

# **2024 VIRL Budget**

**Adopted September 16, 2023 By Vancouver Island Regional Library Board of Trustees** 





Vancouver Island Regional Library Administration

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# 2024 VIRL Budget

#### **Overview**

VIRL is funded primarily through operating levies from each member organization. The annual budget is constrained by the availability of revenues, which fund the annual operating expenditures. As communicated with the Board on June 3, 2023, the guiding principles for the 2024 budget development process are:

- 1. Maintain VIRL's existing service level standards.
- 2. Reduce budgets for any maintained cost efficiencies and seek out additional cost efficiencies where it will not impact VIRL's overall service level standard.
- 3. A recognition the 2024 levies may increase above the historical guideline of 2 3% annual increase but any projected levy increases will be in line with the provincial or national projected inflation increase as at the timing of the presentation of the budget.

## **Budget Assumptions Process**

For the 2024 budget process, staff developed preliminary estimates on a modified "needs based" approach for all operating expenses. This approach involved examining the year's variance reports, as well as historical spending patterns and inflation integration of 4% to project 2024 expenditure budget requirements. All department heads were involved in this participative budgeting model. This method provides a global picture of VIRL's cost pressures and allows for detailed discussion of where to prioritize spending.

## **Inflation Indicators and Impact on Revenue**

Inflation will continue to be a considerable factor in the budget development process. Inflation indicators at the beginning of the budget process in April 2023 were suggesting a 12-month average inflation rate of 4.7% with projections that this will level out to 4% by the end of 2023. Updated inflation indicators show that inflation is starting to come down slightly, with newer projections for the country at around 3.4% for the next 12 months. The detailed budget includes an operating levy projection with a 3.4% increase over the 2023 levy. This reduced levy from the original high-level budget was achieved through identifying cost cutting measures.

#### Revenue

VIRL anticipates continuing to receive approximately 95% (2023 - 95%) of its revenue from member levies and approximately 5% (2023 - 5%) from government grants. The remaining <1% (2023 - <1%) is made up of ancillary revenues such as interest income and miscellaneous fees (photocopiers, sale of promotional items, room rentals, etc.).

## **Operating Expenditures**

## **Assumptions and Analysis**

The cost of operating library facilities continues to be a significant component of VIRL's overall budget at 18% (2023 – 20%). Utilities and other facilities related costs (such as security, landscaping, janitorial and telecommunications) are also projected to rise by more than inflation in 2024. This is a combination of enhanced services (such as security), as well as renegotiated fixed contracts (such as janitorial).

The individual impact of these projected increased costs can be seen in the business case summary below.

Lease fees, given their fixed nature, tend to increase at a rate more than inflation in the year of a renewal. VIRL is seeing the impact of accumulated inflation as long-term leases in both information technology and facilities as leases have been renewing at closer to market rates. The overall lease budget is represented by:

	2024 Budget	2023 Budget	2022 Actual
IT Lease Costs	\$ 122,200	\$ 94,098	\$ 130,601
Facilities Lease Costs	2,258,794	2,166,735	2,236,809
Total Lease Fees	\$ 2,380,994	\$ 2,260,833	\$ 2,367,410

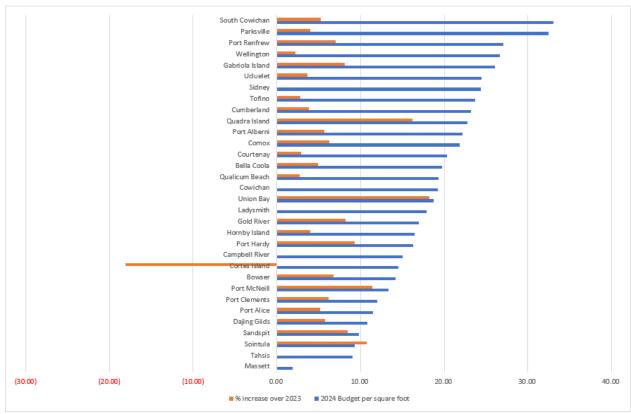
VIRL occupies a total of 109,971 square feet (2023 – 109,971 sq ft) across 33 leased locations. The landlord groups can be split into three categories (1) private (2) public non-municipal and (3) public municipal. An analysis of the weighted average cost of rent per square foot shows that private and public municipal rental rates are similar, whereas public non-municipal rates tend to be substantively less expensive per square foot. Public municipal and private rates have been increasing faster than public non-municipal rates but are still in line with inflation with an approximate annual increase of 4%.

#### **Analysis of Facility Lease Costs**

	2024 Budget	Per SF	2023 Budge	t per SF	2022 Actual	per SF
Private (10 locations)	\$	21.81	\$	20.90	\$	20.91
Public Non-Municipal (7 locations)		16.14		15.87		15.24
Public Municipal (15 locations)		20.29		19.43		19.99

Broken down by municipality, we can see that rates are generally increasing in the more rural and smaller locations at a quicker pace than larger and more urban locations.

