



Media Release: Friday, December 11, 2015, 4:30 p.m.

Regional Municipality of Waterloo

Library Committee

Agenda

Wednesday, December 16, 2015

10:30 a.m.

Room 217

150 Frederick Street, Kitchener

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- 1. Declarations of Pecuniary Interest under “The Municipal Conflict of Interest Act”**
 - 2. Reports**
 - 2.1 [PDL-LIB-15-10](#), Region of Waterloo Library Preliminary 2016 Budget 3**

Recommendation

That Library Committee approve the following with regard to the Region of Waterloo Library Budget as described in Report PDL-LIB-15-10, dated December 16, 2015:

- a) The 2016 Library Operating Budget with a net levy of \$_____ (___%);
- b) The 2016 Library Capital Budget;
- c) The 2016-2025 Library Capital Forecast;

And That the matter is referred to Budget Committee.

- 3. Information/Correspondence**
- 3.1 Region of Waterloo Library Operations Update: October to December 2015 – Verbal Update**
- 4. Other Business**
- 4.1 Revised Date for Library Committee Tour**

- 5. Next Meeting – March 22, 2016**
- 6. Adjourn**



Report: PDL-LIB-15-10

Region of Waterloo

Planning, Development and Legislative Services

Cultural Services

To: Chair Les Armstrong and Members of the Library Committee

Date: December 16, 2015 **File Code:** R09-90

Subject: 2016 Library Budget Report

Recommendation:

That Library Committee approve the following with regard to the Region of Waterloo Library Budget as described in Report PDL-LIB-15-10, dated December 16, 2015:

- a) The 2016 Library Operating Budget with a net levy of \$_____ (___%);
- b) The 2016 Library Capital Budget;
- c) The 2016-2025 Library Capital Forecast;

And That the matter is referred to Budget Committee.

Summary:

The proposed 2016 Region of Waterloo Library (RWL) Base Operating Budget and 2016-2025 Capital Program are presented to Library Committee for consideration and approval. The 2016 Base Operating Budget has a net property tax levy of \$2,577,577 which represents an increase of \$84,456 or 3.39% over 2015. The proposed 2016-2025 Library Capital Plan expenditures total \$1.8 million, with \$365,000 in expenditure proposed in 2016. Sources of funding for the proposed 2016-2025 capital plan include Regional Development Charges (\$750,000), Library Capital Reserve Funds (\$918,000) and the Library Vehicle Reserve (\$130,000).

The 2016 operating budget increase includes adjustments for salary and benefit cost increases, annualization of positions approved in 2015 and job evaluation results that occurred during 2015 for branch staff. Facilities interdepartmental charges have

decreased overall due to savings resulting from moving out of rented space for the New Dundee branch. Rural assessment growth for all four Townships is 1.96% in 2015 for the 2016 budget and taking this growth into account, the net tax impact for Library Services is 1.4%. For an average household valued at \$302,000 in 2015, the increase represents an increase of \$1.05 on the average property tax bill for a total average household cost of \$76.24.

Four budget issue requests, with a total cost of \$36,200 and an increase of 0.8 FTEs, are proposed in this report for Library Committee's consideration. If all were approved, the tax impact after assessment growth would be 2.82% or \$2.12 per Township household.

Report:

Preliminary 2016 Operating Budget

The preliminary 2016 Base Operating Budget for the RWL is shown in the Program Summary provided in Attachment 1. This summary also shows the 2015 estimated actual costs and budget variance. Key elements of the Program Summary are discussed below.

For 2015, actual staffing costs are projected to be 7.5% below budget due, in part, to staff turnover and a six-month delay in filling the two new positions Library Committee approved for 2015.

The 2016 Base Operating Budget includes adjustments for salary and benefit cost increases, the results of job evaluations for library branch staff implemented in 2015, and annualization of the staffing positions approved in 2015. Increases in Facilities related interdepartmental charges have been reduced overall due to the elimination of rent for the New Dundee branch. The Base Operating Budget includes \$44,500 for initiatives funded from the Taylor Bequest (approved and carried forward from 2015 budget), and \$13,345 in grants from the Ontario Library Capacity Fund.

The proposed 2016 RWL Base Operating Budget has a net property tax levy of \$2,577,577, which is an increase of \$84,456 or 3.39% over 2015. Rural assessment growth for all four Townships is 1.96% in 2015 and the 2016 RWL levy increase represents a tax impact of 1.4%. For an average household valued at \$302,000 in 2015, the budget increase represents an increase of \$1.05 on the average property tax bill for an average household cost of \$76.24 in 2016.

New Initiatives Implemented in 2015

The approved 2015 RWL budget allowed for the creation of one new staff position, Supervisor of Programming, and for the existing position of Technical Support Assistant to be expanded to the full time role of Coordinator, Library Technologies. Staff

retirements and other vacancies prompted a full organization review and re-structuring, which delayed the filling of both positions until the end of 2015.

