



MEMORANDUM

TO: Board of Trustees

FROM: Michael C. Mahaney, Library Director

SUBJECT: 2005 Budget Request for the Buffalo and Erie County Public Library

DATE: December 13, 2004

I present for your consideration the Buffalo and Erie County Public Library's 2005 budget request. This request has been developed under the direction of the Library Board's Budget and Finance Committee and has also been reviewed by the Board's Executive Committee, pursuant to guidance provided by the full Board of Trustees in Resolution 2004-37.

THE MOST DIFFICULT YEAR IN B&ECPL'S HISTORY

Erie County's financial picture for 2005 is bleak. To address an estimated \$130 million shortfall, the County Executive's proposed RED BUDGET severely cut "non-mandated" services. The Library's proposed funding was reduced by 80%? not even enough to properly close all libraries and pay associated termination and unemployment costs.

Thousands of people expressed support for the Library System during this recent fiscal crisis, including hundreds who attended and spoke eloquently at the Erie County Legislature's public hearings. They also shared their concern by calling public officials, attending rallies, writing letters to the editor, adding their names to a "Citizens to Save the Libraries" petition (more than 41,000 signatures were received!) or distributing printed information. Their efforts made a tremendous impact. The collaboration this community demonstrates in times of adversity must be commended. They made a difference, and we can never thank them enough!

This resulting County adopted budget reflects an overall decrease of 11% (\$3,082,980) from the Library's 2005 budget request. County property tax support declines 10.4% (\$2,525,285) from \$24,197,118 in 2004 to \$21,671,833 in 2005. Sadly, this level of funding, while avoiding closings, will result in service reductions throughout the Library System.

Addressing cutbacks is one of the most difficult aspects of public administration. Of paramount importance is to identify guiding principles used to determine how to equitably reduce allocations throughout the System. Three principles were applied in this process:

- Preserve all 23 libraries' charters;
- Continue to meet State minimum standards; and
- Avoid closing libraries.

These principles were implemented through a tiered approach to scaling back services through the following strategies:

- Provide Sunday Service only at Central Library (City of Buffalo), Audubon Library (Northern Erie County) and Orchard Park Library (Southern Erie County). [Service at the Crane, Dudley, Hamburg, Julia B. Reinstein and Kenmore Libraries would be discontinued];
- Implement work hour and/or other operating expense reductions, impacting the Boston, Clarence, Collins, Concord, Eden, Lackawanna, Marilla, Newstead, Orchard Park, and West Seneca Libraries;
- Reduce hours of service for libraries with fewer than two full-time outlets to or near the New York State minimum standard, impacting the Ewell Free (Alden), Angola, Aurora, Elma, Grand Island, Lackawanna, North Collins, City of Tonawanda and West Seneca Libraries. [Open hours of service per week reduced by up to 10 hours per week];
- Reduce branch operations for libraries with multiple branches OR equivalent. [Applicable only to multi-branch libraries with two or more full-time outlets, impacting the Amherst, Cheektowaga, Hamburg, Lancaster and Town of Tonawanda libraries];
- Reduce 15 Buffalo Branches Combined Regular Open Hours Per Week From 566 hours to 446 hours (120 hour reduction); and
- Eliminate Mobile Library Services and reconfigure/reduce Central Library Administration, Public Services, Outreach Vehicle and System Support Services.

These reductions are detailed on the attached handouts.

THESE DIFFICULT TIMES FOLLOW A YEAR OF SOLID ACCOMPLISHMENTS

Through strategic planning, targeted, enhanced service delivery, productive and dedicated staff and collaborations with other agencies and organizations, the B&ECPL

has accomplished large and small improvements in both external and internal operations in recent years, even faced with significant fiscal and environmental challenges. The B&ECPL examines key statistics as indicators of success in achieving its mission. The System recorded a 9% increase in circulation activity in 2003, with totals rising from 8,155,364 in 2002 to 8,875,762 in 2003. Website visits reached 1,647,539, up 12%; patron library visits totaled 4,774,166, up 9%; and 321,380 registered computer use sessions, up 13%. These trends continue in 2004 with year-to-date circulation up 6%, in-library computer usage up 24% and materials shipped between libraries up almost 12%.

Numbers do not tell the entire story, however. Improvements in technology, services, programming, relationship building and communication assisted thousands of community members and helped contribute to a more informed, better trained Library staff.

IN APPRECIATION

Throughout the recent budget crisis, the entire staff performed with spirit and professionalism. I cannot begin to express how grateful I am for their efforts in alerting the community, influencing key stakeholders and averting what might have been a genuine disaster.

I wish also to express my gratitude to you, the Library's Board of Trustees, for the many hours of effort each of you devoted to the Library in this, its most difficult hour. The volunteer trustees of B&ECPL's 23 Boards of Trustees, led by the 15 of you, set a very high standard for involvement, dedication, and caring. Your staff benefits from and deeply appreciates your commitment and support!

We look forward to working with you as the year progresses. Please contact Kenneth Stone at x7170 or myself if you have any questions.

BUDGET SUMMARY

The following page lists the library's 2005 operating budget request and provides a summary of projected grant and County capital/debt service funding.