#### **Analysis of Facility Lease Increases by Location**



Other changes in operating expenses, while larger in percentage, have a smaller overall impact on the total budget. Examples include an uplift to travel expenses to a pre-COVID level with a total impact of 0.6% (2023 - 0.6%) of the overall expenditures budget. Some other small budget changes are related to right-sizing budgets to historical spending patterns, such as promotion and programming at 0.8% (2023 - 0.7%) of the total expenditures budget.

Included in the draft 2024 budget are budget requests based on business cases to address the following budget lifts to historical spending patterns:

- HVAC maintenance (\$12,170 ongoing)
- Security guards (\$192,500 ongoing)
- Cleaning (\$86,816 ongoing)
- Offsite storage costs (\$11,348 ongoing)
- Insurance (\$58,906 ongoing)

In addition, there are business case requests for funds for new initiatives in the areas of:

- HVAC upgrade engineering design (\$10,000 one-time)
- Library cards (\$4,290 ongoing)
- Board meeting costs (\$37,727 ongoing)
- IT network remediation (\$259,000 capital + \$22,220 operating one-time)

#### **Wages and Benefits**

#### **Assumptions and Analysis**

Wages and benefits detailed modelling was undertaken, reflecting the expected 2024 staffing compliment. At the time of preparing the budget, initiatives such as the scheduling and operations review were still underway, therefore, no projections for any cost savings related to this initiative are included in this budget.

The wages and benefits budget line item represents \$15,182,979 in wages (2023 - \$14,711,349) and \$4,239,209 in benefits (2023 - \$4,037,742). The incremental cost in wages is a combination of the following components, each discussed in detail below.

- Cost of living wage increases
- Changes in staffing compliment
- Adjustments to the projected vacancy allowance
- Changes in benefits entitlement

#### **Cost of Living Wage Increases**

Cost of living increments are budgeted across the unionized and exempt employee groups at a rate of 3% or 4% in line with the bargained collective agreements. Pages are projected to have a more substantial wage increase of 15%, made up of 9.5% as the minimum statutory requirement tied to ongoing provincially mandated increases in minimum wage and 5.5% to bring this wage category closer to a living wage.

## **Changes in Staffing Compliment**

A detailed review of funded positions was undertaken this year to match the current staffing compliment with funded FTE's. This review, in combination with planned elimination or consolidation of vacant positions has resulted in a reduction of 3.7 funded FTE's. These adjustments are across all unionized and non-unionized categories as follows:

BCGEU -1 funded FTE Exempt - 5 funded FTE CUPE +2.3 funded FTE Pages + .1 funded FTE

#### **Adjustments to the Projected Vacancy Allowance**

In budgeting, a vacancy allowance reduces overall wages budgets for planned or anticipated vacancies, or to represent position which are budgeted at the top of scale where the incumbent is not paid at top of scale. Previously the vacancy allowance was planned to be upheld by holding positions vacant or with planned delays in recruitment, primarily in the exempt employment category.

An analysis of historical actual wages and benefits costs shows this vacancy allowance is unlikely to be fully achieved through cost savings in addition to the other adjustments mentioned throughout this discussion, therefore it was eliminated in the wages budgeting. Any differential between incumbents not paid at top of scale and positions budgeted at top of scale historically has been utilized in year to fund replacement costs for temporary workers for leave replacements. As a result of the detailed FTE and benefits modelling, the vacancy allowance of approximately \$2.3 million in 2023 was eliminated as part of the budget.

#### **Changes in Benefits Entitlement**

A detailed budget projection was developed for the 2024 budget. Benefits are becoming increasingly more expensive, some through statutory changes (such as Worksafe premium increases, changes to the Canada Pension Plan or statutory changes regarding sick leave benefits). Other cost increases to benefits are because of recent union negotiations. Inflation also impacts the cost of extended benefits, with the most recent contract renewal with the third-party benefits provider having cost increase of 0% in some categories (such as 0% on life or accidental death and dismemberment) upwards of 10% on dental coverage or 17% on extended health care. Cost of living increases also impact benefits costs as some benefits are tied to an overall wage level (such as employment insurance or pension plan contributions). The 2024 projected cost of benefits for employees is \$4,239,209 (2023 – \$4,037,742) representing a 5% increase.

As a reconciliation of the total impact of all changes in the wages budget:

2023 Wages and Benefits Budget	\$ 15,922,000	% of overall change
Cost of living wage increases	750,000	21%
Changes in staffing compliment	(292,000)	(8%)
Elimination of vacancy allowance	2,840,000	81%
Incremental cost of benefits	201,000	6%
2024 Wages and Benefits Budget	\$ 19,421,000	100%

## **Impact on Operating Levy**

Combining all factors discussed above, the operating levy is projected to increase by 3.4%, which is below the targets discussed with Executive Committee at the May 5, 2023, meeting.

## **Capital**

Appendix 3 lays out the capital plan for the 2024 fiscal year including proposed capital projects.

- Campbell River upgrade is projected to be funded by new borrowings entirely therefore is shown as a full recovery project.
- Furniture and equipment and end user computing refreshes are routine and are in line with previous year budget amounts for these items.
- Public computing computer lease initiative has previously been approved and appears as a capital expense because of accounting rules related to lease agreements of this nature.

