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Report to / Rapport au:

**Ottawa Public Library Board
Conseil d'administration de la Bibliothèque publique d'Ottawa**

November 5, 2024 / 5 novembre 2024

Submitted by / Soumis par:

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File Number/Numéro du dossier: OPLB-2024-1105-11.2

SUBJECT: 2025 Draft Operating and Capital Budget Estimates and Four-Year Capital Forecast

OBJET: Prévisions des budgets provisoires de fonctionnement et d'immobilisation pour 2025, incluant les prévisions d'immobilisations sur quatre ans

REPORT RECOMMENDATIONS

That, at its meeting of November 5, the Board:

- 1. Receive and table the 2025 Draft Budget for Ottawa Public Library, and the four-year capital forecast; and,**
- 2. Direct staff to forward the 2025 Draft Budget for Ottawa Public Library to Ottawa City Council on November 13, 2024, as part of Ottawa City Council's tabling of the City of Ottawa 2025 Draft Operating and Capital budget; and,**

That, at its meeting of December 3, 2024, the Board:

3. Approve the 2025 Draft Budget for Ottawa Public Library, including a total of \$2M from the Library Reserve Fund, and the repurposing of \$500K in existing capital orders, as further described in this report; and,
4. Direct staff to forward the report to Ottawa City Council, for consideration on December 11, 2024 as part of the City Council's approval of the City of Ottawa 2025 Draft Operating and Capital budget.

RECOMMANDATIONS DU RAPPORT

Que, lors de sa réunion du 5 novembre 2024, le Conseil d'administration:

1. Reçoive et dépose le budget provisoire 2025 de la Bibliothèque publique d'Ottawa ainsi que les prévisions d'immobilisations sur quatre ans;
2. Demande au personnel de transmettre le budget provisoire 2025 de la Bibliothèque publique d'Ottawa au Conseil municipal d'Ottawa à sa réunion du 13 novembre 2024, au moment du dépôt du budget provisoire de fonctionnement et d'immobilisations 2025 de la Ville d'Ottawa;

Que, lors de sa réunion du 3 décembre 2024, le Conseil d'administration:

3. Approuve le budget provisoire 2025 de la Bibliothèque publique d'Ottawa, ainsi que le retrait de deux millions de dollars du fond de la réserve de la Bibliothèque et la réaffectation de 500,000 dollars de commandes d'investissement existantes, et que décrit dans le présent rapport;
4. Demande au personnel de transmettre le rapport au Conseil municipal d'Ottawa, aux fins d'examen le 11 décembre 2024, au moment de l'approbation par le Conseil municipal du budget provisoire de fonctionnement et d'immobilisations 2025 de la Ville d'Ottawa.

BACKGROUND

In keeping with the *Public Libraries Act, RSO 1990, c.P.44* (the Act), Ottawa Public Library (OPL or the Library) is required to submit annually, on or before the date and in the form specified by Ottawa City Council (Council), operating and capital budget estimates. The OPL Board (the Board) receives and approves the budget and recommends the budget to Council, which grants final budget approval.

OPL follows an annual planning process that supports the development of budgets year-over-year. Strategic, corporate, and departmental planning are used to develop the budget, and are the tools by which the corporation achieves its Strategic Statement. Planning is used to determine budgetary requirements, differentiate absolute operating and capital requirements from strategic initiatives, and identify potentially disruptive expenditures and unintended impacts. Due diligence in considering what to do, what not to do, and the rationale is completed prior to the preparation of budget documentation.

OPL receives one overall budget envelope from Council annually. The amount allocated toward operating and capital initiatives is at the Board's discretion and can be adjusted each year to meet organizational priorities and address operating pressures. The operating allocation is intended to fund daily business activity for the current year, and the capital allocation is used for longer-term investments. As per a Board approved motion in 2006, OPL uses a base allocation of \$2.3M for capital expenditures. Annual budget deliberations include funding decisions that support operational pressures and capital programs including growth projects and strategic initiatives. Increased funding for operations and capital projects is provided through city-wide tax levies. Once the draft budget is approved, increases are applied to OPL's total budget envelope.

