



City of Richmond

Report to Committee

To: Finance Committee **Date:** November 30, 2016
From: Cathryn Volkering Carlile **File:** 03-0970-25/2016-
 General Manager, Community Services Vol01
Re: 2017 Operating Budgets for Richmond Public Library

Staff Recommendation

1. That the 2017 Richmond Public Library budget of \$8,994,000 as presented in Attachment 1 from the Chief Librarian and the Secretary to the Board, be approved.
2. That the Richmond Public Library branch hours be restored to 2015 levels by utilizing savings within the library budget and augmented by City contingency accounts, with no additional tax impact.

Cathryn Volkering Carlile
 General Manager, Community Services
 (604-276-4068)

Att.1

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

Staff Report

Origin

At the regular Richmond City Council meeting of Nov 14, 2016, Council approved the following:

1. *“That the Richmond Public Library Board be requested to submit a same level of service budget for 2017 that maintains current levels of service, while limiting the increase in the municipal contributions to 2.1%, consistent with the Long Term Financial Management Strategy; and*
2. *That the impact of additional levels of service proposed by the Richmond Public Library be considered in the 2017 Budget process.”*

Also, in accordance with the BC Library Act, Section 10(1), the Richmond Public Library Board must prepare and submit to City Council its 2017 budget for providing Library Services on or before March 1, 2017.

This report proposes the Richmond Public Library’s 2017 operating budget in line with the above requirements as per the Act and Council direction.

This report supports Council’s 2014-2018 Term Goal #7 Strong Financial Stewardship:

Maintain the City’s strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

- 7.1. *Relevant and effective budget processes and policies.*
- 7.2. *Well-informed and sustainable financial decision making.*
- 7.3. *Transparent financial decisions that are appropriately communicated to the public.*
- 7.4. *Strategic financial opportunities are optimized.*

Analysis

The Richmond Public Library proposed 2017 operating budget (Attachment 1) responds to a changing Library environment where revenues are flattening and costs are increasing. In addition, interest in reinstating Library branch hours to 2015 levels had been expressed and in a previous report, Library staff indicated that branch hours could be restored for an additional \$200,000.

Over the past weeks, Finance staff worked closely with the Library to identify options available in order to restore the branch hours to 2015 levels. This examination led to a total of \$133,600 in

savings found within existing Library budgets through delayed replacements and adjustment in auxiliary staff hours.

To attain the amount necessary to reinstate branch hours, staff recommends that the remaining \$66,400 be funded by the City through a reduction in existing contingency accounts.

Therefore, the full \$200,000 to restore branch hours which is the Library's and City's top priority can be funded within existing Library and City budgets, with no additional tax impact.

The base 2017 Library budget is increased overall by \$183,600, a 2.1% increase over 2016 which is within Council's Long Term Financial Management policy. The additional \$66,400, supplemented through City contingency, will increase the operating budget to 2.86% increase over 2016 levels.

The attached Library report outlines two other requests for increases; \$200,000 for expanded service to children and families and a further \$200,000 for expanded services for seniors. Both of these submissions are presented as part of the ongoing Additional Level Requests as part of the City's Proposed 2017 Operating Budget report but are not recommended by senior staff.

Financial Impact

The Richmond Public Library budget has an overall increase of \$250,000, a 2.86% increase over 2016.

Conclusion

The proposed 2017 budget recommends a same level of service budget at \$8,927,600 plus a City supplement of \$66,400 to restore branch hours for a total of \$8,994,000 representing a 2.86% increase.



Cathryn Volkering Carlile
General Manager, Community Services
(604-276-4068)

CVC:cvc

Att. 1



Report to Committee

To: Finance Committee **Date:** November 18, 2016

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

Re: **2017 Operating and Capital Budgets for Richmond Public Library**

Staff Recommendation

1. That the 2017 Richmond Public Library Operating and Capital budgets as presented in this report dated November 18, 2016 from the Chief Librarian and Secretary to the Board be approved with a same level of service municipal contribution of \$8,927,600 representing a 2.1% increase.
2. That additional funding of \$66,400 to restore branch hours be approved for a total municipal contribution of \$8,994,000 representing a 2.86% increase.

A handwritten signature in black ink that reads "Greg Buss".

