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September 19, 2017

RECEIVED

Chair Alison Sayers
Central Coast Regional District
PO Box 186
Bella Coola, BC V0T 1C0

SEP 25 2017

Central Coast Regional District

Dear Chair Sayers,

Re: Adopted 2018 – 2022 Financial Plan

On behalf of the Board of Trustees of Vancouver Island Regional Library (VIRL), please find enclosed important information regarding the recently adopted 2018 – 2022 Financial Plan: Looking to the Future. This information can also be found at www.virl.bc.ca/about-us/reports-and-plans.

As dictated by provincial legislation, the VIRL Board has adopted a balanced budget for 2018. The Financial Plan and supporting information (which includes an "At a Glance" sheet, informative video and press release) provides you with the necessary details to address questions that may arise in your community.

The Board has adopted a balanced budget of \$36,487,912 for 2018. Municipal and rural levies will contribute \$22,092,086 to the library budget, an average increase of 3.98% or a per capita increase of \$1.19. The vote amongst Trustees was 100% in favour of the budget.

By adopting this Budget, the Board continues to support our Strategic Plan: Your Voice, Your Library. The 2018 Budget underscores our commitment to investing in facilities as per the [Consolidated Facilities Master Plan](#); to developing innovative programming, collections, and resources; to investing in digital technologies and innovations; and to committing to reconciliation with Indigenous Peoples. With the lowest increase in four of the past five years, the 2018 Budget positions VIRL well for the future.

Our goal as a Board is to deliver leading library services in a fiscally responsible manner. This commitment to financial sustainability and quality service delivery for our communities underpins the entire the **2018 – 2022 Financial Plan**.

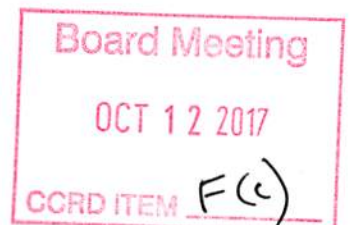
Sincerely,

A handwritten signature in black ink that reads "Barry Avis".

Barry Avis
Chair, Vancouver Island Regional Library Board of Trustees

Cc: Director Frank Johnson, VIRL Trustee, Central Coast Regional District
~~Darla Blake~~, CAO, Central Coast Regional District

