterLINK reimbursement. The number of visitors to our libraries continues to grow; however, it is still lower than pre-pandemic levels which impacts opportunities for increased library revenue from book sales, printing and photocopier services. Provincial grant funding and investment income remains at the same level.

Expenditures:

Total salaries and benefits are anticipated to increase by \$343,500. This includes an allowance for step increases, as well as provision for the new regulation from the Employment Standards Act, requiring employers to provide 5 paid sick leave days, impacting both regular and auxiliary employees. The figure also includes an increase of \$38,100 for salary fringe. Due to a correction in valuation from previous years, insurance expense is also expected to increase by \$38,100. Utilities are expected to have a higher than usual increase of \$12,600, while the leases for Cambie and Ironwood branches have increased by \$6,800 to accommodate higher operating costs. Large increases in Equipment Purchases, Professional Fees, Contracts, and General & Admin are related to initiatives funded by surplus and has no impact to the bottom line. A list of initiatives funded by one-time surplus is detailed in Attachment 2.

2023 Capital Budget

The total collections budget is \$1,220,100. Approximately \$610,100 is allocated for eBooks and digital collections and the remaining \$610,000 supports print collections. To align our collections with current community needs and interests, we have increased the allocation of our digital collection, while ensuring sufficient budget for collections that shall remain in print, such as those for children and seniors.

Financial Impact

In 2022 the approved municipal contribution was \$10,396,100. The proposed 2023 budget to maintain the same level of service requests an increase of 3.8%, and including the gradual elimination of the transfer from Budget Stabilization from the previous year and the impact of the Provincial legislation, the total proposed 2023 budget requests a municipal contribution of \$10,845,600, which is a 4.3% increase over 2022's base contribution. The 2023 library budget has a decrease in revenues of \$32,000 (6.6%) and increase in expenditures of \$417,500 (3.8%).

Conclusion

This report recommends a same level of service budget with a municipal contribution of \$10,845,600 be approved.



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

Att. 1: Richmond Public Library 2023 Proposed Operating Budget

Att. 2: Summary of Initiatives Funded by One-Time Surplus

**Richmond Public Library
2023 Proposed Operating Budget**

Description	2022 Budget	2023 Budget	Budget Variance	%
Revenues				
Provincial Grants	\$376,500	\$376,500	\$0	0.0%
Interlink Reimbursement	20,000	2,000	(18,000)	(90.0%)
Printers & Photocopiers and In-house Book Sales	53,600	39,600	(14,000)	(26.1%)
Investment Income	18,400	18,400	0	0.0%
Other Revenue	14,600	14,600	0	0.0%
Total Revenues	\$483,100	\$451,100	(\$32,000)	(6.6%)
Expenses				
Salaries and Benefits	\$8,342,400	\$8,685,900	\$343,500	4.1%
Contracts	460,000	547,800	87,800	19.1%
General & Admin	324,800	369,900	45,100	13.9%
Ebook and digital collections	477,700	610,000	132,300	27.7%
Leases	289,100	295,900	6,800	2.4%
Utilities	143,400	156,000	12,600	8.8%
Supplies	89,000	89,000	0	0.0%
Equipment Purchases	78,500	619,500	541,000	689.2%
Professional Fees	316,800	481,400	164,600	52.0%
Insurance	14,100	52,200	38,100	270.2%
Total Operating Expenses	\$10,535,800	\$11,907,600	\$1,371,800	13.0%
Transfer to Capital - Collections	\$742,400	\$610,100	(\$132,300)	(17.8%)
Transfer from Surplus (prior years items)	(290,000)	(1,134,000)	(844,000)	291.0%
One-time transfer from Budget Stabilization	(110,000)	(88,000)	22,000	(20.0%)
Others	1,000	1,000	0	0.0%
Total Expenses and Transfers	\$10,879,200	\$11,296,700	\$417,500	3.8%
Municipal Contribution	\$10,396,100	\$10,845,600	\$449,500	4.3%

Summary of Initiatives Funded by One-Time Surplus

Core Services	
To expand access to programs, services and collections, a number of initiatives have been established. A focus on IT-related projects will increase availability of digital technologies at all locations, including lending laptops and digital tools, and ensuring there is equitable access to customers with disabilities by upgrading the library's website and public PCs to include readable and print enhancing software. An update to the library's CCTV system will also ensure it aligns with the City's standards. Other notable initiatives include an acquisition of an all-electric green van used as a "bookmobile" to better reach the community and bring core library services directly to the community, as well as a project that will make a Special Collection on Chinese Culture, that is of great interest to our residents, visitors and scholars, accessible to the public.	\$534,000
Space	
To reimagine space for our community, various upgrades at each of our 4 libraries will optimize the use of existing space, improving the customer experience as well as modernizing our staff workspaces with technology and ergonomics in mind. These projects include an upgrade to the Brighthouse Library main entrance to integrate public space with increased seating and improved display space for book sales, and an office at the Ironwood Library will be converted to a meeting room that community will be able to book and use.	\$430,000
Marketing	
To better communicate who we are and what we do, the library board will be working with consultants on the creation of a new Strategic Plan. This key project for 2023 includes identifying a program of services to meet the evolving needs of our residents and developing a strong identifiable brand that will represent the breadth and scope of the library's services for the community.	\$165,000
Community	
To build and grow our community and ensure equitable access to library services and resources, this project supports sensory resources that will welcome residents with diverse abilities and enhance their experiences at the library.	\$5,000
Total	\$1,134,000