MCM/jm
Attachments

cc: Kenneth H. Stone

Budget Request Summary	2004 Adopted	2005 Request	2005 Proposed	Change vs Request	
				Dollars	Percent
<u>LIBRARY EXPENDITURES</u>					
SFG Operating Expenditures	28,481,440				
<i>Adjust for Interfund Change</i>	<i>(282,357)</i>				
SAP Operating Expense	28,199,083	29,154,123	26,071,143	(3,082,980)	-11%
<u>LIBRARY REVENUES</u>					
Erie County Share:					
Library Property Tax	24,197,118	24,197,118	21,671,833	(2,525,285)	-10%
Interfund Subsidy	0	974,715	0	(974,715)	-100%
Subtotal County Share	24,197,118	25,171,833	21,671,833	(3,500,000)	-14%
State Operating Aid	2,099,201	2,099,228	2,099,228	0	0%
Other Library Direct Rev	1,352,764	1,333,062	1,369,701	36,639	3%
Use of Fund Balance	550,000	550,000	930,381	380,381	69%
TOTAL OPERATING REV.	28,199,083	29,154,123	26,071,143	(3,082,980)	-11%
<i>Adjust for Interfund Charge Rev. switched to SAP Credit Exp.</i>	<i>282,357</i>				
Original 2004 Budget	28,481,440				
Library Grant Revenues	787,072	717,020	717,020	0	0%
Erie County Capital/Debt Funding For Library					
Debt Service	1,068,944	1,268,600	1,268,600	0	0%
Frank E. Merriweather Library		600,000	600,000	0	0%
Central Library Power Dist.Sys Replc.		695,000	695,000	0	0%
Central Library Renovation Part III		1,141,980	1,141,980	0	0%
New Library Construction			7,000,000	7,000,000	
Motor Vehicle Equipment	65,000	70,000		(70,000)	-100%
Furniture, Fixtures & Office Equipment	50,000	50,000		(50,000)	-100%
Lab & Technical Equipment	50,000	155,000		(155,000)	-100%
Library Materials	4,500,000	5,100,000	5,000,000	(100,000)	-2%
Total County Capital Budget	4,665,000	7,811,980	14,436,980		

BOARD OF TRUSTEES
BUFFALO AND ERIE COUNTY PUBLIC LIBRARY
MEETING DATE: December 16, 2004

AGENDA ITEM NUMBER: E.2.b.

RESOLUTION: 2004-49
Adoption of 2005 Budget

BACKGROUND:

On December 8th, the County Legislature adopted a heavily amended version of the County Executive's RED BUDGET. Both County Budget Office and Legislature staff have indicated that this budget contains a property tax for library purposes equal to the Executive's alternate GREEN BUDGET, or \$21,671,833. This is a \$2,525,285 (10%) reduction from the \$24,197,118 in the 2004 budget. All revenue for 2005 would be at \$26,071,143, \$3,082,980 (11%) below the Board's 2005 budget request of \$29,154,123.

Recently there have been indications of legal challenges to the County's budget adoption process.

The Library, as an independent entity, has the option of adopting a 2005 budget that incorporates the best available estimate for County support and promptly amending said budget should the level of County funding change from the estimated amount. Staff recommends this course of action.

There will be upheaval and disruption associated with implementing the present reduced County share budget that, regrettably, will require layoffs at multiple libraries. Management does not believe it is in the best interest of the Library to compound this situation by reacting to speculation. Should the RED BUDGET be reimposed, the limited (\$6 million) allocation would be sufficient to operate the Library for a short period of time, giving the County Legislature time to address the issue early in 2005. If it were ultimately determined that the RED BUDGET were to be imposed for the entire year, the Library would then have to cease operations shortly after said determination.

The proposed budget is consistent with current labor agreements and Board adopted resolutions concerning administrative compensation.

ACTION REQUIRED:

Motion to approve Resolution 2004-49.

PROPOSED RESOLUTION 2004-49

WHEREAS, the Erie County Legislature has adopted a 2005 budget with an estimated operating budget of \$27,344,981 in the Library operating budget, along with allocations within the County Budget of \$1,268,600 for debt service and a total of \$14,436,980 in the County Capital Budget for library materials/equipment, Central Library improvements, and new library construction, and \$717,020 in estimated Library grants, and

WHEREAS, that total contains the assumption that no payment for State retirement expense will be charged to the 2004 budget, thereby making \$1,690,858 available in 2004 ending fund balance to apply against 2005 expenses, and

WHEREAS, the Library believes this assumption to be unrealistic given the Governmental Accounting Standards Board's (GASB) position on this subject as expressed in its proposed Technical Bulletin No. 2004-a, which would have an effective date of December 15, 2004, and

WHEREAS, applying the GASB recommendations would lower the amount available in 2004 ending fund balance from \$1,690,858 to approximately \$380,381 and, therefore, lower the Library's operating budget revenue and hence supportable expenditures to \$26,071,143, now therefore be it

RESOLVED that the Board of Trustees of the Buffalo and Erie County Public Library adopts a 2005 Operating Budget in the amount of \$26,071,143, consisting of a County share of \$21,671,833, other library revenues of \$3,468,929, and use of available fund balance of \$930,381, and be it further

RESOLVED that the Board of Trustees of the Buffalo and Erie County Public Library recognizes the County's 2005 Capital Outlay Budget for debt service in the amount of \$1,268,600, and a total of \$14,436,980 in the County Capital Budget for Library materials/equipment, Central Library improvements, and be it further

RESOLVED, that the Board of Trustees of the Buffalo and Erie County Public Library adopts a 2005 Grants Budget in the amount of \$717,020, and be it further

RESOLVED, that the Board of Trustees of the Buffalo and Erie County Public Library directs that said budget, summarized on the attached page, be implemented pursuant to the current labor agreements, Resolution 2001-30, and Resolution 2001-45, and be it further

RESOLVED, that the Library Director be instructed to transmit this adopted budget to the appropriate Erie County Office for input into the County Financial System.

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