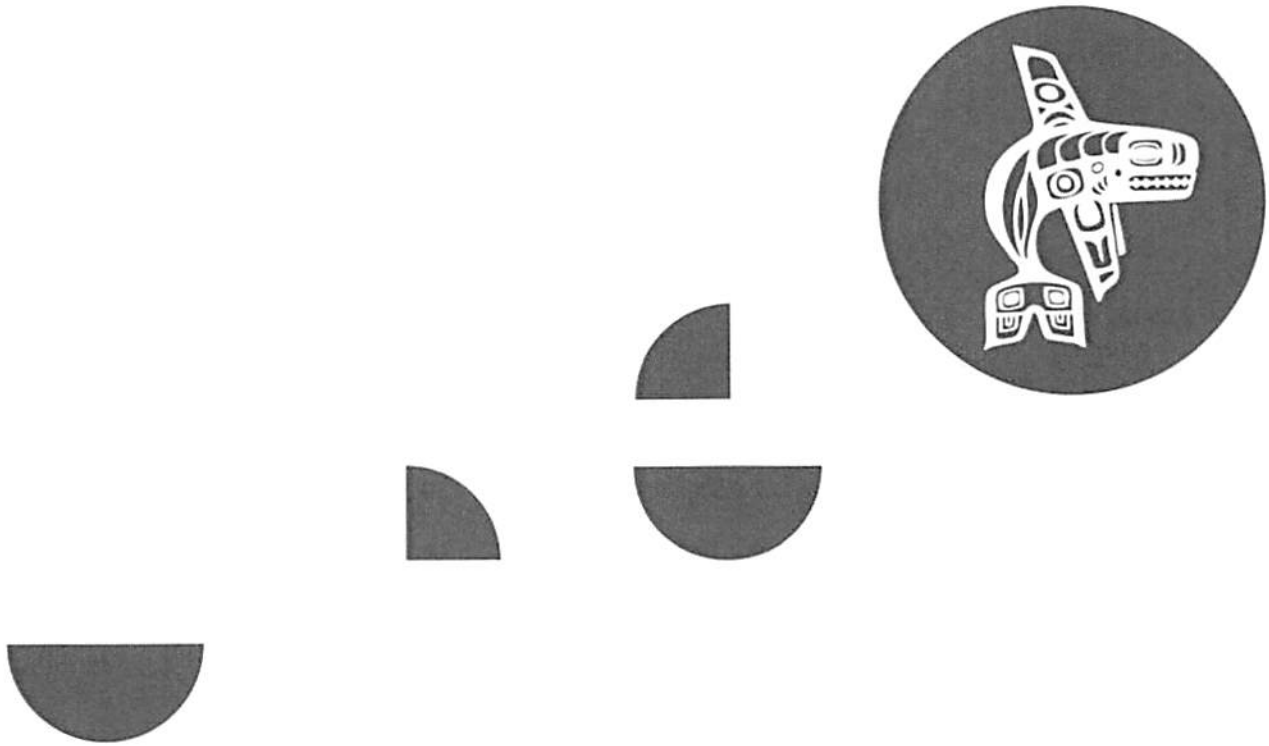
Courtney Kirk





2018 – 2022 Financial Plan: Looking to the Future

**Adopted September 16, 2017
By the Vancouver Island Regional Library Board of Trustees**



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Administration**
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2018 – 2022 Financial Plan: Looking to the Future

Executive Summary

The Board of Trustees of Vancouver Island Regional Library (VIRL) is pleased to present the 2018 – 2022 Financial Plan. As this 2018 Budget reveals, Vancouver Island Regional Library (VIRL) continues to implement sound fiscal policies and procedures, and is well-positioned to respond proactively to the evolving needs of library customers.

VIRL is committed to balancing the priorities of today with long-term visioning that will guide us forward. As we enter the third year of our five-year Strategic Plan, we are seeing positive results in our transition to a 21st Century library system. 2018 also represents the halfway point of the annual increases dedicated to capital projects under the Consolidated Facilities Master Plan (CFMP). The CFMP has been integral to VIRL's success as an organization over the last few years, and continuing to implement its recommendations will ensure that facilities and equipment are at the standards expected by the Board and our customers.

With each new build and upgrade, we can see the direct benefits our capital projects are having on our communities: from bandwidth to book stacks, collaborative spaces to public computers, our branches are poised to remain the go-to hubs in communities across our region.

As a library system, our 2018 Budget confirms our investment in innovative programming, collections and resources. It demonstrates that we will leverage the latest technologies and trends, while balancing and respecting the traditional roles that libraries have always played. Library users in 2018 are a diverse group and our programming and spaces need to reflect the myriad of interests, passions, hobbies, and points of view our customers represent. Engaging with our Indigenous communities, connecting with seniors, fostering relationships with families, attracting newcomers and immigrants, and making our libraries more accessible to everyone are some of the key cornerstones our 2018 Budget will address.

In 2018, our libraries will be even more attuned to the digital world than ever before. A new website will be the launching pad for customers to discover the amazing array of resources offered online, including databases, eBooks, streaming content, and so much more. Within the digital sphere, we will also ensure reliable access to our digital resources, whether at home, in-branch, or on the road, for all VIRL users. Technology will also become more entwined within our programming with the division between the physical and the digital library becoming increasingly blurred.

VIRL is turning a corner and embracing today's opportunities like never before. The 2018 Budget reflects our transition and sets us up for a vibrant and exciting future.

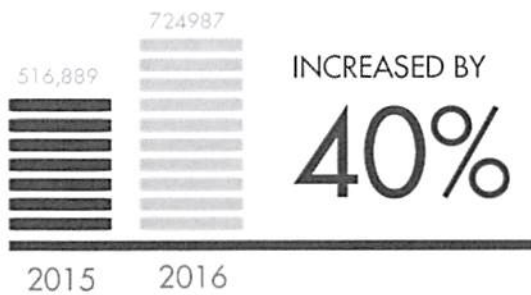


Budget Summary

The 2018 – 2022 Financial Plan is based on VIRL’s strategy to achieve results under the 2016 – 2020 Strategic Plan. The 2018 – 2022 Financial Plan builds on the successes of past years, and includes initiatives aimed at replicating operating efficiencies and addressing areas where improvements can be made. 2016 was a very successful year, and 2017 is on track to continue these achievements.