At its meeting of September 18, 2024, Council approved the Proposed 2025 Budget Directions, Timelines, and Consultation Process report (ACS2024-FCS-FSP-0015) to guide City of Ottawa (City) staff, local boards, and commissions in the development of the 2025 budget. OPL will receive its budget allocation based on the individual pro-rated share of the tax target and any assessment growth. The budget direction includes taxation revenues from City-Wide tax levies to be increased no more than 2.9 percent of current taxation and property assessment growth be estimated at 1.5 percent. Council further requested that the Board develop the 2025 draft budget within this allocation. As a result, the OPL share of these increased revenues for 2025 is \$2.715M. If approved, OPL's total 2025 budget envelope would be \$64.895M after all adjustments.

The purpose of this report is to outline funding approaches to advance OPL's key priorities, and to table the 2025 draft budget identifying operating pressures for deliberation and consideration at the meeting on December 3, 2024.

DISCUSSION

In April 2024, the Board approved the annual workplan (File Number: OPLB-2024-0409-11.1) aligned with the 2023 – 2028 Strategic Directions and Priorities capturing several multi-year initiatives such as: the development of the Mobile and Virtual Frameworks and related Service Strategies; the Facilities Master Plan; the construction of three new branches – Central, Riverside, and Barrhaven; the ongoing review of hours of operation; the development of a brand strategy; the completion of policies, guidelines and training to support the Board position statement on Intellectual Freedom; the determination of a renewed and formalized approach to community development, and; a commitment to advance fund development. These priorities can be advanced in three ways: without funding (that is, funding is not required), using existing funding, and with new funding.

In 2025, staff commit to advancing several priorities using a combination of both existing funding and new funding. The key priorities for 2025 are: provision of the operational requirements for the Central branch at Ādisōke; continued investment in developing the library experience (in branch and online) including public engagement activities to inform the various frameworks and strategies; provision of funding for a branch to serve the growing Barrhaven community; addressing hours of operations in rural branches; implementation of the brand strategy, and; advancing community development in priority neighbourhoods.

A history of efficiencies:

Over the past 15 years, OPL has accumulated efficiencies that have been reinvested into the library system.

- From 2009 through 2018, OPL requested one FTE while increasing public space at the Emerald Plaza and Beaverbrook branches. Operating costs for the expansions were self-funded as were most staffing pressures associated with increased footprints.
- Radio Frequency Identification (RFID), the system through which borrowing of all circulating items is managed, was self-funded at a cost of more than \$8M over six years (2012 -2017).
- The Materials Recovery Model adopted in 2021 removed all late fees and related barriers to service with the \$1.1M cost absorbed by the operating budget.

- In 2022, 2023, and 2024, pressures related to licensing and maintenance for technology software, networks, and equipment were absorbed within the existing base budget.
- Also in 2022, the Automated Materials Handling system was renewed at a cost of \$300K, resetting its serviceable lifespan to between 10 – 15 years and saving more than \$1M.

In the spirit of Service Reviews being conducted by the City, staff undertook to identify efficiencies to optimize service delivery and to create opportunities for investment in alignment with OPL priorities. In 2025, efficiencies totaling \$1.673M (equivalent to 61.5 percent of OPL's 2025 budget increase) will be reinvested in areas as follows:

1. **Library Services to Rural Communities (\$330K)** - As per Board report OPLB-2024-1105-11.1, staff undertook a review of library services to rural communities to address structural deficiencies and respond to community feedback regarding hours of operations and programming. In 2025, \$330K in efficiencies will be reallocated to rural communities.
2. **Library Services in Priority Neighbourhoods (\$68.5K)** – In alignment with the organization's 2023 commitment to enhance efforts in community development (CD), staff explored ways to create a strategic and sustainable approach to enhancing library services in priority neighbourhoods through strengthened community relationships. In 2025, staff will undertake a pilot project to assess the impact of applying an intensive approach to CD in the Vanier/Overbrook community. To support this pilot project, 0.8 FTE at a cost of \$68.5K, will be created to allow for enhanced community development work throughout the year. This position will provide the backfill required for the full-time Librarian at the St-Laurent branch to increase their time spent out in the community.
3. **Public Engagement (\$110K)** – In alignment with the organization's strategic priorities, it is critical that community input is regularly sought and integrated into OPL activities and plans. To support OPL's upcoming activities (e.g. Riverside South and Barrhaven branches, Mobile and Virtual Frameworks, etc.), OPL requires a dedicated resource to develop and implement a comprehensive public engagement strategy and to facilitate the collection and integration of public feedback into OPL's decision-making processes. To achieve this, staff will use

internal efficiencies to create one (1) permanent FTE to lead this work, at an estimated cost of \$110K including salary, wages, and benefits.

