

To: Warden and Members of County Council

From: Director of Corporate Services

2022 Oxford County Library Business Plan and Budget

RECOMMENDATION

1. That the recommendation of the Oxford County Library Board dated October 18, 2021, that County Council approve the draft 2022 Oxford County Library Business Plan and Budget to provide a levy of \$4,060,372, subject to possible minor adjustments to interdepartmental charges, be referred to 2022 budget deliberations.

REPORT HIGHLIGHTS

- 2022 Library levy \$4.1 million – \$66,363 increase over 2021
- 2022 goals and objectives will proceed on the basis of 4 of the 6 goals and objectives previously identified for 2020 that were unable to be fulfilled due to reoccurring shutdowns of library services in response to COVID-19
- Staffing impact – 1.9 FTE increase

Implementation Points

The Oxford County Library 2022 Business Plan and Budget is presented to Council as part of the Corporate Services department.

Upon County Council's approval a County of Oxford by-law will be enacted to authorize the Oxford County Library Board special levy.

Financial Impact

The draft budget proposes a \$66,363 increase in the levy to be collected from property owners within the Area Municipalities that participate in the County library system. This represents a 1.7% increase over 2021 levy.







Communications

The County's Communications and Strategic Engagement Team will facilitate the 2022 Business Plan and Budget communications strategy, including the Library Business Plan and Budget.

The communications plan includes public engagement through [*SpeakUp Oxford!*](#) where 596 people responded to the 2022 budget survey that concluded on August 31, 2021. The 2022 Business Plan and Budget as released on November 10, 2021 and presentations delivered to Council at each of the budget meetings will be posted on the [*SpeakUp Oxford!*](#) site. The site also provides dates and times for each of the Council meetings with links to recordings if individuals are not able to attend the live meetings.

The results gathered through the 2022 budget survey will assist in informing the Communications Team how best to engage and inform the public about the process.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.iii.			

DISCUSSION

Background

At its regular meeting held September 20, 2021, the Oxford County Library Board considered their 2022 Library Business Plan Goals and Objectives and passed the following resolution:

“That the Oxford County Library Board approve the 2022 Library Business Plan goals and objectives as set forth in Report No. 2021-20.”

On the basis of the approved 2022 Library Business Plan Goals and Objectives, the Board was presented with a draft 2022 budget at their October 18, 2021 meeting under Report No. 2021-22. In accordance with the *Public Libraries Act, R.S.O. 1990*, the Board adopted the following resolution:

“That the Board recommends that County Council approve the 2022 Oxford County Library Business Plan and budget to provide a levy of \$4,060,372, subject to possible minor adjustments to interdepartmental charges.”

Comments

The content of the 2022 Library Business Plan is incorporated in the County of Oxford 2022 Draft Business Plan and Budget information package which is to be presented to Council on November 17 and November 24, and further deliberated on December 8, 2021. The information package can also be found on the County's website at <http://www.oxfordcounty.ca/Your-Government/Financial-information/Business-plans-budgets> .

In summary, the 2022 draft budget proposes a levy requirement of \$4,060,372 (\$3,994,008 – 2021) for libraries, representing an increase of 1.7% over 2021 (0% increase - 2021). The total budget (gross expenditures) is \$4,879,622 (\$4,936,991 – 2021) which is a \$57,369 decrease from 2021 or 1.2%.

Although the draft budget proposes a decrease of \$57,369, the library levy is increasing \$66,363 over the 2021 levy, resulting in an increase of 1.7% for taxpayers. This variance is largely the result of a decrease in revenues of \$432,078 that funded capital costs and one-time items in 2021 mitigated by an increase in contribution from the Library General reserve in 2022 the amount of \$308,346, being the 2021 surplus. Details are illustrated in the Business Plan under Budget Impact Details.

There are no new initiatives proposed in the 2022 Draft Business Plan and Budget.

2022 Capital Projects

The capital budget of \$194,000 for 2022 is a reduction from \$458,965 in 2021. The projects include \$67,000 for major infrastructure consisting of masonry work on Thamesford and Tillsonburg branches; \$95,000 for windows, paving, sidewalks and air handling unit building related replacements at the Ingersoll Town Centre/Library; and furnishings and equipment in the amount of \$32,000 for Chromebooks and iPads for public use, Maker space and assistive technologies, and a microfilm scanner and software.

Funding sources for the 2022 capital budget include \$145,600 from reserves, \$32,000 from taxation and \$16,400 for the Township of Zorra's portion of the masonry works planned for the shared Library and Resource Centre in Thamesford.

2021 Forecast Surplus

The 2021 year-end library operating budget forecast is positioned for a surplus of \$308,346 as of the date of this report, predominantly due to branch closures and changes to service delivery in response to the pandemic – refer to Table 1 for details. As a cautionary note, these year-end predictions are subject to change as the impacts of the pandemic are still ongoing and services may need to react to public health guidelines and directives as the situation remains to be somewhat fluid.