Highlights of 2016 include:

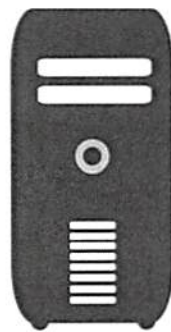
eLIBRARY USE



Includes access to VIRL’s digital resources including eBooks and eAudiobooks.



WiFi USAGE



2,608,466

VISITORS THROUGH OUR DOORS



Represents a 15% increase in visitors (traffic) to virl.bc.ca from 2015 to 2016.

TOTAL CIRCULATION

5,181,662



*A total of physical and digital items circulated.



Board of Trustees 2018-2022 Financial Plan: Looking to the Future

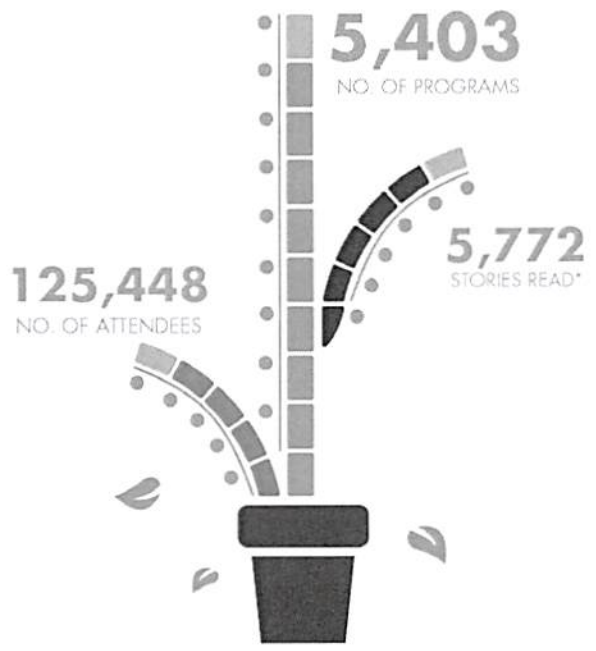


American Libraries Association
Librarians on the Radio

AWARDS WON



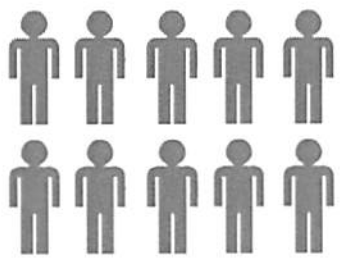
American Libraries Association
Nanaimo Correctional Centre Book Club



PROGRAMMING

21%

INCREASE IN PROGRAM ATTENDEES



As an organization, VIRL is in a transitional stage from the traditional, physical library into the library of the 21st century. Today's library stays relevant by developing innovative programming, ensuring access to robust collections and technology, and creating safe, welcoming spaces for customers to use as a connection point in their communities and to the world at large. The 2018 budget addresses the strategic direction needed to ensure VIRL meets these goals.



2018 Priorities

The 2018 – 2022 Financial Plan focuses on:

- Expanding our online presence, including updating the external website;
- Investment in technology to remain relevant in an increasingly electronic world;
- Expanding the digital collection to address the current and future needs of customers;
- Developing innovative, relevant programming that meets the needs of customers and aligns with the strategic plan;
- Continuing to invest and reinvest in branches through the Consolidated Facilities Master Plan;
- Leveraging VIRL's experience with facility development operations to gain operating efficiencies; and
- Gaining further operating efficiencies through strategic review of expenditures.

Consolidated Facilities Master Plan

VIRL continues to achieve results in operations due to the Board's adoption of the Consolidated Facilities Master Plan (CFMP) and its Companion Report in 2010. The CFMP identified more than \$2.4 million of deferred maintenance in 2009/2010, for which there was no identified funding or plan to address the deficiencies. At the time of the report, the consultants recommended that VIRL should be allocating approximately \$1.4 million per year towards maintenance and improvements to facilities, based on the industry standards and the total square footage VIRL occupied. VIRL's maintenance budget at the time was \$50,000, indicating a large gap between the industry standard for maintenance and the amount allocated in the budget. Had operations continued under this arrangement, the deferred maintenance would have increased and the impact would have been exacerbated.

