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Library Board Report

To: Newmarket Public Library Board

From: Todd Kyle, C.E.O.

Date: June 17, 2020

RE: **2021 Draft Operating and Capital Budgets**

Background:

The draft budget requests for 2021 need to be submitted to Town of Newmarket Finance staff by the end of June, so I am presenting them to the Board for approval. If they cannot be approved at this meeting, past practice has been to submit them as they are to Finance noting that they are not as yet approved by the Board; any changes after approval can still be made prior to presenting of full draft budgets to Council in the fall.

Discussion:

Due to the COVID emergency and the resulting fiscal pressures, as well as a current inflation rate of near-zero, 2021 is an extraordinary budget year. We have prepared our submission based on assumptions made by Finance and on the best available information at the current time. Some of the assumptions and observations about the operating budget are as follows:

- Finance have suggested a zero increase to the base budget because of the near-zero inflation rate, and this is reflected in the budget summary distributed.
- However, cost increases are included in the summary as placeholders for already-approved and Collective Agreement salary and wage increases, including the accompanying increases to benefits costs.
- Finance have suggested that the recommended allocation for Growth expenditures of 1.5% be reduced to a net \$22K. This is reflected in the summary as a proposal for additional funds for Electronic Materials. This might be used either for additional costs

for pay-per-download materials, or if those costs do not increase significantly, for a potential Internet hotspot loan program.

- Finance have also suggested a \$14K reduction to base budget costs. This has been achieved by reducing the Consulting and Hydro lines to amounts closer to the 2018 and 2019 actuals.
- All personnel changes as per the Library Efficiencies Study have been fully incorporated into the budget, assuming they can all be in place by January.
- No requests for service level enhancements, such as extending hours to Monday service, are included.
- No changes to revenue lines have been incorporated as there is still much unknown in this area; for example, it is unknown what the library's capacity to offer room rentals will be, and it is unknown what the impacts of recent changes to the overdue fines structure will be in a "normal" year.

For the capital budget, due to changes made in 2019 the expectation from Council is that requests only be made for those purchases that are in an advanced stage of readiness, such as those for which a Purchase Order or Request for Quotation is being prepared. In addition, capital projects approved for 2020 cannot be carried over for 2021 but must be subject to a new request. Given the uncertainty in the current situation, it is very difficult to predict which purchases would have to be re-requested and which could reasonably be completed. At the same time, most requests would be for funding already provided for in the Asset Replacement Plan.

For these reasons, it is suggested at this time that no requests be presented to the Board. Instead, staff will work internally to determine the most needed items and submit the request to Finance noting that it is not yet approved by the Board. These requests would be presented for Board approval prior to a deadline for making changes, by September 2020 at the latest.

Conclusion:

The following motion is recommended:

THAT the Library Board approve the draft 2021 Operating Budget for submission to Council;

AND THAT the Library Board approve the draft 2021 Capital Budget at a later date following submission of a preliminary draft to Finance by staff.