Greg Buss
Chief Librarian and Secretary to the Board
Richmond Public Library
(604-231-6418)

Staff Report

Origin

In accordance with the *BC Library Act, Section 10(1)*, the Richmond Public Library Board must prepare and submit to City Council its 2017 budget for providing library services on or before March 1, 2017. Council must approve the budget with or without amendment. This library staff report details the 2017 Operating and Capital Budgets, which were approved for submission to the City by the Library Board at its September 28, 2016 meeting.

Analysis

2017 Outlook

The Library Board continues with the transformation of library services from a primarily print-based information service to a blend of traditional and digital services.

The library's Canada 150 Infrastructure project to permanently establish *The Launchpad* space at Brighthouse will begin construction in 2016 with completion anticipated in February 2017. When completed, it will result in a digital services area complete with up-to-date equipment and spaces for training and workshops that will greatly enhance the library's ability to deliver digital services and training.

2017 Operating Budget

Revenues from provincial grants are expected to drop by \$10,900 due to the "One Card" operating grant, which is based on declining print circulation. Other provincial grants are expected to remain the same.

Book fines were higher in 2016 due to the fines threshold for stopping borrowing having been lowered to \$5 from \$10. The increase in fines revenue was a one-time occurrence and a lower amount is expected for 2017.

Non-resident borrowing from other InterLINK libraries is also expected to decline due to the general downward trend in circulation and the Chinese language collection improvements made by other libraries, resulting in a drop in the InterLINK reimbursement revenue of \$15,000.

Overall, revenue is expected to drop by \$64,000 or -8.03% to \$733,300.

For expenditures, salaries and benefits are anticipated to increase by \$131,400 or 1.91% to \$7,016,800. This increase includes an allowance for step increases and for anticipated contract salary increases, which are currently under negotiation.

Contracts in 2017 have declined by \$25,700, as the migration fee of \$32,000 for our upgraded online catalogue computer system ended in 2016. That amount has been reallocated to Equipment Purchases to be used to replace aging self-checkout machines, and accounts for the increase in that category.

General and Administration expenses increased by \$27,600, mostly due to Subscriptions increasing by \$29,000. That increase was due to a \$12,400 expense being reallocated from Collections by the auditors and to \$16,600 in cost increases from four different suppliers. The increase in Subscriptions has been offset by a reduction in Collections.

Total expenses increased by \$119,600 or 1.25% to \$9,660,900.

**Richmond Public Library
2017 Operating Budget**

	2016 Approved Budget	2017 Budget as Submitted	Difference	% Difference
REVENUES				
Provincial Grants	\$406,600	\$395,700	-\$10,900	-2.68%
Book Fines	219,500	183,600	-35,900	-16.36%
Interlink Reimbursement	84,600	69,600	-15,000	-17.73%
Printers & photocopiers	41,600	39,400	-2,200	-5.29%
In House Book Sales	28,900	28,900	0	0.00%
Other Revenue	16,100	16,100	0	0.00%
Total Revenues	\$797,300	\$733,300	-\$64,000	-8.03%
EXPENDITURES				
Total Salaries and Benefits	\$6,885,400	\$7,016,800	\$131,400	1.91%
Contracts	468,200	442,500	-25,700	-5.49%
General and Administration	320,900	348,500	27,600	8.60%
Leases	240,100	240,100	0	0.00%
Utilities	125,800	122,600	-3,200	-2.54%
Supplies	114,000	114,000	0	0.00%
Equipment Purchases	40,200	72,200	32,000	79.60%
Professional Fees and Insurance	20,600	20,700	100	0.49%
Total Operating Expenses	\$1,329,800	\$1,360,600	\$30,800	2.32%
Transfer to Provision - Collection	\$1,311,500	\$1,274,400	-\$37,100	-2.83%
Transfer to Provision - Enterprise Fund	14,600	9,100	-5,500	-37.67%
TOTAL EXPENSES	\$9,541,300	\$9,660,900	\$119,600	1.25%
SUMMARY:				
REVENUE	\$797,300	\$733,300	-\$64,000	-8.03%
EXPENDITURE	\$9,541,300	\$9,660,900	\$119,600	1.25%
NET BUDGET (MUNICIPAL CONTRIBUTION)	\$8,744,000	\$8,927,600	\$183,600	2.10%

2017 Capital Budget

Collection

The library's capital budget for 2016 is \$1,274,400, shown under Expenditures – Transfer to Provision – Collection. This is the amount of money the library spends on the acquisition, cataloguing and processing of collection materials including books, videos and e-books. The collection budget for 2017 is down \$37,100 from the previous year due to \$29,000 being reallocated to subscriptions and a reduction of \$8,100 to achieve a municipal contribution increase of 2.1%.