The practical effect of this deferred maintenance was that a number of branches were in a condition at the time that did not meet the requirements of the public or the expectations of the Board, and did not portray a positive image of VIRL and its services. In addition, many of the items identified in the CFMP report related to health and safety issues. If a solution had not been implemented, VIRL would have risked having to close some of its facilities until these items were addressed. With the adoption of the CFMP, the health and safety items were prioritized and have all been remedied.

To renovate or expand the branches at the time of the report in order to adequately serve communities was cost prohibitive, so the adoption of the Companion Report and its recommendations included a long term-funding strategy.



Board of Trustees 2018-2022 Financial Plan: Looking to the Future

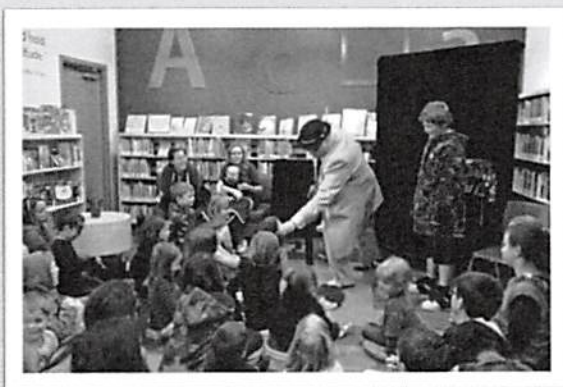
The CFMP was initially established as a 10-year program, and created two levies specific to addressing facilities maintenance and expansion. As part of the 2017 budget, the program was extended to 15 years, with corresponding decreases in the annual increases to the CFMP levies. 2018 is the next phase of the 15-year plan.

The CFMP is key to VIRL's success over the remaining seven years and for the years to come. Without investing in its branches over the short term, VIRL risks the building conditions which existed prior to when the CFMP was established. The CFMP has allowed VIRL to perform substantial renovations or new builds in 11 branches since 2011, as well as providing funding for upgraded furniture, equipment, and IT resources. Continued investment in branches allows VIRL to continue its mandate of creating safe, welcoming, inclusive spaces for visitors.

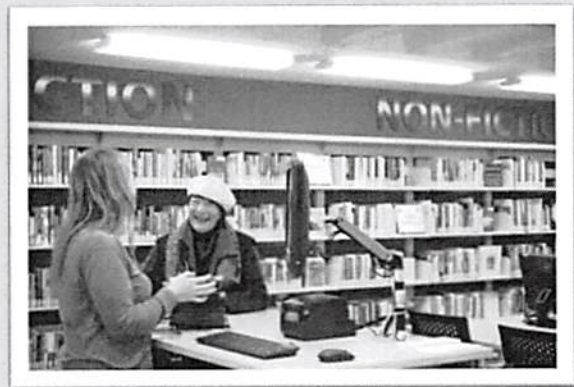
The CFMP levies are used to fund capital projects at branches. VIRL prepares a separate capital budget and a proposed 5-year capital plan as part of its budget process, which details the planned use of these levies to address maintenance issues, renovate and expand branches, and invest in furniture and equipment. As part of its capital plan, VIRL seeks to balance the capital projects across its membership, while prioritizing projects based on population, building condition, and other factors as directed by the CFMP.

VIRL's strategy of owning its buildings has also allowed greater control over our operations, and includes the long-term benefit of repaying debt rather than continuing to pay rent. 2016 saw increased operating efficiencies as a result of improvements to facilities, through access to newer building materials and more energy efficient equipment.

INVESTING IN OUR COMMUNITIES



PORT HARDY



HORNBY ISLAND



Board of Trustees
2018-2022 Financial Plan: Looking to the Future

The two levies under the CFMP are the Maintenance, Furniture, Equipment and Information Systems Replacement Levy (FFE Levy), and the Facilities Infrastructure Improvements and Expansion Levy (Facilities Levy).

FFE Levy

The FFE Levy is dedicated to addressing deferred maintenance at our buildings, and ensuring the branches receive the regular upkeep required to maintain our service standards. A portion of this funding also goes towards annual investment in IT infrastructure and resources. The current schedule for this levy is as follows:

Table with 9 columns (years 2018-2025) and 3 rows (Expected Levy, \$ change over prior year total levy, % change over prior year total levy).

