

# STAFF REPORT

<b>MTG. DATE:</b>	July 20, 2022
<b>TO:</b>	Library Board
<b>FROM:</b>	Cindi Kelm-Nelson, Library Board President JJ Larson –Director of Public Works & Utilities/Deputy Administrator
<b>RE:</b>	<b>Budget requests for 2023 and Financial Management Plan</b>

## OVERVIEW

The Library Board has been taking the necessary steps to plan for the construction of a Village Library. The capital campaign feasibility study is underway and on schedule to be completed by August. The budget requests and timeline presented below are with construction of the Library slated for 2025 with opening in 2026. Library Board members should note that this budgetary planning does not take into account any other funding such as capital campaign donations, fundraising grants, or endowments. As these funds become available these numbers can be appropriately adjusted.

## REQUESTS & FINANCIAL IMPACTS

**Implementation of a Library Impact Fee.** A firm would be hired to study, design and move a Library Impact Fee through the approval and adoption process. Note that Library Impact fees can only be assessed on residential development.

**Financial Impact:** \$7,500 one-time cost in 2023.

**Hiring of story-time programming.** Existing area libraries have offered the opportunity to partner and begin providing story-time programs in the Village utilizing their existing staff. **Financial Impact:** \$10,000 - \$30,000 in operating costs depending on level of programming.

**The hiring of a Library Director.** The plan would be to hire the position part-time at 24 hours per week in the first year, 30 hours per week in the second and beginning full time in the third year. The position would be hired for the second half of 2023. **Financial Impact:** \$42,000 additional operating budget in 2023, \$123,000 (2024), and \$137,000 (2025 and beyond). This includes wages and prorated benefits.

**Begin Design/Engineering of Village Library.** Hire an architectural firm to begin work on the design & engineering of the library. The selected firm would work closely with the Facility Committee, Library Director, Board and stakeholders in bringing the plan through construction over the next three years. **Financial impact:** \$1 – \$1.25 million over the course of the complete design through construction. (10% of overall construction costs). Most likely debt-funded; Ehlers to guide specifics of financing in Financial Management Plan.

**Capital Campaign.** Following a “silent period,” the capital campaign would be kicked off in late 2023 or early 2024. Capital campaigns are typically found to cost about 10% of the overall fundraising goal. **Financial impact:** (unclear until feasibility campaign is complete); \$200,000 +/- . Most likely debt-funded; Ehlers to guide specifics of financing in Financial Management Plan.

**Construction in 2025.** Construction cost is estimated between \$15 - \$21 million all-in (depending on design) for a 2026 opening. This includes construction, furniture, finishes, collection, architect/design costs, and project management. The costs for design would already have begun accruing. The Library Board could recommend a middle-ground of \$17 million be placed in the Financial Management Plan, this could be adjusted as costs are fine-tuned during design. Debt-financed; Ehlers will incorporate into the Financial Management Plan.

**Operating costs moving forward.** For a 2026 opening, the operating budget will be around \$1.6 million. There is a reasonable expectation that the contribution from Dane County would grow to around \$500,000 annually after the library is up and running for a number of years. But, given the complexity of the formula used to determine this funding, the Village should plan to cover operational costs entirely during these budget discussions. (This would have to be approved with a binding referendum in order to exceed levy limits).