



MONROE COUNTY COUNCIL AGENDA REQUEST

Department: Monroe County Public Library

Month you wish this Item to be considered: October or November 2011

Is there a reason that this item should be heard at the first or second council meeting of the month? (E.g., grant deadline; department head not available for one of the meetings, etc.)?

No

Title of Item as it is to appear on Agenda: MCPL General Obligation Bond Approval Request

Contact Person for further Information (include phone number and email address):

Gary Lettelleir, Financial Officer: 812.349.3279, glettell@mcpl.info

Please check applicable category:

Creation of New Fund	Amend Salary Ordinance
Creation of New Budget Line(s)	Additional Appropriation
Transfer of Funds	De-appropriation of Funds
Appropriation of newly received funds (e.g., grant)	<input checked="" type="checkbox"/> Other

Please give a thorough narrative explanation of your agenda request; what action are you asking the Council to take, and what is the purpose? This narrative should be restated (cut and paste) on any additional forms regarding this request. Because there will be no set "Work Sessions" in 2011, it is important that you give a clear and thorough explanation of your request, as the council's first hearing will be at the televised council session.

The Monroe County Public Library is facing a COIT reduction of approximately \$500,000 in 2013, when our current debt service is paid off. The staff and board are taking a proactive approach to deal with this challenge. The strategy involves issuing a \$1,800,000 general obligation bond in late 2012, to be paid back over a three-year period. If the bond is approved, the Library plans to merge the Library Capital Projects Fund into its Operating Fund to cover the loss of COIT revenue, and use the bond proceeds to meet capital improvement needs.

The bond will not impact the library tax levy until 2013, but the library needs to know the status of the Council approval by the end of 2011 in order to determine whether or not to prepare a 2013 Library Capital Projects Fund for submission to the Council in early 2012.

Tax Impact. The tax levy on the current library debt service is approximately \$2,000,000 per year. The total library tax rate is about \$.11 per \$100 of assessed value, of which the current debt service portion is about \$.03. The last payment on the current library bond will be made in June, 2012.

The tax on the proposed general obligation bond would raise approximately \$600,000 per year for three years, a tax rate of just under \$.01 per \$100 of assessed value. If the bond is approved the total library tax rate would be about \$.09 per \$100 AV for the period from 2013 through 2015, a net savings for taxpayers of \$.02 per \$100. Without the bond, savings for taxpayers would be \$.03, but the library would have to reduce hours and services.

Library Board action. At their July 20, 2011, meeting, the library's Board of Trustees adopted a resolution authorizing the director to proceed with steps necessary to procure a bond:

"Whereas the Board of Trustees of the Monroe County Public Library desires to continue to provide quality library service to Monroe County residents, and

"Whereas the Library will lose approximately \$500,000 in operating revenue in 2013 and years thereafter as a result of paying off the bond used to build the addition on the Main Library completed in 1997, and

"Whereas the Library faces continuing need to maintain facilities, equipment, and technology, and

"Whereas the Board of Trustees is committed to the prudent use of taxpayers' resources and has determined that this action will both reduce taxes paid to the Library and enable the Library to maintain quality service,

"Now, therefore, be it resolved that the Board of Trustees authorizes the Library Director to proceed with the steps necessary to procure a general obligation bond not to exceed \$1,800,000, to be funded with tax revenues over a three-year period from 2013 through 2015, and to hire Ice Miller as bond counsel and Umbaugh Associates as financial advisors."

County Council action requested. The library requests that the Monroe County Council approve the issuance of a \$1,800,000 general obligation bond to be repaid over three years resulting in a tax levy of about \$600,000 per year and a tax rate of approximately \$.0095, starting in 2013. The plan is to sell the bonds in December, 2012.

We have attached additional information, including language for the resolution, suggested by bond counsel, charts showing the favorable estimated tax impact on a \$150,000 home, and a preliminary list of projects that would be funded by the bond issue.