4. **Central Branch Furniture, Fixtures, and Equipment (FF&E) (\$1,165K)** – Further to the October 2024 OPL Board meeting, staff have identified several funding sources to address a \$5M pressure in the costs associated with FF&E for the Central branch. The recommended approach uses a combination of monies from fundraising, efficiencies related to existing funds for Central planning and capital reassignments (see b and c below), and a \$2M withdrawal from the Library Reserve:
 - a. Fund development (**\$1.35M**) - OPL has available \$1.019M in fundraising accounts specifically designated to the Central branch, along with \$331K in undesignated funds, that will be used to acquire FF&E. This amount is not included in the efficiency calculation.
 - b. Existing Central branch planning funds (**\$1.15M**) – Since 2015, the OPL Board has approved \$7M to be used over ensuing years to plan for the Central branch. As OPL enters the final year of planning, staff have confirmed that \$1.15M will remain after accounting for existing commitments and anticipated expenditures, available to be used to off-set funding for FF&E.
 - c. Capital reassignments (**\$500K**) - Specific details on the Capital Account Reassignment for the Central Branch are available in Table 4.

5. **Facility Maintenance Costs (\$805K)** - The October 2024 report on Service Planning and Impacts on the Central Branch at Ādisōke (OPLB-2024-1008-10.2) outlined \$3.295M in funding requirements for facility operations. A review of the related charges across existing OPL facilities identified \$749K in efficiencies as well as an additional \$56K savings in lease costs as a result of Municipal Capital Facilities Agreements. The total efficiencies of \$805K have been applied to offset the funding requirements for facility operations at the Central Branch at Ādisōke. This amount is not included in the overall efficiencies calculation.

2025 Budget Overview

The development of the 2025 draft budget is the result of the continuing process through which financial requirements and corporate initiatives are considered in a cohesive corporate planning process. The draft budget supports the 2023 – 2026 Board

priorities and will help ensure that Ottawa Public Library remains a vital, responsive, and sustainable service for Ottawa residents now and into the future.

The 2025 Draft budget totals \$63.830M. This represents an increase of \$2.715M over the 2024 budget. OPL continues to deliver on efficiencies, and as a result, the increase of 2.9 percent maintains OPL's portion of the overall City budget at 1.36 percent in 2025. This equates to an approximate \$2.55 increase to the average residential household (\$90.53), with the total taxpayer annual contribution to library services at \$63.830M.

Growth within Ottawa Public Library is primarily derived from the expansion of physical spaces. The budget includes funding for new hires to advance the Central branch at Ādisōke. As per the Service Model approved by the Board in October 2024 (OPLB-2024-1008-10.2), traditional and new/emerging services will require additional human resources, expressed as Full Time Equivalent (FTE) positions. The draft 2025 budget supports the addition of 54 new FTEs with most of the funding prorated to Q4 2025. Additional operating costs not included in the 2025 budget are identified in the operating forecast, as highlighted in Document 1.

In 2024, a revised Development Charge (DC) project list (OPLB-2024-0502-10.3) was approved in alignment with OPL's Facilities Framework, updated population growth estimates, and an analysis of Ottawa neighbourhoods. Among the projects listed are the Riverside South and Barrhaven branches. OPL has secured construction funding for Riverside South, with operating costs anticipated in 2028. For the Barrhaven branch, funding is required in 2025 to advance on design and construction.

In addition, the 2025 draft budget proposes increases to capital funding for technology and facility improvements, in keeping with the Board's Strategic Direction to redesign the library experience, and allocates funding for the acquisition of a new vehicle for materials delivery.

2025 Draft Budget Details

In each budget year, the first accounting requirement is to make the necessary adjustments to bring operating and capital balances back to their base amounts; as per the Board approved OPL Capital "Pay-As-You-Go" amount of \$2.3M. These transactions appear in the budget book (as reversals and an increase/decrease as may

be the case from year to year) to balance OPL's overall funding envelope. For 2025, these transactions represent a decrease of \$460K, and are detailed in Document 3.

