

## MANAGEMENT REPORT

Date: March 16, 2023  
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Meeting Date: March 22, 2023

TO: Library Board  
FROM: Tim Bottomer, Chair, SFHR Committee  
**SUBJECT: 2023 OPERATING BUDGET – APPROVED BY COUNCIL**

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### **SUMMARY**

This report presents the 2023 Operating Budget that was approved by City Council on February 28, 2023. The approved Council budget provides \$113K of ongoing funding for a new regular full-time position to provide training and staff skills in crisis prevention, intervention, harassment, and mental health related areas, and \$100K of ongoing funding to convert existing branch materials handling positions to public service positions.

### **PURPOSE**

This report is for decision.

### **RECOMMENDATION**

THAT the Board receive this report for information, and

THAT the Board approve the Council-approved VPL 2023 Operating Budget of \$58,868,739.

### **COMMITTEE DISCUSSION**

The Committee discussed procedural issues, and the presentation of the budget table, which includes the new investments approved by City Council on February 28, 2023, and the fixed costs increases included in the budget. The Committee requested additional detail related to the fixed cost increases. Staff referred to the November 2022 Board report, which provides the “current state budget” presented to Council in December 2022 and notes the factors that impact the 2023 operating budget:

- Library revenues have reduced by \$201,700 from 2022 to 2023, to \$4.3 million annually. This reduction reflects the last part of the full investment funding needed to support fine free library service.
- The 2023 operating budget reflects fixed cost increases for hydro and natural gas, equipment, insurance, and rent and lease expenses.
- An increase to salaries and benefits expenses includes increases for annual increments (step increases for those staff not at the top of their band) and projected benefit cost increases for existing staff positions.
- Additional funding for IT to reflect a reclassification for all positions.
- Additional turnover savings (salary reduction) of \$404,500.
- An inflationary increase to the collections budget of \$103,900.

## **POLICY**

The BC Library Act identifies under section 10(1) that the Library Board must prepare and submit a budget to Council annually, which Council may approve with or without amendment, and identifies under section 11 that the Library Board has, subject to the approved budget, exclusive control over the expenditure of all money provided by the municipal council for library purposes.

## **BACKGROUND**

Each summer, the City begins the development of next year's operating budget. The budget is normally based on the current year's budget and adjusted for next year's known fixed cost increases. This preliminary work provides a starting point to see how close the overall City budget is to being balanced, and/or how much of a gap there is between revenues and expenses. If there is a gap, it needs to be eliminated either through increased revenues, including increases in property taxes, or reduced expenses.

If the preliminary budget numbers indicate that expenses are greater than revenues, the City then usually sets each department and Board a budget savings target within the context of the overall City budget gap. The City may also ask departments and Boards to put forward new areas for investment, if there is funding available within the overall City budget to support new investments.

Vancouver City Council approves the Library's operating budget with or without amendments. Generally, the Board approves the budget in October or November subject to Council approval in December. After Council has approved the Library's Operating Budget, the Board approves any final adjustments.

With the ongoing financial impacts of the global COVID-19 pandemic, continued high inflation and potential shifts in the current collective bargaining environment impacting 2023 and future years, there was significant financial uncertainty coming into 2023. This uncertainty, combined with a significant change in the composition of Vancouver’s elected officials, and changes in the priorities of Council, meant that Council voted in December to postpone the approval of the budget until Q1, 2023.

In prior years the City has asked departments and Boards to consider new areas for investment, if there is funding available within the overall City budget to support new investments. The VPL Board considered and approved options for 2023 investment requests at the October 26, 2022 Board meeting, and these priorities were provided to Council during the budget process.

At its November board meeting, the Board approved the 2023 “current state” Operating Budget of \$58,655,739, subject to City Council approving this amount, and directed management to report back if this amount is not approved by City Council.

## **DISCUSSION**

Historically, Council is presented with a recommended budget and property tax increase for decision in December.

For the 2023 budget, however, Council was presented with a “current state” budget. The current state budget included fixed and contractually obligated costs, but did not include funding for any new investments or Council motions, or for enhanced service levels. The current state budget was the base for budget approval, or for making changes.

After Council approves the Library’s operating budget, the Board approves any final adjustments.

On February 28, 2023, Council approved a 2023 operating budget for the City of Vancouver with a 10.7% property tax increase. The overall City budget amount varied from the current state budget, with additional property tax-funded budget added to different City departments and Boards.

The VPL budget of \$58,868,739 was approved in alignment with what the Board approved in November, with the following two additions:

- \$113,000 to fund one position to provide training to build staff skills in crisis prevention and intervention, harassment, mental health and related areas
- \$100,000 to provide ongoing funding for the conversion of branch materials-handling positions to public-service positions

There were no further changes to the VPL 2023 budget.

## **FINANCIAL IMPLICATIONS**

The Council-approved VPL expenditure and transfer budget for 2023 is \$58,868,739 (2022: \$57,575,710). These expenditures and transfers are funded by budgeted VPL revenues of \$4,310,300 (2022: \$4,512,000), and City funding of \$54,558,439 (2022: \$53,063,710).

This is an increase of \$1,293,029 (2.2%) over the 2022 budget, and an increase of \$1,494,729 (2.8%) in City funding over the approved 2022 budget.

The 2023 VPL approved budget is summarized below:

	2022 Council Approved Operating Budget	2023 Draft Operating Budget	Net Change \$	Net Change %		2023 Council Approved Operating Budget	Net Change \$	Net Change %
<b>Revenues</b>								
Municipal	53,063,710	54,345,439	1,281,729	2.4%		54,558,439	1,494,729	2.8%
Provincial	1,456,300	1,456,300	-	0.0%		1,456,300	-	0.0%
Gifts & Grants	220,400	220,400	-	0.0%		220,400	-	0.0%
Library-Generated	2,023,700	1,822,000	(201,700)	(10.0%)		1,822,000	(201,700)	-10.0%
Cost Recoveries	811,600	811,600	-	0.0%		811,600	-	0.0%
<b>Total Revenues</b>	<b>\$57,575,710</b>	<b>\$58,655,739</b>	<b>\$1,080,029</b>	<b>1.9%</b>		<b>\$58,868,739</b>	<b>\$1,293,029</b>	<b>2.2%</b>
<b>Expenditures</b>								
Salaries and benefits	43,123,177	43,870,948	747,771	1.7%		43,870,948	747,771	1.7%
Facilities	6,485,459	6,709,675	224,216	3.5%		6,709,675	224,216	3.5%
Collections	5,195,817	5,299,733	103,916	2.0%		5,299,733	103,916	2.0%
Supplies and Materials	1,039,600	1,039,600	0	0.0%		1,039,600	-	0.0%
Other	994,716	977,110	(17,606)	(1.8%)		1,190,110	195,394	19.6%
Equipment and Fleet	624,453	631,885	7,432	1.2%		631,885	7,432	1.2%
Transfers	112,488	126,788	14,300	12.7%		126,788	14,300	12.7%
<b>Total Expenditures</b>	<b>\$57,575,710</b>	<b>\$58,655,739</b>	<b>\$1,080,029</b>	<b>1.9%</b>		<b>\$58,868,739</b>	<b>\$1,293,029</b>	<b>2.2%</b>