Novi Public Library

Memo

To: Mayor Justin Fischer and City Council Members

From: Julie Farkas, Library Director and Mark Sturing, Library Board President

cc: Victor Cardenas, City Manager

Date: Wednesday, April 16, 2025

Re: Library Budget for Fiscal Year 2025-2026

This memo is intended to explain the upcoming 2025-2026 budget information for accounts 271 and 272 as it pertains to the Novi Public Library.

The Library Board unanimously approved its 2025-2026 budget on February 13, 2025. The budget for 2025-2026 shows the potential usage of fund balance in the amount of $620,242 to offset the expenditures. The Library Board and Library Director is aware of this potential usage and the usage of additional fund balance in future years.

There was a mistake in communication by the Library Director with the City Finance Dept. that did not call out a budget report error (located on page 38 of the 2025-2026 Recommended Annual Budget & Financial Plan) when the budget was presented during final review. The report shows an ending fund balance of $2,515 for the projected 2027-2028 fiscal year. This is inaccurate as a year-end budget for 3rd quarter and a 4th quarter amendment is always submitted to show final budget results. We understand this has caused great concern for the City Council when reviewing this page of the City budget.

Based on the approved budgets that were submitted to the City Finance Dept. on February 13, 2025, there is an additional estimated year-end savings in fiscal year 2024-2025 of approximately $118,000. With the year not complete, the Board and Director are planning for at least an additional $100,000 in savings in personnel and operational costs. The Board and Director are also watching other expenditure budget lines for savings.

Annually, when budgets are created for the Library, Library Administration takes into account all positions being filled for the full fiscal year, all projects being completed by end of year and all expenses to come in on target based on past years' data. This is being watched carefully by the Library Board and Director. Over the past few years as the building has aged, the Library has experienced rising costs for HVAC repairs, elevator upgrades and repairs, building cleaning, book collections (both in print and digital) as well as many needed upgrades to the library's technology systems (firewall, security camera system, Wi-Fi upgrades). The concern for these rising operational costs have been shared with City Leadership and members of City Council over the past few years knowing operational costs were continuing to rise and the need to ask for additional support would be needed in the future.

The Library Board and Director provide a "worst case scenario" for the budgets annually so that there are no surprises during the year. The Library Board and Director look at projects that can be held off if costs are of concern, and detailed conversations occur with all Library Board members during budget sessions to determine the needs of the Library. The 272 Library Contributed Fund has been historically used for large capital projects such as annual parking lot resurfacing, furniture replacement in the public areas of the library, a Teen Area renovation, etc. This account has a current fund balance of $1.5 million. In the 2025-2026 budget there are plans for a replacement of the Automated Materials Handling System (AMHS), which is fifteen years old, technology replacements for public areas, furniture replacement and an architect review of the main entrance lobby for heating concerns.

When the new library was approved by Novi residents in 2007, an increase in operational costs to operate the building was not requested. A bond was for building costs only. The footprint for the Library was going from approximately 24,000 sq. ft. to 59,000 sq. ft. It was understood that any additional costs for the new library building, during the next ten to twelve years, would need to come from fund balances. It has now been over fifteen years. The Library Board and Director have been cautiously utilizing the reserves in the fund balance to offset expenditures when needed, and for the first time, this amount has been greater than in previous years, as well as projecting larger needs in the future.

Current Plan of Action:

- A reserve study is being conducted in June 2025 to determine future capital costs for the Library.
- The Library currently has 23 full-time positons and 40 part-time positions. There are no additional positions being added to the organization.
- Review current programming and service statistics to reduce the amount of events and resources that are currently being offered by the Library, if necessary.
- Review the current usage of the Library to consider a reduction in public hours, if necessary.
- Review current state and federal funds that could impact services for the public.

At this time, the Library Board and Director are bringing to City Council's attention the need to consider future operational funding for the Novi Public Library. The debt service for the current building bond will expire in 2026-2027. We are requesting a portion of those funds to be reallocated for operational purposes. The Library Board and Director do not feel the full amount of approximately $1.6 million, which is currently being collected from residents is necessary. The Library Board and Director will provide a more detailed cost analysis following the completion of the reserve study. The Library Board and Director have appreciated the many discussions with council members and city staff over the past few years regarding this need for additional funding.