



500 West Big Beaver
Troy, MI 48084
troymi.gov

FROM THE OFFICE OF THE CITY MANAGER

June 8, 2020

To: Mayor and City Council Members

From: Mark F. Miller, City Manager
Robert J. Bruner, Assistant City Manager
Cathleen Russ, Library Director
Drew Benson, Assistant to the City Manager

Subject: Library Study Session Questions & Answers – 6.8.2020

The following are communications that City Administration would like Council to be made aware of. In order to ensure that all questions are received and answered, all City Council Questions should be sent to the CITY MANAGER DISTRIBUTION GROUP e-mail address.

From: Ann Erickson Gault
Sent: Tuesday, June 2, 2020 2:48 PM
To: City Manager Distribution Group <CityManager@troymi.gov>
Subject: Question regarding Library presentation

I assume that some, if not all, of these questions will be answered by the details of the presentation Monday, but sending them now so you have as much time as possible to try to find answers for any of them not already covered.

1. What would be the minimum dedicated library millage rate that would provide 100% of the costs of operating the TPL at
 - a. The current 55 hrs per week
 - b. At the 68 hrs per week average
 - c. At the current hours plus opening on Friday (assuming that is less than 68 hrs)
2. It is my understanding that other libraries in Metro Detroit are open only 6 days per week. If true, do those libraries have comparable hours to Troy or do they have additional hours on the 6 days they are open?
3. Have library patrons been asking for the library to open on Fridays? Have they been asking for extending hours on other days?
4. If the library were to open on Friday or extend the hours on other days, do we anticipate that there would be sufficient usage to justify the additional hours?

5. I assume that the Act 164 option is not feasible now because of the need to elect the new board before the millage would be in place, correct? What other obstacles or disadvantages would there be to pursuing funding under this option?
6. For other local libraries that have a dedicated millage, what are their rates and are they fully funded by their dedicated millage?
7. If we were to consider (down the road) merging our library with another local library under Act 24, are there neighboring municipalities that would be good candidates?
8. What is the longevity of our existing library building? Should we be planning for a major renovation or complete rebuild in the near future, and, if so, should that be funded by a bond?
9. It is my understanding that part of why our library is able to run on such a lean budget is because most of the staff are part-time employees. If true, what would be the advantages and additional costs for hiring more full-time library employees?
10. What does our award-winning Library Director and her hard-working, professional staff recommend that we do?

Ann Erickson Gault

Answers: Robert J. Bruner, Assistant City Manager & Cathy Russ, Library Director

1. What would be the minimum dedicated library millage rate that would provide 100% of the costs of operating the TPL at
 - A. The current 55 hrs per week
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The estimated millage rates necessary to support the cost of staffing the Library at various levels has been provided (Exhibit 3 attached to the memo dated June 5). The total cost of operating the Library depends on the level of reinvestment in the building and that is more difficult to estimate. More information will be provided in the presentation.

2. It is my understanding that other libraries in Metro Detroit are open only 6 days per week. If true, do those libraries have comparable hours to Troy or do they have additional hours on the 6 days they are open?

Baldwin, Bloomfield Twp, Canton, West Bloomfield Public Libraries are open 7 days per week, year round.

Rochester, Warren, Royal Oak Public Libraries are open 7 days per week during the school year, and closed Sundays from Memorial Day-Labor Day.

Clawson, Auburn Hills, Madison Heights libraries are open 6 days (Monday-Saturday) per week. (Clawson is open 5 days per week in the summer, closed Saturday and Sunday).

Of those 3, Auburn Hills' and Madison Heights' hours are comparable to Troy's.

Most libraries of Troy's size are open Monday-Thursday with opening times beginning at 9/9:30/10 am. No library is open past 9 pm on any day. Friday hours vary; closing times are usually anywhere from 5-6 pm, with Bloomfield Twp Public Library the only one open until 6:30 pm. Saturdays, opening times are again between 9 – 10 am, and closing between 5-6 pm.

Some libraries are closed Sundays in the summer, i.e. Rochester Hills Public Library, Clawson Public Library. Many are open Sundays year round. In those cases, the opening times are usually between noon and 1 pm, and closing times between 5-6 pm. West Bloomfield Twp Public Library is open 12-8 pm on Sundays.

