

prvo
CITY LIBRARY
at ACADEMY SQUARE



Last Year's Increased Revenue Request

FY24 Budget Situation

- Deficit - \$549,046
- Ending Fund Balance at \$2,945,978 (55% of annual budget)

Request

- \$100,000 each year over 5 years

Assumptions

- We would dip into our Ending Fund Balance less and less over those 5 years.
- We could keep the Ending Fund Balance from dipping lower than \$2M (38% of annual budget).
- Upcoming building maintenance/repairs would remain constant.
- FY23 Revenues would all be realized.

FY23 & FY24 Reality

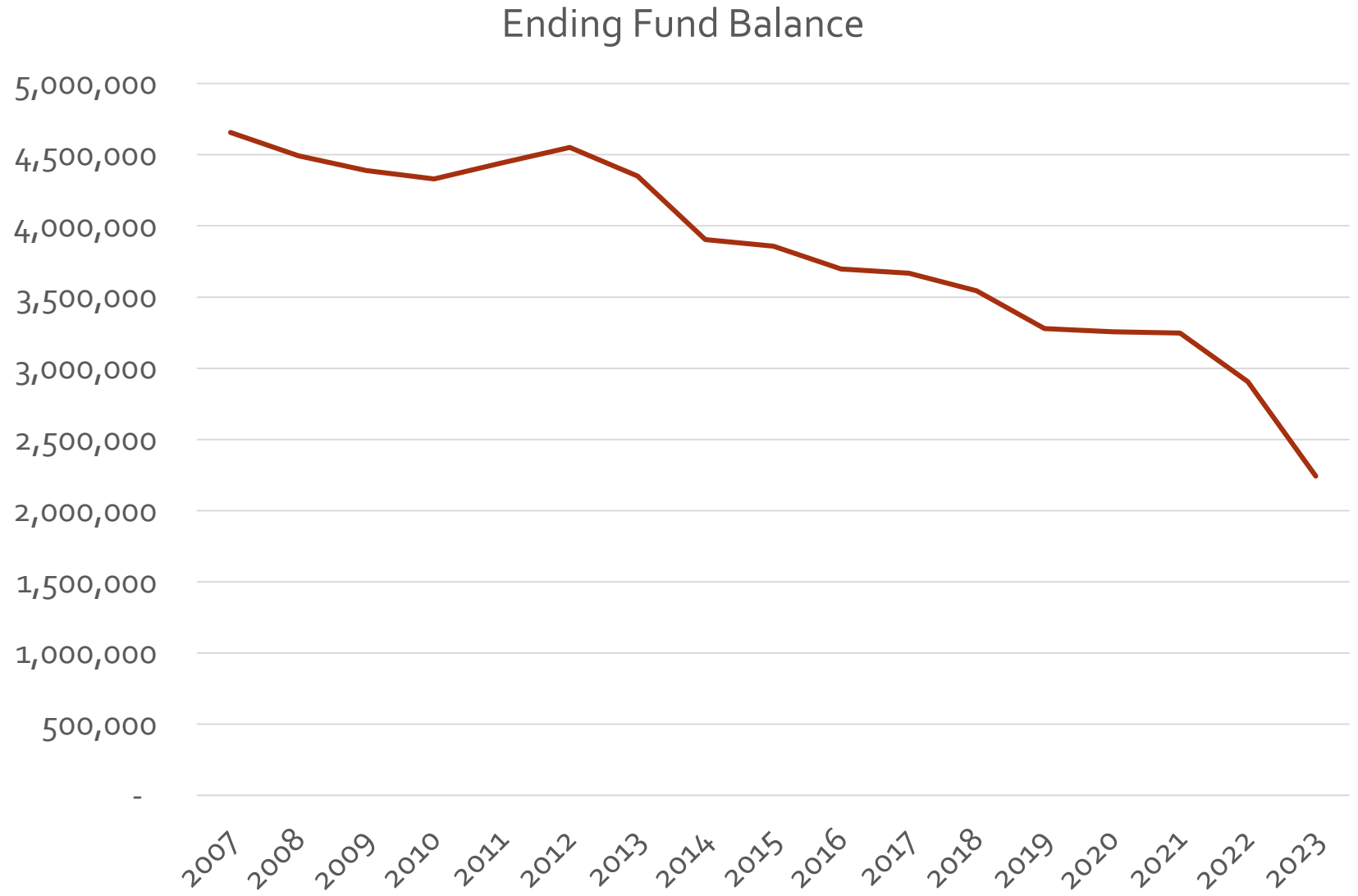
FY23 Budget Reconciliation

- Unrealized Tax Revenue \$324,639.17
- Final deficit (minus revenue shortfall) -\$339,188.46
- Ending Fund Balance at \$2,241,946 (42% of annual budget)

FY24 Current Projections

- Unrealized Tax Revenue \$200,000
- Building Projects \$686,508
 - Parking Structure \$118,000
 - Chiller \$568,508
 - Used \$112,000 from Legacy Endowment
- Projected operating deficit -\$255,406
- Projected Ending Fund Balance \$1,418,033 (27% of annual budget)
 - I think this will actually be a couple hundred thousand higher, but it's hard to know.

