



MEMORANDUM

To: Newmarket Public Library Board
From: Todd Kyle
Date: June 17, 2015
Re: 5-year operating budget forecast

On the advice of the Finance Department at the Town of Newmarket, the Library has prepared a five-year forecast for its operating budget. A common practice within the Town, this is not meant to determine actual budget submissions but to form the basis for a discussion on the Library's needs.

Each year, the Library submits to the Town a draft budget that represents "status quo", i.e. a budget to maintain service levels as they are. One driver for this budget is the CPI inflation rate, for which the Library typically uses the same figure as the Town as data become available. The projections below do not account for inflationary increases as those are not known at this time.

A second status quo ingredient is provision for growth. As the Town's population grows, pressures increase on the Library to provide the same level of service to more people. According to Development Charges Study figures, Newmarket's population is expected to increase by roughly 5% over the next five years. At the same time, the trend in increase in library use of the past five years can be extrapolated. Borrowing, including e-borrowing, has increased by approximately 7.5% from 2010 to 2014 inclusive, and library membership (cardholders) has increased by approximately 13% over the same period. Thus if we assume a combined rate of population increase and usage increase at a minimum of 7.5%, we can make budget projections as outlined below with a 1.5% increase in the total expenditure in each of the next five years, over and above any inflationary adjustment, in order to maintain service levels.

Note that these figures do not necessarily represent an equivalent increase in the Town's grant which forms the largest part of the Library's funding. Instead, revenue budgets would also be adjusted upwards by at least the same percentage, also reflecting growth in the Library's level of business.

Year	% Increase in base budget request due to growth	Additional growth funding request \$	Total Base Budget Expenses Request \$
2015 (current level)	-	-	3,219,331
2016	1.5	48,290	3,267,621
2017	1.5	49,014	3,316,635
2018	1.5	49,750	3,366,385
2019	1.5	50,496	3,416,881
2020	1.5	51,253	3,468,134

There are two major areas in which these growth increases might be applied. The first is for staffing, to help meet increasing demand for staff assistance, programming and outreach in the area of digital literacy. The other is for electronic collections; increased demand is projected to lead to a need for increased purchasing for items purchased individually (such as eBooks), while increased population served will lead to higher costs for services purchased on a per-capita subscription basis.

In addition to CPI increases, there are other unknown budgetary pressures. It has just been announced that provincial subsidies for electronic resources will be discontinued in 2016; the resulting cost increases have yet to be determined. If Library facilities expand in any way, there may be a need for additional staffing. Finally, any enhancement requests for programs and services, such as increased opening hours, would also affect the budget request increases.

The following motion is recommended:

THAT the Library Board receive the report on the 5-year operating budget forecast.