



500 West Big Beaver
Troy, MI 48084
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CITY COUNCIL AGENDA ITEM

Date: June 5, 2020

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager
Robert C. Maleszyk, Chief Financial Officer
Cathleen A. Russ, Library Director

Subject: Library Funding

History

- Voters approved a five-year, 0.7 mills dedicated library millage on August 2, 2011 and again on November 3, 2015.
- The current library millage will fund the Troy Public Library through the fiscal year that ends on June 30, 2021.
- Voters must renew or replace the library millage in order for the City to continue operating and maintaining the Library beyond June 30, 2021.

Current Library Funding

The Friends of the Troy Public Library formed in 1962 and helped open Troy's first public library in Troy High School. Section 2.2 of the Troy City Charter was amended on April 1, 1963 to permit the establishment and maintenance of a public library. The collection grew and the Library moved several times before the Troy Public Library opened its doors on the Civic Center campus in 1971. The original building is currently occupied by the youth area. The Library was expanded to its current footprint in 1984.

The Library was funded through the City's operating millage until the Great Recession. Voters approved a dedicated library millage in 2011 and renewed it in 2015. This allowed the City to continue to operate the Library while relieving the strain on the City's 6.5000 mills operating millage.

More than 90% of current library funding comes from the library millage. All other revenue sources (penal fines, overdue fines, state aid, etc.) account for less than 10% of current library funding. The current library millage will fund the Library through the fiscal year that ends on June 30, 2021. The library millage must be renewed or replaced in order for the City to continue operating and maintaining the Library beginning July 1, 2021.

Future Needs

The current library millage does not cover the full cost of operating and maintaining the Library. Library millage revenue only covers approximately 85% of total expenses. Current library funding has three major shortcomings: building maintenance; library collection funding; and hours of service.

The current library building opened in 1971 and expanded in 1984. A facility of this age requires significant reinvestment. The City has invested approximately \$2.8 million in building maintenance and upgrades since the library millage began in fiscal year 2011-2012. Approximately \$1.2 million (43%) of



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that was for roof replacement in fiscal year 2019-2020. The fiscal year 2020-2021 budget includes only \$48,000 for maintenance and repairs. Another \$228,000 was deferred due to lack of funds.

Many of these investments were for fixtures and equipment (access control, electrical upgrades, security cameras, etc.) behind the scenes that add little to the patron experience. Some carpet and furniture has been replaced but much of the Library remains as it was in 1984. While the building remains functional, additional funding is needed for building maintenance and upgrades. At a minimum, the City needs to invest an estimated \$1.5 million in the next 12 years. Most of this is for replacement of the building's HVAC systems.

Additional funding should be considered for projects like renovating the adult and youth services areas. Projects like these would include new furniture and shelving and allow the addition of amenities like study rooms (the most frequently requested amenity), baby play area, and a dedicated teen area. The adult services area renovation is estimated to cost \$3.5 million and the youth services area renovation is estimated to cost \$1.5 million.

The Library invests approximately \$600,000 in the collection annually (approximately 0.1200 mill based on fiscal year 2020-2021 Net Taxable Value). The Capital Projects Fund will fund library collection materials in fiscal year 2020-2021 because current library funding is insufficient to meet all the Library's needs. Library Fund revenue needs to be sufficient to meet collection development needs in perpetuity.

Service was reduced from seven to six days a week in July 2010. Accordingly, reopening on Fridays is a frequent topic of discussion. The question is often asked, "How much would it cost to open the Library on Fridays?" The answer is, "It depends on the number of hours."

One way to quickly estimate the cost of increasing hours is to calculate the library's annual staffing costs per hour. The Library's fiscal year 2020-2021 Personal Services budget is approximately \$2.428 million based on 55 hours of service each week. Accordingly, the library's annual staffing cost per hour is approximately \$44,000 (\$2.428 million / 55 hours).

