



Peterborough Public Library

To: Members of the Peterborough Public Library Board

From: Mark Stewart, Library Services Manager

Meeting Date: June 8, 2021

Subject: Fine Free Service Budgeting, Fine Free Service Budgeting,
Report PPL21-017

Purpose

A report to explain the financial plan for implementing Fine Free Library service.

Recommendations

That the Library Board approve the recommendations as outlined in Report PPL21-017 dated June 8, 2021, of the Library Services Manager as follows:

- a) That the report to inform the Library Board on the budgetary feasibility of fine free library services be received for information, and
- b) That the Board direct staff to implement fine free library service, beginning September 2021.

Budget and Financial Implications

There is a financial implication associated with the recommendations of this report.

The annual Library operating budget includes approximately \$55k to \$60k in late fine revenues each year. As evidenced by the current practice of waiving late fines during the COVID-19 pandemic, the Library is able to absorb the loss of late fine revenue within its operating budget. Additional revenue sources will be pursued to ensure the sustainability of offering fine free library service.

Background

While late fines as a source of revenue are currently included in the Library's operating budget, the Library is not dependent on late fine revenue to operate. Late fines account for only approximately 1.83% of the total operating budget, or about \$55,000-\$60,000. While the 'pilot' practice of offering fine-free service during the COVID-19 pandemic has shown that the library is able to temporarily absorb the loss in fine revenue, this revenue loss must be accounted for through a sustainable variety of other means going forward. As explained in "Report PPL21-009, Fine Free Library Service", late fines are a shrinking revenue source with limited future viability. The staffing costs required by the Library to collect late fines will exceed fine revenues within the next several years. To replace the loss in fine revenue, the following revenue sources will be used.

Lost Item Fees

The Library's lost and damaged item fees will remain in place. Items considered to be long overdue will be marked as lost, and replacement fees will be billed according to current practices. Damaged items would also continue to have repair/replacement fees billed as appropriate. Under the fine free service model, we are expecting a reasonable increase in this revenue line.

Fundraising Campaign

The Library will run a pay-it-forward fundraising campaign as part of its fine free service. Many Library members express that they are happy to pay their late fines, saying that they consider it a 'donation' to a worthy cause. By implementing fine free service with a fundraising campaign, these members will have the option to make their contribution an official donation, eligible for a tax receipt. This strategy has been employed at other fine-free libraries such as Calgary and Hamilton Public Libraries.

Facility Rental Campaign

The Library is anticipating a return in demand for in-person meeting spaces in a post-pandemic 2022. Prior to the first lockdowns in 2020, the Library's facility rental spaces were very popular. There is opportunity to increase facility rental revenue through increased promotion and marketing.

Café Revenue

The Library expects to be reopening the Café space in 2022. Revenue generated through the café will be a new revenue source not previously included in the operating budget.

Annual Budget Surplus

Due to sound financial management, the Library has consistently ended each year with a minimal budget surplus. These funds are typically deposited into the Library's

reserves, and if needed these surplus funds can be used to offset any additional shortfall caused by the loss in late fine revenue.

Libraries which have moved to a fine-free model have reported noticeable increases in borrowing rates and membership rates as a result. This increase in foot traffic in the downtown area will be an added financial benefit to the downtown economy.

Increased service and facility usage will also be included in the annual reports to the Ministry which provides the annual Public Library Operating Grant (PLOG) funding.

Summary

While the move to a fine-free service model will eliminate one of the Library's revenue sources, the Library is not dependant on late fine revenue to operate. A modest increase in lost item fees, along with new revenue sources from fundraising, the café, and increased facility rental promotions will offset the loss in fine revenue. The Library's proven track record of annual surpluses is an additional safety net against any operating revenue shortfall.

The community benefits of a fine-free library service outweigh the minor financial risk of making this change. In addition, the valuable staff time currently being consumed in the administration of library fines will be redirected toward pursuing the Library's more meaningful goals.

Submitted by,

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