

MUNICIPAL CORPORATIONS COMMITTEE

DATE: September 10, 2007

CALLED TO ORDER: 4:35 p.m.

ADJOURNED: 5:50 p.m.

ATTENDANCE

ATTENDING MEMBERS

Ron Gibson, Chair
Vernon Brown
Scott Keller
Robert Lutz

ABSENT MEMBERS

Lonnell Conley
Sherron Franklin
Isaac Randolph

AGENDA

Review and Analysis

PROPOSAL NO. 358, 2007- reviews, modifies, and approves the 2008 operating budget of the Indianapolis Marion County Public Library
“Do Pass as Amended”

Vote 3-1

MUNICIPAL CORPORATIONS COMMITTEE

The Municipal Corporations Committee of the City-County Council met on Monday, September 10, 2007. Chairman Ron Gibson called the meeting to order at 4:35 p.m. with the following members present: Vernon Brown, Scott Keller, and Robert Lutz. Councillors Lonnell Conley, Sherron Franklin, and Isaac Randolph were absent. Also present was Chief Financial Officer for the Council, Bart Brown.

PROPOSAL NO. 358, 2007- reviews, modifies, and approves the 2008 operating budget of the Indianapolis Marion County Public Library

Chair Gibson noted that the Indianapolis Marion County Public Library (IMCPL) is very important to the community, and libraries should remain open for business and meet needs in terms of education and resources. Chair Gibson noted that the Council is in a tough political climate in relation to property taxes and it is the responsibility of the Council to do as much as they can with the least amount of reliance on property taxes. Chair Gibson noted that during the August 30, 2007 meeting the library was asked to cut \$300,000 from its budget, and that Bart Brown, Council CFO, was ordered to examine the accounts of the IMCPL and look for areas to cut. He said that Mr. Brown found over \$1 million in potential cuts. Chair Gibson recognized IMCPL Board Members Greg Jordan and Mary Lou Rothe as well as Laura Bramble, Interim President and CEO, and Becky Dixon, IMCPL CFO.

Chair Gibson inquired about IMCPL's progress into the budget cutting process for the 2008 budget. He also inquired about Ms. Bramble's opinion and perception of the cuts up to this point in the process. Ms. Bramble stated that the \$300,000 in cuts that were presented at the August 30, 2007 meeting were all that IMCPL could handle. She said that they would be willing to discuss the other cuts that Bart Brown has proposed. Ms. Bramble stated that it is difficult to manage these cuts since a new Central Branch will be opening at the same time that is twice the size of the old Central Branch. Ms. Bramble stated that more personal computers (PCs) will be available to the public, as well as a self-service language lab, adapted technologies for those with physical challenges, and a fully accessible Central Branch. Ms. Bramble stated that the new Central Branch will receive around 4,000-5,000 visitors a day. Ms. Bramble stated that in addition to higher operating costs, IMCPL must start paying back loans, through debt service, in 2008.

Ms. Bramble stated that over 5.4 million people visited IMCPL library branches in 2006, borrowing over 13.7 million items. Ms. Bramble stated that this was a value of \$137 million in service, assuming each book costs \$10 on the open market. Ms. Bramble stated that over \$2.78 million worth of services, in terms of reference questions and research, was accomplished by the Library in 2006. She also stated that over 264,000 children and adults visited library programs last year. Ms. Bramble stated that the library does provide economic value on many fronts within the community. Ms. Bramble stated that over 771,000 hours were logged on the Library's computer terminals. Ms. Bramble stated that over the past few years efforts were made to reduce operating costs in anticipation of the cost to operate and build the Central Branch. Ms. Bramble stated IMCPL is facing a great unknown with the opening of the new Central Branch, as far as

the operating costs. Ms. Bramble stated that there will be a lot of debt service coming online starting in 2008, and she understands the taxpayers concern with such payments. Ms. Bramble stressed the fact that the building plans were not a secret and were readily accepted and approved by members of the public. When overruns occurred, Ms. Bramble stated that the Library went back to the public to let the taxpayers know the cost of the Central Branch. Ms. Bramble stated that IMCPL has also looked at ways to increase revenues, such as hiring a debt collection service and increased revenues from \$1.1 million in collected fines and fees to \$1.7 million. Ms. Bramble stated that the IMCPL is starting to charge for the use of private meeting rooms. Ms. Bramble stated that the 2008 budget shows a decrease in the amount of expenditures for materials, down to 14% from 20% in past years. Ms. Bramble stated that the Library Board is willing to take the \$300,000, but would like to reserve the right to take the cuts where they see fit. Chair Gibson stated that Ms. Bramble has made clear the steps IMCPL has made to try and do more with their public funding.

