

REPORT TO LIBRARY BOARD

FEBRUARY 20, 2025

SUBJECT: 2025 Operating Budget and Capital Plan
PURPOSE: For Approval
PREPARED BY: Senior Team and Financial Services
PRESENTED BY: Lakshay Gaur - Director, Financial and Facility Services

RECOMMENDATION

It is recommended that the Library Board approve the 2025 Operating Budget and Capital Plan.

BACKGROUND

On November 27, 2024, London City Council approved the Annual 2025 Budget, which included no changes to the Library's operational appropriation for 2025. The Library's operating budget allocation from the City of London for 2025 is \$24,738,000.

The next step is for the Library Board to approve the 2025 Operating Budget and Capital Plan.

2025 OPERATING BUDGET

As shown in Appendix A, the proposed 2025 Operating Budget incorporates the following key assumptions:

Revenue

- Library-generated revenue in 2025 is projected to be appx \$990,000.
- The Provincial Grant revenue amount of \$598,829 has remained unchanged for close to three decades.
- The City of London allocation for 2025 increased 4.3% from 2024.

- We have proposed a contribution from our Stabilization Reserve Fund of \$173,171 to help mitigate our revenue shortfall. See RESERVE STRATEGY below.

Expenses

- A separate personnel budget update will be provided to the Board in-camera.
- In 2024, the Board approved use of trust funds over the 2024-27 budget cycle to support Collections if necessary. We did not use those funds in 2024, and don't foresee using the funds in 2025.
- We have increased the security budget by 17% to continue addressing issues at the Central Library and other branches.
- Funds have been allocated to cover consultation costs for the completion our Development Charges Study and Facilities Master Plan in 2025 – both required by the City of London.
- We have seen a slight decrease in spending in our operating budget for Facilities maintenance (fewer minor repairs) and Information Technology purchasing (large-scale rather than one-off purchases) as a result of the increase in our Capital Budget.
- We will be upgrading key technology platforms in 2025 and we're anticipating significant training needs in 2025 as we migrate to Office 365, Teams and the other new platforms.
- Other significant variances are noted in Appendix A

Reserve Strategy

Per the Library's *Reserve and Reserve Fund Policy*, the objective of the Stabilization Reserve is to “mitigate the impacts of unforeseen events, extraordinary expenditures or reductions in revenue.”

Administration has incorporated a planned drawdown from the Stabilization Reserve to help offset the projected deficit of approximately \$173,171 in 2025. This one-time source of financing will help offset the revenue shortfalls and rising cost pressures while maintaining the Stabilization Reserve balance target of 2%-5% of the annual operating budget (appx, \$530,000 to \$1.3 million based on 2025 budget).

The Stabilization Reserve balance as of December 31, 2024 was approximately \$1.8 million.

2025 CAPITAL PLAN

As per the Council approved 2025 Capital Budget, \$780,000 has been allocated to the Library's Facilities Renewal Budget and \$265,000 to the IT Infrastructure Budget. There is also a significant rollover of unspent Capital funding from the previous year. Below are the major capital projects planned for 2025.

Facility Services

- The full-scale renovation of Sherwood Branch is underway. Completion is tentatively scheduled for June 2025.
- Repairs to the roof of the Central Library will start at the end of March (weather dependent).
- Renovation of Reading Garden is scheduled to begin March 31 (weather dependent). This work is partially funded by a London Community Recovery Network Grant.
- Replacement of 8 stage lights in the Wolf Performance Hall will begin soon.

Information Technology

A number of key projects will be rolling out this year to upgrade core, and patron infrastructure.

Patron environment

- A new Long-bed 3D printer in the Central Labs
- Renovations to Sherwood
- Upgrade to meeting rooms at all branches, with new projectors or TVs to be installed
- Refresh of all Patron desktops

Core upgrades

- Refresh of the Nimble Storage Array with NetApp Storage Array
- Refresh of core servers with 3 HP Servers
- Upgrade of Chubb Security Card Swipe System to include all branches
- Migration to Microsoft Office 365
- Security enhancement to Jalna Branch wiring closet.
- Refresh of all staff desktops and laptop
- Increased network health monitoring and mapping

NEXT STEPS

Administration will provide financial updates to the Board in May and September.

APPENDIX A: 2025 OPERATING BUDGET

Category	2024 Revenue Unaudited	2025 Projected Revenue	Pct +/-	Notes
PLOG	(598,829)	(598,829)	0.0%	
User Fees	(214,296)	(220,000)	2.7%	
Meeting Rooms	(349,405)	(370,000)	5.9%	
Business Revenue	(234,138)	(250,000)	6.8%	
Operating Revenue	(136,627)	(150,000)	9.8%	
COL Allocation	(23,837,705)	(24,738,000)	3.8%	
From Stabilization	(752,598)	(173,171)	-77.0%	
Total	(26,123,598)	(26,500,000)	1.4%	
Category	2024 Expenditure Unaudited	2025 Budget Proposed	Pct +/-	
Personnel	17,737,118	17,450,763	-1.6%	To be discussed in camera
Admin Expenses	186,418	321,650	72.5%	
Conference Registration	12,839	23,000	79.1%	Looking to support staff development
Conference Travel	14,259	21,000	47.3%	Looking to support staff development
Educational Allowance	13,687	15,000	9.6%	
HR Administration	106,073	67,250	-36.6%	Fewer anticipated legal fees
Misc Administration	5,756	135,500	2254.1%	Consultancy for Dev Charge Study and Facilities Master Plan
Staff Development	18,247	44,000	141.1%	Looking to better support staff development
Travel - Local	15,557	15,900	2.2%	
Facilities	2,316,228	2,360,600	1.9%	
Building Supplies	37,840	30,600	-19.1%	Some expenses shifting to Capital
Furniture & Equipment	118	75,000	63459.3%	Focus on maintenance of existing furniture in 2024
Misc Expense	97,310	112,000	15.1%	
Repairs & Maintenance	1,377,551	1,240,000	-10.0%	Some expenses shifting to Capital
Rent	803,409	805,000	0.2%	
Vehicles	-	98,000		
Purchased Services	907,845	983,710	8.4%	
Advertising	36,353	65,000	78.8%	Plans to increase our reach
Audit	38,596	20,000	-48.2%	Was accrued but not reversed
Bank Charges	21,061	20,000	-5.0%	
Business/AV Equipment	19,425	51,700	166.2%	System Upgrades
Insurance	299,491	325,000	8.5%	
Legal	39,323	40,000	1.7%	
Memberships	17,194	25,000	45.4%	Membership rates are climbing
Misc	75,205	30,500	-59.4%	
Photocopying	9,432	20,000	112.0%	
Signage	-	25,000		
Stationery & Supplies	313,600	328,410	4.7%	
Telephone	38,165	33,100	-13.3%	Better rates procured
Collections & Lending	2,525,073	2,578,000	2.1%	
Collections	2,477,233	2,520,000	1.7%	
Lendng	47,840	58,000	21.2%	Rising Costs
Security	606,322	700,000	15.5%	Issues continue at Central and other branches
Programming	60,638	100,000	64.9%	Budget brought back in line with 2023 level
Technology Services	787,580	905,277	14.9%	New software platforms being added
Utilities	996,376	1,100,000	10.4%	
Total	26,123,598	26,500,000	1.4%	