- Masset project capital expenses reflect the portion of the overall approved project costs that will be incurred in 2024.
- Nanaimo Harbourfront HVAC refresh is on the capital plan for 2024 which was considered under separate cover.
- Network refresh is phase 2 of an ongoing project that was waylaid in progress due to restrictions on travel during COVID.

The capital levy does not fully cover the projected 2024 capital expenditures, with the remainder funded as a draw down on the reserves (appendix 4).

#### Conclusion

The detailed budget is presented to the Board of Trustees for review and approval. As outlined in the initial budget objectives, this is primarily an incremental (carryforward) budget with the most significant impacts explained throughout this memo.

# Vancouver Island Regional Library 2024 Budget – High Level

	2024 Budget	% Change	2023 Budget	2022 Actuals
Revenues				
Grant revenue	1,358,000	4%	1,308,000	1,207,000
Levies Revenue	28,437,000	3%	27,502,000	25,440,000
Other Revenues	140,000	-42%	240,000	127,000
Total Revenues	29,935,000	3%	29,050,000	26,774,000
Expenses				
Collections	3,320,000	2%	3,247,000	2,959,000
Contracts	1,089,000	9%	999,000	970,000
Debt Repayment	742,000	-3%	765,000	526,000
Freight and Postage	247,000	4%	238,000	276,000
Interest and Bank Charges	451,000	-24%	594,000	451,000
Lease fees	2,381,000	5%	2,261,000	2,367,000
Office Supplies	207,000	34%	155,000	215,000
Professional Development	123,000	-16%	147,000	98,000
Professional Services	286,000	-1%	288,000	231,000
Promotion and Programming	238,000	31%	181,000	182,000
Repairs and Maintenance	253,000	-12%	286,000	255,000
Travel	189,000	24%	153,000	102,000
Utilities and Facilities Related Costs	1,750,000	37%	1,278,000	1,599,000
Wages and Benefits	19,421,000	22%	15,922,000	16,679,000
Total Expenses	30,697,000	16%	26,514,000	26,910,000
Net income (loss) from operations	(762,000)	-130%	2,536,000	(136,000)
Capital				
Capital Levies	4,080,000		0	0
Capital Expenditures	(6,089,000)	139%	(2,550,000)	(120,000)
Net capital impact	(2,009,000)		(2,550,000)	(120,000)
Contributions to reserves	(1,549,000)	-62%	(4,077,000)	(3,953,000)
Draws from reserves	4,320,000	6%	4,091,000	1,974,000
Net draw (contribution) from reserves	2,771,000		14,000	(1,979,000)
Net income (loss)	0	0%	0	(2,235,000)

Vancouver Island Regional Library															
Appendix 1															
Expenditure Budget Detail by Departr	ment - 2024														
Departments		Board		E	Branches			Collections		Co	mmunicatio	ns	Exe	cutive Direc	ctor
	2024	2023	%	2024	2023	%	2024	2023	%	2024	2023	%	2024	2023	%
Expenses															
Collections	-	-		-	-		3,320,000	3,247,000		-	-		-	-	
Contracts	-	-		-	-		-	-		6,000	5,000		-	-	
Debt Repayment	-	-		-	-		-	-		-	-		-	-	
Freight and Postage	-	-		-	-		-	-		-	-		-	-	
Interest and Bank Charges	-	-		11,000	8,000		-	-		-	-		-	-	
Lease fees	-	-		-	4,000		-	-		5,000	5,000		-	-	
Office Supplies	-	-		74,000	41,000		3,000	-		37,000	36,000		1,000	1,000	
Professional Development	4,000	10,000		-	-		-	4,000		-	5,000		13,000	7,000	
Professional Services	-	-		-	-		-	-		1,000	1,000		23,000	3,000	
Promotion and Programming	-	-		34,000	37,000		-	-		106,000	100,000		-	-	
Repairs and Maintenance	-	-		13,000	26,000		-	-		15,000	5,000		-	-	
Travel	73,000	35,000		35,000	30,000		4,000	12,000		6,000	6,000		13,000	13,000	
Utilities and Facilities Related Costs	-	-		208,000	207,000		-	-		-	-		-	-	
Wages and Benefits	-	-		13,068,000	11,682,000		974,000	964,000		647,000	805,000		505,000	895,000	
Total Expenses	77,000	45,000	71%	13,443,000	12,035,000	12%	4,301,000	4,227,000	2%	823,000	968,000	-15%	555,000	919,000	-40%