Once the base is established, the priority is to ensure sufficient funds are available to address all legislated and mandatory contractual agreements, and then to best address strategic and growth-related needs and services. Specifically, the OPL Financial Framework supports the following prioritization:

- Mandatory, contractual, and legislated increases.
- Non-discretionary costs associated with maintaining existing services.
- Asset maintenance (i.e. facility and technology improvements).
- Advancement of key strategic priorities requiring designated funding.

Note - In all cases, costs identified in brackets in the text of this report refer to 2025 pressures and will appear in the corresponding operational and capital tables.

Mandatory, Legislated, and Contractual requirements

- **Compensation Adjustments - OPL Employees: (\$1,130K):**
An increase to compensation budgets is required to adjust for actual and potential 2024 cost of living, increments, and benefit adjustments.
- **Facility Operations Services (FOS): (\$150K):**
FOS is a City department that provides daily maintenance and upkeep for all permanent OPL facilities. This funding will provide for OPL's share of compensation adjustments and other increased base operating costs.

Strategic Plans

- **Central Branch at Adisoke - Operating Pressures: (\$1,895K)**
In alignment with the Service Model approved for the Central Branch at Adisoke, staff have confirmed that a significant portion of the new FTE will be required in 2025 to allow for sufficient time both development of the associated job descriptions (as required) and for recruitment, onboarding, and training.

In total, 54 FTE will be required in 2025, at \$1.895M. Of these, 11 positions will be required early in 2025 (representing approximately \$1.1M). The remaining 43 FTE (and the associated compensation amounts) has been calibrated to align with the timing of onboarding in late fall, with a financial requirement of

\$795K. Compensation figures include salary, wages, and anticipated benefits. Adjustments for benefits, as well as the remaining funding for full calendarization of the FTEs, will be accounted for in the 2026 budget. The FTE breakdown by classification is as follows:

- 38 Children’s Program / Public Services Assistant
- 5 Page
- 1 Coordinator (Branch Services,)
- 1 Librarian
- 1 Indigenous Services
- 2 Venue and Retail Services
- 6 Secondary support positions in Employee Experience, Technology Services, Communications, and Client Experience

Table 1 – 2025 Draft Budget

Table 1 summarizes the operational pressures for the draft 2025 OPL budget.

Table 1 – 2025 Draft Operating Budget	\$,000	Full Time Equiv.
2024 Net Operating and Capital Budget	61,115	483.26
Mandatory, Legislated, and Contractual requirements	1,280	
Compensation Adjustments - Cost of Living	1,130	
Facilities Operations	150	
Strategic Plans	1,895	
Central Library Pressures – OPL Specific	1,895	54.00
Financial Adjustments (2025) Reversals / Funding	-460	
Total 2025 Pressure	2,715	54.00
Total 2025 Net Operating Base	63,830	537.26

The capital allocation of OPL’s budget is comprised of both OPL- and City-funded projects. In 2025, staff recommend that \$3.100M be allocated to capital initiatives from OPL’s funding envelope, \$1.065M allocated from the City, and \$4.940M from the Library Development Charge Reserve for a total 2025 capital program of \$9.105M.

OPL's Capital requirements fall into one of four categories: 1) Renewal of Assets, 2) Strategic Initiatives, 3) Growth, and 4) Lifecycle, Accessibility, and Energy Programs (note: "Energy" has been separated from lifecycle funding so that climate change activities are visible and transparent, in keeping with City Council priorities and expectations for the submission of budget estimates). In 2025, growth is the single largest capital investment in the draft OPL budget.

Renewal of (City) Assets

The renewal of assets is funded through the OPL capital allocation to repair, replace, or upgrade existing capital assets.

- **Facilities and Branch Improvements: (\$350K):**
This funding will be utilized to re-configure internal spaces at library facilities to address operational needs, including improved client flow, wayfinding, and sightlines. The funding will also support requirements to update client service points, to improve internal and external aesthetics, and to improve functional properties of library service operations.
- **Technology Lifecycle: (\$350K):**
RFID technology was first deployed at OPL in 2012 and was completed in 2017. In 2025, equipment originally installed in the early stages of the technology changeover will begin to reach its lifecycle replacement threshold. This funding is required to replace checkout units which will have upgraded software designed to enhance the client experience.
- **Vehicle Replacement (Materials Delivery): (\$150K):**
For operational continuity, OPL requires the lifecycle replacement of one (1) delivery truck. The new three-ton, modified high-cube vehicle will support daily operations collecting and delivering circulating materials at branches. This vehicle replaces a 2013 model which will reach the end of its serviceable lifespan in 2026.

