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Library Board Report

To: Newmarket Public Library Board

From: Todd Kyle, C.E.O.

Date: October 21, 2020

RE: **Update on 2021 operating and capital budget requests**

Background:

Since the Library submitted its 2021 budget requests to the Town of Newmarket, the Director, Financial Services has reviewed the direction of Council and the available funding envelope and made some suggestions as to what options within the Library's request would be recommended to Council. To meet the overall target, some Library Board requests have therefore not been included in the Preliminary Draft Budget as presented at Committee of the Whole on October 5, 2020.

Discussion:

Operating Budget:

For the operating budget, the summary presented to Committee showed a reduction of \$46,000 from the original outlook presented to Council for the library, with a modest Growth increase of \$22,000:

Budget Component	Original outlook	Revised Budget	Reduction
Base	\$ 17,000	\$ 0	\$ 17,000
Growth	51,000	22,000	29,000
	\$ 68,000	\$ 22,000	\$ 46,000

This is consistent with the Board's operating request, which requested \$22,000 in additional funds to cover the growth in demand for pay-per-download online services.

However, the Board had also added a placeholder of \$73,519 in additional mandatory cost increases to previously-approved salary and wage increases for 2019, 2020, and 2021. This has not gone forward as a recommendation. Such an increase would normally have been funded by

an inflationary increase to the base budget, but as it has turned out that inflation is at or near zero, there is no room in the potential funding envelope to provide for any increase to base budget.

The Board will need to look at other options for funding the compounded costs of salary and wage increases in 2021, and begin planning a strategy to incorporate them into a base target for 2022. While there is still the possibility that unspent funds within the base budget might become available later in 2021 to cover all or part of the cost, it is recommended that staff be authorized to use Library Operating Reserve of \$400,000 to cover this cost if needed. As is standard practice, funds would be transferred from the Reserve to the operating fund only as needed to cover a resulting year-end shortfall.

Capital Budget

For 2021, the emphasis in the capital budget has been placed on the maintenance of critical infrastructure within a reasonable limit of the Town's ability to finance and implement projects to completion. This has meant that recommended requests are limited to projects whose planning and procurement are already underway or imminent. To keep to this direction, the Director, Financial Services has recommended some modifications to the Library requests as follows:

Computer Hardware/Software: \$225,500

This package represents replacement of critical network hardware and public and staff workstations as well as renewal of critical software including the public/staff printing system and the library website. While it does form part of the budget recommended to Council, the Library has committed to reviewing these costs in light of the project to integrate the Library's IT infrastructure into that of the Town, with the intention of reducing or avoiding some portion. In addition, staff will reconsider the portion of this request related to website replacement in light of the scope of such a task in the continuing COVID emergency.

Equipment \$20,085

This project, involving replacement of the video projection equipment in the library meeting rooms, was to have been completed in 2020 but was postponed due to COVID, and so was re-requested for 2021. However, new information suggests that this project may in fact be doable this year, and so this project will no longer be recommended to Council for 2021; instead the Library will commit to implementing this in the remainder of 2020.

Facility needs study \$50,000

This project was also planned as a joint study with Community Services at the Town, but has been postponed due to COVID. As there is little evidence of a commitment to begin the process of procuring a study in the coming months, it can no longer be recommended to Council. This will come as a disappointment to the Board; however, should circumstances become more favorable, the Board would still have the option of using the Operating Reserve to temporarily

cover these costs (which were to have been derived from Development Charges). As well, the Finance Department will on a quarterly basis re-assess capital project progress with a view to re-allocating funds to deferred projects from delayed ones. Finally, it should be noted that a Strategic Plan process of the Board would likely consider options of future service delivery.

Conclusion:

The following motions are recommended:

THAT the Library Board receive the report on Update on 2021 Budget Requests;

AND THAT the Library Board authorize the use of the Library Operating Reserve to cover any shortfall in the 2021 fiscal year due to approved 2019-2021 wage increases.