Vancouver Island Regional Library														
Appendix 1														
<b>Expenditure Budget Detail by Depart</b>														
Donostroonto		Facilities		Finance		Here	man Resour		Inform	ation Tashus	lam.	D.	ublic Services	
Departments	2024	2023	% 2024	2023	%	2024	2023	ces %	2024	ation Techno	www.	2024	2023	%
Expenses	2024	2023	76 2024	2023	70	2024	2023	70	2024	2023	70	2024	2023	70
Collections	_	_		_		_	_		_			_	_	
Contracts	6,000	6,000	252,000	183,000		75,000	55,000		743,000	744,000		7,000	6,000	
Debt Repayment	742,000	765,000	-	-		-	-		-	-		-	-	
Freight and Postage	247,000	238,000	-	-		-	-		-	-		-	-	
Interest and Bank Charges	428,000	575,000	12,000	11,000		-	-		-	-		-	-	
Lease fees	2,259,000	2,252,000	-	-		-	-		117,000	-		-	-	
Office Supplies	3,000	3,000	1,000	1,000		8,000	9,000		26,000	1,000		1,000	20,000	
Professional Development	1,000	1,000	3,000	8,000		100,000	67,000		-	25,000		1,000	18,000	
Professional Services	-	-	107,000	103,000		75,000	83,000		75,000	74,000		5,000	24,000	
Promotion and Programming	-	-	-	-		1,000	4,000		25,000	-		72,000	40,000	
Repairs and Maintenance	164,000	240,000	-	-		-	-		61,000	15,000		-	-	
Travel	3,000	5,000	-	2,000		7,000	9,000		27,000	15,000		21,000	24,000	
Utilities and Facilities Related Costs	1,469,000	1,015,000	-	-		-	-		50,000	45,000		-	-	
Wages and Benefits	577,000	511,000	687,000	641,000		523,000	690,000		897,000	1,119,000		1,334,000	1,150,000	
Total Expenses	5,899,000	5,611,000	5% 1,062,000	949,000	12%	789,000	917,000	-14%	2,021,000	2,038,000	-1%	1,441,000	1,282,000	12%

Vancouver Island Regional Library					
Appendix 1					
<b>Expenditure Budget Detail by Depart</b>	1				
Departments		Purchasing		Total Exp	enditures
	2024	2023	%	2024	2023
Expenses					
Collections	-	-		3,320,000	3,247,000
Contracts	-	-		1,089,000	999,000
Debt Repayment	-	-		742,000	765,000
Freight and Postage	-	-		247,000	238,000
Interest and Bank Charges	-	-		451,000	594,000
Lease fees	-	-		2,381,000	2,261,000
Office Supplies	53,000	43,000		207,000	155,000
Professional Development	1,000	2,000		123,000	147,000
Professional Services	-	-		286,000	288,000
Promotion and Programming	-	-		238,000	181,000
Repairs and Maintenance	-	-		253,000	286,000
Travel	-	2,000		189,000	153,000
Utilities and Facilities Related Costs	23,000	11,000		1,750,000	1,278,000
Wages and Benefits	209,000	256,000		19,421,000	15,922,000
Total Expenses	286,000	314,000	-9%	30,697,000	26,514,000

Business Case: Security Guards

#### **Topic: Security Guards**

## **Background/Overview**

VIRL facilities are open to the community. In some locations, however, this level of accessibility attracts persons that may pose a threat to property, themselves and/or others.

#### **Current State**

Static guards are in the Campbell River, Courtenay, and Nanaimo Harbourfrount branches while the branch is open. The static guard located on the grounds of Nanaimo North outside of branch hours, was replaced in early 2023 with periodic nightly patrols (frequency adjusted depending on number of reported occurrences).

#### **Future State**

This business case seeks to sustain and embed in the budget current service levels of security guards pending formal risk assessments, retendering, and exploration of partnership opportunities with other organizations facing similar security challenges.

Security guards in library spaces is not always an ideal solution. Security guards can often act as deterrents to marginalized individuals and communities. While security guards can, and do, play a pivotal role in de-escalating incidents, and provide much needed support to our library staff, they do require a significant amount of training so our security guards recognize that public libraries encourage people who do not have access to services to use our public space and services. Security guards that work in the library must recognize we welcome everyone and do not profile or discriminate.

#### **Goals Addressed**

Business cases must address at least 1 of VIRL's Strategic Plan Goals. Goal(s) are addressed by this business case.

#### Goal 4: Foster safe, inclusive, and welcoming spaces and collective services

Security guards play an important role in mitigating violence in the workplace and help create safe spaces for staff and patrons. They assist library staff with de-escalation, managing difficult patron behaviour, and assist staff with enforcing the Library Board's Rules of Conduct policy.

## **Proposal**

Propose to continue Footprint Security Guard contracts at Campbell River, Courtenay, Nanaimo Harbourfront, and Nanaimo North.

This would continue the ongoing support needed at the branch dealing with the ongoing homelessness and drug crisis we are experiencing in many of our communities. Based on previous assessments, WorkSafeBC inspections, reports and JOHS Committee assessments, interviews, and recommendations, it is necessary to continue providing a security guard presence at the above locations to support a safe work environment for staff and patrons at urban branch locations.

To not continue providing security guards, without providing adequate replacement, would result in deteriorating workplace conditions that would prevent employees from performing their expected job roles and function, and pose risk to their health and safety.

