



CITY COUNCIL AGENDA ITEM

Date: January 21, 2011

To: The Honorable Mayor and City Council Members

From: John Szerlag, City Manager

Subject: Library Update

Council Member McGinnis and I were talking about comments both of us have received over the past several months from concerned residents and business owners about cost saving measures for the Troy Public Library. Ms. McGinnis thought it would be a good idea to advise Council and the community what cost saving measures Troy has accomplished or attempted relative to this issue. I also think it's a great idea and attached you will find an update on this matter.

Please know that our largest cost saving measure to date has been going from a full-service library open seven days per week with a total budget of \$4.5 million to one that is now open six days a week with reduced personnel, programs, materials and services having a budget of \$2.7 million.



CITY COUNCIL AGENDA ITEM

January 19, 2011

To: The Honorable Mayor and City Council Members

From: John Szerlag, City Manager
John M. Lamerato, Assistant City Manager/Finance & Administration
Cathleen A. Russ, Library Director

Subject: Library Update

John Szerlag and Cathleen Russ contacted the City of Birmingham regarding sharing a library director, when the Baldwin Public Library directorship was vacant. John Lamerato and Cathleen Russ contacted the City of Royal Oak regarding sharing a library director, when the Royal Oak Library directorship was vacant. Neither community was interested in a shared directorship for its library.

Cathleen Russ has contacted library directors in communities that border Troy, to see if any of those communities were interested in forming a district library. Forming a district library requires a vote of the people in all participating communities. It also requires a funding commitment, usually in the form of a dedicated millage. No communities were interested in forming a district library with Troy.

Cathleen Russ is exploring the possibility of the library operating as a private, non-profit 501 (c) 3 organization. Preliminary results indicate that such an organization would not be sustainable. A legal opinion is also necessary to clarify some issues, such as use of city assets by this organization.

Cathleen Russ has contacted Library Systems & Services, Inc. (LSSI), a library management company, regarding outsourcing library services and staff. LSSI typically looks at three areas when analyzing possible cost savings: technology, materials, and staff. George Bateman, Vice President of LSSI, recommends that the City Council decide what level of service it wants the library to provide, if any, and then bid the job accordingly, at which point LSSI would respond to an request for proposal (RFP).

It's important to note that the Troy Public Library structure is and has been a very cost efficient and effective model. Back in fiscal year 2005/06, when the Library was at its peak level of service, personal service costs were about 60% of the entire Library budget. This percentage is lower than most other libraries because of the small number of full-time employees utilized to run the operations. In fiscal year 2005/06 we had 20 full-time employees; that number is now been reduced by more than 70% as we're now down to six full-time employees, with personal service costs being 56% of the total budget.

The attached matrix will give you a sense of just how effective we have been relative to utilization of part-time employees in lieu of full-time employees to offer a high level of service.



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So, what does this mean? We believe it means that privatization will save some money, but not a huge amount because over 90% of our employees are already part-time. This said, if money was available to fund the Library, City Management would recommend bidding the operation thereof, and then have employees compete in the same managed competition format that we used for other departments.

Cathleen Russ is investigating the cost of implementing a “virtual library” for Troy residents. A report on this topic will be provided when more information is available.

Ms. Russ has spoken with the State Librarian, Nancy Robertson, about the possibility of receiving a waiver for State Aid funds, if Troy Public Library is unable to adhere to current State Aid guidelines. Her response, in an email dated April 19, 2010, is as follows:

“I don't give (or promise) waivers in advance. Such an advance assurance would negate arguments that you or others might make for pursuing full state aid rule-compliance options and could encourage potential mitigating funding sources from making the effort to meet the needs of the library. The best case scenario would be that you could (after the fact) make the case for how you worked to the best of your ability to meet the requirements even though you could not achieve them and could also state your plan for meeting the requirements for the year following the one in which you could not meet the requirements. Under (this) scenario, I would review a waiver request if you submit one. No promises on whether I would grant a waiver or not, though.”

In other words, the waiver is a one-time only proposition which carries the condition that the City of Troy would have to indicate how it plans to rectify the situation which caused it to have to apply for a waiver. The City would have to indicate a specific level of funding for the Troy Public Library. There is no guarantee that a waiver would be granted.

If a waiver is granted, it should be noted that other libraries, including those in the Suburban Library Cooperative, may rescind borrowing privileges for Troy residents regardless of the waiver, as full reciprocity would be compromised. Membership in the Suburban Library Cooperative will carry an additional cost, as State Aid normally funds cooperative membership.

Please see the attached supplemental document, “State Aid and Public Libraries,” for an explanation of State Aid and its relevance to public libraries.

