

Report to / Rapport au:

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

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**Submitted by / Soumis par:
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File Number: OPLB-2016-0193

SUBJECT: Ottawa Public Library 2017 Budget Directions

**OBJET: Orientations budgétaires de 2017 de la Bibliothèque publique
d'Ottawa**

REPORT RECOMMENDATIONS

That the Ottawa Public Library Board approve:

- 1. The guiding principles and parameters for the OPL 2017 budget; and,**
- 2. The rescheduling of the December meeting to December 6, 2016 in order to meet Ottawa City Council budget timelines.**

RECOMMANDATIONS DU RAPPORT

Que le Conseil d'administration de la Bibliothèque publique d'Ottawa approuve :

- 1. les principes et les paramètres orientant le budget 2017 de la BPO,**
- 2. la date du 6 décembre 2016 pour la tenue de la réunion de décembre, afin de respecter le calendrier du processus budgétaire du Conseil de la ville d'Ottawa.**

BACKGROUND

As per the Public Libraries Act, the Board is required to submit its operating and capital budgets to Ottawa City Council on an annual basis, in the form specified by Council and on or before the date directed by Council. As part of the 2016 budget process, a multi-year budget direction was presented and adopted by Council. Given the financial challenges facing the City in the years ahead, Council adopted an approach to address those challenges in order to allow time to develop and implement strategies that may take years to effect.

On October 4, 2016, the City's Finance and Economic Development Committee (FEDCO) received a revised 2017-2018 Budget Directions and Strategy report - ACS2016-CSD-FIN-0006, which provides the proposed budget increases for the Ottawa Public Library for the years 2017 and 2018.

Recommendations impacting the library are as follows:

- The City Wide levy, which includes funding for the Police, Library, and Public Health, be increased from 1.75% to 2.00% for 2017 and 2018.
- That as part of the annual budget process for 2017 and 2018, the budget allocations for the Police, Library, and Public Health Boards be based on their individual pro-rated share of a 2.00% tax increase, on the understanding that the estimated 1.3% increase in taxes resulting from growth in assessment will be maintained, and that Council request that these Boards develop their draft budgets within this annual allocation.

In addition, the FEDCO report confirmed the 2017 budget timelines (as per the June 14, 2016 Ottawa Public Library 2017 Budget Timelines and Consultation Process report OPLB-2016-0161 to the OPL Board. All Standing Committees of Council, including Boards and Commissions, are required to hold meetings to consider the 2017 budget in time for Council consideration on December 13, 2016.

DISCUSSION

2017 – 2018 Budget Development

The adoption of the FEDCO report recommendations directly impacts the funding envelope available to OPL in 2017 and 2018. If approved, the OPL would receive its proportional share of the projected increase in 2017 tax revenues, that is, an increase of \$1.3M. In 2018, the projected amount is \$1.4M. See Table 1 for a listing of the tax target envelopes for City Departments, Boards and Commissions.

Table 1 – Taxation Targets 2017 - 2018 (\$Millions)

	2017	2018
<u>City-Wide Tax Levy</u>		
Tax Increase 2.00%	24.6	25.4
Assessment Growth 1.3%	15.2	16.4
	39.8	41.8
<u>Target Allocation *</u>		
Police Services	8.9	8.5
Public Health	0.4	0.4
Public Library	1.3	1.4
Auditor General	0.05	0.05
	10.6	10.5
Target Balance for City Services	29.2	31.4
<u>Transit Tax Levy *</u>		
Tax Increase 2.5%	6.2	6.5
Assessment Growth 1.3%	3.9	3.3
Transit Target	10.1	9.8

* 2017 Targets reflect the redistribution of the additional 2016 assessment growth of \$4.2 million from City Services to Police, Boards and Transit.

2017 Budget Development Guiding Principles

Given the proposed funding envelope, staff recommends the following guiding principles be used in the development of the 2017 operating budget.

- a) Mandatory costs associated with the maintenance of existing library services will be considered first in terms of funding priorities.
- b) The budget will not include any one-time sources of revenue unless they are to fund expenditures that are also of a one-time nature.
- c) The draft budget will be developed in such a way as to align with the Board's strategic priorities.
- d) Any adjustments to programs, service standards or user fees will be identified in the draft budget document.

Staff propose the following parameters in developing the capital budget.

- a) Mandatory costs associated with the maintenance and renewal of existing library assets (e.g. facilities, technology, fleet, etc.) will be considered first in terms of funding priorities.
- b) Strategic initiatives aligned with the Board's strategic priorities will also inform the budget process (e.g. Central Library Project).
- c) Growth will be funded using development charge funding.

Timelines and Consultation

In order to align the OPL Board's deliberation of the library's draft 2017 budget with meetings of Ottawa City Council, staff will table the budget at the November 8, 2016 OPL Board meeting. It is recommended that the regular meeting of the Board in December be held December 6, 2016 in order to deliberate and approve the budget, in advance of Council consideration on December 13, 2016.

Consultation will follow the process identified in the June 2016 OPL Board report.

CONSULTATION

The City of Ottawa's Financial Services Unit was consulted in the development of this report.

LEGAL IMPLICATIONS

The budget process and timelines are in keeping with the “*Public Libraries Act*”, which states: *A public library board, county library board or county library co-operative board shall submit to the appointing council, annually on or before the date and in the form specified by the council, estimates of all sums required during the year for the purposes of the board. R.S.O. 1990, c. P.44, s. 24 (1).*

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

BOARD PRIORITIES

This report is in keeping with Board Policy 2. Delegation of Authority, article 3: Review and recommend annual Budget Estimates to City Council.

DISPOSITION

Subject to Board approval, staff will use the guiding principles and parameters to develop the draft 2017 operating and capital budget and two-year forecast for the Board’s consideration.