Business Case: Security Guards

# **Branches Impacted**

The following four branches are impacted:

- Campbell River
- Courtenay
- Nanaimo Harbourfront
- Nanaimo North

#### **Cost Breakdown**

	Table 1 — Items to Purchase								
Item	Cost	Fiscal Year	Notes						
	N/A								
	N/A								
	N/A								
	N/A								
Total cost	N/A								

Table 2 - VIRL Staff Time Required								
Staff Number of Hours Notes								
N/A								
Total hours								

Table 3 — Ongoing Costs										
Cost — Static Guard	Amount	Fiscal Year	Notes							
Campbell River	40,830	2024	Additional budget amount to fund existing service							
Courtenay	100,720	2024	Additional budget amount to fund existing service							
Nanaimo Harbourfront	75,950	2024	Additional budget amount to fund existing service							
Total increased annual cost	\$217,500									

	Table 4 - Funding Sources							
<b>Funding Source</b>	Amount	Notes						
Budget Holder		Amount found through internal savings in existing budget						
		holder budget (reduction in Nanaimo North budget to actual						
	25,000	anticipated contract amount)						
External Funding	0							
New Internal Funding	192,500	Amount requested as a budget lift through budget process						
Total increased								
annual cost	\$217,500							

# **Analysis of Alternative Approaches**

VIRL has the following options:

**Option 1:** Status quo (Additional cost, but continuation of service)

**Continue to Provide Security Services** 

Business Case: Security Guards

Security guards are already present at the four locations (Campbell River, Courtenay, Nanaimo Harbourfront, Nanaimo North) and were an unfavourable budget variance in 2023.

#### **Option 2: Cancel Security Services**

Remove security from urban branches that do not receive a budget lift. Would significantly impact staff's ability to manage their branch environment during drug and homelessness crisis.

Recommended option: Option 1 (status quo)

Vancouver Island Regional Library							
Appendix 2							
Expenditure Budget Detail by Locat	ion - 2024						
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	Operating Expenses	Facility Expenses	Wages and Benefits	Total 2024	% Change	Total 2023	2022 Actual
Bella Coola	2,000	38,000	59,000	99,000	2%	97,000	99,000
Bowser	1,000	37,000	49,000	87,000	14%	76,000	87,000
Campbell River	8,000	369,000	949,000	1,326,000	25%	1,059,000	1,063,000
Chemanius	6,000	214,000	435,000	655,000	14%	575,000	624,000
Comox	7,000	140,000	393,000	540,000	9%	495,000	570,000
Cortes Island	1,000	33,000	53,000	87,000	12%	78,000	83,000
Courtenay	9,000	449,000	943,000	1,401,000	20%	1,168,000	1,218,000
Cowichan	9,000	264,000	821,000	1,094,000	9%	1,007,000	1,025,000
Cowichan Lake	2,000	99,000	304,000	405,000	13%	358,000	336,000
Cumberland	1,000	92,000	126,000	219,000	5%	208,000	218,000
Dajing Giids	1,000	27,000	209,000	237,000	5%	225,000	233,000
Gabriola Island	2,000	123,000	319,000	444,000	9%	407,000	358,000
Gold River	1,000	29,000	55,000	85,000	8%	79,000	86,000
Hornby Island	1,000	19,000	64,000	84,000	9%	77,000	81,000
Ladysmith	5,000	113,000	329,000	447,000	7%	417,000	441,000
Massett	3,000	97,000	217,000	317,000	47%	216,000	217,000
Nanaimo	25,000	667,000	1,432,000	2,124,000	-2%	2,174,000	2,053,000
Nanaimo North	10,000	462,000	975,000	1,447,000	1%	1,430,000	1,308,000
Nanaimo Wellington	7,000	149,000	535,000	691,000	8%	641,000	653,000
Parksville	4,000	210,000	575,000	789,000	7%	735,000	735,000
Port Alberni	2,000	175,000	489,000	666,000	6%	628,000	615,000
Port Alice	3,000	32,000	50,000	85,000	9%	78,000	87,000
Port Clements	1,000	13,000	51,000	65,000	10%	59,000	64,000
Port Hardy	2,000	67,000	321,000	390,000	24%	315,000	382,000
Port McNeill	1,000	30,000	57,000	88,000	10%	80,000	98,000
Port Renfrew	1,000	23,000	46,000	70,000	8%	65,000	71,000
Quadra Island	1,000	106,000	196,000	303,000	6%	285,000	261,000
Qualicum Beach	7,000	179,000	493,000	679,000	7%	636,000	632,000
Sandspit	1,000	13,000	53,000	67,000	18%	57,000	63,000
Sayward	1,000	21,000	104,000	126,000	10%	115,000	134,000
Sidney	11,000	159,000	562,000	732,000	5%	697,000	719,000
Sointula	1,000	23,000	48,000	72,000	13%	64,000	79,000
Sooke	5,000	338,000	1,098,000	1,441,000	34%	1,073,000	1,043,000
South Cowichan	4,000	144,000	384,000	532,000	10%	483,000	493,000
Tahsis	1,000	10,000	47,000	58,000	7%	54,000	61,000
Tofino	1,000	42,000	52,000	95,000	4%	91,000	100,000
Ucluelet	1,000	32,000	52,000	85,000	6%	80,000	85,000
Union Bay	1,000	11,000	39,000	51,000	16%	44,000	53,000
Woss	3,000	22,000	85,000	110,000	16%	109,000	113,000
Central Services	5,689,000	363,000	6,352,000	12,404,000	24%	9,979,000	10,269,000
Central Jel VICes	3,009,000	303,000	0,332,000	12,404,000	24%	3,373,000	10,209,000
Total Expenses	5,842,000	5,434,000	19,421,000	30,697,000	16%	26,514,000	26,910,000