Requested by Gary Lettelleir

Date: August 23, 2011

RESOLUTION No. _____

MONROE COUNTY COUNCIL

WHEREAS, Monroe County Public Library (the "Library") is a public library organized and existing under the provisions of IC 36-12; and

WHEREAS, IC 36-12-3-9 states that a public library board may, by resolution, issue bonds in order to finance the acquisition, construction, extension, alteration or improvement of structures and equipment necessary for the proper operation of a library; and

WHEREAS, the Board of Trustees of the Library finds that its present facilities will need renovation and improvement in order to provide the proper library services to present and future library patrons utilizing its facilities; and

WHEREAS, the Board of Trustees of the Library finds that there are not sufficient funds available or provided for in existing tax levies with which to pay the total cost of the renovation of and improvements to Monroe County Main Library and the Ellettsville Branch Library including the purchase of equipment and technology (the "Projects"), and that the Library should issue bonds in an amount not to exceed \$1,800,000 for the purpose of providing funds to be applied to the Projects; and

WHEREAS, IC 6-1.1-17-20.5 requires that before an appointed library board may issue bonds it must obtain the approval of the county fiscal body;

NOW, THEREFORE, BE IT RESOLVED BY THE MONROE COUNTY COUNCIL, THAT:

1. That the Monroe County Council hereby recognizes the need for the Projects and approves the renovation of and improvements to the Monroe County Main Library and the Ellettsville Branch Library including the purchase of equipment and technology.

2. The issuance of bonds by the Library to be repaid solely by the Library for the purpose of obtaining funds to be applied on the cost of the Projects, in a principal amount not to exceed \$1,800,000 is hereby approved and authorized. By this approval the County in no way becomes obligated to repay the bonds of the Library.

PASSED AND ADOPTED by the Monroe County Council, Indiana, this _____ day of _____, 2011, by a vote of _____ ayes and _____ nays.

"AYES"

Julie L. Thomas, President

Vic Kelson, Vice President

Marty Hawk, Member

Warren Henegar, Member

Geoff McKim, Member

Sam Allison, Member

Ryan J. Langley, Member

"NAYS"

Julie L. Thomas, President

Vic Kelson, Vice President

Marty Hawk, Member

Warren Henegar, Member

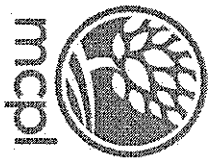
Geoff McKim, Member

Sam Allison, Member

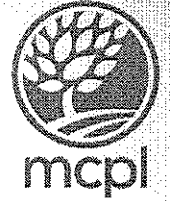
Ryan J. Langley, Member

ATTEST: _____, 2011.

Amy Gerstman, Auditor



Budget: 2012 and Beyond



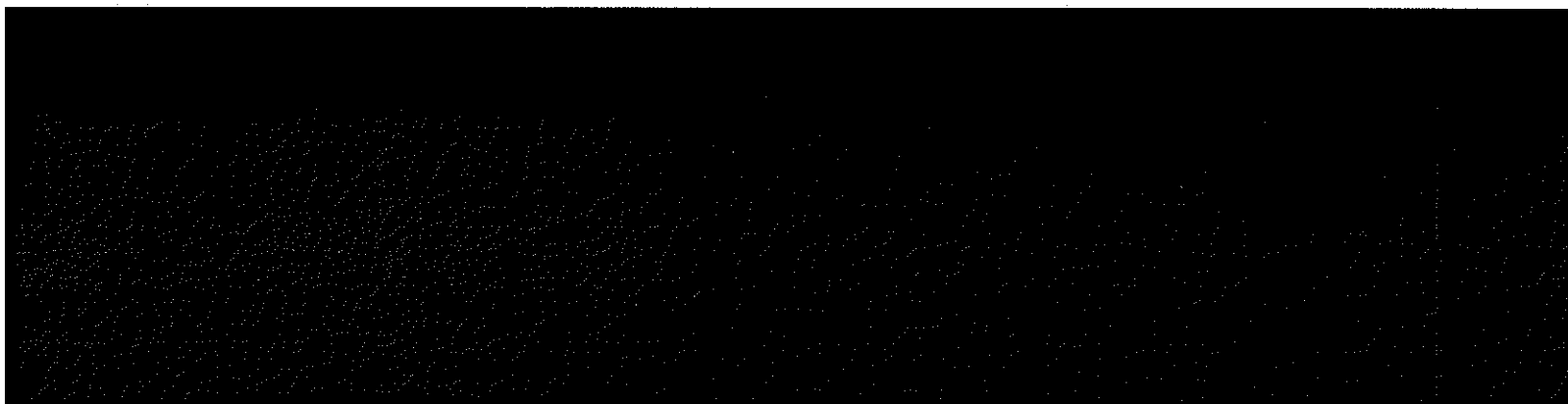
Budget Overview

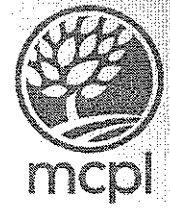
- Community priorities
- Outlook for funding in 2012 and beyond
- 2012 expenditure priorities
- Wage and benefit assumptions