3. Have library patrons been asking for the library to open on Fridays? Have they been asking for extending hours on other days?

Patrons have been asking for TPL to re-open on Fridays since service decreased to 6 days back in 2010. I have not been asked to extend hours on other days over the last 10 years, but that was a frequent request prior to the recession, in 2008-2009.

4. If the library were to open on Friday or extend the hours on other days, do we anticipate that there would be sufficient usage to justify the additional hours?

Based on the number of requests I have received over the last 10 years to open TPL on Friday, I expect the Library to be very busy on Friday! That said, the reason Friday was chosen as the day to close is because it was the least busy day back in 2010. It has been 10 years since TPL was last open on Fridays, and despite the volume of requests, it is difficult to predict actual usage.

5. I assume that the Act 164 option is not feasible now because of the need to elect the new board before the millage would be in place, correct? What other obstacles or disadvantages would there be to pursuing funding under this option?

The need to put a new board in place is just one factor. There is also the question of ownership of the building/collection/equipment and any purchase agreement between the City and the newly established PA 164 library. The new board would have to hire the director to oversee the transition of operations from a department of the City to an independent operating entity. The director would have to hire/rehire the staff and put into place personnel policies, benefits, deferred compensation plans. The director would have to hire an auditor, bookkeeper, retain legal counsel. A millage rate would have to be determined for the new PA 164 library that adequately covers its expenses, since it would no longer be able to rely on the City of Troy for financial assistance. These are just a few of the larger considerations.

6. For other local libraries that have a dedicated millage, what are their rates and are they fully funded by their dedicated millage?

This question is a little too broad to answer. It depends on what you mean by "local libraries" and "fully funded". We will provide millage rates for other libraries in the Library Fund Memo associated with this topic but it probably is not possible to determine what constitutes fully funded.

7. If we were to consider (down the road) merging our library with another local library under Act 24, are there neighboring municipalities that would be good candidates?

Clawson is a natural partner for a district library, as it would be merging a small library's operations with a larger library's operations. To try and merge 2 large communities at this point would be extremely difficult, i.e. Troy and Royal Oak, Troy and Madison Heights. Clinton Macomb Public Library is a district library consisting of Clinton Twp and Macomb Twp, but neither community had had a library before, so that library started as a district library.

8. What is the longevity of our existing library building? Should we be planning for a major renovation or complete rebuild in the near future, and, if so, should that be funded by a bond?

A cost-benefit analysis of replacement and renovation should be conducted by a professional. City staff does not have the capacity to do so without assistance from architects, construction managers, and similar professionals. The cost estimate would help determine how to finance the improvements. In either event, the City should plan for significant reinvestment.

9. It is my understanding that part of why our library is able to run on such a lean budget is because most of the staff are part-time employees. If true, what would be the advantages and additional costs for hiring more full-time library employees?

TPL has 13 full time employees and 56 part time employees. We also employ some "substitutes" who work fewer than the standard 20 hours per week. I have some supervisors who directly supervise 15-20 staff members. To add more part time staff to that already high number of direct reports decreases communication and consistency, and therefore, in our opinion, customer service. Adding additional full time staff members would help offset this, as well as decrease frequent turnover of part time staff.

If TPL had additional full time staff members, we would be able to provide more targeted services, i.e. community engagement (going out into the community); digital services (technology classes and additional services such as a maker space); early literacy specialist; as well as alleviating the burden from supervisors.

10. What does our award-winning Library Director and her hard-working, professional staff recommend that we do?

My recommendation and ardent plea is always to fund the library at the level to which it needs to be funded, for the entire duration of millage term. Funding, in my opinion, includes not only operating expenses, but capital repairs AND aesthetic improvements/renovations to update the Library and bring the building and its services into the 21st century. Whether TPL reflects a platinum, gold, silver or bronze standard is not up to me, it is up to Council and the community to determine what standard it wants.

From: Carla Meier <carlajmeier@yahoo.com>

Sent: Wednesday, June 03, 2020 2:21 PM

To: Ann Erickson Gault

Subject: Library Issues - Rainy Day Fund

Dear Councilwoman,

I just saw an online post re the June 8 event to discuss the library.