#### Vancouver Island Regional Library Appendix 3 Capital Budget

Capital Revenues		2024
Facilities Levy (@ .76%)		2,466,000
FFE&S Levy (@ .61%)		1,614,000
Total Capital Revenues		4,080,000
Capital Expenditures		
Information Technology	Public computing - capital lease	200,000
Information Technology	End user computing	400,000
Information Technology	Network refresh	260,000
Facilities	Furniture and equipment refresh	219,000
Facilities	Nanaimo HVAC refresh	890,000
Facilities	Masset facility	2,420,000
	Amortization	1,700,000
Total Capital Expenditures		6,089,000
Net capital contribution		(2,009,000)
Facilities	Campbell River upgrade	(1,200,000) note 3
Net change in capital		(3,209,000)

Note 1: Financed through debt

Business Case: Campbell River Branch

## **Topic: Campbell River Branch**

**Purpose:** Provide business case and options to pursue new operating location

#### **Background**

VIRL leases the current 9,683 ft<sup>2</sup> Campbell River library facility at 1240 Shoppers Row from the City of Campbell River (CCR). The building dates from 1987. The facility is not in good condition and is significantly undersized for the community. It is acknowledged that library services in CCR are not optimal, as a result. In 2012, the Board of Trustees engaged with CCR to secure a site for a new branch, and the conversation has continued over the years – here is a select timeline:

2019: VIRL confirms razing the current building, and building on the site is its preferred option. Site identification and design / build exploration with CCR gets underway. Branch size of 20K ft² with \$14M budget established as benchmark.

2020: In partnership with VIRL, Strathcona Regional District (SRD) passes <a href="Bylaw 381">Bylaw 381</a> to finance construction of a new library in Campbell River. \$14M maximum. COVID delay; inflation; construction costs dramatically escalate.

2021: Status quo facility increasingly intolerable: VIRL's Executive Committee requests lease options, which get underway, but are ultimately postponed with leadership transition and continuing turbulence in construction sector.

2022: Exploration with CCR and BC Housing into mixed use partnership is ultimately not supportable by the existing site geotechnical. Staff work on Campbell River pauses pending review of VIRL's Facilities Master Plan (FMP).

2023: Wei Wai Kum First Nation correspondence in support of a new branch, and with reference to available lease space in Discovery Harbour Shopping Centre.

#### **Discussion**

The FMP finds the overall condition of the Campbell River branch to be poor, with numerous critical, ASAP and priority items to be addressed<sup>1</sup>. The branch scores in the top 5 of existing VIRL sites, across all three FMP prioritization rubrics.

- Soffits: Cracking and separation of materials noted.
- Exterior Doors: Visible gaps below service room doors. Realign/adjust doors and install door sweeps and weather stripping.
- Sidewalks (trip hazards): Some settling, resulting in unevenness. Moss-covered areas.
- Library area ceiling: Substantial checking, splitting and gaps in decking. Structural beams with visible deflection and slope, with gaps noted at structural steel connection plates.
- Library area walls: Cracking and water damage visible at skylight level.
- Workroom ceilings: Water damage to wood structure observed in plenum space. Mould apparent in insulation. Asbestos inspection and remediation required.
- Non-accessible washrooms.
- Natural gas piping: Exterior natural gas piping shows considerable corrosion.
- Electrical service: Existing equipment is at end of life and should be upgraded.

<sup>&</sup>lt;sup>1</sup> Consultants recommended numerous critical and priority items to be addressed, all of which are within scope of Section 5.0 City's Responsibility and Expenses of the most recent License of Occupation Agreement, (dated June 1, 2015). Items of significance include:

Business Case: Campbell River Branch

While substantial investment is urgently required by the City of Campbell River to address deficiencies at the current site, to prevent further degradation of the building, and maintain the viability of the facility as a public library, even with these investments, the facility remains a poor fit for VIRL.

The facility does not meet the physical and space needs of the community as indicated in the updated FMP. Nor does the current branch align with several design principles in the FMP. The branch is also undersized — per the FMP, CCR will be shifting categories from Large to Urban branch eligibility. CCR, inclusive of the Wei Wai Kum First Nation, and a component of SRD Electoral Areas C and D has a current population of ~38K, which is expected to increase by more than a third by 2040. Assuming a single branch will best service the community, the FMP recommends a target square footage of ~11K-15K ft².

Status quo is no longer an option for this project. Nor is new construction – the borrowing costs are too high at this time. Grants are potentially available.

## **Options**

- 1. Pursue a standalone or mixed-use design/build solution for Campbell River.
- 2. Pursue a standalone or mixed-use lease or contributory solution for Campbell River. Allocate \$1.2M in F2024 (New long-term borrowings via SRD/MFA) to support one-time costs; work with CCR and partners to identify optimal siting as soon as practical.

