

Report to / Rapport au:

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

March 3 2015 / 3 mars 2015

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File Number: OPLB-2015-0022

SUBJECT: Adoption of OPL 2015 Draft Budget

OBJET: Adoption du budget provisoire 2015 de la BPO

REPORT RECOMMENDATIONS

1. That the Ottawa Public Library Board approve the closure of previously approved capital accounts (WIPS) in the amount of \$0.330M to address one-time operating pressures in the following categories: RFID/SPOS training; one-time staffing for Materials Handling, and additional transit bins;
2. That the Ottawa Public Library Board delegate authority to the CEO to exercise approved spending authority for all 2015 capital projects up to the annual approved capital amount; and
3. That the Ottawa Public Library Board approve the revised 2015 OPL Draft Operating and Capital Budget and forward to City Council for consideration and final approval.

RECOMMANDATIONS DU RAPPORT

- 1. Que le C.A. de la Bibliothèque publique d'Ottawa approuve la clôture des comptes de capital précédemment approuvés (en-cours), d'un montant de 0,330 million de dollars, afin de faire face aux pressions ponctuelles de fonctionnement dans les catégories suivantes : formation en technologie RFID et au PSU, dotation ponctuelle à Manutention du matériel et bacs de transport en commun supplémentaires;**
- 2. Que le C.A. de la Bibliothèque publique d'Ottawa délègue à la directrice générale le pouvoir d'effectuer les dépenses autorisées en ce qui concerne pour tous les projets d'immobilisations 2015 à concurrence du montant de capital approuvée annuel; et**
- 3. Que le C.A. de la Bibliothèque publique d'Ottawa approuve les budgets de fonctionnement et d'immobilisation révisés de la BPO pour 2015 et les transmette au Conseil municipal aux fins d'examen et d'approbation définitive.**

BACKGROUND

At its meeting of January 28, 2015, the Board received draft estimates for 2015 that were in keeping with the guidelines approved by City Council, and which were subsequently tabled with City Council on February 4, 2015.

On February 3, 2015, the library was issued an order from the Pay Equity Tribunal ordering OPL to pay "the female job classes identified in the pay equity plan the same corresponding percentage wage increases that were awarded by the board of arbitration to the City's CUPE 503 Inside/Outside bargaining unit for the years 2005, 2006, and 2008."

At its meeting of February 10, 2015, the Board learned of the financial impact of the decision:

- A minimum \$250,000 (on-going) base-budget impact in 2015, pending the outcome of the City's CUPE 503 Inside/Outside bargaining for the years 2014 and 2015; and
- An estimated \$2.3M in one-time retroactive payments going back to 2005.

As a result, the Board directed staff to:

- Revise the recommended 2015 draft operating and capital budgets tabled on January 28, 2015,
- Provide a report outlining the recommended changes,
- Issue that report on February 24 for consideration by the Board at its meeting of March 3, 2015, and
- Subsequently, provide the revised OPL 2015 Draft Operating and Capital Budget and accompanying documentation to Ottawa City Council for their information and final approval.

DISCUSSION

In revising the 2015 draft budget, staff focused on two priorities: 1) minimize the impact of the Pay Equity Tribunal decision on direct service to customers and 2) deal with non-discretionary costs associated with maintaining existing services. Thereafter, staff continued to use a balanced approach, ensuring alignment with Board and Council strategic priorities, and focusing on long-term stability, while providing day-to-day stewardship of accounts.

1. 2015 Draft Operating Budget - Revised

OPL has been allocated \$1.028 million in its draft 2015 budget to address operating and capital pressures. As a result, the Library has a prescribed total funding envelope of \$45.171M.

a) Addressing the operating impact of the Pay Equity Tribunal Decision

In order to address the additional \$250,000 operating pressure resulting from the Pay Equity Tribunal decision, staff recommend:

- Reducing the amounts permanently transferred from capital to off-set the cost of furniture and general repairs as well as library equipment/lifecycle by \$35,000.
- Reducing the amounts required for technology licences and maintenance/hosting fees by \$10,000.
- Converting the Orléans Branch to RFID in 2015 (in lieu of the St-Laurent branch) and harvesting a half-year of compensation savings in the amount of \$50,000.