Facilities Levy

The Facilities Levy is dedicated to renovating branches and to the construction of new facilities where VIRL will see the most benefit. Construction of new branches supports the Board's mandate to own its buildings, which helps to realize the operational control of its facilities and serves as an investment in VIRL's present and future. The current schedule for this levy is as follows:

Table with 9 columns (years 2018-2025) and 3 rows (Expected Levy, \$ change over prior year total levy, % change over prior year total levy).



Board of Trustees
2018-2022 Financial Plan: Looking to the Future

Operational Levy

Existing operational and service levels can be maintained through a 2% increase to the operating levy. Cost pressures addressed through this increase include rising costs due to inflation, increases to facilities costs as a result of inflation within the construction market, and wage rate increases as determined by collective agreements. The operational levy supports important initiatives such as staff training, continued repairs and maintenance to branches, supplying high quality administration services, and ensuring consistent electronic access for customers.

Significant revenue and cost drivers for 2018 compared to the 2017 budget include:

Revenues

- Member levies will increase by \$585,382 as a result of a 2% increase to the core operating levy (\$352,742), scheduled increases to the CFMP levies (\$259,209) and the approved business cases (\$232,640);
- Grant funding is expected to remain at 2017 levels, as there has been no indication of changes to the per capita and other grants received from the Province;
- Investment and rental income is expected to increase by \$15,000 over the 2017 budget, due mainly to preferential interest rates on investments;
- Revenue from overdue fees, photocopiers, sale of books and promotional items, and fundraising are expected to increase based on actual amounts received in 2016; and
- Internet cost recoveries are expected to decrease compared to the 2017 budget, based on actual amounts received in 2016.

Expenses

- Board expenses, computer and networking costs, and promotion/advertising expenses are expected to increase based on planned activities for 2018;
- Consulting and professional fees are budgeted to increase over the 2017 budget, based on planned projects and the results of 2016;
- Wages are expected to increase based on scheduled increases within the collective agreements, as well as realigning the staffing compliment in administration and at branches; and
- Library materials are budgeted to increase 3%, in accordance with the Board's direction.



Total Member Levies

For 2018, the member levies are as follows:

➤ Operating Levy	\$ 19,222,461
➤ FFE Levy	\$ 1,274,327
➤ Facilities Levy	\$ <u>1,595,299</u>
	\$22,092,086

The 2018 – 2022 Financial Plan represents an overall increase of 3.98% of total levy, broken down as follows:

- Core Services: maintaining existing service levels requires an increase of \$352,742 (1.67% in the total levy) to meet inflationary pressures;
- Approved business cases require an increase of \$232,640 (1.09% in the total levy); and
- Increases to the levies developed under the Consolidated Facilities Master Plan represent an increase of \$259,209 (1.22% in total levy), as follows:
 - Increase increase to the Furniture, Fixtures, Equipment and Systems Levy of \$114,142 (0.54% increase in total levy), used for maintenance and equipment replacement; and
 - Increase increase to the Facilities Levy of \$145,068 (0.68% in total levy) for new and expanded branches, used for improvement of facilities and equipment.

INCREASES TO TOTAL LEVY	
CORE SERVICES	1.67%
BUSINESS CASES	1.09%
FACILITIES MASTER PLAN	1.22%
TOTAL	3.98%

Conclusion

The 2018 – 2022 Financial Plan incorporates the costs of maintaining operations, while focusing expenditures on efficient use of resources. It is prepared in an environment of stagnate government funding and increasing operational expenses, but ensures service standards are maintained, facilities are well taken care of, and programming is being developed to entice and satisfy customers. The 2018 – 2022 Financial Plan furthers VIRL's strategic plan and gives consideration to its current operations, while ensuring it looks to the future as an organization.

