

Report to / Rapport au:

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

November 7, 2017 / 7 novembre 2017

Submitted by / Soumis par:

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File Number: OPLB-2017-1102

SUBJECT: 2018 Draft Operating and Capital Budget Estimates and Three-Year Capital Forecast

OBJET: Prévisions des budgets provisoires de fonctionnement et d'immobilisation de 2018, y inclus les prévisions d'immobilisations sur trois ans

REPORT RECOMMENDATIONS

That, at its meeting of November 7, 2017, the Board:

- 1. Receive and table the 2018 Draft Budget for the Ottawa Public Library and three-year capital forecast; and,**
- 2. Direct staff to forward the 2018 Draft Budget for the Ottawa Public Library to Ottawa City Council on November 8, 2017 as part of the City Council's tabling of the City of Ottawa 2018 Draft Operating and Capital budget; and,**

That, at its meeting of December 5, 2017, the Board:

- 3. Approve the 2018 Draft Budget for the Ottawa Public Library; and,**
- 4. Upon the Board's approval of the 2018 Draft Budget for the Ottawa Public Library, direct staff to forward the report to Ottawa City Council, for consideration on December 13, 2017 as part of the City Council's approval of the City of Ottawa 2018 Draft Operating and Capital budget.**

RECOMMANDATIONS DU RAPPORT

Que, lors de sa réunion du 7 novembre, le C.A. :

- 1. Examine et dépose le budget provisoire 2018 de la Bibliothèque publique d'Ottawa et une prévision budgétaire triennale d'immobilisations;**
- 2. Charge le personnel de transmettre le budget provisoire 2018 de la Bibliothèque publique d'Ottawa au Conseil municipal d'Ottawa à sa réunion du 8 novembre 2017, au moment du dépôt du budget provisoire de fonctionnement et d'immobilisations 2018 de la Ville d'Ottawa;**

Que, lors de sa réunion du 5 décembre, le C.A. :

- 3. Approuve le budget provisoire 2018 de la Bibliothèque publique d'Ottawa;**
- 4. Après approbation par le C.A. du budget provisoire 2018 de la Bibliothèque publique d'Ottawa, charge le personnel de transmettre le rapport au Conseil municipal d'Ottawa, aux fins d'examen le 13 décembre 2017, au moment de l'approbation par le Conseil municipal du budget provisoire de fonctionnement et d'immobilisations 2018 de la Ville d'Ottawa.**

BACKGROUND

As per the *Public Libraries Act*, the Ottawa Public Library (OPL) 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. Final budget approval is granted by Council.

At its meeting of October 12, 2016, Ottawa City Council approved budget directions to guide City staff, boards, and agencies in the development of the 2017 and 2018 budgets. In 2018 this represents an increase of \$1.494M to OPL's funding envelope.

Through the adoption of the 2017 budget at its meeting on December 6, 2016, the Board directed staff to develop a business case regarding the future plans for the OPL – Rosemount branch to further define the scope, options, and related costs of renewing or relocating the facility. On October 10, 2017 the OPL Board approved (MOTION OPL 20171010/4) the renovation of the facility and directed staff to incorporate the renewal into the 2018 budget.

DISCUSSION

In developing the 2018 draft budget, staff used a balanced approach, ensuring alignment with Board approved 2015-2018 Strategic Priorities, and focusing on long-term stability, while providing day-to-day stewardship of accounts. Staff also considered the following when developing the draft budget options:

- Requirements to address non-discretionary costs associated with maintaining existing services;
- The approved recommendations emanating from the Facilities Framework;
- The City's Tangible Capital Assets (TCA) Policy; and,
- Board and Council's 2015-2018 Strategic Priorities.

2018 Draft Budget	\$,000
2017 Net Operating Expenditures	44,630
2017 Capital Pay As you Go (PAYG)	2,305
2017 Compensation Recoveries	-230
2017 Total Net Budget	46,705
2018 Budget Target	1,494
2018 Total Net OPL Budget Envelope	48,199
Lifecycle OPL Program – City Allocated	810
Accessibility - Facilities - City Allocated	300
Total 2018 Budget Envelope with City Allocation	49,309

A. Proposed 2018 Draft Operating Budget

OPL has been allocated an increase of \$1.494M in its draft 2018 budget to manage operating and capital pressures. The OPL must ensure that sufficient funds are available to address all of the required contractual agreements, growth-related needs, and strategic priorities and services within the prescribed total net funding envelope of \$49,309M.

