

ACTION

Subject: OPL 2013 Budget Process and Timelines

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Prepared for: Ottawa Public Library Board

Meeting of: June 11, 2012

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Recommendations

1. That the Board approve the timetable and the process for developing and approving the 2013 budget, as outlined in this report.
2. That the Board direct staff to develop and present draft budget options for the Board's consideration, based on the direction provided by Ottawa City Council.

References

- Report to FEDCO, 2013 Proposed Budget Process and Timetable, June 5, 2012
- Report to FEDCO and City Council, Long Range Financial Plan IV (Part 1), May 30, 2011

1. Background

In May 2011, City Council adopted a 2012-2014 operating budget strategy. In this report, City Council approved a recommendation that directed the Boards and Commissions to develop their draft budgets using the following: "that the annual allocation for all local Boards and Commissions be based on their

individual pro-rated share of a 2.5% tax increase and an estimated 2% increase in the taxes resulting from growth and assessment”.

On June 5, 2012, a City report was presented to the Finance and Economic Development Committee of Council to establish timelines for the development of the 2013 budget, along with recommendations as to how to refine Council’s budget directions in order to acknowledge the current fiscal context and cap expenditures at an affordable level.

2. Proposed 2013 Budget Timetable and Public Consultation Plan

Table 1 summarizes the key dates for approval and consultation regarding the 2013 Budget (City and Library).

Table 1 City/Library Budget Timelines

#	Key Meetings	Date
1.	Mayor’s On-line Public Consultation	September
2.	Tabling of OPL Draft 2012 Budget for OPL Board’s consideration	Board Meeting – October 15, 2012 or Special Board Meeting (to be determined)
3.	Tabling of OPL Draft 2013 Budget at City Council <ul style="list-style-type: none"> • Presentation to be made by Board Chair and CEO 	City Council – Wednesday, October 24, 2012
4.*	Budget Consultation Meetings <ul style="list-style-type: none"> • South/Rural South – Rideau Community Centre Gymnasium – Monday, October 29 (7–9 p.m.) • West/Rural West – Holy Trinity Catholic School Cafetorium in Kanata – Tuesday, October 30 (7-9 p.m.) • East/Rural East – Shenkman Arts Centre, Richcraft Theatre in Orléans – Thursday, November 1 (7-9 p.m.) • Central – City Hall Council Chambers– Friday, November 2 (4-6 p.m.) 	City-Wide Budget Consultation Meetings (Week of Oct. 29 – Nov. 02)
5.	Review and approval of OPL 2013 Operating and Capital Budget	Board Meeting – November 19, 2012 Subject to change

	<ul style="list-style-type: none"> Public delegations and consideration of draft budget 	
6.	Review and adoption of OPL Budget at City Council	Regular Meeting of Ottawa City Council – Wednesday, November 28, 2012

*Stated times and locations are subject to change as per Council resolution.

3. Budget Development

Current Fiscal Context

As per the report tabled with FEDCO, assessment growth assumptions have been held to a fixed dollar value (based on 2012 growth) rather than a percentage increase of the current taxation revenue to reflect the current fiscal environment. Due to the recently announced federal government fiscal austerity plan, uncertainty remains as to the impact this will have on the local economy over the next three (3) years. As per the Conference Board of Canada (*Spring 2012 Metropolitan Outlook for Ottawa-Gatineau*), public administration employment fell in 2011 for the first time in five (5) years and is expected to decline further in 2012 and over the medium term. It is expected that job losses in this sector will reverberate throughout the entire domestic economy. Consequently, the City of Ottawa is taking a conservative approach on forecasting assessment growth for the 2013 and 2014 budget years.

What This Means for OPL

The adoption of the FEDCO report recommendations directly impacts the funding envelope available to OPL in 2013. While the Library would receive its proportionate share of the projected increase in tax revenues based on its 2012 net taxation requirements, it would not receive the estimated 2% increase in taxes resulting from growth and assessment. As such, the proposed funding envelope for OPL represents an increase of \$1.4 million. See Table 2 for a listing of the budget targets for City departments, Boards and Commissions.

Table 2: 2013 Operating Budget Targets

	2013
Assessment Growth	24,706
Tax Increase	32,186
	56,892
Target Allocation:	
Police	9,518
Transit	9,318
Library	1,415
Public Health	399
Auditor General	56
	20,769
Balance for City Services	36,123
Additional Allocations For:	
Provincial Upload – City Strategic Initiatives	5,135
Service Ottawa Savings	7,368
Revenue Growth	3,000
	15,727
City Services Target	51,626
Maintain & Growth Envelope	46,419
City Strategic Initiatives Envelope	5,135
	51,626

Given the proposed funding envelope, management recommends the following guiding principles be used in the development of the 2013 operating budget:

1. Non-discretionary costs associated with the maintenance of existing Library services will be considered first in terms of funding priorities (e.g. compensation related costs, inflationary related costs, etc.)
2. The budget will not include any one-time sources of revenue, unless they are to fund expenditures that are also of a one-time nature.
3. Options will be developed for the Board's consideration for any residual funding available within the City proposed funding envelope. These will be aligned with the Board's strategic priorities.

4. Any adjustments to programs or service standards required to be implemented in order to achieve the taxation target will be identified in the draft budget document.

2013 Capital Budget Development

1. Non-discretionary costs associated with the maintenance and renewal of existing Library assets (facilities, technology, fleet, etc.)
2. Strategic initiatives aligned with the Board's strategic priorities.
3. No projects funded by growth are to be included for 2013.
4. Options will be developed for the Board's consideration within the City proposed funding envelope.

Ottawa Public Library will develop a capital budget in keeping with these parameters.

Next Steps

Subject to Board approval, OPL staff will develop draft 2013 operating and capital budget options for the Board's consideration that are in keeping with the direction provided by Ottawa City Council and in line with the Board's strategic priorities.