Ending Fund Balance



Library Expenses & Revenues

FY25 Budget Summary (March 28, 2024)

	2024	2025	Difference	%
Tax Revenues	\$4,435,089	\$4,285,104	- \$149,985	-3.38%
Interest Revenue	\$64,234	\$100,000	\$35,766	55%
Library Revenues	\$229,998	\$318,500	\$88,502	38%
Expenditures	\$5,279,366	\$5,513,260	\$233,894	4.43%
Discretionary Operating Costs	\$1,127,150	\$1,144,450	\$17,300	1.53%
Deficit	-\$549,046	-\$808,656	-\$259,607	47%

FY25 Revenue Increases

- Increased Class Fees to cover experiences involving food
 - + \$15,000
- Increased Rental Fees
 - +\$75,000
- Selling branded merchandise
 - +\$2,500
- Parking Permit Revenue
 - +\$1,000

Council Priorities

- Fund two additional police officers.
- Fund an additional parking enforcement officer.
- Fund a zoning update.
- **Fund appropriate increases to retain our talented employees.**
- **Maintain efficient delivery of current and valued Provo City services, projects, and programs.**

FY25 Efficiencies

- Building – savings of \$42,000
 - Reducing our budgeted amount for building costs and plan to use Legacy Foundation Endowment to compensate.
- Decrease collection budget by 10% - savings of \$48,000
 - Purchasing 10% fewer books, ebooks, audiobooks, etc.
 - Possible elimination of print magazine collection.
- Unsubscribe to streaming media services – savings of \$40,000
 - Eliminate Freegal (streaming music) and Kanopy (streaming movies).
- Reduce variety of attic exhibits – savings of \$10,000
 - All exhibits would be created in-house or from local artists.
- Postpone technology updates – savings of \$30,000
 - Try to use various grants for updates and make do for a year or two.
- Personnel savings – savings of \$75,000
 - Integrate personnel savings from turnover.
- TOTAL SAVINGS - \$245,000 (\$284,350 w/ PT COLA)

Building – savings of \$42,000

Budget Cuts

- \$12,000 Capital Expenses
- \$30,000 Budget Contingency

Consequences

- Delay any building repairs possible
- Use Legacy Endowment
 - With high interest rates, we predict \$100,000/year in interest income that would be available for building maintenance/repairs
- Search for grants

Long Term Plan

- These funds must be replaced at some point.
- Ending fund balance must be built to a level where periodic huge projects can be funded.

5 Year Building Costs

FY24 Expenses/Repairs

Sealing of the parking lot	\$129,000
Chiller replacement	\$568,508
Installation of roof anchors	\$8,000 (estimate)
UPS replacement	<u>\$18,000 (grant funded)</u>
TOTAL	\$723,508

FY25 Expenses/Repairs

Replace/repair gutters	\$20,000
Replace one Academy window	\$10,000
Replace water heaters (7)*	\$7,000
Replace water softeners (10)*	\$4,000
Replace ventilation fans (6)*	<u>\$12,000</u>
TOTAL	\$53,000

FY26 Expenses/Repairs

Replace main boiler*	\$20,000
Replace unit heaters (6)*	\$10,000
Replace boiler circ. pumps (4)*	\$7,000
Replace heating water pumps(8)*	\$4,000
Academy brick repair	<u>\$175,000-250,000 (searching for grants)</u>
TOTAL	\$312,000 – 387,000

*Scheduled replacement – deferment possible

5 Year Building Costs

FY27 Expenses/Repairs

Replace circulating pumps (14)*	\$45,000
Replace pkged air handling (4)*	\$275,000
Replace rooftop exhaust fans (4)*	\$8,500
Historic brick sealing	<u>\$140,000</u> (searching for grants)
TOTAL	\$468,500

FY28 Expenses/Repairs

Replace elect. disconnect switches (6)*	\$50,000
Replace transformers (2)*	\$16,000
Replace transfer switch*	<u>\$45,000</u>
TOTAL	\$111,000

Other Known Repairs/Replacements Needs

- Replace/repair front sandstone steps (grant possible)
- Parking Expansion Joint Replacement (\$85,000)
- Replace blinds in Academy Building
- Security camera update (\$10,000)
- Lighting update to LED (grant possible)
- Repairs to bell tower (grant possible)
- Anchor chimneys for seismic safety (grant possible)

*Scheduled replacement – deferment possible

FY25 Efficiencies

Collection – savings of \$47,350

Budget Cuts (10%)

- \$30,050 Circulating Print Collection
- \$17,300 Downloadable Ebooks/Audiobooks (Libby)

Consequences

- Fewer new items added
- Fewer old/damaged items replaced
- Longer wait lists

Long Term Plan

- To return to current level of service, these funds need to be increased.

