



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council Members

FROM: Ben Luedtke
Budget & Public Policy Analyst

DATE: April 18, 2023

RE: Fiscal Year (FY) 2024 Library Annual Budget

Project Timeline:

Set Date & 1st Briefing: April 18, 2023
2nd Briefing: in May or June (if needed)
Public Hearings: May 16 and June 6, 2023
Potential Action: June 13, 2023

The Library's organizational chart is on page 4 of the proposed budget (Attachment 1), staffing details are on pages 6-7, revenue and expenditure details are on pages 10 to 13

ISSUE AT-A-GLANCE

The Library system provides in-person services at a main library downtown, seven branch libraries around the City, and a wide variety of digital services online. The Council's role in the Library budget process is unique to other City enterprise funds. The Library Board sets the policy for Library operations. The Council is tasked with reviewing and approving the overall budget and setting the Library's tax rate. The Mayor is recommending the Council approve the Board's proposed budget for FY2024. This staff report provides an overview of the proposed budget.

Library Top Priorities for FY2024 Budget

Library leadership shared the following top priorities that informed the Board's FY2024 budget proposal:

1. Invest in competitive compensation and growth opportunities for Library employees through salaries and wages, employee benefits, and professional development.
2. Recruit and retain BIPOC employees.
3. Provide necessary resources for successful job fulfillment through adequate staffing capacities, supporting budgets, training resources, and physical spaces.

Revenues *(Details on pages 10-11 of Attachment 1)*

The proposed FY2024 total Library budget is \$33,012,370 which is \$4,413,485 or 15.4% more than last year, mostly due to one-time funding for capital projects. Most of the revenue change is caused by a \$3,358,470 increase from the Library's Fund Balance (rainy day / savings account). These are one-time funds for capital projects (see expense section on next page for more). The ongoing revenue sources for the Library have much smaller increases including \$475,000 from new growth in property taxes, a \$365,000 increase from interest earnings, and \$84,500 of additional passport revenue from expanding the hours of service and two parttime positions providing the services.

The budget also includes a required \$800,000 pass-through of property taxes to the Utah Inland Port Authority

and Convention Center Hotel. The vast majority of the pass-through is to the Inland Port; last fiscal year 5% went to the Convention Center Hotel. Fund Balance is projected to end FY2023 at 30%. The FY2024 budget would result in the Library's estimated Fund Balance to be 16.7% (used for capital projects). The Library has a minimum target of keeping Fund Balance at or above 16% which is approximately equivalent to two months of operating expenses.

Changes by Expense Category *(Details on pages 12-13 of Attachment 1)*

Expenditure increases are mostly due to several proposed capital projects of which the Main Library roof renovation is by far the largest. The budget also includes a \$474,600 increase for salaries and wages which includes a 3% cost of living adjustment (COLA) or general pay increase for employees. Similar to the City's General Fund, personnel costs are typically around two-thirds of the Library's ongoing costs. *(Staff note: Benefits for Library system employees are not the same as City employees, so cost of living adjustments are frequently different than City employee cost of living adjustments).* Other changes in expense categories include:

- \$233,950 or 44.9% increase for buildings and grounds maintenance to a new total of \$755,550. This increase reflects the Library shifting to a contract approach for an outside agency to provide custodial services. The cost is partially offset by eliminating three custodian FTEs.
- \$185,000 or 26.8% increase for ebooks and audio books to a new total of \$875,000 based on increasing demands and inflation. Over the past five years the Library experienced continual year over year increases in both categories.
- \$139,435 or 30.8% increase for technology contracts to a new total of \$592,765. The City's Information Management Services (IMS) Department is also seeing similar increases for technology contracts.
- \$105,500 or 112.2% increase for natural gas to a new total of \$199,500 which reflects significant inflation for heating and a longer winter season. The City's general fund is also seeing similar increases for natural gas.