Statistical Comparison of Area Libraries (November 2010)

Library	Annual Budget	Circulation Statistics	Annual Visits	Number of Visits per FT staff	# of hours library open	Staff		Director Salary
						FT	PT	
Birmingham Public Library	\$3,548,395	752,351	357,374	19,854	67	18	25	\$ 86,000
Bloomfield Twp. Public Library	\$5,475,851	894,446	433,033	20,621	68.5	21	69	\$115,000
Clawson Public Library	\$478,130	100,738	123,255	61,628	40	2	9	\$ 71,772
Madison Heights Public Library	\$530,065	113,106	103,227	34,409	50	3	10	\$ 89,388
Rochester Hills Public Library	\$4,700,000	1,900,000	584,500 avg	21,648	66 summer 71 school year	27	115	\$130,915
Royal Oak Public Library	\$2,318,210	423,356	653,482	65,348	60	10	25	\$ 74,000
Sterling Heights Public Library	\$2,754,750	625,500	581,000	29,050	57.5	20	22 (Many part time equivalents used so number fluctuates)	\$115,175
Southfield Public Library	\$8,579,306	696,689	812,385	23,894	62 summer 66 school year	34	22	Range \$ 78,447 - \$106,135
Troy Public Library	\$2,259,670	1,300,000	635,000	105,833	55	6	57	\$ 90,845
Warren Public Library	\$3,119,731	637,541	295,441	18,465	60	16	22	\$ 86,585

State Aid and Public Libraries

If the Troy Public Library fails to meet minimum state standards, Troy residents will lose access to 40 million items from public, college and university libraries across Michigan, \$5 million in premium subscription Internet resources, and full access to high quality public libraries in southeast Michigan.

What is Library State Aid?

State Aid is money that the State of Michigan gives to public libraries annually on a per capita basis under Public Act 89 of 1977. Library cooperatives are also funded by state aid under this law. The Troy Public Library (TPL) received \$50,856.18 in State Aid in 2009. Of this, \$25,428.09 (50%) was paid to the Suburban Library Cooperative, as a membership fee.

In order for a library to receive state aid it must complete an annual application and certification process and meet a minimum set of standards based on the population of its legal service area. If a library fails to meet these standards, receipt of State Aid is jeopardized, as well as its membership in a library cooperative.

All public libraries, regardless of class size, must maintain a minimum of local support of three-tenths of a mill, based on the taxable value for the legal service area.

Because of the size of its service population, the Troy Public Library is considered a Class 6 library. A Class 6 library serves a population of 50,000 or more, and is the highest class size library. **Pertinent State Aid rules for a Class 6 library are as follows:**

- Must be open 55 hours per week
- Must employ a full-time library director for 35+ hours per week
 - Library director must have a permanent professional's certificate (Level I certification)
- Must employ an additional staff member with at least a Level III certification (bachelor's degree or higher) for every 20,000 population served (so TPL must employ an additional 4-5 degreed staff persons, in addition to the library director)

Additionally, a public library of any size must meet all of these requirements to receive state aid:

- Be a legally established library.
- Provide library service to all residents of its legal service area.
- Employ certified staff for every hour the library is required to be open.
- Library must be open at least nine out of 12 months a year.
- Library must have evening or weekend hours, or both.

Complete State Aid guidelines can be found at

http://www.michigan.gov/documents/mde/lm_2010_CEManualFINAL_308216_7.pdf

Why is State Aid important?

Although the dollars in State Aid that TPL receives might seem small, the benefits derived are many:

- Membership in the SLC
 - Full borrowing privileges with 20 other SLC member libraries, including access to millions of items in those collections
 - Delivery service between libraries of interlibrary loan material as well as flexible return of items to any member library
 - This service is expensive. TPL could not afford to pay for it out of its budget
- Accredited status has enabled the TPL to negotiate reciprocal borrowing privileges with other high quality, area libraries that are not in the SLC
 - Reciprocal borrowing agreements with Baldwin (Birmingham), Bloomfield Township, Clawson, Madison Heights, Royal Oak, Rochester Hills, Southfield, and West Bloomfield Libraries.
- Access to MeLCat, the statewide interlibrary loan catalog that gives Troy residents access to over 40 million items in nearly 400 libraries of all types across Michigan including community college and university libraries.
 - Access to \$5 million worth of Michigan Electronic Library (MEL) databases, which the State of Michigan provides to all accredited libraries
 - TPL could not afford to pay for these databases out of its budget
- This provides an immense pool of resources for Troy residents to use.
- Accredited status by the State of Michigan

So What?

- If TPL fails to meet the minimum State Aid rule requirements, it loses:
 - Membership in the SLC
 - Reciprocity with SLC member libraries
 - Access to MeLCat and MEL databases
 - Reciprocity with other area libraries
 - Residents will have access ONLY to the materials that TPL is able to purchase
 - Its accredited status
 - Will not be eligible for most grants, for which only accredited libraries are eligible
 - Quality of staff will suffer, as qualified, experienced staff are not interested in working for a non-accredited library