



To: Finance Committee

Date: January 19, 2015

From: Greg Buss
Chief Librarian and Secretary to the Board
Richmond Public Library

Re: **2015 Operating and Capital Budgets for Richmond Public Library**

Staff Recommendation

That the 2015 Operating and Capital budgets for Richmond Public Library as presented in the report dated January 19, 2015 from the Chief Librarian and Secretary to the Board be approved with a same level of service municipal contribution of \$8,540,700.

A handwritten signature in black ink that reads "Greg Buss". The signature is written in a cursive style with a large, looping initial "G".

Greg Buss
Chief Librarian and Secretary to the Board
Richmond Public Library

Origin

In accordance with the *BC Library Act 10(1)*, the Richmond Public Library Board must prepare and submit to City Council its 2015 budget for providing library services on or before March 1, 2015. Council must approve the budget with or without amendment. This library staff report details the 2015 Operating and Capital Budgets which were approved for submission to the City by the Library Board at its October 1, 2014 meeting. Further revisions were made to the budget by library staff in order to meet city-wide budget targets.

Analysis

2015 Outlook

On June 25, 2014 the Richmond Public Library Board approved its Strategic and Long Range Plan for 2014 – 2018, after almost a year of investigation and analysis and a comprehensive public consultation process. This plan firmly sets the library on a course of transformation as it makes the shift from providing primarily print based information to a blend of traditional library services and digital services. The Richmond Public Library Board prepared a budget that reflects these changing demands.

2015 Operating Budget

The shift to digital services has had a significant impact on library revenues. As an increasing proportion of the book budget is reallocated to digital services, the quality of the book collection is declining. This is resulting in a significant decrease in the circulation of print material and that in turn is resulting in a decline in revenues from late charges and reimbursement from other public libraries whose members borrow our materials. Revenue budgets have been reduced from \$919,500 in 2014 to \$832,200 in 2015 to reflect these changes. The overall decrease in revenue budgets is \$87,300 (9.49%). The decrease in revenue budget was largely offset by a reduction in the staff budget amounting to \$65,700.

Expense budgets were increased from \$9,170,300 to \$9,372,900, an increase of \$202,570 (2.21%). The largest increase is \$165,500 to Salaries and Benefits, due to contractual obligations in the collective agreement and fringe benefit increases. The majority of the remainder of the increase (\$35,900) is in building leases, reflecting the increase in renewal rates for the Ironwood location. Other increases in expenditure budgets such as Contracts were offset by corresponding decreases in the General and Administration, Supplies and Memberships budgets.

The overall increase in municipal contribution to the Library budget is \$289,870 or 3.51%.

	2014	2015		
	Approved Budget	Submitted Budget	Difference	% Difference
REVENUES				
Provincial Grants	\$ 412,500	\$ 409,700	\$ (2,800)	-0.68%
Miscellaneous Revenue Total	226,900	209,500	(17,400)	-7.67%
Book Fines	269,600	202,500	(67,100)	-24.89%
Rebates from UIC	8,000	8,000	-	-
Other Revenue	2,500	2,500	-	-
Total Revenues	\$ 919,500	\$ 832,200	\$ (87,300)	-9.49%
EXPENDITURES				
Salaries and Benefits	\$ 6,748,500	\$ 6,914,000	\$ 165,500	2.45%
Contracts	383,900	400,200	16,300	4.25%
General and Administration	326,330	319,000	(7,330)	-2.25%
Leases	204,000	239,900	35,900	17.60%
Utilities	140,400	140,400	-	-
Supplies	117,400	111,400	(6,000)	-5.11%
Equipment Purchases	36,500	36,500	-	-
Insurance	14,100	14,100	-	-
Cataloguing	14,000	14,000	-	-
Memberships	11,600	9,800	(1,800)	-15.52%
Professional Fees - Audit	6,500	6,500	-	-
Credit Card Charges	3,600	3,600	-	-
Public Works - Material	2,000	2,000	-	-
Total Operating Expenses	\$ 8,008,830	\$ 8,211,400	\$ 202,570	2.53%
Transfer to Provision	\$ 1,161,500	\$ 1,161,500	-	-
Amortization Expense Machines & Equipment	1,148,400	1,148,400	-	-
Amortization Expense Buildings	432,900	432,900	-	-
Equity - Amortization	(1,581,300)	(1,581,300)	-	-
Total Financial Expenses	\$ 1,161,500	\$ 1,161,500	\$ -	-
TOTAL EXPENSES	\$ 9,170,330	\$ 9,372,900	\$ 202,570	2.21%
SUMMARY:				
REVENUE	\$ 919,500	\$ 832,200	\$ (87,300)	-9.49%
EXPENDITURE	(9,170,330)	(9,372,900)	\$ (202,570)	2.21%
NET BUDGET (MUNICIPAL CONTRIBUTION)	\$ (8,250,830)	\$ (8,540,700)	\$ (289,870)	3.51%

2015 Capital Budget

The library's same level of service capital budget for 2015 is \$1,161,500 which is shown above under Expenses – Transfer to Provision. This is the amount of money that the library spends on collection materials such as books, videos and CDs.

Ongoing Additional Level Request for Library Collections Materials

The Richmond Public Library Board made an ongoing additional level request to increase the capital budget by \$200,000, which is submitted for review in the City's Ongoing Additional Level process.

A \$200,000 ongoing increase to the collections budget is requested to support growth of our digital collections, especially ebooks, which has taken place at the expense of print books. \$200,000 is taken annually from the print budget to buy digital collections. This has resulted in a decline in the quality of the print collection. Over 70% of users come to library to take out books but there are fewer and fewer books to choose from. The public are asking for more variety and

more copies of popular titles so that they don't wait months for a book they want to read. With fewer books to choose from, print circulation has decreased 33% since 2009.

The collections budget has remained constant for many years and is no longer at a level to support both print and digital collections. An increase of \$200,000 would ensure that the print collection can be maintained at an adequate level and that there are sufficient funds to build up a good digital collection.

The results of the City's budget review process, which include recommendations on the ongoing additional level requests, will be presented in the City's 2015 Operating Budget staff report for Council's consideration.

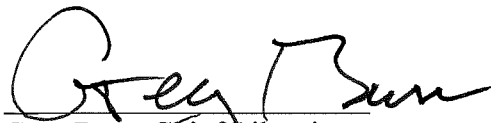
Financial Impact

The 2015 library operating budget has a decrease of \$87,300 (-9.49%) in revenues with an increase in expenditures of \$202,570 (2.21%).

The total municipal contribution for capital and operating is \$8,540,700 to maintain a same level of service budget, an increase of \$289,870 (3.51%) to the Municipal Contribution.

Conclusion

This report recommends a same level of service budget with a municipal contribution of \$8,540,700 be approved.



Greg Buss, Chief Librarian
and Secretary to the Board