Capital Projects and Debt Service *(Details on pages 14-15 of Attachment 1)*

The Library's Capital Projects Fund is proposed to increase \$2,353,900 or 60.3% to a new total of \$6,255,400. Most of the budget will be used for the Main Library roof renovation project. Last year the project was estimated to cost \$4 million, but that estimate has now increased to \$7.75 million, largely due to inflation. Note that the Library has some prior year funding in capital accounts that don't lapse to Fund Balance at the end of the fiscal year (such as the \$4 million approved over the last two years for the roof renovation). The FY2024 budget includes the remaining \$3.75 million to fully fund the project. Debt service has a -\$51,250 or 4.9% decrease to a new total \$987,450 because the two bonds were recently refinanced that paid for constructing the Glendale and Marmalade branch libraries. The Library covers the annual debt payments for both of those Local Building Authority lease revenue bonds. Other significant capital projects proposed in the budget are:

- \$500,000 for a new cooling tower at the Main Library
- \$400,000 for the Master Facilities Plan public engagement and concept development focusing on the Anderson-Foothill branch and Main Library
 - o The Library plans to focus on Day-Riverside Library in FY2025
 - o The outcomes of these efforts would inform future capital improvements at the three locations including potential major renovations or rebuilds at the two branches
 - o See Attachment 2 for the Master Facilities Plan
- \$400,000 for PC server and network replacements
- \$300,000 for Ballpark temporary branch renovations and collections reappropriation since these funds were not used in FY2023
- \$250,000 additional to acquire and implement a Human Resources Information System or HRIS
- \$200,000 to expand and enhance the security camera system within the Main Library and plaza

New Employees and Reclassifications *(Details on pages 6-7 of Attachment 1)*

The staffing document changes are a mix of reclassifying existing FTEs to new job titles, removing some positions, and a 0.8 of an FTE net increase. If the proposed budget is approved, then the Library would have 242.25 total FTEs. The changes include two parttime positions expanding passport services which the Library anticipated to generate new revenues to cover costs for the positions. The budget also eliminates three custodian FTEs as part of shifting to a contract approach where a company provides cleaning and janitorial services. The Library expects to complete a staffing study evaluating current levels, positions, distributions between locations and workgroups, and make recommendations for reconfiguring existing positions and potential FTE increases.

POLICY QUESTIONS

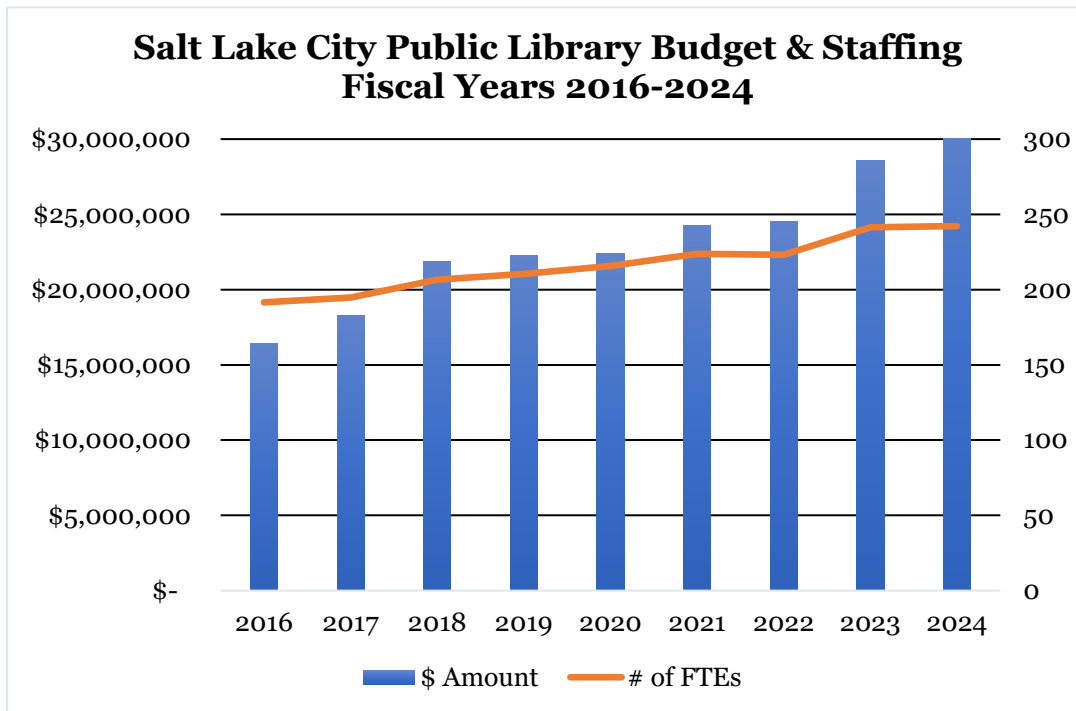
1. **\$7.75 Million Main Library Roof Repair and Renovation Project** – The Council may wish to ask the Administration what the public could expect from this capital improvement project, what is causing the \$3.75 million or 94% cost increase, what is the construction timeline, and what public engagement has occurred or is planned.
2. **Balancing Capital Improvement Needs** – The Council may wish to discuss with the Administration how to balance capital improvement needs between the different libraries. The FY2024 budget includes \$400,000 for public engagement and concept development of potential capital improvements to the Anderson-Foothill branch and Main Library. Day-Riverside branch is planned to go through a similar process in FY2025. The Master Facilities Plan (Attachment 2) estimates \$36 million for major renovations and maintenance at the Main Library over six years, \$19.8 million for Anderson-Foothill and \$18.9 million for Day-Riverside if those locations were to be rebuilt. Projects at this expense level would likely require bond funding. The Council may also wish to discuss the City's other competing needs for bond funding in the coming years and when existing bonds are scheduled to be paid off.
3. **Temporary Library in the Ballpark Neighborhood** – The Council may wish to ask the Administration for a status update on establishing a temporary library in the Ballpark neighborhood. The FY2023 annual budget included \$435,000 of full year ongoing operating expenses for 4.8 new employees (came from the property tax increase) and \$262,000 of one-time capital expenses (from the Library's Fund Balance) which were not used in FY2023 and proposed to be re-appropriated for FY2024.
4. **Search for New Executive Director** – The Council may wish to ask the Administration for a status update on searching for a new Library Executive Director and timeline moving forward. The position has been vacant since May 2021. The Library recently contracted with an executive search firm.
5. **Increased Criminal Activity and Behavioral Challenges** – The Council may wish to ask the Administration what additional resources would help address the increasing number of incidents involving criminal activity and behaviors not appropriate for a Library. The FY2024 budget includes funding expansion and enhancements of security cameras. The Library has shifted some custodian FTEs to safety associates to address these issues. One potential contributing factor might be the prolonged and more severe winter.