Chair Gibson inquired what information CFO Bart Brown may have in reducing the IMCPL budget. CFO Brown distributed IMCPL Operating Cost Projections 2006-2010 to the committee for review (attached). This handout outlines the actual spending from 2006 and projects spending up through 2010. CFO Brown stated that he recommends that any cuts the committee entertains be made from the debt service or the capital project funds and not from the operating fund. CFO Brown stated that any cut to the operating levy would mean additional cuts in any County Option Income Tax (COIT), due to the maximum levy freeze. The capital project fund can be adjusted up or down by the Council, and debt service is not controlled by rates or levies. CFO Brown stated debt service funds can be changed by the Department of Local Government Finance (DLGF) and any reduction in debt service payments created by the Council can be overturned by the DLGF. By reducing the capital project fund IMCPL can make up that revenue by under spending in characters one through four.

Chair Gibson inquired as to the "Café Contractual" line within the budget representing \$285,000. Ms. Dixon stated that this amount of money represents the start-up cost for establishing a café. Ms. Dixon stated that the intention of the library is to rent out the facility, and have the café cater the events that will take place at the library. Ms. Dixon stated that the Library is in talks with a professional catering firm to run the café, and this catering company sees a potential for profits at this location. Ms. Dixon stated that this money is set aside for start up costs to purchase food, a cash register, and to hire personnel. Ms. Dixon stated that the goal is to make people want to come to Central Library for events, such as a wedding reception. Chair Gibson inquired why a library would need all of this. Ms. Dixon stated that there are many libraries across the state with a café, and there is a small café at the Glendale branch already. Chair Gibson noted that the café at Glendale has not been successful and had even been closed at one time. Ms. Dixon stated that this café is open, and the vendor does make a profit.

Ms. Bramble stated that the Library Board, at the conception of the new building, asked the staff about amenities that would make Central Library a destination for people in Indianapolis. Ms. Bramble noted that many new libraries across the country have been built with a café, and a survey conducted by the Central staff showed there was still a need for this type of space at the library. Ms. Bramble stated that many venues around downtown are booked up for the next two

years, and there is a need for another venue to provide these types of services. Ms. Bramble stated that this idea is to attract people to the Library downtown and will also act as a revenue generator. Chair Gibson asked why \$285,000 is a reasonable start up cost. Ms. Dixon stated that talks with a professional catering company have led to this estimated start up cost.

Chair Gibson inquired if Ms. Dixon had looked over the numbers that CFO Brown had distributed. Ms. Dixon stated that she had looked over the first set of numbers and noted that Mr. Brown had removed deductions from the amendment for office supplies. Ms. Dixon stated that IMCPL will incur additional legal costs since the library is starting union negotiations, which will require hiring a labor attorney. Ms. Dixon noted that travel is actually mileage. Ms. Dixon stated that every branch manager, everyday must go to the bank and make deposits of money collected from the day before. Ms. Dixon stated that the information technology staff is paid mileage from the library service center to all branches. All mileage is paid in conjunction with rules set up by the Internal Revenue Service for mileage reimbursement.

CFO Brown stated that the Library should contract with an attorney for labor relations this year to encumber the cost instead of passing it on to next year. CFO Brown stated that the library has typically spent \$25,000 in travel and for 2008 they are asking \$37,000. CFO Brown inquired why the need for so much more money this year compared to previous years. Ms. Dixon stated travel also includes conferences, such as a convention for Public Librarians that is held every two years. Ms. Bramble stated that in previous years the library has cut back on conferences. The conferences mentioned conduct training seminars on many topics such as work safety, supervisor training, and computer program training.

Ms. Dixon stated that repairs and maintenance to improve buildings throughout the system have been put off for many years. She stated that sidewalks need improvement and that lighting needs to be improved.

Chair Gibson inquired about the real estate line item within the budget. Ms. Dixon stated that there are two facilities that charge a flat rate all year for heating and air-conditioning, and at the end of the year the two sides "true-up" and settle the differences in what is paid and what is owed. She noted that the cost to rent at Glendale is lower this year due to construction. Ms. Dixon stated that the Post Office changed all the meter machine requirements and the library had to purchase a new meter machine that is being leased. She stated that the new Central Branch will have more copy machines, since the building will be so much larger. Attached to the copy machines are coin collectors that allow for the copy machine to collect money to make copies. These machines are much more cost effective than having a librarian make copies or look over the machines, but the maintenance of these machines must be contracted. Ms. Dixon noted that the maintenance contract must be put into effect for upkeep on the building. Also the library is lifting a hiring freeze and beginning to hire a small amount of employees to staff Central and some other branches. All employees hired must go through an extensive background check since employees have such close contact with children.

Ms. Dixon noted that there has been some money set aside in order to conduct a search for a new CEO/President for IMCPL. Chair Gibson inquired as to the amount of money allotted for a CEO

search. Ms. Dixon noted the amount was \$5,000. Chair Gibson inquired if this was a national search. Ms. Dixon stated that the search was a local search.