The staff reorganization specifically provides for one part time Branch Supervisor to specialize in Community Outreach. This will enable an in depth study of current service levels and potential service models for communities without a physical library branch.

Electronic signage to display branch programming and other events has been purchased for each branch, at an approximate total cost of \$15,000.

Other initiatives in 2015 that did not have a Library levy impact include:

- New technology, including small robots and maker kits has been integrated into events for children and teens (Provincial Capacity Fund grant)
- Artist in Residence program at Ayr Branch (Taylor bequest funds)
- Quiet study rooms at the Ayr Branch (Taylor bequest funds)
- Expanded online collections such as electronic magazines and music
- The RWL contribution to renovations at the New Dundee branch that were specific to library needs.

Proposed 2016-2025 Capital Program

The proposed RWL 2016-2025 Year Capital Program is provided in Attachment 2. This report has been adjusted to include carry-forwards for funds not spent in 2015.

Recommended capital expenditures in 2016 include:

- Branch furnishings - New Hamburg, Elmira, St. Jacobs
- Branch development - potential accessibility improvements and staff accommodation at headquarters
- Ayr branch projects - exterior digital sign, scanning of local history documents

Further amendments to the 2016-2025 Library Capital Program may be brought forward to Library Committee during 2016. These amendments could arise from 2016 discussions with Township staff about the library branch facilities, the planned shared-use facility in Breslau, and the need to re-configure the RWL Headquarters building to better accommodate new staffing needs.

The RWL materials budget has been funded, in large part, by revenue from Regional Development Charges (RDC) on Township residential growth. As outlined in the Annual Adequacy of Regional Development Charge Collections Review report (COR-FSD-15-17 dated October 27, 2015), staff has undertaken a detailed analysis of capital plan financing options as a result of lower than anticipated RDC collections. This included a review of all RDC reserve funds, projected collections in order to assess capital program affordability over the next 10 years, and the timing of growth-related capital

projects. Staff is recommending that any potential RDC shortfalls in 2015 and 2016 be interim funded from the Library Capital Reserve fund. The Library Capital Reserve fund will be repaid when the applicable RDC are collected. Staff will continue to explore a number of additional strategies in the first half of 2016 and will report back to Committee with recommendations for financing future capital program updates. The Library Capital Reserve fund has a sufficient balance to cover this interim financing.

Proposed 2016 Budget Issue Requests

a) Reorganization

As a result of the Library reorganization, a portion of a part-time Branch Supervisor has been re-purposed to hours for Library Assistants. This represents an increase to the staffing complement of 0.6 FTE, at no increase to the budget.

Operating Cost	\$0
FTE	0.6
Priority	High

b) Baden Staffing

Baden is one of the fastest growing areas in the Region, and demands on its library branch have been increasing steadily. Currently RWL’s fourth busiest branch, Baden has experienced an 11% growth in circulation, and a 62% rise in program attendance, since 2010.

At 1680 ft², Baden is one of the smaller branches in the system. The branch was last renovated in 2012 with the addition of an accessible washroom and a second staff computer nook. Although staff has maximized use of the space with shelving and moveable furniture, the branch is frequently filled to capacity with both books and people.

Several community members have written to the Township of Wilmot requesting a larger library space, but the building’s current footprint cannot be expanded, and an alternate location is not currently available. Wilmot Township is undertaking a facilities study in 2017 to evaluate current and future building needs.

To improve public service in the short term, it is proposed that additional staffing hours be assigned to the Baden branch. Multiple staff working at the same time will help to shorten wait times and alleviate congestion at the desk, improving the overall quality of service for the public. It is proposed that an addition of 6 staff hours be added to the busiest times of each week.

Annualized operating cost (salary + benefits)	\$10,200
FTE	0.2
Priority	High

c) Funding for Electronic Databases

For the years 2013 to 2015, the Ministry of Tourism, Culture and Sport has funded access to a core suite of electronic databases for all Ontarians. RWL was able to offer these databases at no additional cost, as well as extra databases funded through the operating budget. In June 2015, the Ministry announced that as of January 1, 2016, funding would no longer be provided for the core suite of databases, and Ontario public libraries must fund all database purchases from their own budgets.

To ease the transition, the Province extended the acceptable expenses under the Ontario Library Capacity Fund (OLCF) grant to include electronic databases. RWL received \$13,345 from the OLCF for 2015-16, and this funding has been put towards database subscriptions for 2016. As this grant was not sufficient to cover the cost of databases formerly funded by the Ministry, low-use databases have been cancelled for 2016, and some higher-cost databases have been replaced with comparable, lower-cost products. However, despite the OLCF grant and these cost-saving measures, an additional \$11,000 is needed to cover the remaining costs of essential database subscriptions for 2016. There is also no guarantee that RWL will receive another OLCF grant in the future.

