

To: Mayor and members of City Council
cc: City Manager, City Attorney
From: Robin Beltramini, Council Member
Subject: Amendment to the Three Year Budget

We learned from our public engagement activities that a significant portion of our residents expect library services in Troy. We know that the majority of surrounding communities with signature library services have a dedicated library millage (list at the end of memo), Sterling Heights being the most notable exception. We have options to levy a library millage which puts the library under control of an appointed board and requires millage renewal by City Council annually, or to fund library services like all other core services through General Fund allocation thereby maintaining full city control of the library. We do not have the option of a general operations millage increase like many other city councils have and as Sterling Heights just exercised.

I have put together an option for continued, albeit scaled back, library operations. This plan is as sustainable as those other services for which we are using a supplement of General Fund Undesignated Reserves. The General Fund purse is finite. There are as many ways to allocate those resources as there are people in Troy. Our job, as I see it, is to provide those services that best assist our resident and business partners in maintaining the most possible value and return on investment for their Troy property. I have tried to honor the voice of the people in wanting continued well rounded services from their City and the position of the majority of you all in wanting a priority of services. This is the best compromise I could detail given the updated Three Year Budget before us.

This provision plan begins with the Council's resolution (already passed) to management authorizing a fund balance reserve of 15%. Maintaining a maximum of 15% allows us \$1 million additional spending capacity per year in the three year budget. When we combine that with the \$97,550 annual building cost already in the budgets, plus fine and rent revenue from patrons and vendors, and highly reduced state funding in the form of grants and penal fines, the result is an additional \$147,750 of resources. It's still not enough. In Cathy Russ's memo of February 28, 2011 a stated minimum funding was \$1.4 million—and some additional if we wanted a usable virtual library and any continuation of services such as the computer bank. The most definite way to produce the additional needed revenue is with a shared sacrifice through an approximate reduction in all other budgeted lines of 0.8%, resulting in another \$416,000 (.008 calculated for all years from the \$52 million 2013 budget).

In summary, both FY2012 and 2013 could have \$1,658,300 library funding if:

- Use \$1 million of undesignated General Fund reserves
- \$97,550 building costs (in the budget even if the library is closed)
- \$87,250 from user fees and fines, café revenue (current FY \$174,500)
- \$57,500 from state grants and penal fines (current FY \$115,000)
 - Law requires full service hours or a waiver to get any grant/fine allocation*
 - Fully credentialed staff in appropriate numbers still would be required for accreditation by the State
- \$416,000 reduction in General Fund lines reallocated to library services

Alternatively, some remaining city services, including the library, could be bid for private contracted operations, potentially saving some personnel or overhead costs. A significant increase in volunteer use throughout our government could cut costs as well. Additionally, there are communities that have found private partnership funding for their libraries. However, none of these can be implemented before the third Monday in May when we must pass a budget for 2011-12. They certainly can't be done in time to send a signal that Troy is not ready to shutter its library.

Additional points to ponder:

- This funding is approximately one-third of the funding for our signature 65 hour/week library of years past. Hours and services will be reduced even further than they are today, but access to the collection could continue.
- This is funding that would begin July 1, 2011, is "bare bones" and can't be shared with another fiscal year. Therefore, it is not my idea to keep the library open in May and June 2011 if this year's funding does not provide resources for that.
- This limited funding may mean a different schedule of access for summer months and school year months.
- If Troy residents feel that funding for city services needs to be expanded with some potential action in November, this proposal would allow for some continuation of current city services through the next fiscal year.

Therefore, I would like recommend that we amend the resolution by striking the final paragraph and inserting after the last WHEREAS paragraph:

BE IT RESOLVED, That the Revised Three Year Budget (2010/11-2012/13) be amended to include operational funding for the Troy Public Library in the amount of \$1,658,300 within the \$54,591,521 total for 2011/12 and the same amount within the \$51,879,500 total for 2012/13.

NOW THEREFORE BE IT RESOLVED, That the Troy City Council hereby **adopts** the Revised Three Year Budget (2010/11-2012/13) as amended, and that a copy be attached to the original minutes of this meeting.

*Notes—Although State funding is proposed to be cut by 40%, the new Education Budget proposal was passed out of House committee with a provision that the State Librarian must grant hour waivers. There are many hurdles before this reality could occur. However, given the provision, we can be assured that we are not the only community struggling with the arcane hours of building access requirements. Ms. Russ has stated before that funding and hours must be cut before a waiver even can be requested under current law. This proposal accommodates that requirement as well.

The following communities have voted a library millage to be collected in perpetuity: Auburn Hills, Birmingham, Bloomfield Township, Ferndale, Franklin, Hazel Park, Novi, Oak Park, Orion Township, Oxford, Rochester Hills, Southfield, Walled Lake, West Bloomfield, Detroit, Grosse Pointe, Livonia, Northville, and many others, but these are the most relevant to our situation. Farmington, Pontiac, Royal Oak, White Lake, and Wixom all have a council, or township board of trustees, levied millage for their library. When exploring the budgets of many of these communities there are a number of dedicated millages for various things, from public safety, public safety pensions, roads, facilities—again limited only by the imagination and a few laws.

April 18, 2011

R.E.B.