While there may be additional operating impacts emanating from the resolution of CUPE 503 Inside/Outside bargaining, those results are not known at this time and as such, have not been factored into the operating budget. Should collective bargaining at the City be resolved in 2015, staff will review the funding requirements when they are known.

Table 1 summarizes the proposed funding solution to cover the base-budget impact of the Pay Equity Tribunal decision.

Table 1 – Proposed Funding Solution – Base Budget Impact of Pay Equity Tribunal

#	Item	Request tabled Jan. 28, 2015 (\$)	Reduction of (\$)	Revised Request (\$)
1.	Furniture/General Repairs	135K	-35K	100K
2.	Library Technology Equipment/Lifecycle	100K	-10K	90K
3.	Technology License/ Maintenance/Hosting Fees	225K	-155K	70K
4.	Half-year compensation saving – Orléans Branch		-50K	-50K
	Total	\$460	-\$ 250K	\$210

Table 2 summarizes the revised 2015 Draft Operating Budget.

Table 2 – 2015 Draft Operating Budget (Revised)

2015 DRAFT OPERATING (Revised)	
2014 Net Operating Budget	\$,000
	43,413*
Description	
OPL COLA on Compensation	625
PBG Increase	85
Licensing and Maintenance	70
Pay Equity Funding	250
Reduction in lease for Main Library garage	-60
Reduction of fine revenue	150
Furniture & Equipment / General Repairs	100
Library Equip/Lifecycle	90
Reduction of Capital PAYGO for 2015 Capital Plan	-232
Half-year compensation savings – Orléans Branch	-50
2015 Net Operating Budget	44,441*

* Represent revised figures based on final 2014 year-end totals.

2. Proposed 2015 Draft Capital Budget – Revised

The only recommended change to the 2015 draft capital budget relates to the RFID Projects. Given that converting St-Laurent and Orléans branches cost relatively the same (in terms of capital fit up and installation of technology), staff recommends that the Orléans branch be converted in 2015 rather than the St-Laurent branch. Orléans branch will provide greater staff efficiencies in the amount of \$100K on an on-going basis. As conversion would only be completed mid-year, staff can harvest a half-year of impact in efficiencies for 2015 (in the amount of \$50K) to help off-set the operating impact of the Pay Equity Tribunal Decision.

Amounts allocated in other strategic initiative categories remain unchanged. As such, projects related to technology infrastructure lifecycle, the Central Library

Project, and pre-planning for the South Urban Branch in Ward 22 can proceed as originally planned.

The proposed 2015 Draft Capital Budget summarized in Table 3.

Table 3 – 2015 Draft Capital Budget – Revised

2015 DRAFT CAPITAL Scenario		
Strategic Initiatives		\$000
RFID Projects		2,102
Carp	115	
Constance Bay	30	
Elmvale Acres	632	
Fitzroy Harbour	25	
Orléans	615	
Ruth E Dickinson	625	
2016 RFID Planning	60	
Technology Infrastructure Lifecycle		240
Main Library Project		240
Tax Supported Portion DC		20
Total Strategic Initiatives		2,602
Growth		
South Urban Planning DC Funding		100
Total Growth		100
2015 OPL Total Capital		2,702
Lifecycle OPL Program - City Allocated		685
Total Capital Program		3,387

3. Addressing the one-time, retroactivity impact of the Pay Equity Tribunal Decision

Staff will report on the impact of the estimated retroactive payment through the Q2 Quarterly Status Report. Possible mitigating strategies will include:

- a) The Library Reserve Fund will be the primary source of funding to address the retroactive impact of the Pay Equity Decision. Its current balance is estimated to be \$1.4M.
- b) In addition, staff recommend only \$330K of one-time transfers from previously approved capital accounts (WIPS - works in progress) to deal with one-time operating pressures, rather than \$785K as was originally proposed. This will leave an additional \$455K in OPL WIPS that date prior to 2014.
- c) Further funding initiatives identified in consultation with City's Finance Department.
- d) Table 4 summarizes which accounts should be closed to accommodate the revised list of one-time pressures funded by WIPS, as summarized in Table 5.

