

Fayetteville Public Library
Long Term Revenue Committee
February 24, 2015 3 pm
Minutes
Prepared by S. Daniel, Office Manager

Present: J. Parry, M. Rice, G. Faucette, J. Butt, and D. Ferritor.
Staff present: D. Johnson, S. Foley, S. Daniel, and S. Davis
Press: Dan Holtmeyer

- I. Call to order: J. Parry called the meeting to order at 3:00 pm.
- II. Approval of minutes: **M. Rice moved to approve minutes of February 10, 2015. D. Ferritor seconded. All voted aye.**
- III. Results of staff research
 - a. Patron Library Card Usage by Year: The graphs provided do not include “in-library” or eBooks. While visitors to the library are tracked quite accurately, the number of card holders may not be an accurate indicator of actual library use.
 - b. AG opinion: None exist on the topic of charging for library cards.
 - c. Cost of events per person: Depending on the number attending the event and the speaker fee, the cost per attendee ranges from approximately \$37 to \$106. See page 9 of packet for details.
 - d. Closing the library for one or two days (Sunday and/or Monday): Closing Sundays would have the most impact on programming – most of which is free. Sundays are also busier than Mondays. It may not be possible to turn off the HVAC system when closed because there are humidity standards for maintaining the collection. Staff estimated the savings at \$6000/\$12,000 for closing one/two days; Library Associate and Page positions would be primarily affected. Facilities staff would use the closed day(s) to catch up on maintenance that can't be done during open hours.

For significant cost savings, cuts to salaried employees would be necessary. FPL employs about 30 full-time staff; another 15 are 30 hour employees.

Rough calculations:

Closing 5 hours on Sunday x 52 weeks x 10 employees x \$20/hour= \$52,000 savings/year
Closing 11 hours on Monday x 52 weeks x 25 employees x \$20/hour = \$286,000 savings/year
Eliminate programming (2014 expense was \$56,000)

Need to demonstrate good stewardship to the public if a millage increase is to be requested. The current funding short-fall originated from failure to ask for an operating millage when Blair Library was built. The temporary sales tax that funded construction of Blair Library was only for bricks and mortar. An increased operating millage request in 2006 failed by a few hundred votes. The real-estate crash exacerbated the problem as the property tax millage failed to keep pace with library expenses. In addition, the city transfer has remained flat since 2005. FPL was forced to choose between reducing staff and/or programs or spending out of reserves.

It is preferable to give citizens a choice. FPL could present 2 budgets to the public, one factoring in a millage increase, the other without an increase but with cuts in open hours and programming. Citizens generally prefer voting for something they may gain rather than voting to avoid losing something. One mill raises \$1.3 million, and only a millage would be a long-term solution. Closing for a day or days only solves the problem short-term.

Deferred maintenance, a savings account for when equipment fails, is a significant component of the cost to operate the library as it ages. For example, FPL needs to bank \$40,000-\$50,000 per year just to replace the network core, which has a maximum 10 year life expectancy. A new elevator costs about \$100,000; those in the library are expected to last another 5 years. If deferred maintenance were not becoming critical, the operating reserve (currently about \$2 million) could sustain expenses for a number of years, especially if property values begin to go back up. However, anticipated maintenance requires an additional \$550,000 be budgeted per year.

In summary, the millage rate has been set at 1 since the 1950s, the city transfer has been the same for 10 years, and the library has been on an upward use trajectory. Because of good stewardship, FPL has provided services and programming to more people while revenue has remained flat. Using conservative property tax projections (2.5% annually), it is not possible to continue the current level of operations and maintain the building without taking significant steps.

It is important to take this issue to the public - perhaps an open forum or something more structured (a facilitated conversation).

This committee is charged with reporting back to the board of trustees with a recommendation for going forward.

HOMEWORK: Develop a breakdown of the reserves and a schedule of what is allotted/required for deferred maintenance because it is a major reason for the rapidly growing gap between expenses and revenues.

HOMEWORK: Pair the options below with their associated cost savings and/or increased revenue.

Options:

- Close on Sundays and/or Mondays
- Millage increase
- Reduce/eliminate programs
- Charge for library cards (card holders may drop from 70,000 to 30,000 but still raise \$150,000 at \$5/each)
- Charge for meeting room use
- Do not replace departing employees
- Furlough employees
- Increase fines and fees
- Charge for room rentals
- Reduce the collection
- Reduce the number of DVDs that can be checked out (to decrease losses)
- Increase Arsaga's rent
- Charge for events
- Eliminate special events and author events

D. Ferritor moved to adjourn; M. Rice seconded. All voted AYE.

J. Parry declared the meeting adjourned at 4:36 pm. Next meeting is March 10 at 3 pm.