



## **REPORT TO THE LIBRARY BOARD**

**MEETING DATE: JUNE 25, 2020**

**SUBJECT:** Projected Financial Impact of COVID-19: Update

**PURPOSE:** For Receipt

**PREPARED BY:** Emily Schinbein and Eadie Micks

**PRESENTED BY:** Emily Schinbein – Director, Financial Services

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### **RECOMMENDATION**

It is recommended that the Board receive this report for information purposes.

### **RELATED REPORTS**

*“Projected Financial Impact of COVID-19”* presented at the April 23, 2020 Board Meeting

*“Revised 2020 Operating Budget and Financial Update as of April 30, 2020”* presented at the May 21, 2020 Board Meeting

### **UPDATED PROJECTED FINANCIAL IMPACT OF COVID-19**

The projected financial impact of COVID-19 is broken down into three major categories;

- 1) *Lost Revenue* – relates to the cancellation of events at the Wolf Performance Hall, meeting room rentals, paid programming and fines until the end of August. As well as, the elimination of revenue generated from library merchandise and print/copy user fees.
- 2) *Additional Costs Incurred* – such as security and cleaning contract fees, with the majority related to facility upgrades and personal protective equipment (PPE) requirements for the Library’s re-opening due to increased health & safety precautions from COVID-19.
- 3) *Cost Savings* – reduction in utility usage, marketing/printing costs and personnel.

As shown in Table #1, the implemented cost saving initiatives have offset the additional costs incurred and lost revenue projected as of May 27, 2020. More specifically, the projected cost savings related to the recent personnel decisions approved by the Board and the vacancy management strategies implemented by Administration have resulted in a projected surplus of approximately \$34,700 to \$107,260.



Table #1 – Updated Projected Financial Impact of COVID-19 (as of May 27, 2020)

Time Period / Description	March 16 – June 30, 2020	March 16 – August 31, 2020
Lost Revenue	(\$ 187,840)	(\$ 267,905)
Additional Costs Incurred	(154,500)	(158,300)
Cost Savings	376,840	533,465
<b>Estimated Net Financial Impact</b>	<b>\$ 34,700</b>	<b>\$107,260</b>

The above information was submitted to the City of London on May 27, 2020 and is to be included within a public report to City Council in late June. Since conducting this financial analysis, the Library has launched a “pick up” service at a number of branches throughout the City and patrons now have access to more of the Library’s physical collections. The financial impact of this new service model and the additional PPE/facilities upgrades required has been included in the above table.

## FINANCIAL PLANNING

### Revised 2020 Budget

At the May 21, 2020 Board Meeting, the Board approved the Revised 2020 Operating Budget with the understanding that some additional financial initiatives may need to be implemented as a result of COVID-19.

### City Appropriation

As previously discussed with the Board, Administration has agreed to delay the receipt of the additional \$600,000 investment in Collections from the City until December 2020.

### Financial Initiatives

Depending upon the length of COVID-19, Administration and the Board will continue to consider implementing some, if not all, of the following financial initiatives:

- Review Discretionary Spending
- Cost Saving Measures
- Utilize the Stabilization Reserve
- Apply for Government Assistance



### Board Approval

Depending upon the actual financial impact, some of the above initiatives will require Board approval to implement. In which case, a subsequent Board Report will be presented for the Board's consideration.