Table 1 –2021 Forecast Year-End Surplus

Revenue/Expense	Explanation	Amount
Revenues – Service Recovery Fees	Copying, faxing, lost items, replacement cards – reduction in fees due to branch closures	\$(13,369)
Development Charges	Development charges not realized and development charge exemptions	(25,610)
Salaries & benefits	Reduction due to temporary branch closures and changes to service delivery in response to the pandemic	239,601
Operating expenses	Advertising/promotion, training, travel expenses, programs and supplies	105,177
Interdepartmental charges	Fleet and facilities savings	2,547
COVID expenses	COVID expenses of \$11,513 have been funded from the Safe Restart Grant	-
Forecast Year-End Surplus		\$308,346

Reserves

During County Council's 2018 reserves year end allocations and policy review, in an effort to reduce the funding gap in the County's Asset Management Plan, County Council made a commitment to transfer the Library's operating surplus to the Library Facilities Reserve.

Prior to the 2018 Reserve Policy amendment, the annual County general operating surplus had been allocated to the Corporate General Reserve which also serves as the tax stabilization reserve and Library operating surpluses were carried forward to reduce the following year's levy requirement. The proposed allocation strategy was designed to assist with asset management requirements while ensuring tax stabilization measures are available from an operational perspective.

As a result, in 2018 there was a Library budget surplus of \$295,972 followed by a surplus of \$224,137 in 2019 that increased the Library facilities reserve to a healthier position of \$794,166.

The County's Asset Management Plan indicates that annual funding requirements to pay for future improvements and replacements for library facilities is \$250,000 with a target balance of \$1,250,000. The actual annual contributions have been fixed for years at \$67,000, representing investments of \$5,000 for each of the branches owned, or jointly owned, by the County, including Ingersoll, Norwich, Plattsville, Thamesford, and Tillsonburg, and an additional \$42,000 contribution that previously funded annual debt repayment obligations for the Ingersoll Town Centre that was retired in 2017. Factoring interest income earned on the reserve balance, the net shortfall in annual funding is approximately \$174,000.

Considering the local and global economic impacts that our community experienced in 2020, the 2020 forecasted surplus of \$532,438 was allocated as set out in Table 2.

Table 2 – 2020 Forecast Surplus Allocation

	Explanation	Amount
General Library Reserve	Stabilization reserve for future use	\$370,723
2021 Budget	Surplus carryover to eliminate a levy increase	161,715
2020 Forecast surplus		\$532,438

Allocating a portion of the surplus funds to the General Library Reserve was to ensure funds would be available for the next few years to maintain a steady, predictable levy.

The draft 2022 budget proposes to allocate the 2021 projected surplus to the Library General (stabilization) reserve and apply it to the 2022 budget in order to minimize the levy increase as our community continues to recover from the financial impacts of the pandemic. This approach reduces the 2022 levy by 7.7% and maintains healthy reserve balances.

The Library Reserve Continuity Schedule in the 2022 Business Plan and Budget illustrates the proposed uses and contributions to each of the respective reserves, demonstrating that the Library Facilities Reserve has a sufficient balance to fund capital needs over the next 10 years. On that basis, the Library's 2021 year end operating surplus is proposed to be allocated to the Libraries reserve to assist with future tax stabilization.

Full-time Equivalent Analysis

The Library 2022 Business Plan and Budget report also contains a full-time equivalent (FTE) proposal for two temporary summer students (0.7 FTE) and an increase of 1.2 FTE for various part-time positions – both proposals are explained in detail in the 2022 Business Plan and Budget, including budget impacts totaling \$96,667.

Debt Repayment

Future years' debt requirement projections are incorporated with current debt obligations in the repayment schedule covering years 2022 to 2024 as set out in Table 3 below. Considering there are no plans at present to increase debt in the ten-year planning horizon, all current debt will be fully retired by the end of 2023 – refer to Table 3.

Table 3 – Debt Repayment Obligations

Library Branch	2022	2023	2024
Norwich	\$27,289	\$-	\$-
Tillsonburg	87,731	84,730	-
Annual Debt Repayment	\$115,020	\$84,730	\$-

At the time the Ingersoll Town Centre debt obligation was retired in 2017, the Board decided to allocate annual debt repayment obligations as they retire to the Library Facilities Reserve in an effort to move closer to the Asset Management Plan's recommended annual contribution of \$250,000. With the retirement of the Norwich Library's debt obligation occurring in mid-year 2022, the \$33,000 decrease in the 2022 debt obligation has been contributed to the Facilities reserve, increasing the annual contribution to \$100,000, which is still \$150,000 less than the desired annual contribution target.

Conclusions

The 2022 draft Oxford County Library Business Plan and Budget proposes a strong foundation from which service improvement opportunities can be further explored and considered as we continue to strive to *adapt our programs, services and facilities to reflect evolving community needs*¹.

SIGNATURES

Departmental Approval:

Original signed by

Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Michael Duben, B.A., LL.B.
Chief Administrative Officer

¹ County of Oxford Strategic Plan – 1.ii. – Enhance the quality of life for all of our citizens, May 27, 2015