#### **Recommendation:** Option 2

## **Strategic Goals Addressed**

This business case addresses the following strategic goals:

- Goal 1: Increase the usage of library services in our region.
- Goal 2: Review, innovate and design service models in service to equity.
- Goal 3: Extend the impact and reach of our services through partnerships and reciprocity.
- Goal 4: Foster safe, inclusive, and welcoming spaces and collective services.

# Cost

	Estimated One-Time	Costs													
	Location	Sq Ft													
			Computer Equipment	Misc F&E Configuration Costs	Shelving	Moving	Building Improvement Allowance (\$30/sq ft)	Additional Furniture		Property identification & legal	Estimated One-Time Costs	20% Contingency	Total One-Time Costs		
	Existing CCR	9683	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$ -	\$ -	\$ -	\$ -		
Option 2:	Proposed - ideal size	15000	\$ 69,082	\$ 44,395	\$220,635	\$ 2,407	\$ 450,000	\$ 184,118	NA	\$ 29,363	\$ 1,000,000	\$200,000	\$ 1,200,000		
	Annual projected cos	ts - For	Information	Only											
	Location	Sq Ft	Base Rent (\$/sq ft)	Additional Rent (\$/sq ft)	Property Taxes (\$/ sq ft)	Annual Co	st							Totals Annual	% change
										Garbage &	Snow				
						Rent	Utilities	Security	Custodial	Recycling	Removal	Staffing	Maintenance		
	Existing CCR	9683	\$16	\$0	\$0	\$154,928	\$14,063	\$46,539	\$13,590	\$164	\$9,048	\$629,940	\$6,979	\$875,251	N/A
Option 2:	Proposed - max size	15000	\$16	\$7	\$3	\$393,750	\$21,785	\$15,000	\$21,052	\$164	\$9,048	\$717,754	\$10,811	\$1,189,365	26.41%

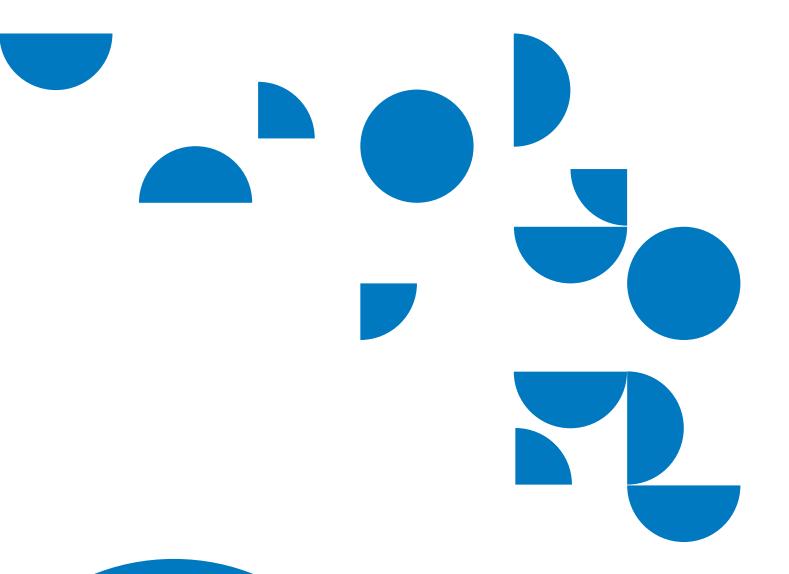
Vancouver Island Regional Library Appendix 4 Reserve Fund Continuity

Internally Restricted Funds	December 31, 2022 (Audited)	2023 Budget Reserve Contributions (approved)	2023 Budget Reserve Expenses (approved)	2023 Reserve Expenses (projected)	2023 Reserve Adjustment	2024 Budget Reserve Contribution (proposed)	2024 Budget Reserve Expenses (proposed)	December 31, 2024 (projected)
	A	В		С	D	E	F	G = A + B + C + D + E + F
Computer Systems & Network	1,203,714	250,000	(400,000)	(301,022)	_	250,000	(660,000)	742,692
Friends of the Library	16,297	-	-	-	-	-	-	16,297
Fundraising	715,390	-	-	-	-	-	-	715,390
Furniture and Equipment	406,933	150,000	(200,000)	(115,937)	(250,000)	200,000	(200,000)	190,996
Human Resources Issues	36,171	-	-	-	(36,171)	-	-	-
ILS Replacement	100,003	50,000	-	-	-	50,000	-	200,003
Long-term Maintenance	3,216,622	1,124,616	(150,000)	(32,149)	(4,000,000)	1,018,585	(1,040,000)	287,674
Outfitting and New / Expanded Facilities	2,286,395	2,447,128	(3,340,511)	(1,694,621)	-	-	(2,420,000)	618,902 Not
Salaries	204,452	-		-	(204,452)	-	-	-
Strategic Planning	· •	25,000	-	-	-	-	-	25,000
Vehicles	72,973	30,000	-	(79,136)	-	30,000	-	53,837
Total	8,258,951	4,076,744	(4,090,511)	(2,222,865)	(4,490,623)	1,548,585	(4,320,000)	2,850,792

Note 1: New facilities financed through debt.