Strategic Initiatives

Strategic initiatives are projects undertaken to enhance, expand, or introduce new client services; to achieve advancement in technology; to create efficiencies that benefit the

organization; or, to further the progress toward achieving a strategic goal. In 2025, there are two capital requests in this category:

- **Brand Strategy Implementation - Signage: (\$250K):**

In late 2022, OPL initiated a project to develop a new brand strategy, including visual identity. The results of a library branding strategy are scheduled to begin implementation in 2025, including new corporate signage at all library locations. Funding will be used for design, production, and installation of various forms of signage from small, electrified signs to large self-standing sign structures in compliance with the new branding guidelines.

- **905105 Central Library Development: (\$2,000K):**

As directed by the Board at the October 2024 meeting (Motion #OPL 20241008/4), staff are requesting a \$2M withdrawal from the Library Reserve to increase the authority in existing Capital Order #905105 Central Library Development to support costs related to FF&E. This withdrawal respects the target range for the Reserve described in the Financial Framework, and the use of Reserve funding for one-time capital expenditures is likewise compliant.

Growth

In the context of the annual budget, growth refers to the use of Development Charge (DC) funding to expand publicly available library space across various geographic sectors of the city of Ottawa.

- **Barrhaven New Branch Construction: (\$4,940K):**

The 2016 Library Facilities Investment and Growth Planning Study identified the need for an additional 10,000 square foot branch in the Barrhaven area; further reinforced in 2023 through the Facilities Gap analysis. In 2022, the OPL Board approved the establishment of a new District-level library branch (Report #OPB-2022-0602) to serve the growing Barrhaven community. The new 30,000 square foot branch will be funded primarily through DCs and contributions from upper levels of government. The project is funded in accordance to the current Development Charge Background Study with a Benefit to Existing (BTE) of 10 percent, which results in a commitment against the Library Reserve of (\$494K). If the next DC By-law is amended to reflect a 0 percent BTE, an administrative

refinancing of the Library Reserve to development charge funding will occur at that time.

Lifecycle, Accessibility, and Energy Programs (City)

These capital programs are funded through City budgets allocated to OPL. Lifecycle projects are included in the OPL budget book to provide transparency into overall investment in Library Services, and to detail initiatives scheduled for completion in the coming year. In 2025, for the first time and for increased visibility through the climate lens, small capital projects that have an impact directly related to energy efficiency have been identified as “Energy” projects; there are no projects of this category planned for library facilities in 2025. Although the planned monetary allocations in this category are included in OPL’s total capital program, funding is provided through City asset management.

- **OPL Lifecycle Program: (\$775K):**
The overall “OPL Lifecycle Program” represents annual funding for facility-related asset management, recognizing City ownership of most OPL facilities. Significant funding was allocated in 2024, with many of those activities continuing into 2025. As such, funding in the upcoming year is focused on small- to medium-sized inspections and audits, as well as building envelope assessments and door replacements. A contingency amount exists to address any unforeseen requirements that may arise throughout the year.
- **Accessibility – Library: (\$290K)**
The Accessibility program provides for the removal of barriers to existing buildings based on ongoing condition assessments. The detailed scope of work for specific projects may extend to a wide assortment of planned or un-planned / emergency work, such as: installation of ramps, elevators, power door operators, signage, handrails, removal of barriers in exterior and interior paths of travel, and remedial work in washrooms and kitchens. In 2025, work continues on projects initiated in 2024, and new work includes accessible washroom design and construction at the Orléans and Osgoode branches.

Table 2 – 2025 Draft Capital Allocations

Table 2 categorizes and summarizes the capital requests in the OPL Draft 2025 budget.

Table 2 - 2025 Draft Capital Budget (\$,000)	OPL	Other Funding
Renewal of City Assets	850	
Facilities and Branch Improvements	350	
Technology Lifecycle	350	
Vehicle Replacement (Materials Delivery)	150	
Strategic Initiatives	2,250	
Branding Strategy and Implementation - Signage	250	
905105 - Central Library Development	2,000	
Growth		4,940
Barrhaven Library - DC		4,940
Other Funding Sources		1,065
Lifecycle OPL Program - City Allocated		775
Accessibility - City Allocated		290
2025 Total Capital by funding source	3,100	6,005
2025 Total Capital Program	9,105	

Capital Account Reassignment for the Central Branch

Further to the October 2024 Board report regarding the Central Branch, staff undertook a review of capital accounts to capture potential contributions from previous authorities without impacting other library initiatives. Staff recommend that the capital accounts listed in Table 3 be reduced or closed as indicated and the residual be redirected to fund costs related to Facility Fit-up and Equipment (FFE) at the Central Branch.