ADDITIONAL & BACKGROUND INFORMATION

Budget and Staffing History FY2016 – FY2024

Council staff prepared the below chart and corresponding data table to provide a summary of the Council approved budgets, total staffing, and annual changes from Fiscal Year 2016-2024. The Library currently has a total of 241.45 FTEs which would increase by 0.8 under the proposed budget to 242.25 FTEs. The chart shows that the Library's budget increased annually over nine years. The largest increases were in 2016-2018 related to ongoing costs for the new Glendale and Marmalade libraries. In particular, the FY2018 budget request and property tax increase was to cover ongoing operating costs at the two new branches and the associated bond payments. The increase also included \$900,000 ongoing facilities maintenance and \$600,000 ongoing for technology. Fund Balance was used one year and then a property tax increase was approved to provide ongoing funding. The chart also shows a significant budget increase in FY2023 which included a property tax increase for adding 18.3 new FTEs, salary increases based on a compensation study, and establishing a new temporary library presence in the Ballpark neighborhood. Over the same time, staffing levels increased annually except for a small

reduction during the COVID-19 pandemic in 2022.



*Note: FY2023 is adopted and FY2024 is proposed budget figures, the rest are actuals
The corresponding data table is below*

Fiscal Year	Budget		Total Staffing	
	\$ Amount	Year Over Year % Change	# of FTEs	Year Over Year % Change
2016	\$ 16,434,464	-	191.5	-
2017	\$ 18,280,338	11.2%	194.775	1.7%
2018	\$ 21,864,096	19.6%	206.55	6.0%
2019	\$ 22,286,208	1.9%	210.425	1.9%
2020	\$ 22,371,866	0.4%	215.7	2.5%
2021	\$ 24,224,962	8.3%	223.85	3.8%
2022	\$ 24,548,760	1.3%	223.15	-0.3%
2023	\$ 28,598,885	16.5%	241.45	8.2%
2024	\$ 33,012,370	15.4%	242.25	0.3%

ATTACHMENTS

1. Proposed FY2024 Library Budget
2. Library Master Facilities Plan 2022-2032

ACRONYMS

BIPOC – Black, Indigenous, and People of Color
 COLA – Cost of Living Adjustment or Cost of Labor Adjustment
 FTE – Full Time Employee
 FY – Fiscal Year
 HRIS – Human Resources Information System
 IMS – Information Management Services Department