

REPORT TO LIBRARY BOARD

FEBRUARY 19, 2026

SUBJECT: 2026 Operating Budget and Capital Plan
PURPOSE: For Approval
PREPARED BY: Executive Team
PRESENTED BY: Lakshay Gaur - Director, Financial and Facility Services
Michael Ciccone - CEO

RECOMMENDATION

It is recommended that the Library Board approve the 2026 Operating Budget and Capital Plan.

BACKGROUND

On November 26, 2025, 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 \$25,976,000. This does not include the return of \$200,000 to the City of London from the Library's Stabilization Reserve Fund to assist in the City's efforts to lower the 2026 tax levy, as approved by the Library Board on July 17, 2025.

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 2026 is projected to be appx \$1.3 million.
- The Provincial Grant revenue amount of \$598,829 has remained unchanged for close to three decades.
- The City of London allocation for 2026 increased 5.1% from 2025.
- We have proposed a contribution from our Stabilization Reserve Fund of \$200,000 - equal to the amount returned to the City of London from our Stabilization Reserve - to help mitigate revenue shortfalls. 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 2025 and plan to present to the Board a proposal to redistribute those funds to supplement digital collections purchasing over the next 5 years.
- We have increased the Collections budget by 11% to help meet the demand for digital collections and to continue efforts to replenish popular backlist print Children's material.
- We have increased the security budget by 14.5% to continue addressing issues at the Central Library and other branches.
- We have included an allocation to help maintain our instrument lending library and equipment in our Labs.
- We have included an allocation in our Personnel budget to reinstate Sunday Hours beginning October 2026
- Funds have been allocated to cover consultation costs for the completion of our Facilities Master Plan and 2027-30 Strategic Plan in 2026.

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 \$200,000 in 2026 (see *Revenue* above). 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, \$560,000 to \$1.4 million based on 2026 budget).

The Stabilization Reserve balance as of December 31, 2025 was approximately \$1.8 million.

2026 CAPITAL PLAN

As per the Council approved 2026 Capital Budget, \$2,623,000 has been allocated to the Library's Facilities Renewal Budget and \$508,000 to the IT Infrastructure Budget. Below are the major capital projects planned for 2026.

Facility Services

- East London HVAC replacement, to be completed by June/July 2026
- Skylight window replacement May/June 2026
- Awaiting completion of Facilities Master Plan for future planning

Information Technology

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

Patron environment

- New Multi-Color 3D printer in the Central Labs
- Upgrade to meeting rooms at all branches, with new projectors or TVs to be installed
- Rollout of XIBO architecture to broadcast live events (e.g. The Olympics)
- Refresh of all Patron desktops

Core upgrades

- Upgrade of Chubb Security Card Swipe System to include all branches
- Extending the Office 365 platform into Teams and Sharepoint
- Continuing the swipe card access and centralized security system control implementation
- Continuing the automated announcement and PA systems role out to all branches
- Refresh of all staff desktops
- Replace core switches
- Increased network health and security monitoring and mapping to include cloud environments

NEXT STEPS

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

APPENDIX A: 2026 OPERATING BUDGET

2026 REVENUE

Description	2026 Projected	*2025 Actuals	Comments
Provincial Grant Revenue, et al	\$ 598,829	\$ 878,916	2025 Includes other grants
User Fees Total	\$ 309,319	\$ 214,479	Library merchandise sale is low, hardly any revenue from exam proctoring and innovative space labs. Expectation are for an increase in 2026.
Operating Revenue Total	\$ 149,769	\$ 225,771	Elections room booking boosted revenue in 2025.
Meeting Room Revenue Total	\$ 576,965	\$ 526,420	Wolf Bookings are increasing
Business Revenue Total	\$ 291,620	\$ 283,958	Rent
City of London Revenue Total	\$ 25,796,000	\$ 24,737,740	200,000 removed from allocation as agreed upon (see "Reserve Fund Drawdown").
Reserve Fund Drawdowns Total	\$ 200,000		2025: No drawdown expected 2026: 200,000 added back into budget to make whole city contribution.
TOTAL	\$ 27,922,503	\$ 26,867,282	

***Unaudited**

2026 EXPENSES

Description	2026 Budget	*2025 Actuals	Pct +/-	Comments
Personnel	\$ 17,988,384	\$ 17,132,822	5.0%	
Administrative	\$ 220,000	\$ 194,652	13.0%	
Misc	\$ 5,000	\$ 4,195	19.2%	
Advertising	\$ 95,000	\$ 92,432	2.8%	
Memberships	\$ 25,000	\$ 23,433	6.7%	
Human Resources	\$ 100,000	\$ 74,592	34.1%	Training needs are expanding
Purchased Services	\$ 1,067,000	\$ 998,315	6.9%	
Audit Expense	\$ 20,000	\$ 5,883	240.0%	Reversal Entry from 2024.
Bank Charges	\$ 52,000	\$ 50,992	2.0%	
Business Equipment	\$ 13,000	\$ 12,578	3.4%	
Insurance	\$ 360,000	\$ 336,947	6.8%	
Legal & Consulting	\$ 220,000	\$ 209,628	4.9%	
Postage Expenses	\$ 12,000	\$ 11,753	2.1%	
Stationery & Supplies	\$ 135,000	\$ 128,826	4.8%	
Grant Expenses	\$ 80,000	\$ 79,607	0.5%	
WPH Presents - Direct	\$ 175,000	\$ 162,101	8.0%	
Technology Services	\$ 1,251,408	\$ 1,311,449	-4.6%	
Hardware & Software	\$ 913,858	\$ 1,066,378	-14.3%	
Photocopiers	\$ 16,000	\$ 15,683	2.0%	
Printer - Toner	\$ 110,000	\$ 100,784	9.1%	
Phones	\$ 60,550	\$ 80,902	-25.2%	
Wi-Fi and Internet	\$ 151,000	\$ 47,702	216.6%	Change in recording of expense
Facilities	\$ 3,540,000	\$ 3,271,832	8.2%	
Rent	\$ 850,000	\$ 794,814	6.9%	
Repairs & Maintenance	\$ 1,790,000	\$ 1,626,783	10.0%	
Security	\$ 800,000	\$ 757,789	5.6%	
Vehicles	\$ 100,000	\$ 92,446	8.2%	
Utilities	\$ 800,000	\$ 698,651	14.5%	
Collections	\$ 2,875,711	\$ 2,616,486	9.9%	Increasing to meet needs of digital collection
Programs	\$ 60,000	\$ 85,123	-29.5%	
Self-Insurance Reserve Fund Contribution	\$ 120,000			
TOTAL	\$ 27,922,503	26,309,330		

***Unaudited**