Restoring Branch Hours

The Library Board has as its highest priority the restoration of service hours at the Cambie, Ironwood and Steveston branches to pre-2016 levels. Currently the branches are closed Monday and Friday evenings for a total of 26 hours of service per week. Restoring hours would remove barriers to children, families and seniors unable to access the Brighthouse (Main) branch for their library services on these evenings. Cost to restore the hours is \$200,000 ongoing.

Library staff have worked closely with the Finance Department to find significant money within the existing library salaries budget as a means to restore the branch hours. The breakdown would be as follows:

- \$32,000 reallocated from auxiliary salaries that would not be required due to improved scheduling when regular positions are used to restore hours
- \$63,400 reallocated from delayed replacement of permanent positions due to upcoming changes in senior management
- \$37,800 reallocated from adjustments to overall salary costs

A total of \$133,600 can be re-allocated from the existing library budget leaving \$66,400 that would still need to be funded by the City.

Ongoing Additional Level Requests

At the November 7, 2016 Finance Committee meeting the Library Board presented a report with three priorities for additional levels of service should Council be interested in increasing the library's per capita support. The first priority of restoring branch hours can be best met through reallocation of existing funds as described above. The remaining two proposals have been submitted as Additional Level Requests in the 2017 Budget process, as recommended by City staff.

Priority 2: Expanded Service for Children and Families -- \$200,000 Ongoing

Services for families with children are core services of public libraries that must continually adapt to meet changing needs. Numerous initiatives are underway which are focused on

increasing the quantity and quality of collections and programs to meet the needs of these growing audiences.

With current staffing levels it is not possible to assign individual staff responsibility for expanded and accessible children's services. The library is not positioned to move as quickly on the development and delivery of these services as it needs to be doing in order to meet community needs.

Increased funding would help ensure that all children in Richmond have equal access to library services, both in our library branches and out in the community, where it is most needed. The proposed increase in spending would significantly expand services and programs for children to branches and deliver programs and services for children in schools, preschools, daycares, community centres, housing complexes/residences, shelters, food banks and other centres in the community, increasing awareness and use of library resources.

Priority 3: Expanded Service for Seniors -- \$200,000 Ongoing

Services for seniors are one of the core aspects of public libraries with changing needs. Programs for seniors focusing on technology and digital library resources, among others, need to be expanded. There is a need to develop seniors outreach services, refocus home delivery and expand the library's community volunteer program.

This level of increase will support seniors in accessing library resources in an increasingly digital environment; in participating in intergenerational learning and meaningful volunteer opportunities; by providing access to library resources that support reading and learning for seniors who cannot come to a physical branch; and by increasing awareness and use of specialized collections and resources for seniors.

With expanded outreach, library services and programs will be delivered to seniors where they are in the community. New synergies and partnerships will be developed with community organizations. Access and awareness to library resources and services will be increased. RPL's community volunteer capacity will be increased, supporting greater outreach services to seniors.

Financial Impact

The 2017 library budget has a decrease in revenues of \$64,000 (-8.03%) and an increase in expenditures of \$119,600 (1.25%).

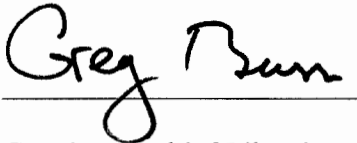
The total municipal contribution for operating and capital is \$8,927,600, an increase of \$183,600 or 2.10%.

If the recommendation to restore branch hours is accepted the municipal contribution will increase by an additional \$66,400 or 0.76%.

Conclusion

This report recommends a same level of service budget with a municipal contribution of \$8,927,600 representing a 2.1% increase be approved.

It further recommends that additional funding of \$66,400 to restore branch hours for a total municipal contribution of \$8,994,000 representing a 2.86% increase be approved.

A handwritten signature in black ink that reads "Greg Buss". The signature is written in a cursive style and is positioned above a horizontal line.

Greg Buss, Chief Librarian
and Secretary to the Board
Richmond Public Library
(604-231-6418)