The proposed draft budget:

- Addresses mandatory requirements;
- Increases operational funding for circulating Library Materials;
- Complies with TCA Policy requirements;
- Addresses lifecycle issues related to technology, alternative services, and facilities;
- Supports recommendations from the Facilities Framework; and,

- Contains a request for one Full-Time Equivalent (FTE).

If approved, the following budget elements would be supported from the \$1.494M increase.

- **Net One-Time Reversals from 2017 Budget (-\$260K):** Each year the first financial transactions required for budgetary purposes are to reverse the one-time funding initiatives approved by the Board in the previous budget cycle. The reversals required for one-time charges approved through the 2017 budget cycle are:
 - General Repairs and Maintenance – Branch Improvements (\$-500K);
 - Canada 150 Special Programs (-\$115K)
 - Public PC and Booking Systems (-\$100K)
 - Customer Relationship and Management Software (-\$75K)
 - RFID / Customer Service Training (-\$50K)
 - One-Time Transfer from Reserve for 2017 Operating (\$328K)
 - One-Time decrease to PAYG for Capital (\$252K)
- **Compensation Adjustment – OPL Employees (\$690K):** This amount is required to meet contractual obligations rising from the current collective agreement.
- **Facility Operations Services (FOS) Increase – Compensation and Facilities Adjustments for OPL/City Business Partners (\$100K):**
 - This amount represents required adjustments needed for FOS provision of essential facilities services to OPL, as well as inflationary costs related to operating OPL facilities totaling \$45K.
 - Lease costs for the Emerald Plaza branch at 1547 Merivale Rd. requires \$55K in additional funding for increased rental fees and operational costs as a result of inflation within the lease agreement.

- **Fleet Services (\$15K):** Required for aging Bookmobile Unit #2 which will reach the end of its serviceable life in 2019. Additional maintenance and repair requirements are anticipated in 2018 to minimize service impacts to customers.
- **Library Materials and Supplies (\$315K):** This funding will permanently increase the base budget available for the purchase of library materials and the consumable supplies required to maintain physical library collections.
- **Automated Employee Scheduling System - Operating Requirements (\$171K):** Funding to support the operational requirements of an automated scheduling tool including the creation of 1 Full-Time Equivalent (FTE). Current scheduling practices employ a variety of manual tools and labour intensive processes used by 70 employees to schedule shifts for close to 650 employees at 33 locations plus bookmobiles. The introduction of automated employee scheduling will move the OPL towards a model that aligns with available technology to support efficient and effective service delivery.
- **Licensing and Maintenance – (\$155K):** Funding is required to cover inflationary increases and mandatory maintenance contracts for RFID-related equipment and software (e.g. self-check units, gates, sorters). Increased demand for wireless devices supports the introduction of a WiFi lending initiative, and increased freight and courier funding to ensure timely delivery of library materials across all library locations.
- **Organizational Development and Training – (\$50K):** Operational funding for increased specialized training of employees in a variety of areas including the new employee scheduling software, and updated training to ensure legislative compliance.
- **General Repairs and Maintenance (\$125K):** The costs associated with the temporary storage of books and removal of old shelving and the installation of new shelving at the Sunnyside branch. This initiative builds on the work started in 2017 and will improve the accessibility of the collection and improve internal sightlines at the branch.

- **One-Time Transfer from the Library Reserve (-\$325K):** This transfer from the Library Reserve account is necessary to support the one-time initiative for general repairs and maintenance as well as funding for the increased capital projects costs for 2018.
- **One-Time Increase to OPL Pay-As-You-Go (PAYG) for 2018 Capital (\$458K):** The current OPL PAYG Capital envelope is \$2.602M after a one-time reversal from 2017. The total amount of PAYG Capital projects to be funded in 2018 is \$3.060M, as detailed in Table B. This increase to PAYG captures the difference between \$2.602M and \$3.060M.

The 2018 Draft Operating Budget is summarized in Table A.