Chair Gibson recognized IMCPL Board members Mr. Jordan and Ms. Rothe in the audience for comments on the IMCPL budget proposal. Mary Lou Rothe stated that both Ms. Bramble and Ms. Dixon have done a good job of describing the problems the Library will face if these cuts are put into affect. Ms. Rothe noted that it feels like IMCPL is being punished for being efficient in the past. Ms. Rothe noted that it is very difficult to cut back now, when IMCPL is ready to make service expansions with the opening of Central. Greg Jordan stated almost 90% of the library budget comes from property taxes, and there are not a lot of extra areas to generate income. Mr. Jordan stated that the largest expenses in the library budget are employees and buildings and if those two items were reduced, services would be lost to the public. Mr. Jordan stated that suggestions are welcome on how to generate income for IMCPL. He said that when other units of government were at the maximum limit of their levy, the library remained frugal in anticipation of operating costs for future growth.

Councillor Keller stated that the Lilly Endowment has donated \$40 million dollars to the construction of the building, and he inquired if there was an understanding with Lilly of what services would be provided, as well as the look and design of the building. Ms. Bramble stated that \$43 million was raised privately for the construction of the Central Library Project and that the Library does keep their donors informed. Ms. Bramble stated that many private organizations donated money in order to create the New Central Library. Councillor Keller noted that no one has offered money for operations, but just for the Central Library Project itself. She stated that the Library Foundation finds money to sustain summer reading programs and many other programs. Ms. Rothe stated that the IMCPL does find grants to fund operations as well.

Councillor Lutz inquired what the projected income that the café would bring into the library. Ms. Dixon stated the library anticipates rental income of \$477,000 and another \$600,000 in café and catering income. Councillor Lutz inquired if that income amount were listed in the proposed budget. Ms. Dixon noted that it was not since the income would go into a special revenue fund and any profit, after operating expenses would then revert to the operating fund to help reduce the cost.

Chair Gibson stated that tax payers expect the Council and all units of government to do more with less, and he recommended that the committee reduce the IMCPL budget by \$535,096, with cuts coming from the capital fund.

Councillor Keller inquired if the \$285,000 is to be to purchase equipment. Ms. Dixon stated that the \$285,000 is to get the catering service up and going, purchase a cash register, purchase food, pay the management company to run the venue, and money to promote the facility. The \$285,000 is for the first three months of operation. Councillor Keller inquired if this money was to purchase sub-zero refrigeration. Ms. Dixon stated that those items were purchased with the cost of construction and have been added already. Councillor Keller stated that similar venues in Indianapolis are booked for a few years and he would hate to see the library lose the chance to

create tremendous revenues. Chair Gibson noted that the committee is cutting \$535,096 from the budget and leaving the \$285,000 for the café.

CFO Brown stated that the library will be \$535,096 short in the capital projects fund, but the cuts that are being proposed give the library the ability to decide where the cuts are going to come from.

Councillor Brown moved, seconded by Councillor Keller to amend Proposal No. 358, 2007 as written (attached). The motion passed by a vote of 3-1. Councillor Lutz cast the dissenting vote.

Councillor Brown inquired which characters of the budget were being cut. CFO Brown stated the cuts came primarily from characters three and four. Councillor Brown stated that the library may underspend within some funds and be able to move money from one character to another to make up some shortfalls.

Robert Yahara, Pike Township business owner, stated that every township is being asked to pay the same tax levy for the library.

Michael Torres, Central Library employee, stated the library has conserved its operating budget and that the staff and personnel have and will continue to serve the public well.

Councillor Brown moved, seconded by Councillor Keller to send Proposal No. 358, 2007 to the full Council with a "Do Pass as Amended" recommendation. The motion carried 3-1. Councillor Lutz was the dissenting vote.

Councillor Keller commented on his vote. Councillor Keller stated that for many years Indianapolis Public Schools (IPS) deferred improvements on their buildings. Once IPS decided to make the improvements the public was shocked by the cost of repairs.

Councillor Brown inquired about the library CEO search. Janet Gartin Moore, IMCPL director of Human Resources, stated that there is a local search of librarians that will conclude on September 11, 2007. Ms. Moore stated that the Library Board will meet on September 17, 2007. The advertisement for the position was posted on the IMCPL website as well as two ads placed in local periodicals. Chair Gibson inquired about the number of applicants for the position. Ms. Moore stated that four had applied, but only two were qualified. Ms. Moore stated that there was not enough time, within the time parameters given by the board, to place ads in national media. The Library Board is focusing on a local search, but is taking applications from outside of Indiana.

With no further business pending, and upon motion duly made, the Municipal Corporations Committee of the City-County Council was adjourned at 5:50 p.m.

Respectfully submitted,

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Ron Gibson, Chair
Municipal Corporations Committee

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