5 Year Financial Plan By Year

	2018	2019	2020	2021	2022
Revenues					
Member Levies	\$22,092,086	\$22,502,937	\$23,146,692	\$23,807,196	\$24,484,862
Grants	1,307,232	1,256,500	1,256,500	1,256,500	1,256,500
Overdue Fees	274,012	300,000	300,000	300,000	300,000
Investment Income	70,000	70,000	70,000	70,000	70,000
Other Branch Revenue	224,581	120,000	125,000	130,000	135,000
Transfers from Reserves	4,270,000	3,181,970	4,445,970	2,558,970	4,120,970
MFA Borrowing	8,250,000	1,500,000	-	-	-
Total Revenue	36,487,912	28,931,407	29,344,162	28,122,666	30,367,332
Expenditures					
Operating Expenditures	18,805,165	19,181,268	19,564,894	19,956,192	20,355,315
Library Materials	2,643,121	2,722,415	2,804,087	2,888,210	2,974,856
Capital	11,134,126	2,908,537	2,599,622	637,345	2,121,619
Debt Servicing	944,374	944,374	944,374	944,374	944,374
Transfers To Reserves	2,961,125	3,174,820	3,431,183	3,696,547	3,971,169
Total Expenditures	\$36,487,912	\$28,931,407	\$29,344,162	\$28,122,666	\$30,367,332



2018 BUDGET

2018



2018 BUDGET: "LOOKING TO THE FUTURE"

- The 2018 Budget is firmly grounded in the deliverables designated by the Board of Trustees and follows the direction provided by and supported by the Board's 5-year Strategic Plan: Your Voice, Your Library;
- The Budget continues to balance the priorities of today with the long-term visioning that will guide us forward;
- The Budget addresses the challenges of meeting our service standards and the needs of our communities, as well as the need to maintain our facilities in a sustainable manner;
- 2018 represents the 8th year of a 15-year program developed under the Consolidated Facilities Master Plan to fund the rejuvenation and the long term sustainability of our facilities;
- New budget requests consist of staff-driven proposals to improve customer service and accessibility to VIRL's services;
- The Board of Trustees takes the management and stewardship of public funds very seriously and continues to demonstrate financial leadership, ensuring value for the tax dollars spent. The 2018 Budget continues to build on core values and business practices, with consensus and cooperation, to move the Strategic Plan forward.

ABOUT THE BOARD OF TRUSTEES

- The Board of Trustees govern the library system in accordance with the Library Act and consists of representatives appointed from 28 member municipalities and 10 regional districts;
- An autonomous board guides and supports the operation of all public library services in VIRL's service area. In addition to governance, two primary functions are lobbying and advocacy to ensure that resources are available to fulfill the Mission, Vision and Values of Vancouver Island Regional Library.

ABOUT VANCOUVER ISLAND REGIONAL LIBRARY

- Serves more than 430,000 people in 39 branch libraries, a virtual branch and books-by-mail service;
- The fifth largest library system in British Columbia circulating over five-million items including books, magazines, CD's and DVD's, employing over 390 people;
- With a cooperative spirit, VIRL participates in the provincial interlibrary loan program which creates extraordinary value for money spent.