To maintain access to high-demand databases, it is proposed that additional funding be added to the operating budget for electronic databases. In order to provide the most current information possible, most RWL reference material is now available exclusively through electronic databases; for example, RWL no longer purchases print encyclopaedias, but instead provides access to World Book online. Additionally, electronic databases provide unique sources of information not readily available in print (e.g., Ancestry Library Edition, Canadian Points of View) and use of high-demand databases increased approximately 59% between 2013 and 2014. Increasing the operating budget for electronic databases would allow RWL to preserve access to highly-desired and used resources and to maintain patron satisfaction.

Annual operating cost	\$11,000
FTE	0
Priority	High

d) Funding for Materials (Print and Electronic)

Overall print circulation has held relatively steady since 2014. However, certain parts of the collection, such as children's picture books and adult express reads (high-demand novels), have shown increased circulation since last year, by five percent and 13% respectively. Electronic circulation is also up by approximately 16% from 2014. Patron use indicates that the amount of new material purchased for both print and electronic collections should be maintained or increased in future years.

In 2015, the RWL has spent approximately \$145,000 on print materials to acquire 10,049 new items. This total is approximately \$34,000 less than was spent in 2014 due to funds being reallocated to cover the cost of electronic database subscriptions for 2016 and due to lower than anticipated development charge collections. This reduction in spending translated to approximately 2,700 fewer print items being purchased in 2015 than were purchased in 2014. In 2015, \$21,300 was spent to purchase 570 new eBook and eAudiobook titles, while in 2014, \$23,400 was spent and 548 new titles were purchased. A greater number of items were purchased in 2015 in order to meet ongoing patron demand for a wider variety of downloadable titles and to reduce wait times for electronic content. If funding for materials continues to decrease, the quality of RWL's collection, and the ability to meet patron demand, may be compromised.

The cost of purchasing library materials has increased over the past few years. In addition to increased demand, other factors include the value of the Canadian dollar (since most items are priced in US dollars) and the high cost of eBooks.

In comparison to other county library systems, RWL is average with respect to titles per capita. RWL holds 2.41 titles per capita, while Huron, Middlesex, Oxford and Wellington Counties hold 5.76, 1.98, 2.79 and 2.24 titles per capita, respectively. If RWL is to maintain a suitable standing with respect to titles per capita, it is important that the materials budget be built up to support ongoing new purchases.

Annual operating cost	\$15,000
FTE	0
Priority	Medium

New Initiatives Summary

The financial impact of these potential budget issue requests is shown in Attachment 3. The four proposed 2016 budget issues would add \$36,200 to the Library Services levy. The total budget increase for base and new initiatives is \$120,656 or 2.82% after assessment growth. The impact on the average property tax bill for a household valued at \$302,000 in 2015 is an increase of \$2.12 and a total cost of \$76.24.

The RWL cost per capita of \$39.46 is relatively low in comparison to other county library systems. The cost per capita for Huron, Middlesex, Oxford and Wellington County libraries is \$40.77, \$39.29, \$71.20 and \$56.16 respectively. The proposed budget issue requests would help to maintain the high quality of RWL service to Township residents while keeping costs in line with similar county library systems.

Other 2016 Initiatives (No Impact on 2016 Budget)

- 2nd Artist in Residence program at Ayr Branch
- Increased teen and tween programming
- Expanded technology training for all ages

Corporate Strategic Plan:

The proposed Region of Waterloo Library 2016 budget supports the Corporate Strategic Plan Objectives 5.2: Provide excellent citizen-centered services and 5.4: Ensure regional programs and services are efficient, effective and provide value for money.

Financial Implications:

The preliminary RWL 2016 Base Operating Budget is \$2,577,577 an increase of \$84,456 compared to 2015, which represents an increase of \$1.05 per Township household or 1.4% after Township assessment growth of 1.96%. The proposed 2016 budget issue requests include additional spending in 2016 of \$36,200. The total proposed Operating Budget increase is \$120,656 (2.82% after assessment growth) or \$2.12 per Township household.

Other Department Consultations/Concurrence:

This report has been prepared jointly by Finance and Cultural Services staff.