# **Total Member Levy**

		Apportionment							
	Total	Per \$100 of	2024	Change in	% Change in		Combined 2024	Per capita	Per capita
Municipalities	2023 Levy	Shared Cost	Operating Levy	Operating Levy	Operating Levy	Capital Levies	Levy	2024	2023
Campbell River	1,882,910	6.83	1,943,316	60,407	3.2%	278,828	2,222,144	59.76	51.41
Comox	813,945	2.92	830,526	16,582	2.0%	119,164	949,691	61.76	53.51
Courtenay	1,597,516	5.87	1,668,019	70,503	4.4%	239,328	1,907,348	63.83	55.27
Cumberland	246,532	0.90	256,898	10,366	4.2%	36,860	293,758	62.45	52.59
Daajing Giids	40,158	0.15	43,850	3,691	9.2%	6,292	50,141	49.94	43.13
Duncan	266,267	0.98	278,539	12,272	4.6%	39,965	318,504	59.39	52.00
Gold River	53,102	0.19	54,798	1,696	3.2%	7,862	62,660	49.38	42.24
Ladysmith	486,407	1.78	505,635	19,228	4.0%	72,549	578,184	61.94	52.80
Lake Cowichan	180,068	0.67	191,010	10,942	6.1%	27,406	218,416	60.47	50.02
Lantzville	250,085	0.92	262,245	12,160	4.9%	37,627	299,871	75.55	64.55
Masset	30,533	0.12	33,100	2,567	8.4%	4,749	37,850	49.80	42.17
Nanaimo	5,485,270	20.05	5,702,581	217,311	4.0%	818,209	6,520,790	62.66	53.78
North Cowichan	1,793,335	6.57	1,867,987	74,652	4.2%	268,020	2,136,007	64.05	54.59
North Saanich	978,113	3.55	1,009,195	31,082	3.2%	144,800	1,153,995	91.07	78.25
Parksville	840,614	3.07	873,039	32,425	3.9%	125,264	998,303	70.48	60.60
Port Alberni	913,661	3.30	938,103	24,442	2.7%	134,599	1,072,702	54.94	47.83
Port Alice	28,851	0.10	28,835	(16)	-0.1%	4,137	32,972	47.44	40.81
Port Clements	12,035	0.05	12,967	932	7.7%	1,861	14,828	55.74	43.76
Port Hardy	179,846	0.66	187,541	7,694	4.3%	26,908	214,449	48.45	41.33
Port McNeill	105,263	0.39	111,302	6,039	5.7%	15,970	127,271	50.54	43.12
Qualicum Beach	619,717	2.20	625,497	5,780	0.9%	89,747	715,243	76.11	66.02
Sayward	14,623	0.05	14,503	(121)	-0.8%	2,081	16,584	54.91	44.86
Sidney	851,776	3.14	892,519	40,743	4.8%	128,059	1,020,577	81.20	69.37
Sooke	841,127	3.10	882,822	41,695	5.0%	126,668	1,009,489	63.13	54.13
Tahsis	13,744	0.05	13,707	(37)	-0.3%	1,967	15,673	53.68	46.43
Tofino	234,156	0.82	234,519	362	0.2%	33,649	268,167	121.67	89.44
Ucluelet	153,668	0.63	180,062	26,394	17.2%	25,835	205,897	81.64	74.78
Zeballos	4,967	0.02	4,920	(47)	-1.0%	706	5,625	46.11	41.39
	18,918,289	69.09	19,648,034	729,745	3.7%	2,819,108	22,467,141	64.65	56.05
Regional Districts	E74 26E	2.02	570 457	2.402	0.40/	02.200	6FF 777	70.20	60.44
Alberni-Clayoquot	571,265	2.02	573,457	2,192	0.4%	82,280	655,737	78.29	69.14
Capital	334,052	1.21	345,081	11,029	3.3%	49,512	394,593	91.70	81.28
Central Coast	64,181	0.24	67,566	3,385	5.3%	9,694	77,260	54.56	46.11
Comox Valley	1,597,206	5.65	1,607,165	9,959	0.6%	230,597	1,837,761	72.89	62.35
Cowichan Valley	2,390,470	8.55	2,431,520	41,050	1.7%	348,876	2,780,396	76.50	61.90
Mount Waddington	160,851	0.61	172,583	11,732	7.3%	24,762	197,345	94.65	98.08
Nanaimo	2,773,748	10.15	2,885,855	112,107	4.0%	414,064	3,299,919	75.46	63.70
North Coast	55,335	0.20	55,566	231	0.4%	7,973	63,538	56.73	48.80
qathet	32,142	0.11	32,020	(122)	-0.4%	4,594	36,614	74.12	65.73
Strathcona	604,237	2.17	618,075	13,837	2.3%	88,682	706,756	72.58	62.55
	8,583,487	30.91	8,788,888	205,400	2.3%	1,261,034	10,049,921	75.67	66.04
TOTALS	27,502,000	100.00	28,437,000	935,000	3.4%	4,080,000	32,517,000	67.69	58.83



Vancouver Island Regional Library Administration

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