2018 BUDGET

AT A GLANCE:
LEVY INCREASE

CORE SERVICES

1.67%

NEW BUDGET REQUESTS

1.09%

FACILITIES MASTER PLAN

1.22%

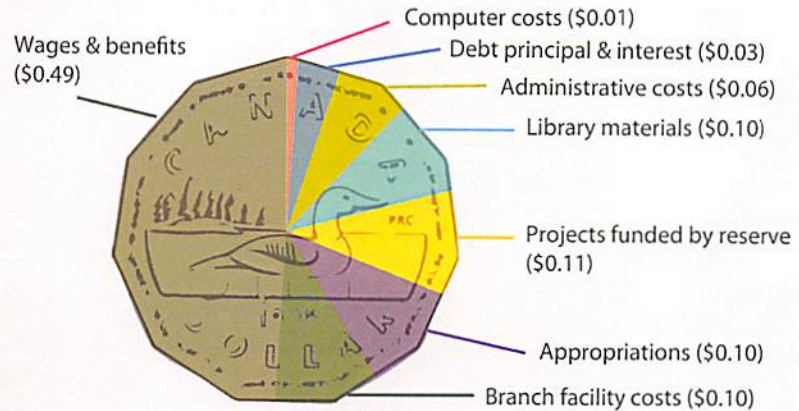
TOTAL AVERAGE INCREASE

3.98%

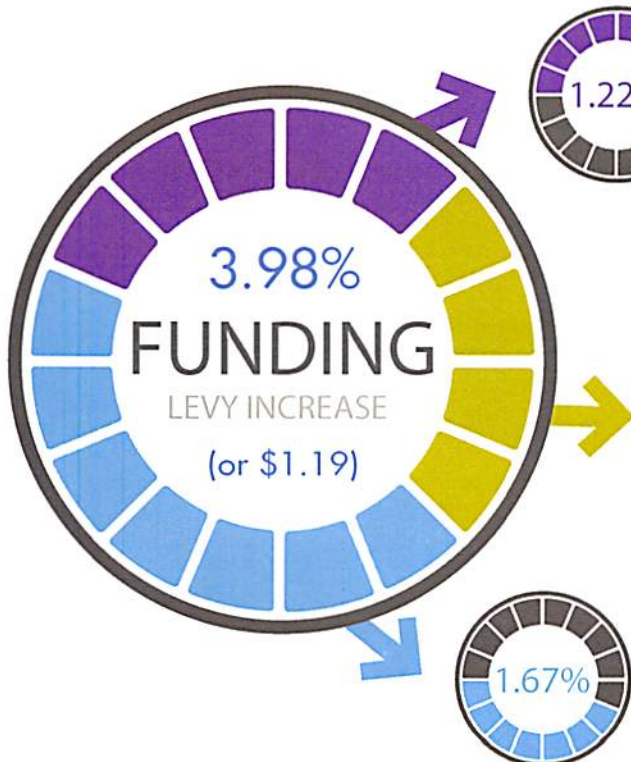
BUDGET BREAKDOWN

1 AVERAGE
PER CAPITA
INCREASE
\$1.19

2 HOW YOUR \$1.00 IS SPENT



3 This Year's
INCREASE: 3.98%



CONSOLIDATED
FACILITIES
MASTER PLAN
Facilities maintenance
Furniture, fixtures
and equipment



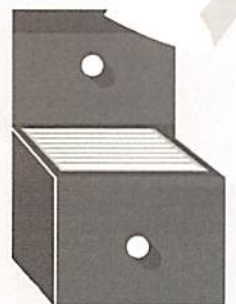
NEW BUDGET
REQUESTS
Innovation Incubator
Indigenous Voices Initiatives
VIRL Trainer
Advocacy, Partnerships
and Promotion



NET OPERATIONS

TOTAL VISITORS TO
VIRL* IN 2017...

2.6
million



*in-branch & online



2018



2018 BUDGET

2018 BUDGET: "LOOKING TO THE FUTURE"

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2018 BUDGET

AT A GLANCE:
LEVY INCREASE

CORE SERVICES

1.67%

NEW BUDGET REQUESTS

1.09%

FACILITIES MASTER PLAN

1.22%

TOTAL AVERAGE INCREASE

3.98%



88

Press Release

Library Board Adopts Balanced 2018 Budget

NANAIMO, September 16, 2017 – The Vancouver Island Regional Library (VIRL) Board of Trustees is looking to the future with its adopted [2018 – 2022 Financial Plan](#). At the September 16 meeting, the Board adopted a balanced budget of \$36,487,912 for 2018. Highlights of the adopted 2018 Budget include:

- Continuing to invest in facilities as per the [Consolidated Facilities Master Plan](#)
- Investing in innovative programming, collections, and resources
- Investing in digital technologies and innovations
- Committing to reconciliation with Indigenous Peoples

"The 2018 Budget ensures that VIRL will evolve and expand to meet the diverse needs of the communities we serve," says VIRL's Director of Finance, Joel Adams. "It anchors us firmly as we continue our transition into a library system of the 21st century."

As a part of the budget, municipal and rural levies will contribute \$22,092,086 to the library budget, an overall increase of 3.98% or a per capita increase of \$1.19. The vote at the Board meeting was 100% in favour of the budget.

The remainder of the budgeted revenues are derived from overdue and other fees, and investment income.

"Our goal as a Board is to deliver leading library services in a fiscally responsible manner," says VIRL's Board Chair, Barry Avis. "With the lowest increase in four of the past five years, the 2018 Budget continues to balance these priorities and positions us well for the future."

For more information about the 2018 – 2022 Financial Plan, visit virl.bc.ca/reports-and-plans. To watch a video about the budget and the 2018 – 2022 Financial Plan, [click here](#).

An infographic about the 2018 – 2022 budget is available [here](#).

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For more information:

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