Top Roles for the Library: 2008 Community Survey

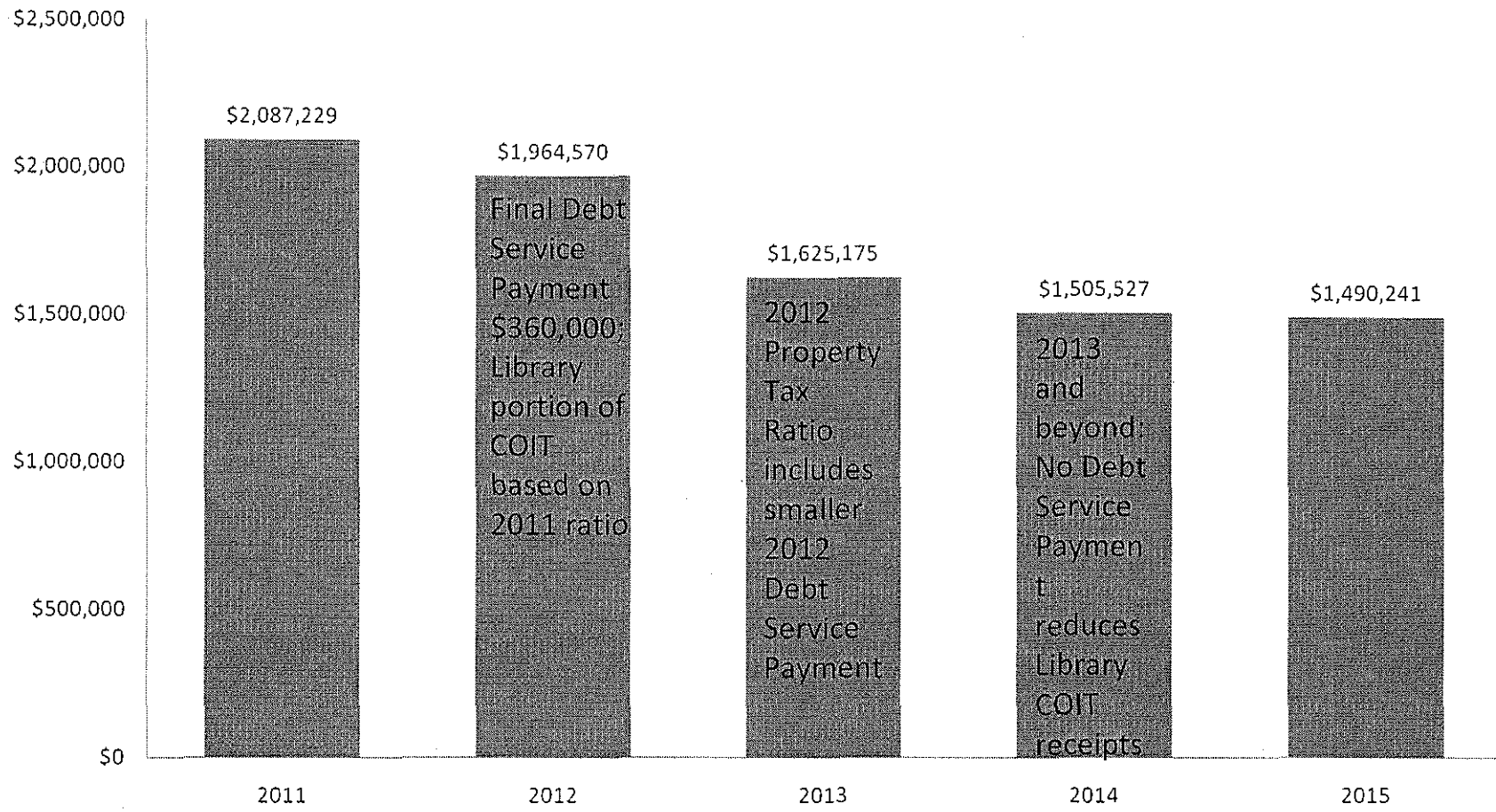


- 1. Education/literacy for children/adults (67%)**
- 2. Source of free information (50%)**
- 3. Quiet oasis for reading and study (42%)**
- 4. Resource for reading/listening/viewing pleasure (41%)**





The Library will pay off its bond in mid-2012. As a result, County Option Income Tax (COIT) receipts will fall nearly \$500,000 by 2014 and remain at that level thereafter.