Lately, whenever there is talk about issues/enhancements/rebuilding the library, I've always thought of the city's rainy day fund; I've heard it's considerably overfunded and that it could be tapped for the library. During the city council candidate debates last year, I recall a candidate also mentioning this.

It's my understanding that a city like Troy should have a \$17M rainy day fund, but we have \$21-22M. Now I'm certainly not opposed to over-saving! One does wonder what kind of disaster could occur requiring \$17M...then the pandemic came along.

Questions

- How much do we currently have in our rainy day fund?
- Have we tapped into the fund for pandemic issues?
- Is money from this fund a viable option for library needs?

Just curious. Thanks.

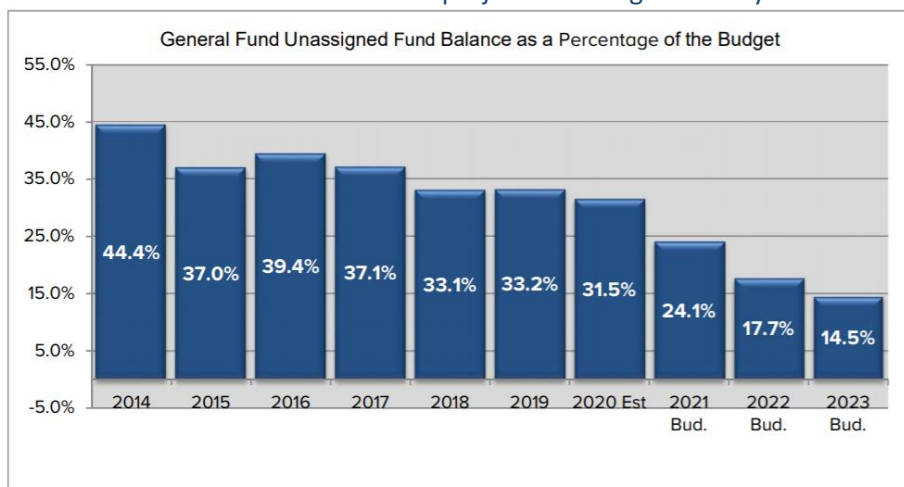
Carla Meier
Troy, Michigan

Answers: Robert J. Bruner, Assistant City Manager & Cathy Russ, Library Director

- How much do we currently have in our rainy day fund?

The 2020-2021 Budget that was approved by Council estimates that we will end the current fiscal year (prior to COVID-19) with \$31.5 million in the General Fund's Unassigned Fund Balance.

With a General Fund Unassigned Fund Balance of 31.5% as a Percentage of the total general fund budget. For reference, the City's longstanding policy is to have the General Fund Unassigned Fund Balance between 20% and 30% of the total general fund budget for emergencies, unforeseen circumstances, and to balance the budget should revenues come in lower than projected throughout the year.



This amount is expected to decrease over the next 3 fiscal years to 14.5% a percentage of the total general fund budget in FY 2023, primarily due to projected transfers to the Capital Projects fund for projected needs in the future (roads, City facilities, etc.).

With that being said, City Management does not anticipate enacting budgets that require this level of fund balance use – it is intended to be illustrative of the capital needs we have and how that impacts the City budget now and in the future. As we go through the budgeting and project prioritization process for the impending fiscal year, we reduce and push-out less urgent projects to find a balance with available funding in the current fiscal-year budget.

- Have we tapped into the fund for pandemic issues?

The current fiscal year (2019-2020) does anticipate using fund balance to balance the budget. This was anticipated prior to COVID-19, and we expect that the pandemic will have some level of impact on how much fund balance will be used by the end of the fiscal year at the end of June.

- Is money from this fund a viable option for library needs?

No, the use of fund balance reserves to fund an on-going service such as the Library is not a viable or sustainable option.

The Library currently expends over \$4 million per year to operate, which in only 2 fiscal years would bring the unassigned fund-balance down to below the 20% level that is required by City policy, and recommended by ratings agencies and other government finance organizations such as the GFOA (Government Finance Officers Association) as a best-practice for financial management.

So, that being said, the City could not support the Library operations with fund balance for very long, and would still need additional financing sources in the future to support the Library operations. Also, the use of fund-balance to support an on-going service such as a library is considered a red-flag by ratings agencies due to its unsustainable nature, and would likely impact the City's AAA bond rating very quickly.