The Library was open 65 hours weekly before hours were reduced in July 2010 (see Exhibit 1 – Troy Public Library Hours attached). Comparable libraries were open between 58 and 74 hours weekly when data was collected in November 2019. The average of comparable libraries was 68 hours weekly (see Exhibit 2 – Comparable Library Hours attached). The estimated millage rates necessary to support the cost of staffing the Library at various levels is illustrated on Exhibit 3. This does include the estimated \$100,000 one-time cost of renovating the administration area to provide office spaces for new staff.

Funding Options

The way a library is funded depends on how it was established. Generally speaking, libraries are established through one of the following enabling statutes:

1. Home Rule Cities Act, Act 279 of 1909
2. City, Village, and Township Libraries Act, Act 164 of 1877
3. District Library Establishment Act, Act 24 of 1989



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Home Rule Cities Act, Act 279 of 1909

The Home Rule Cities Act is the enabling legislation for Michigan cities. It includes, among other things, both mandatory and permissible city charter provisions. The Act permits, but does not require, each city charter to provide for libraries. The Troy Public Library was established under this Act in 1963 when Section 2.2 of the Troy City Charter was amended to permit the establishment and maintenance of a public library.

The Act does not provide specific tax rates. Instead, it requires each city charter to provide for the levy and collection of taxes within certain limits. As a result, governance of libraries established under this act vary but most are funded by a dedicated millage. Local examples include:

Dearborn

- Governance: The City Charter created the “Department of Libraries” and put it under the general management and control of a Library Commission consisting of nine members appointed by the Mayor.
- Funding: The City levied a dedicated library millage of 1.6900 mills in 2019.

Sterling Heights

- Governance: The City Charter created a public library as an administrative department. The City Code placed it under the direction of the City Manager and established a Board of Library Trustees appointed by the City Council to advise the City Council and the City Manager.
- Funding: Unlike most others, Sterling Heights does not have a dedicated library millage. The library is funded through the City’s general operating millage; 10.4978 mills in 2019 compared to Troy’s 6.5000 mills.

Warren

- Governance: The City Charter puts the Warren Public Library under the power and authority of a Library Commission consisting of seven members appointed by the Mayor. The Library Commission approves and appoints the Library Director, but its power to authorize expenditures is limited to the appropriations made by the City Council.
- Funding: Voters approved a 0.5000 mills dedicated library millage in perpetuity in 1957. Voters approved an additional 0.8500 mills for 20 years in 2010. The City levied a total dedicated library millage of 1.3399 mills in 2019.

City, Village, and Township Libraries Act, Act 164 of 1877

The CVT Libraries Act allows a city to establish and maintain a public library in two ways. MCL 397.201 provides for establishment by the city council and MCL 397.210a provides for establishment by petition. In either case, the CVT Libraries Act provides a tax rate not to exceed 2 mills. MCL 397.201 provides that the city council may levy a tax as follows:

- The city council may levy one (1) mill ***without*** voter approval.
- The city council may levy one (1) additional mill ***with*** voter approval.



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MCL 397.211 provides that libraries established under this act shall be governed by an elected six-member board, often called a board of trustees. The governing board, not the city council, has exclusive control of the expenditure of all money collected to the credit of the library fund, the construction of any library building, and the supervision, care, and custody of the grounds, rooms, or buildings constructed, leased, or set apart for that purpose.

Local examples include Baldwin Public Library, Bloomfield Township Public Library, Canton Public Library, Rochester Hills Public Library, and West Bloomfield Township Public Library. Reestablishing the Library under this Act is not recommended at this time as it is infeasible in time to replace current library funding in fiscal year 2021-2022.

District Library Establishment Act, Act 24 of 1989

This Act allows two or more municipalities to form a district library. Local examples include the Clinton-Macomb Public Library, Farmington Community Library, Grosse Pointe Public Library, and Plymouth District Library. Reestablishing the library under this Act is not an option at this time as it is not possible in time to replace current library funding in fiscal year 2021-2022.