Streaming Services – savings of \$40,000

Budget Cuts

- \$20,000 Freegal - Streaming Music Service
- \$20,000 Kanopy - Streaming Movie Service

Consequences

- We offer no streaming music services to patrons
 - 138,969 songs streamed last year
- We offer no streaming movie services to patrons
 - 17,401 plays in the last year
- These are services that especially help patrons without the means to subscribe to streaming services.

Long Term Plan

- We'd love to bring them back as soon as possible.

Attic Exhibits – savings of \$10,000

Budget Cuts

- \$10,000 Attic Special Events

Consequences

- We usually try to rent and bring in diverse exhibits available from other museums or organizations. They can run from \$5,000 - \$10,000 each.
- While this cut is in place, we would limit all exhibits to local artists and library designed exhibits.
- We can look for grants to add diversity.

Long Term Plan

- Eventually, we would love to have the option to bring in exhibits. Some we have had in the past include:
 - Small Wonders: Insects in Focus (exhibits USA) - \$6,415
 - 5,241 attendees
 - Little Builders - \$10,600
 - 13,450 attendees
 - Rarely Seen (National Geographic) - \$15,000
 - 3,808 attendees

Technology – savings of \$30,000

Budget Cuts

- \$10,000 Equipment
- \$20,000 Capital Expenses

Consequences

- Put off updating computers and technology equipment.
- Use some Utah State Library grants for public computer updates

Long Term Plan

- Because of recent \$260,000 grant for technology updates, I feel comfortable with this cut.
- Eventually what is now new, will get old. This budget will likely need to return.
- Until then, we will continue to use what we have as long as possible.

FY25 Efficiencies

Personnel – savings of \$115,000

Budget Cuts

- \$40,000 Not match FT COLA for PT staff
 - I did not include this in the initial efficiencies because it was something new I had added for FY25.
- \$75,000 Payroll Turnover Savings

Consequences

- Soon, part time wages will cease to be competitive.
 - 75 of 97 library positions are PT
 - 1/3 are Professional positions (requiring advanced degree)
- Previously, payroll turnover savings have reliably decreased our annual budget deficit. When we take it out before, the budget becomes much more accurate.

Long Term Plan

- Hope to strategically increase part time wages when they fall below market rates.
 - New annual review process being created for each part time position.

FY25 Projected Numbers

- Revenues - \$4,707,084
 - Includes \$150,000 decrease in vehicle taxes & tax redemption revenue
 - Includes \$35,000 increase in interest income
 - Includes \$85,000 increase in library fee/rental income
- Expenses - \$5,241,353
 - Includes \$245,000 in efficiencies
 - Does not include capital projects
- Deficit - \$534,269

Further Cuts

What Further Cuts Look Like

- Drawing further from Ending Fund Balance
- Cut collection budgets further
- Reduce Staff
 - Reduce open hours
 - Cut/reduce nontraditional services
 - Attic
 - Basement Creative Lab
 - Outreach Services

Request for Increase in Property Tax Revenue

- We are currently sitting at below 40% of our mill rate.
- Currently, the owner of a \$500,000 home is paying around \$9.00/month in property taxes funding the library.
- For each \$100,000 in additional property tax revenue raised for the library, that monthly amount would go up \$.25 .

Request for Increase in Property Tax Revenue

- Requesting \$500,000 in additional property tax revenue in FY25
 - Still leaving about \$35,000 deficit we hope to cover with utility cost decreases and careful spending.
 - If we are not able to cover the deficit, we would dip into our ending fund balance.
 - The property tax for the library on a home valued at \$500,000 would go from around \$9.00/month to \$10.25/month.
- No planned increase in FY26
 - Continue FY25 efficiencies and hope to dip as minimally as possible into our ending fund balance.

Council Priorities

- Fund two additional police officers.
- Fund an additional parking enforcement officer.
- Fund a zoning update.
- Fund appropriate increases to retain our talented employees.
- **Maintain efficient delivery of current and valued Provo City services, projects, and programs.**

Final Words

- We went 20+ years without a levy adjustment.
- We will need periodic adjustments going forward.
 - Small periodic corrections will be ideal.
- The building will need continued upkeep and we need to plan better for that.
 - Stopping our reliance on the ending fund balance for normal operations is a first step. The next will be to build up that balance over the coming years.
- Hard economic times are when library services are most needed by their community.
- We will continue to seek grants.
- Our budget is not final until approved by the Library Board.

Questions