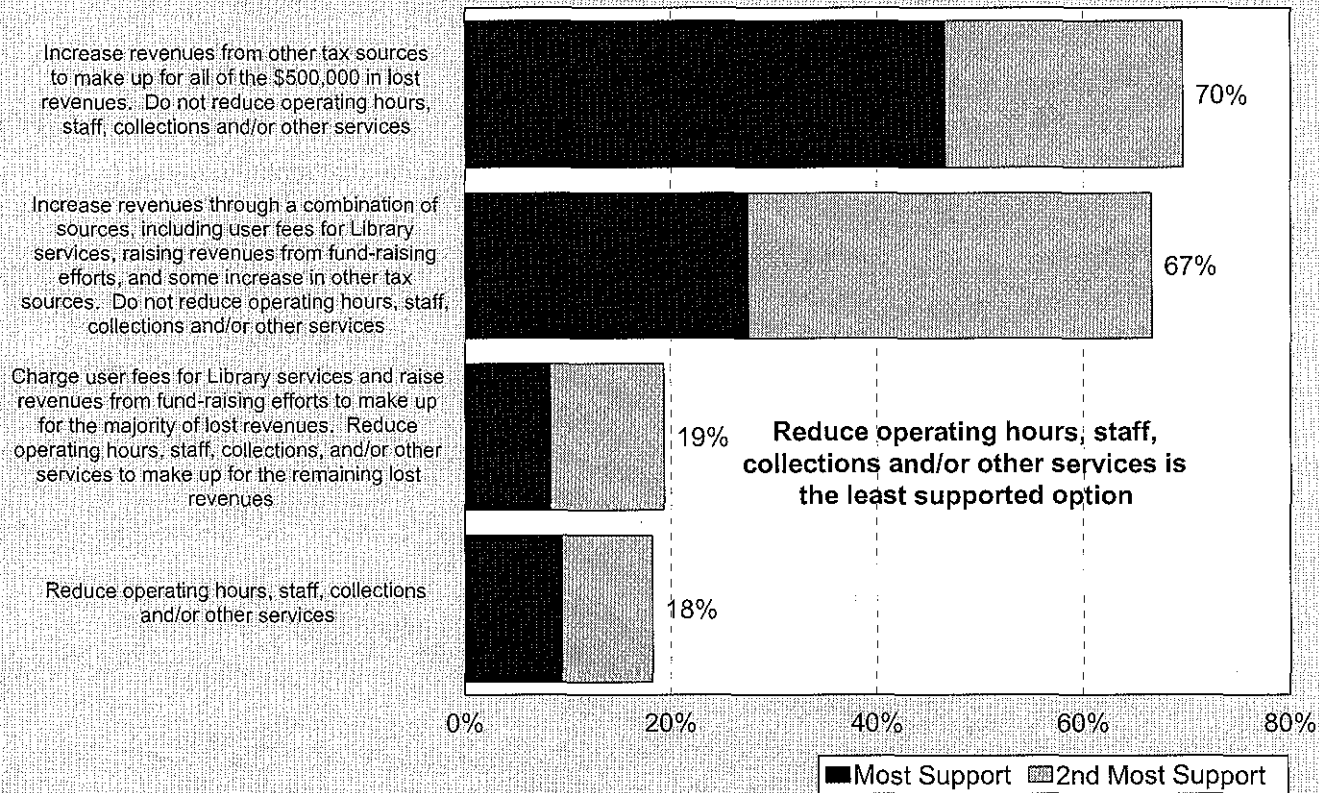


In the 2008 survey, Monroe County residents recommended increasing tax revenues and user fees and raising funds, rather than reducing hours, staff, collections or other services.

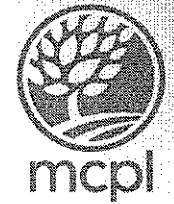


Q15. Which TWO Options Respondents Most Support the Library Choosing to Make Up the Estimated \$500,000 in Lost County Option Income Tax Revenues

by percentage of respondents who selected the item as one of their top two choices



Source: Leisure Vision/ETC Institute (March 2008)