Table 3 – Capital Reassignment

Table 3 lists and summarizes existing capital authorities to be reassigned.

Table 3 - Capital Reassignment	Current Balance	Amount to be reassigned	Balance Remaining post-reassignment
909500 - Creation and Innovation Fund	366,284	250,000	116,284
911083 - Technology - Community Access	250,000	250,000	0 - Close
Total	616,284	500,000	116,284

Draft Four-Year Capital Forecast and Operating Forecast (NEW)

In keeping with financial planning principles, staff annually forecast funding requirements on multi-year cycles taking into consideration foreseeable internal and external pressures. As part of the annual budget process, staff provide the Board and Council with a four-year capital forecast, tabled for information, that serves to:

- Provide for longer-term planning and development for facilities, technology, and service delivery requirements;
- Estimate timelines to support the OPL Board's facilities priorities and new facilities in response to growth; and,
- Allow for funds to be invested in various lines of business based on the changing environment in which library services are delivered.

The four-year capital forecast is for planning purposes only, and the capital budget is subject to annual budget directions and approval by the Board and subsequently Ottawa City Council. The Draft Four-Year Capital Forecast can be found in Document 3.

While not a requirement of the budget process, it is good financial practice to identify and track anticipated operating pressures. In alignment with the capital forecast, staff developed a four-year forecast of operating pressures, based on information currently available, which are highlighted in Document 1. Staff anticipate significant pressures in 2026 and 2027, with stabilization in 2028. To allow for more timely stabilization, staff will explore options to address requirements, including a recommendation that portions of any anticipated 2024 fiscal surplus be redirected to fund the purchase of a Bookmobile. Should funding be available, this request will come in Q1 2025 when staff bring forward the 2024 year-end financials and will offset a capital pressure in 2027.

User Fees

OPL collects user fees on various items including lost materials, abandoned holds (items requested but not picked up), meeting room rentals, the sale of goods and consumable materials (e.g. USB thumb drives, materials in the Imagine Space), and membership fees for library clients residing outside of the city of Ottawa municipal boundaries. Fees are in keeping with the client experience and market conditions. In fairness to city of Ottawa residents and in accordance with OPL's charitable organization status, it is incumbent upon OPL to levy user fees that are based on a cost recovery model so as not to profit from goods and services consumed by library clients.

In 2024, staff reviewed all user fees with the following changes recommended for implementation in 2025:

- Meeting room rental rates are proposed to increase by two and one half (2.5) percent. This rate increase is in alignment with what is proposed to be implemented by City departments for their rental services.
- The addition of new, and removal of discontinued, consumable materials in the Imagine Space, following an established cost recovery structure.

The complete 2025 User Fee Schedule can be found in Document 3.

Status and Impact on Reserve Accounts

Funds for OPL are also held in two independent reserve accounts: 1) the Library Reserve, and 2) the Development Charge (DC) Reserve.

Library Reserve - As part of the reporting cycle each fiscal year, the Board is updated on the status of the Library Reserve account on three occasions: 1) during the annual budget process, 2) at the end of the second quarter, and 3) at year-end financial reporting. The Library Reserve supports transactional funding of OPL's budget. Annual fiscal surplus and deficit results are also settled through the Reserve account and are the first adjustment to the Reserve balance each year. The allocation of any surplus and the closing of capital accounts and subsequent transfers to the Library Reserves are subject to annual approval of transfer by City Council. Withdrawals also require Council approval, upon Board recommendation.

The Library Reserve also provides for fiscal security and should be available for unforeseen expenditures as well as strategic uses to mitigate financial. The OPL Financial Framework recommends that the target balance for the Library Reserve be 10 percent of the total annual budget for the same year and that the Reserve balance be held at a minimum of 7.5 percent. Furthermore, the Financial Framework states that 60% of the Reserve is to be used to support OPL's capital program.

The estimated balance of the reserve after applying all transactional adjustments, including the requested withdrawal for Central FF&E, is \$6.145M (9.6% of the proposed 2025 budget) as summarized in Table 4.