Table 4 – Works In Progress Closures – Revised

Works In Progress - Closures		
Order#	Action	Available \$000
903577 Replacement of Main Library	Close	20,937
904359 Library Retrofits 2009	Close	4,597
905623 Library Retrofits 2010	Close	19,861
905627 IT E-Payment 2010	Close	124,600
905628 IT Library Kiosk Project 2010	Close	117,099
903626 Bookmobile Replacement 2011	Close	7,276
905766 General Repairs & maint 2011	Close	5,321
906393 IT Web Based Lib Serv Maint 2012	Close	30,902
Total		330,593

Table 5 – Projects funded from WIPS closures - Revised

2015 Projects Funded from WIPS Closures		
One-time to:	Description	Amount \$000
Operating	RFID/SPOS Training	105,000
Operating	Additional Transit Bins	125,000
Operating	Additional AMH Resources for 2015 only.	100,000
Total		330,000

4. Impact of proposed reductions

From an operating perspective, the proposed reductions will impact the library's preparedness on the technology front, limiting ability to pay for potential increases in public network fees, postponing the purchase of BiblioDigital (a new eBook platform), and scaling back a study regarding public desktop computing and IT network audit. As well, OPL will have to work with current funding levels to replace aging, well-used furniture. The requirement for funding of one-time staffing in InfoService will come from OPL's existing compensation budget and through achievement of other efficiencies.

From a capital perspective, OPL will work with partners in Parks, Building and Grounds Department to scale back on any general repairs required throughout the year to only the most critical initiatives. Funds raised through general donations will be used to cover the costs of the canopy extension at Carlingwood Branch, and staff will seek to purchase new furniture and equipment for the expanded Constance Bay Branch using funds from the Diefenbucker Classic, which supports branches in the former West-Carleton Township.

Finally, savings harvested from branch conversions from RFID have typically served to support growth (e.g. Materials Delivery, expanded Beaverbrook) and high priority areas (e.g. resources for training and development). Unfortunately, these funds will not be available to reassign to priority needs, such as marketing, advocacy, and fundraising.

5. Summary

The revised 2015 draft operating and capital budgets:

- Are within the funding envelopes allocated to OPL;
- Provide adjustments to the budget to maintain Pay Equity as well as identify possible mitigating strategies to fund retroactive payment;
- Align and support the Board's key strategic and facilities' priorities;
- Fulfill OPL's mandatory requirements;
- Maintain OPL's current operations and services;
- Advance the implementation of RFID; and
- Begin to address growth needs.

6. Recommendations:

- I. That the Ottawa That the Ottawa Public Library Board approve the closure of previously approved capital accounts (WIPS) in the amount of \$0.330M to address one-time operating pressures in the following categories: RFID/SPOS training; one-time staffing for Materials Handling, and additional transit bins;
- II. That the Ottawa Public Library Board delegate authority to the CEO to exercise approved spending authority for all 2015 capital projects up to the annual approved capital amount; and
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RURAL IMPLICATIONS

There are no specific rural implications associated with this report.

CONSULTATION

OPL budget information is available online at BiblioOttawaLibrary.ca and members of the public are invited to provide feedback on the revised draft budget via BudgetOPLBPO@bibliottawalibrary.ca. Members of the public were also offered the opportunity to share their views at any of four city-wide consultation sessions. One councillor inquiry was received after tabling of the budget, but was subsequently retracted. The Rosemount Expansion and Development group (READ) rose in support of their initiative at the Central city-wide meeting. One citizen rose at the South city-wide consultation supporting the OPL budget, however suggesting that the Board reconsider the size of the new Central Library by decentralizing more of its functions and enhancing web content by digitizing local history information and making it available through the web.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management impediments to implementing the recommendations in this report.

FINANCIAL IMPLICATIONS

The Ottawa Public Library has met the target provided by the City of Ottawa for the draft 2015 budget increase of \$1,028,000. There is an additional funding requirement of \$330,000 which will come from the closure of capital Works in Progress.

ACCESSIBILITY IMPACTS

There are no accessibility implications in implementing the recommendations in this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications in implementing the recommendations in this report.

BOARD PRIORITIES

The Board is fulfilling its fiduciary responsibilities as defined in the Public Libraries Act of Ontario.

SUPPORTING DOCUMENTATION

Document 1 Transmittal Report to Ottawa City Council

Document 2 OPL Budget Book

DISPOSITION

The 2015 Draft Operating and Capital Budget estimates for the Ottawa Public Library Board will be forwarded to Ottawa City Council for consideration and final approval by Committee of the Whole on March 11, 2015.