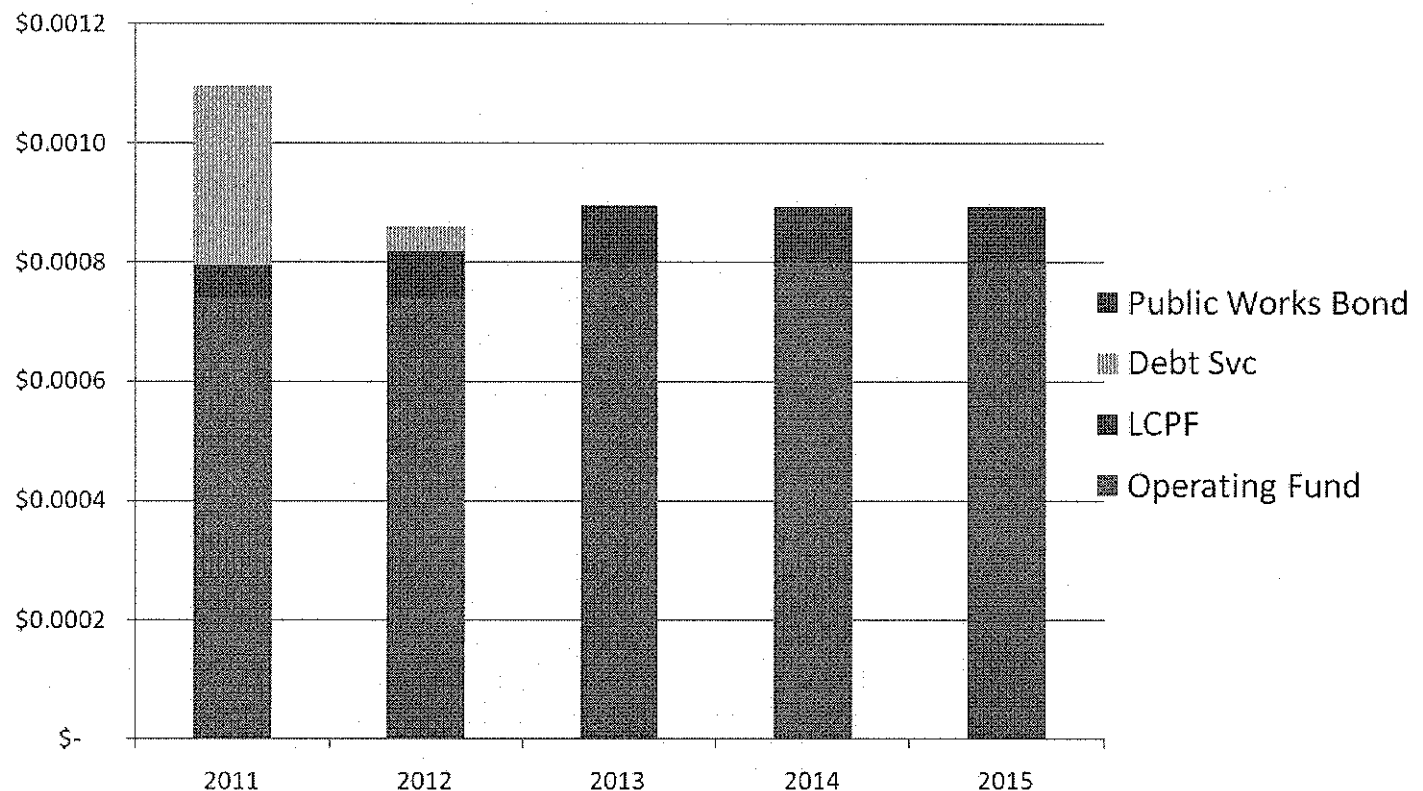
COIT Decrease/Bond Opportunity

To replace the \$500,000 COIT reduction in 2013, we propose to:

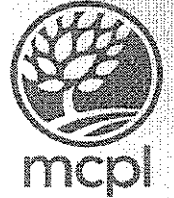
1. Issue a three-year, \$600,000/year public works bond (purple) to cover building repair/renovation & equipment/technology needs.

As a result, the tax rate for the library would be reduced from \$.11 to \$.09 per \$100 AV and the Library could maintain most services and hours.