Next Steps

City staff does not recommend attempting to reestablish the Library under a different statute because it is not feasible to do so in time to implement a new millage before fiscal year 2021-2022. Instead, City Council should determine the library millage rate and duration to be presented at the November general election. Tuesday, August 11, 2020 is the deadline to approve ballot wording.

Millage Rate

For the reasons described above, the library millage rate must increase to prevent future service reductions. The appropriate rate will depend on if and how much the City Council wants to expand hours and invest in the building. In any event, City Council may levy less than the maximum approved by voters and the rate will be rolled back in the future when property values increase faster than inflation.

Millage Duration

According to data collected by the Library of Michigan (Michigan Public Library Millage Results 2010 to November 2019), 42 library millage elections were held in Oakland County between August 2010 and November 2019; 29 (70%) passed and 13 (30%) failed. These included millage elections for both operations and debt for buildings. Voters approved 16 operating millage proposals between 2012 and 2018. One was approved in perpetuity and another was approved for only five years. The rest ranged in duration from six to ten years with an average duration of 8.7 years (see Exhibit 4 – Library Millage Results attached). While voters may be more likely to approve a shorter term, a longer term provides more stability and increases the City's ability to plan for the future. City Council should seek to strike a balance when considering the term of the next library millage proposal.

Exhibit 1 – Troy Public Library Hours

Day	Pre-recession Hours	Pre-pandemic Hours
Monday	11	11
Tuesday	11	11
Wednesday	11	11
Thursday	11	11
Friday	8	0
Saturday	8	7
Sunday	5	4
Total	65	55

Exhibit 2 – Comparable Library Hours

Library	Hours
Warren Public Library	58.0
Sterling Heights Public Library	61.5
Novi Public Library	66.0
Baldwin Public Library	67.0
Farmington Community Library	68.0
Bloomfield Township Public Library	68.5
Grosse Pointe Public Library	69.0
Rochester Hills Public Library	70.0
Canton Public Library	72.0
West Bloomfield Public Library	74.0
Average	67.4

Troy Public Library 55.0

Data collected in November 2019

Exhibit 3 – Library Hours and Millage Rate

Description	Current Hours (weekly)	Proposed Hours (weekly)	Additional Hours (weekly)	Estimated Cost ¹ (annually)	Net Taxable Value	Estimated Millage Rate ²
Current hours	55.0	55.0	0.0	\$2,428,000	\$5,143,000,000	0.4721
Comparable library 7-day minimum	55.0	58.0	3.0	\$2,560,000	\$5,143,000,000	0.4978
Current hours + 7 hours on Fridays	55.0	62.0	7.0	\$2,736,000	\$5,143,000,000	0.5320
Pre-recession hours	55.0	65.0	10.0	\$2,868,000	\$5,143,000,000	0.5577
Comparable library average	55.0	68.0	13.0	\$3,000,000	\$5,143,000,000	0.5833
Comparable library maximum	55.0	74.0	19.0	\$3,264,000	\$5,143,000,000	0.6346

1 Estimated personnel costs only; does not include other costs.

2 Estimated millage rate for personnel costs only; does not include other costs.

Exhibit 4 – Library Millage Terms

Vote Date	Library Name	Term (years)
08/07/12	Brandon Township	perpetuity
08/05/14	Walled Lake City Library	10.0
08/05/14	Clarkston	8.0
08/05/14	White Lake	8.0
08/05/14	Baldwin Public	6.0
11/04/14	Addison Township	10.0
11/04/14	Bloomfield Township Public	10.0
08/02/16	Ferndale Area District Library	10.0
08/02/16	Hazel Park District Library	10.0
08/02/16	Pontiac Public Library	10.0
08/02/16	Wixom Public Library	10.0
08/02/16	Commerce Township Community Library	6.0
08/02/16	Holly Township Library	5.0
05/02/17	Lyon Township Public Library	10.0
08/07/18	Highland Township Public Library	10.0
08/07/18	White Lake Township Library	8.0
Average		8.7
11/03/15	Troy Public Library	5.0