



CITY COUNCIL AGENDA ITEM

Date: July 15, 2015

To: Mayor and City Council Members

From: Brian Kischnick, City Manager
Lori Grigg Bluhm, City Attorney
Mark Miller, Director of Economic & Community Development
M. Aileen Dickson, City Clerk
Cathleen Russ, Library Director

Subject: Ballot Language for Library Millage Question, November 3, 2015 City General Election

Background:

On Tuesday, August 2, 2011, Troy voters approved a five-year, dedicated millage of 0.7 mills for the purpose of funding operations of the Troy Public Library. The term of this millage is July 1, 2011 through June 30, 2016.

On February 3, 2014, City Council discussed the City of Troy AAA Bond Rating during a Study Session with City Administration and Robert Bendzinski, Certified Independent Professional Municipal Advisor (CIPMA) and President of Bendzinski & Co. Mr. Bendzinski provided insight into how bond rating agencies determine the City of Troy's bond rating. One of the primary factors bond rating agencies consider and strongly encourage is having dedicated funding sources. The rationale is it will provide assurance that funding will be consistent and stable for the municipality.

On November 17, 2014, the FIT (Financial Ideas Team) discussed three areas of the budget: 1) General Fund; 2) Capital Fund; and 3) Library Fund. FIT requested more information regarding the Library, specifically user makeup. The question was what percentage of users are residents versus non-residents as quantified by the number of households holding a Library card.

The Troy City Council explored the issue of future funding for the Troy Public Library at a study session on Monday, March 9, 2015. The main areas of discussion were budget information, capital needs, financial pressures and the millage. Information regarding the Library users was provided. For example, staff presented that 64% of Troy households have a Library card. When the number of cardholders that live, work, go to school in Troy or are members of the Library Cooperative are factored in, the percentage rises to 99% of all Library users.

The Financial Ideas Team convened on April 1 and April 23, 2015. There was unanimous support to continue the services of the Troy Public Library. The consensus was to select the first option presented, which is to renew the existing 0.7 millage, use money from Library Fund Balance to purchase Library materials, and have the City of Troy provide a subsidy from its Capital Fund (if needed) to address the physical building issues. FIT believed this option was best because it supports



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and continues the current six-day Library operation, keeps the Library materials budget stable, and addresses the Library's capital needs all while not increasing the millage rate.

The Team agreed that a millage increase would not have strong support, and should not be explored at this time. After reviewing the financial details of the General Fund and Library Fund, FIT believed a dedicated funding source through a millage renewal was the most prudent course of action.

FIT recognized that the Library is a pillar of the Troy community. It is a community gathering place, fosters growth, and provides educational and recreational resources and programming. As such, the FIT members believe that this option is the optimal path for maintaining the Troy Public Library's current high level of service.

On April 29, 2015 the City Council conducted a budget study session and discussed the Library budget as well as future funding. Three funding options were presented with the following option recommended: 1) request ballot question to renew the current 0.7 millage; 2) use Library fund balance to purchase materials; and 3) obtain a capital subsidy from the City's Capital Fund, if needed.

Recommendation:

Based on the February 3, 2014 recommendation of Robert Bendzinski as the continuation of the Library millage pertains to the City's AAA Bond Rating; November 17, 2014 FIT Discussion of the Budget; City Council's discussion of the issue at its March 9, 2015 Study Session; and the April 1 and April 23, 2015 recommendations of the Financial Ideas Team; And, the April 29, 2015 City Council Budget Study Session; City Administration recommends that City Council approve placement of a ballot question for renewal of the Troy Public Library Operating Millage Proposal in the amount of 0.7 mills for the November 3, 2015 ballot. If renewed, the term of the renewed dedicated Library millage would be July 1, 2016 – June 30, 2021.

CITY COUNCIL WOULD BE AUTHORIZED TO RENEW A LEVY OF 0.7 MILLS FOR FIVE YEARS FOR DEDICATED LIBRARY FUNDING WITH THE SUCCESSFUL PASSAGE OF THE FOLLOWING QUESTION:

Shall the City of Troy renew its previously authorized millage of 0.7 mills against all taxable property for a five (5) year period of time, 2016 through 2021, inclusive, for the dedicated purpose of operating and maintaining the library? 0.7 mills are equal to \$0.70 on each \$1,000.00 of taxable value. If approved, the additional millage levied will raise approximately \$3,203,233 in 2016, the first year it is levied. Millage revenue would be disbursed to the City for library purposes. Of this amount, state law requires the capture of approximately \$5,042 for Local Development Finance Authority, \$52,808 for Downtown Development Authority, and \$3,197 for Brownfield Redevelopment Authority purposes. This proposal is authorized under Section 6 of Article IX of the Michigan Constitution.

Yes ____ No _____