2. Combine Library Capital Projects Fund (LCPF) (red) into the Operating Fund (blue) in 2013.



Cost Containment: 2010-2011



- 1. Reduced employees through attrition.** Eliminated 8 positions. Delayed start dates for at least 2 weeks on all others.
 - 2. Strategically realigned staff.** Covered public service desks by adjusting scheduling and increasing cross training within and among departments; shifted positions after implementation of technology; reduced hours in Indiana Room.
 - 3. Reduced energy costs.**
 - 4. Increased fee recovery and lowered loss rate** through implementation of collection agency and addition of security gates.
 - 5. Increased private support** through grant writing, annual Campaign for Excellence, and increased volunteers.
 - 6. Continued process improvement.**
-



2012 Operating Fund Revenue Estimate

Expected 2012 Revenue				
<i>Revenue Source</i>	<i>2011</i>	<i>2012</i>	<i>% Change</i>	<i>\$ Change</i>
Property Tax	\$4,521,806	\$4,592,520	1.6%	\$70,714
COIT	\$2,087,229	\$1,980,075	(5.1%)	(\$107,154)
Commercial Vehicle Excise Tax	\$34,617	\$42,483	22.7%	\$7,866
Financial Institutions Tax	\$10,231	\$12,443	21.6%	\$2,212
License Excise Tax	\$263,000	\$232,699	(11.5%)	(\$30,301)
Fines and Fees	\$160,000	\$175,000	9.4%	\$15,000
Other Fees (Copier/PLAC)	\$15,700	\$16,000	1.9%	\$300
Interest Income	-	\$15,000	100.0%	\$15,000
TOTAL REVENUE CHANGE 2011-2012	\$7,092,583	\$7,066,220	(.4%)	(\$27,993)

	2011 Budget	2012 Budget
Operating Fund		
Personnel Services	\$ 5,158,175	\$ 5,151,056
Supplies	\$ 132,800	\$ 176,260
Other Services/Charges	\$ 1,066,200	\$ 1,112,730
Capital	\$ 1,107,357	\$ 1,147,200
TOTAL	\$ 7,464,532	\$ 7,587,246
Library Capital Projects Fund		
Materials Handling System	\$ 236,021	
Main Renovation Phase 3 and 4		\$ 418,411
Computer Hardware-Software	\$ 125,000	\$ 125,000
TOTAL	\$ 361,021	\$ 543,411
Debt Service Fund		
Debt Service	\$ 1,996,000	\$ 322,088
Library Improvement Reserve Fund		
Contingency Appropriations	\$ 296,932	\$ 350,000
Rainy Day Fund		
Contingency Appropriations	\$ 473,310	\$ 410,000

Major Initiatives for 2012

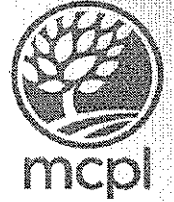


- 1. Reduce operating expenses. (LRFPC #1*)**
 - a. Continue reduced Indiana Room schedule (open 1 p.m. til closing every day = 45 hours).
- 2. Align staffing levels with core priorities. (LRFPC #2 and #5*)**
 - a. Continue services with 8 fewer positions.
 - b. 1.5% salary increase.
 - c. Increase library contribution to PERF to 13%, as required by PERF.
 - d. 10% increase in library contribution to employee health insurance.
- 3. Take advantage of technology. (LRFPC #3*)**
 - a. Increase webmaster from part-time to full-time.
 - b. Increase Internet band width from 10MB to 20MB.
- 4. Add fees for meeting room use. (LRFPC # 8*)**
- 5. Maintain facilities.**
 - a. Complete Main Renovation Phase 3 and 4 (Library Capital Projects Fund).
 - b. Sell bond to finance planned capital needs or renew LCPF.
- 6. Extend current strategic plan through 2012; complete 2013-16 strategic plan.**

*LRFPC = Long-range Financial Planning Committee Report, 2009

Facilities Needs: 2013-2015

Bond or Library Capital Projects Fund		
2013	Replace roof on Main Library 1996 addition	\$400,000
	Update computer equipment (Library + CATS)	\$133,000
	Landscaping - Main Library	\$17,000
	Replace 1993 van	\$25,000
	Demolish Ellettsville house	\$25,000
2014	Replace chillers – Main Library	\$300,000
	Update computer equipment (Library + CATS)	\$150,000
	Replace elevator controls – Main Library	\$100,000
	Add Ellettsville courtyard	\$50,000
2015	Renovate auditorium – lighting, sound, stage, walls	\$150,000
	Renovate third floor – IS department, security, graphics, floor covering	\$225,000
	Replace frequency drives for air handlers	\$50,000
	Replace cobbled sidewalks at Kirkwood and parking lot	\$25,000
	Update computer equipment (Library + CATS)	\$150,000
	TOTAL	\$1,800,000



We have tried to answer your questions about:

- Community priorities
- The outlook for funding in 2012 and beyond
 - 2012 expenditure priorities
 - Wage and benefit assumptions

Other questions?
