

ACTION

Subject: 2008 Draft Operating Budget Pressures

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Prepared for: Ottawa Public Library Board

Meeting of: October 17, 2007

Date: October 10, 2007

RECOMMENDATIONS:

That the Library Board approve the 2008 Draft Operating Budget Pressures, attached as Appendix A, for forwarding to City Staff for preparation of the draft 2008 City of Ottawa operating budget.

References:

- Council Report ACS2007-CMR-FIN-0025 - Long Range Financial Plan Sub-Committee – 2008 Draft Budget Directions and High Level Fiscal Directions for 2009 and 2010
- Appendix A
- Appendix B

Background:

The City of Ottawa approved a Budget Directions Report on September 24th amended by the following motion:

THEREFORE BE IT RESOLVED that the 2008 Draft Budget Directions and High Level Fiscal Directions for 2009 and 2010 report be developed in accordance with the recommendations of the Long Range Financial Planning Sub-Committee as outlined in the report with an amendment to the last bullet to include options for a 0% tax increase, a 1.4% tax increase and a 3.4% tax increase for City operational purposes, excluding police.

The Sub-Committee gave directions for building the 2008 operating budget that:

- Include the costs to maintain existing programs (+\$51 million)
- Include the costs of legislated and cost shared programs (+\$9 million)
- Include the costs of growth (+\$15 million) but offset these with the new taxes raised from new properties added to the tax roll (-\$16 million)
- Include operating enhancements that have already been explicitly approved, are required by regulation, provide capacity to achieve Council's transformation agenda or were recommended by the Auditor General (+\$10 million)
- Use the vacated tax room from any services up-loaded by the Province (-\$12 million) to eliminate unsustainable revenues in the budget (\$31 million) and eventually eliminate the remaining one-time revenues (-\$20 million) from the budgets by 2010

- Increase transit fares by 5% in 2008 (-\$5 million) and all other user fees and charges so that the revenue-to-cost ratio remains constant (-\$2 million)
- Include a reduction to costs to be found from management efficiencies during the year (-\$20 million)
- Note: the CPS and OPL targets have not yet been assigned
- Include a rate of inflation tax increase for 2008, estimated to be 1.4% (-\$14 million), for City operational purposes.

These directions require staff to identify \$27 million in expenditure reductions or revenue increases to balance the 2008 operating budget. These items will be detailed in the draft budget for Council approval.

The senior management of the Ottawa Public Library have been working with staff to prepare a draft list of operating pressures for 2008. These reflect the budget requirement to maintain existing services and to address the top priorities emerging from the Board approved strategic directions. Other pressures have been identified, but deferred to subsequent years.

The budget pressures supporting the Board's strategic priorities are:

Strategic Direction	Item	Description	Amount
E. Accountable and Innovative Organization – Develop Our People	2008 contract negotiations	On June 28, 2007, the Library Board ratified a 2-year contract with CUPE Local 503, Library Group, which provided for a 20% payout of the frozen sick-leave bank (\$117,000) and instituted a \$20,000 professional development training fund.	\$140,000
E. Accountable and Innovative Organization – Use Technology Wisely	Licensing/maintenance contracts	Funding is required to support incremental increases to software, application and hardware maintenance as well as annual operating costs resulting from capital expenditures.	\$25,000
A. Responsive Service – Focus On Future Leaders	Reference Info. System: Business and Career Services system-wide specialist	OPL currently has 0.4 employees dedicated to providing specialized business services. Engaging and supporting small business is one of the Board's strategic priorities. With additional staff resources, demand can be met and services increased in the following areas: outreach to community organizations targeted to small business, additional partnership opportunities with organizations like the Chamber of Commerce and business by appointment.	\$65,000
A. Responsive Service – Focus On Future Leaders	Cumberland Teen Librarian	Engaging youth, particularly teens, is one of the Board's strategic priorities. The Cumberland Branch, currently designated as the Ottawa Public Library's East District library, has only 0.8 of a professional librarian to serve all youth. The population in Cumberland's catchment area continues to grow. Participation in youth programs continues to rise. Circulation increased by 27.7% since 2003. Additional resources enable the branch to implement outreach programs, such as training students on the use of library databases, implementing homework help clubs, instituting book clubs as well as move the	\$65,000