Table A – 2018 Draft Operating Budget	\$(,000)	Full Time Equiv. (FTE)
2017 Net Operating Budget	46,705	461
Description		
Net One-Time Reversals from 2017 Operating	-260	
Compensation Adjustment - OPL Employees	690	
Facility Operations Services Increase	100	
Fleet Services	15	
Library Materials and Supplies	315	
Automated Employee Scheduling System - Operating Requirements	171	1
Licensing and Maintenance	155	
Organizational Development and Training	50	
General Repairs and Maintenance (One-Time)	125	
One-Time Transfer From Reserve for 2018	-325	
One-Time Increase to PAYG for 2018 Capital	458	
Total 2018 Pressures	1,494	1
Total 2018 Net Operating Base	48,199	462

B. Proposed 2018 Capital Budget

OPL's 2018 Capital requirements fall into one of four categories: renewal of City assets, strategic initiatives, growth, and lifecycle programs (managed by the City on

OPL's behalf). Staff have identified expenditures in three of these categories for 2018:

Renewal of City Assets - funded through the OPL capital envelope to repair, replace, or upgrade existing capital assets.

- **Rosemount Planning / Renewal (\$2M):** This will carry-out the Board-approved option for renewal of the Rosemount branch. An original Carnegie Library, the facility and has been identified by the OPL Board as the highest facility renewal priority through the adoption of the Facilities Framework in 2016. This 2018 funding request is intended to complement the existing authority in capital order # 907351.
- **Bookmobile Replacement – Unit 2 (\$750K):** This funding is required for a new, full-size Bookmobile vehicle. Bookmobile Unit #2 was purchased in 2005 and is nearing end of life. Procurement for a new unit takes approximately 18 months. All funding required to purchase a new bookmobile vehicle must be approved prior to the start of the procurement process. Replacement of this unit will ensure continuity of service in 23 neighborhoods that experience gaps in library services. Replacing the current vehicle with a similar large vehicle ensures access to a broad range of library services, fostering positive customer engagement, high use of library materials, discovery opportunities regarding OPL services and resources, and the ability to promote literacy and learning through programming.
- **Alternative Services Vehicle Replacement (\$50K):** This funding is required to replace a regular duty, three-quarter ton van purchased in 2006 which has surpassed its serviceable life span. The planned replacement vehicle will be of a smaller fit and form, providing for more efficient and possibly more versatile use in the future. The primary immediate use for this vehicle is to service the OPL Kiosk book vending units located at the Hunt Club Riverside Park Community Centre.

Strategic Initiatives – under-pinned by Board or Council initiatives and are funded through the OPL PAYG envelope.

- **Automated Employee Scheduling System (\$175K):** Funding to purchase equipment, software, and peripherals to implement an automated scheduling system. The introduction of automated employee scheduling will move the OPL towards a process that aligns with available technology to support efficient and effective service delivery.
- **Accessibility Technology (\$85K):** Funds will be used for the final year of a three-year plan to replace accessible public workstations in each branch.

Lifecycle Programs – funded through City budgets. Lifecycle projects are included in the OPL budget book to provide more detail on the projects that are scheduled for completion in the coming year. Although the planned monetary allocations for projects in this category are included in the OPL total capital program (Appendix 2, pg. 15-16), source funding does not come from an OPL envelope.

- **OPL Lifecycle Program (\$810K):** City funding is provided on an annual basis for the replacement and repair of key components of OPL facility infrastructure. Although the City provides the funding required for this work, the \$810K is included in budget documentation to represent a total OPL Capital requirement.
- **Accessibility – Library (\$300K):** The Accessibility program provides for barrier removals to existing buildings based on ongoing condition assessments. The detailed scope of work for specific projects extends to a wide assortment of planned and/or emergency works, such as: installation of ramps, elevators, power door operators, signage, handrails, removal of barriers in exterior and interior paths of travels, and remedial work in washrooms, change rooms, and kitchens.

The 2018 Draft Capital Budget is summarized in Table B.

Table B – 2018 Draft Capital Budget	\$(,000)
Renewal of City Assets	
Rosemount Planning / Renewal	2,000
Bookmobile Replacement Unit #2	750
Alternative Services Vehicle Replacement	50
Total Renewal of City Assets	2,800
Strategic Initiatives	
Automated Employee Scheduling System	175
Accessibility Technology	85
Total Strategic Initiatives	260
2018 Total Capital Including Growth - OPL	3,060
Other Funding Sources	
Lifecycle OPL Program - City Allocated	810
Accessibility - City Allocated	300
Total Capital Program	4,170

C. Proposed Fees Adjustments

As a result of Board direction in December 2015 (MOTION OPL 20151201/3), staff undertook a review of the OPL fees in 2016. On December 6, 2016, along with the 2017 budget, the Board approved the findings of the review and the revision of OPL fees. Implementation of the revised fee schedule was originally scheduled for July 2017 but has been further delayed to the first quarter in 2018 to align with new cash handling equipment, policies, and procedures.