Attachments:

Attachment 1 – Preliminary 2016 Library Base Operating Budget

Attachment 2 – Proposed 2016-2025 Library Capital Program

Attachment 3 – 2016 Proposed Budget Issue Requests Summary

Prepared By: Lucille Bish, Director, Cultural Services

Approved By: Rob Horne, Commissioner, Planning, Development and Legislative Services

Attachment 1 – Preliminary 2016 Library Base Operating Budget



Region of Waterloo Library

Divisional Budget Details								
(\$000s)								
	2015	2015			2016	Budget	%	Budget
	Budget	Estimated	Variance	Notes	Budget	Change	Change	Notes
Expenditures								
Compensation	\$ 2,030	\$ 1,878	\$ 152	A1	\$ 2,126	\$ 96	4.7%	B1
Other operating	369	369	-		369	-	0.0%	
Interdepartmental charges	245	245	-		217	(28)	(11.4%)	B2
Transfers to reserves	79	79	-		74	(5)	(6.3%)	
Net expenditures	\$ 2,723	\$ 2,571	\$ 152		\$ 2,786	\$ 63	2.3%	
Revenues								
Provincial grants & subsidies	123	123	-		120	(3)	(2.4%)	
Fees & charges	44	38	(6)		43	(1)	(2.3%)	
Contribution from Reserve	60	15	(45)	A2	45	(15)	(25.0%)	B3
Revenue subtotal	\$ 227	\$ 176	\$ (51)		\$ 208	\$ (19)	(8.4%)	
Property tax levy	\$ 2,496	\$ 2,395	\$ 101		\$ 2,578	\$ 82	3.3%	
Cost to the average household	\$ 75				\$ 77			

Budgeted Staff Complement (FTEs)				
	2015	2016	Change	Notes
Permanent	28.8	28.8	-	
Temporary	2.1	1.8	(0.3)	C1
Total	30.9	30.6	(0.3)	
Recoveries				
From reserves	1.0	0.7	(0.3)	C1
From capital projects	-	-	-	
Total recoveries	1.0	0.7	(0.3)	

NOTES

**Actuals variance notes**

- A1 Savings due to impact of job vacancies, delayed hiring and associated benefit cost savings. Not sustainable in 2016.
 A2 Delayed hiring for contract position to be paid for from Taylor bequest (Ayr branch)

Budget notes

- B1 Compensation per contracts/estimates, annualization of technology assistant (.3FTE), and library supervisor (1.0 FTE)
 B2 Reduction in facilities managed building costs partially due to reduction in external rents (New Dundee branch)
 B3 Completion of programming related to Ayr Branch (funded from Taylor bequest)

Complement notes

- C1 Completion of programming related to Ayr Branch (funded from Taylor bequest)

Attachment 2: Proposed 2015-2026 Library Capital Program



Region of Waterloo Library

Ten Year Capital Budget and Forecast (\$000's)
2016 - 2025

	2016	2017	2018	2019	2020	2016 - Subtotal	2021 - Subtotal	2016 - Total
EXPENDITURE								
Program Area Capital								
20002 Library Holdings Acquisitions	62	62	62	62	62	310	310	620
20009 Other Branch Furnishings	20	20	20	20	20	100	100	200
20014 Equipment Replacement Vehicles	65					65	65	130
20015 Branch Development	53		20		20	93	40	133
20020 Electronic Exterior Branch Signage	25					25		25
20021 Ayr Branch Projects	90					90		90
20022 Purchasing Materials	50	50	50	50	50	250	250	500
Total Program Area Capital	365	132	152	132	152	933	765	1,698
Facilities Managed Capital Renewal								
70001 Library Renewal		50			25	75	25	100
Total Facilities Managed Capital Renewal		50			25	75	25	100
TOTAL EXPENDITURE	365	182	152	132	177	1,008	790	1,798
FUNDING & FINANCING								
Development Charges								
Reserve Funds	75	75	75	75	75	375	375	750
Property Taxes								
Reserves and Reserve Funds								
3980160 Library Capital RF	225	107	77	57	102	568	350	918
3982130 Library Vehicle Reserve	65					65	65	130
TOTAL FUNDING & FINANCING	365	182	152	132	177	1,008	790	1,798

Report amended to reflect carry-forwards for funds not spent in 2015

Attachment 3 – 2016 Proposed Budget Issue Request Summary

**Waterloo Regional Library
2016 Draft Budget Plan**

	<u>2016</u>	<u>2016%</u>	<u>Cumulative %</u>
Operating			
Base adjustment (after assessment)	84,456	1.40%	1.40%
Issues:			
<u>Priority</u>			
1 Reorganization (.6 FTE)	0	0.00%	1.40%
2 Baden Staffing (.2 FTE)	10,200	0.40%	1.80%
3 Funding for electronic databases	11,000	0.43%	2.23%
4 Funding for materials	15,000	0.59%	2.82%
	36,200	1.42%	2.82%
 Total Increase in Net Levy:	 120,656	 2.82%	 2.82%
Revised Net Levy:	2,613,777		
Increase in FTE	0.80		
Assumption:			
Township Assessment Growth	1.0196		
Increased Cost per Household	\$2.12		
Total Cost per Household	\$77.31		