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Library Board Report

To: Newmarket Public Library Board

From: Todd Kyle, C.E.O.

Date: December 18, 2019

RE: **2020 Operating and Capital Budgets as approved by Council**

Background:

As of Monday, December 2, Town of Newmarket Council approved the 2020 Operating and Capital Budgets including those for the Library. This report will outline the approvals in relation to the Library Board's requests.

Operating Budget:

The base operating budget as submitted by the Board included \$48,980 in growth-related requests, as per previous Board budget projection that envisioned a 1.5% annual increase for growth-related expenses. These requests were for increased costs for pay-per-use electronic products, proposed Internet hotspots for public loan, and extra part-time staff hours to expand Maker Hub services.

The base budget request also maintained a draw of \$125,000 from the Development Charges reserve in order to pay for roughly one-third of collection expenses. This draw has been in the budget since 2005. However, the 2019 Development Charges Background Study found that the Library's collection numbers (volumes per capita) had stabilized to a level appropriate to the size of the population, and therefore no further collection expenses were recommended for the five-year period.

In order to make up this shortfall, considered an extraordinary and mandatory budget driver, the Director of Finance proposed that \$30,980 of the planned growth requests be applied to it, with the rest of the shortfall coming from savings in the overall Town budget. The remaining \$18,000, covering the increase in pay-per-use downloads, was considered a mandatory cost increase and therefore exempted from this proposal.

This strategy was approved by Council. As such the Library's operating budget for 2020 was approved as \$3,668,895, including the growth request for pay-per-use, but not the requests for Internet hotspots, additional Maker Hub hours, and Monday service.

Capital budgets:

For 2020, the Town made a major change to the process and strategy related to capital budget approvals. In the past, unspent funds for capital projects not completed were (with Council's approval) carried over into the following year, and added to approved new capital requests. Starting with 2020, new capital requests will only be considered if the projects are demonstrably expected to be completed in the coming year (usually meaning there is an RFP or purchase order ready to be issued), and incomplete projects from the previous year will have to be submitted again for approval and with a higher degree of scrutiny. Urgent needs that come up mid-year, such as an end-of-life item that was not to be replaced until it was no longer operational, will be subject to a reallocation process; for example, funds might be taken from another project for which expected completion has been delayed beyond the current year.

What this means for the Library is that of the accumulated outstanding capital budget to the end of 2019, a total of about \$390,000 has been released back into reserves. This comprises two projects: New Library Design (\$250,000) and Alternative Service Delivery (\$140,000) both of which have no definite timeline for execution. Both of these projects were to have been funded from the Development Charges reserve as they are related to growth, so the funds have simply been returned to the Library DC reserve.

The approved 2020 capital budget comprises the Library Board's requested funds of \$186,300 as well as a small number of carryover projects that are expected to be completed in 2020, for a total of \$268,800. The projects include:

- The remaining \$50,000 in Alternative Service Delivery, which is to be spent on the impending facility needs study;
- \$48,800 for Furniture & Equipment, including replacement printers/copiers, document scanner, 3D printers, and meeting room presentation equipment;
- \$170,000 for Computer Hardware/Software, including Wi-Fi components, data backup, early learning computers, workstation replacements, and security certificates.

In addition to the above, there is one capital project for which a Purchase Order has been issued in 2019 against the 2019 approved budget, but that cannot be completed until early 2020. The outside front doors and adjacent window wall of the library building have been deteriorating for some time, to the point where the door hardware is no longer serviceable and the walls themselves provide little sealing against outside air. In addition, the automatic swinging door is very inconvenient for users with accessibility needs, given the small area of porch outside the doors. The Library has therefore contracted to replace the entire wall with a motion-sensitive telescoping door system.

Although this is a building envelope item for which the Town would normally have been responsible, the Library agreed with Public Works to take on the work of getting a quote from the approved term contractor, and had building maintenance funds remaining from savings on other projects. This project will cost roughly \$19,000 and should be completed by February 2020.

Conclusion:

The following motion is recommended:

THAT the Library Board receive the report on 2020 Operating and Capital Budgets as approved by Council.