As part of the 2018 budget cycle, the OPL seeks approval to further modify the customer fees schedule found in Appendix 2, pg. 6-8.

For some fees, OPL has adopted a cost-recovery approach, however increasing costs of consumable materials, international inter-library loans postage, and replacement charges for express museum and ski pass items mean that OPL is no longer fully cost-recovering on those services. An increase to fees is required to return fee levels to a cost-neutral position. In addition, the fee schedule includes the introduction of fees associated with the new musical instrument lending library program.

D. Draft Three-Year Capital Forecast

It is best practice to regularly forecast funding requirements on multi-year cycles. This budget contains a reviewed and revised capital budget. The three-year capital forecast being tabled for information will serve as a means to:

- Properly plan and develop a longer-term view for facilities, technology, and alternative service delivery requirements;
- Estimate timelines to support the Board's facilities renewal priorities and growth of new facilities; and,
- Allow for funds to be invested in various lines of business based on the changing environment in which library services are delivered.

The capital budget is subject to annual review and approval by the OPL Board and City Council.

The major Capital initiatives projected over the next three years are listed in Table C.

Table C - Draft Three-Year Capital Forecast (2019-2021) (\$,000)				
Capital Initiatives	2019	2020	2021	Total
Renewal of City Assets				
Centennial Planning - Priority # 2		200		200
Centennial Renovations - Priority # 2			2000	2,000
Lifecycle Materials Delivery Vehicles		100		100
Lifecycle Homebound Services Vehicle	250			250
RFID Self-Checkouts - Lifecycle	40	180	270	490
Orleans Planning - Priority # 4	100			100
Orleans Renovations - Priority # 4		750		750
Total Renewal of City Assets	390	1,230	2,270	3,890
Strategic Initiatives				
Alternative Services - Rural		200		200
Creation Strategy – Renovation, Technology, Equipment	500	525	525	1,550
Total Strategic Initiatives	500	725	525	1,750
Growth				
New Alternative Services Delivery	250			250
Collections 2019	1750			1,750
Riverside South - New Branch Construction	10000			10,000
Central Library Development	3200			3,200
Total Growth	12,000	0	0	12,000
Net Requirement	12,890	1,955	2,795	17,640

E. Summary

Staff will forward the 2018 Draft Operating and Capital Budget estimates to Council for tabling and public consultation.

The proposed 2018 Draft Operating and Capital Budget:

- Is within the funding envelope allocated to OPL by Ottawa City Council;
- Aligns and supports the OPL Board's key strategies, including the funding required for a renewal of the Rosemount branch;
- Fulfills OPL's mandatory requirements;
- Maintains OPL's current operations and services;
- Augments training budgets in preparation for new technology implementation and legislative compliance;
- Supports the Facilities Framework; and,
- Contains a request for one additional FTE for Employee Scheduling.

CONSULTATION

- 1) Public consultation sessions were led by the Mayor and Ottawa City Councilors' from September 12 through October 19. One question was received pertaining to a potential branch location in the future.
- 2) Members of the public are invited to use an interactive tool to plan the City budget. The planning tool is available at Ottawa.Citizenbudget.ca website.
- 3) Additional consultation will be available via the regularly scheduled monthly Ottawa Public Library Board meeting on December 5, 2017, as well as through OPL's regular print and electronic feedback channels.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

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

FINANCIAL IMPLICATIONS

There are no financial implications to implementing the recommendations in the report.

ACCESSIBILITY IMPACTS

There are no accessibility impacts 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

1. Appendix 1 – Transmittal Report to Ottawa City Council
2. Appendix 2 – OPL 2018 Draft Operating and Capital Budget Book

DISPOSITION

Staff will forward the Draft 2018 Operating and Capital Budget, to Ottawa City Council for tabling at its meeting of November 8, 2017 and for consideration in December. Upon Board approval on December 5, 2017, budget estimates for the Ottawa Public Library will be forwarded to Ottawa City Council for consideration and final approval by Committee of the Whole on December 13, 2017.