Table 4 – Library Reserve Fund Impacts and Summary

Table 4 itemizes the influencing factors and estimated impacts on, the Library Reserve.

Table 4 - Library Reserve Fund	\$,000
Reserve Balance (Dec 31, 2024)	7,495
Forecasted 2024 Operating (Deficit)/Surplus	1,500
Less Compensation Authorities total 2024	(850)
Allocation for 2025 Capital - Central FFE	(2,000)
Total Library Reserve Available	6,145

DC Reserve - Revenues collected through the implementation of the City of Ottawa DC By-Law are also held in a Reserve account. This account is specific to fees collected for Library growth and sits in reserve until drawn to fund specific growth projects as identified in the Library’s DC projects listing. The 2025 Draft Budget impact on the Library DC Reserve is summarized in Table 5.

Table 5 – Library Development Charge Reserve Fund

Table 5 indicates the current status of, and estimated impacts on, the Library Development Charge Reserve.

Table 5 - Library Development Charge Fund	Balance October 2024	Previous Authorities (Not already expended)	Unencum. Balance
City Wide DC – Library	13,137	-1,116	12,021
Outside Greenbelt – DC	15,474	-10,531	4,943
Legacy Reserves – DC	5,617	-1	5,617
Inside Greenbelt – DC	2,726	-27	2,699
Rural	1,748	-1,578	170
Future – Debt	0	-970	-970
Total DC Funding	38,702	-16,378	24,479

2025 Draft Budget Summary

The draft budget supports the 2023 – 2026 Board priorities, and will help ensure that Ottawa Public Library remains a vital, responsive, and sustainable service for Ottawa residents now and into the future. Specifically, the budget:

- Fulfills OPL's mandatory requirements, and maintains current operations;
- Fulfills maintenance obligations for Library assets;
- Enhances the client experience;
- Provides staff capacity for both current needs and future growth;
- Promotes financial responsibility and stewardship through efficiencies and maximization of previously existing authorities; and,
- Revises user fees in a manner that is equitable and fair to taxpayers and in accordance with cost recovery principles.

Once tabled with the Board, staff will forward the 2025 Draft Budget estimates to Council for tabling and public consultation.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-wide report.

CONSULTATION

Consultation has occurred on specific initiatives, as may have been provided to the Board via other reports, in advance of the budget submission.

No public consultation on the budget has taken place to date. Public consultation will take place as per the City's process: members of Council will seek public input prior to budget tabling through Councillor-led engagement sessions or other means as determined by the individual Councillor. OPL staff have offered to all Council members to be present at budget consultation sessions in their community, and have been invited to participate in some of these sessions.

In addition, members of the public can submit feedback directly to OPL via email at BudgetOPLBPO@bibliottawalibrary.ca. Following the tabling of the budget, all public feedback will be shared with the Board prior to the December 3 meeting to aid in deliberations and decisions.

Consultation was undertaken with the City of Ottawa's Finance and Corporate Services (FCS) department, and the Recreation, Culture, and Facility Services (RCFS) department.

ACCESSIBILITY IMPACTS

Ottawa Public Library supports and considers the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations. Accessibility to Library services will be increased if the recommendations of this report are approved.

BOARD PRIORITIES

This report aligns with the Board's 2023-2028 Strategic Plan by supporting the various directions and priorities as noted below:

1. Redesign the Library Experience
 - Develop the service strategies
 - Create the destination experience for the Central branch at Adisoke
 - Renew and formalize a community development approach
 - Identify and address barriers to service
2. Demonstrate the Value of OPL
 - Develop and implement a brand strategy
 - Strengthen community relationships and advocacy

BUSINESS ANALYSIS IMPLICATIONS

There are no business analysis considerations associated with this report.

FINANCIAL IMPLICATIONS

The financial implications are as noted throughout the report.