Strategic Direction	Item	Description	Amount
		branch forward to appropriate district branch staffing levels.	
A. Responsive Service – Stay “Open” for our Citizens	Rural Growth Strategy	Greely and Stittsville have shown increases in demand in service and need paid staff on duty when open; volunteers cannot keep up with changes in service and regulations.	\$55,000
A. Responsive Service	Cost of Living on materials (2%)		\$85,000
A. Responsive Services – Be Virtual	Virtual Library Services Librarian	The OPL website receives almost 500,000 visits per month. An additional position is required to better manage the volume of work involved in keeping the website operating, and to respond to increasing public user demand for convenient and current web-based library services.	\$65,000
E. Accountable and Innovative Organization – Measure What Matters	Strategic Plans & Process Reviews	These plans and reviews used to be in Capital but the definition of capital projects states: These include projects that become an asset of the Library Board or improve the value of an asset, or prolong the life of an asset. Any project that is operating in nature, yet one-time, is included in the operating budget. Therefore, this pressure has been moved from Capital to Operating.	\$130,000
E. Accountable and Innovative Organization - Develop our People	Contractual Increases	On June 28, 2007, the Library Board ratified a 2-year contract with CUPE Local 503, Library Group, which provided for a 3% economic increase requiring a base compensation adjustment of \$1.2M.	\$1,230,000
		Total	\$1,860,000

Conclusion

The Library Senior Management Team is recommending Board approval of the recommendation identified at the beginning of this report.

Appendix A: 2008 Draft Operating Budget Pressures

Appendix B: 2008 Draft Operating Budget

APPENDIX A

**Council / CPS / BTS / PTE / PWS / CMO / Non Departmental
2008 Budget Pressures Forecast - City Tax Portion Only**

Pressure	Assumption	Pre-Review (\$000)	Post Review (\$000)	FTE	Maintain Existing Services	Provincial / Legislated	Growth	Enhancements	Enhancement Code (1 - 7)	Type of Enhancement	User Fee & Charges / New Revenues	One Time
2008 Contract negotiations	\$20,000 for training and \$117,000 for sick bank payouts for 2007 & 2008	140	140	-	20			-				120
Licensing/maintenance contracts	system wide	25	25	-	25	-	-	-			-	-
Reference Info. System: Business & Career Services system-wide specialist	Librarian position to support business services	65	65	1.00				65		CCP - H1		
Cumberland Teen Librarian	Position to support youth services in East District Branch	65	65	1.00	-	-	65				-	-
Rural growth strategy		55	55	1.10			55					
Cost of living on materials (2%)		85	85	-	85	-	-	-			-	-
Virtual Library Services Librarian	position to support and develop web-based library services	65	65	1.00	-	-	-	65			-	-
Strategic Plans & Process Reviews	Increased costs due to COLA	130	130	-	130	-		-			-	-
Contractual Increases	Base compensation	1,170	1,230	-	1,230							
					1,490	-	120	130	-	-	-	120

Appendix B

**OTTAWA PUBLIC LIBRARY
DRAFT OPERATING BUDGET FOR 2008**

	2007 Budget	2008 Budget	Change in Budget	% of Total Revenue Budget
Revenues				
Provincial Grant	1,380,000	1,380,000	-	39.5%
Facility Rentals	535,000	535,000	-	15.3%
Library Fees	1,675,500	1,675,500	-	47.9%
Miscellaneous	42,900	42,900	-	1.2%
Total Revenue	3,633,400	3,633,400	-	
Expenditures				% of Total Expenditure Budget
Salaries & Benefits	25,475,137	27,075,137	1,600,000	74.1%
Purchased Services	644,892	819,892	175,000	2.2%
Library Materials	4,262,000	4,347,000	85,000	14.1%
Materials & Supplies	436,466	436,466	-	1.4%
Fixed Assets	45,560	45,560	-	0.1%
Financial Costs	3,000	3,000	-	0.0%
Secondary Costs (COE)	3,829,288	3,829,288	-	12.4%
Total Expenditures	34,696,343	36,556,343	1,860,000	
Net Expenditures	31,062,943	32,922,943	1,860,000	