LEGAL IMPLICATIONS

There are no legal implications of the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

There are risks inherent in the annual budget process, including:

- Balanced Priorities - Each budget must consider affordability alongside resource capacity to undertake the work and projects described. The recommendations in this report are a realistic approach to balance these considerations using both new funding and internal efficiencies. Further, planned spending in 2025 proposes a reasonable distribution of investments across the system and among strategic priorities.
- Service provision at the Central branch – The funding strategy for human resource requirements in 2025 requires significant financial investment in 2026, with cost-of-living allowances anticipated to exceed OPL’s historical annual base budget increase.
- Central branch Furniture, Fixtures, and Equipment – The inability to secure funding via Library Reserves in 2025 creates risks for a successful opening of the Central branch and an inability to achieve the Board-approved Priority. If use of the Library Reserve is not approved, staff will be required to adjust the budget to reassign capital allocations in 2025, and to reassess existing capital allocations. The recommended financial strategy addresses this funding pressure in alignment with the Board-approved Financial Framework.
- Facility and Technology Investments – Continued funding for small scale facility and technology upgrades and lifecycle replacements helps to control the growth of asset maintenance funding gaps while ensuring quality customer service and help to reduce the risk of closures or other interruptions in service.
- Cost of Living Allowance (COLA) – This mandatory funding pressure represents the majority of OPL’s annual budget increase. With human resource requirements increasing 2025 for the Central branch and again in 2028 for the opening of the Riverside South branch, COLA represents an increasingly higher proportion of OPL’s annual base budget increase.
- User Fees – Incremental adjustments to user fees ensure that OPL’s cost recovery approach remains accurate and consistent, and that non-resident fees for Library services are comparatively fair and reflective of tax rate contributions to Library services by taxpayers in the city of Ottawa.

TECHNOLOGY IMPLICATIONS

The continued upgrade of technology assets such as check-out units will become possible upon the approval of the recommendations of this report. A proactive technology lifecycle plan helps reduce unexpected downtime, keeps software and

hardware current, and aids in forecasting yearly budget needs. By comparison, a reactive strategy would require a larger investment as system performance gradually deteriorates and/or parts can no longer be sourced.

SUPPORTING DOCUMENTATION

Document 1 – Ottawa Public Library Four-Year Operating Forecast

Document 2 – Ottawa Public Library: 2025 Draft Budget Estimates, Transmittal Report

Document 3 – OPL 2025 Draft Operating and Capital Budget Book

DISPOSITION

If approved, staff will forward the Draft 2025 Budget to Ottawa City Council for tabling at its meeting of November 13, 2024.

Upon OPL Board approval on December 3, 2024, budget estimates for Ottawa Public Library will be forwarded to Ottawa City Council for consideration and final approval by Committee of the Whole on December 11, 2024.

Ottawa Public Library Four-Year Operating Forecast

The following highlights known estimates, assumptions, and pressures for 2026 - 2029, providing a more comprehensive picture of OPL's financial situation to inform both immediate and long-term financial decisions.

2026:

- An estimated \$2.9M in mandatory cost-of-living adjustments for OPL employees, which includes provision for the full calendarization of the 54 FTEs requested in 2025.
- An estimated \$175,000 in adjustments for Facilities Operations for OPL branches operated by the City – not including Central (compensation and program delivery)
- Central branch operating costs associated with library services provision of \$775,000
- Requirement for \$3.295M for facility-related costs associated with OPL's share of the operations and maintenance at Adisoke
- Anticipated insurance premiums
- Licensing and maintenance increases

2027:

- An estimated \$1.21M in mandatory cost-of-living adjustments for OPL employees
- An estimated \$255,000K in adjustments for Facilities Operations for OPL branches operated by the City – not including Central (compensation and program delivery)
- Efficiencies of \$1M following the decommissioning of the Main branch
- An increase in revenue associated with spaces and services with the Central branch at Adisoke
- Incremental increases for Central-related equipment and programs
- Capital requirements that exceed the \$2.33M base capital allocation will require off-set funding from other sources, including operating pressures (estimated at \$1.2M).
- Incremental increase for collections (as anticipated through ongoing work related to the Asset Management plans)

2028:

- An estimated \$1.3M in mandatory cost-of-living adjustments for OPL employees
- An estimated \$235,000 in adjustments for Facilities Operations (compensation and program delivery)
- Requirements related to Riverside South branch operations, including compensation, program facility costs, and operating budgets for library services provision (estimated at \$1.95M)
- Incremental increases for Central-related equipment and programs

2029:

- An estimated \$1.4M in mandatory cost-of-living adjustments for OPL employees
- An estimated \$240,000 in adjustments for Facilities Operations (compensation and program delivery)
- Requirements related to Barrhaven branch operations, including program facility costs, and operating budgets for library services provision
- Incremental increases for Central-related equipment and programs