

Memo

To: Mayor Justin Fischer and Novi City Council Members

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

cc: Victor Cardenas, City Manager

Date: December 4, 2025

Re: Novi Library Future Finances

This memo serves as an update to the information provided to the City Council on April 16, 2025.

Back in April, the Library Board and Director addressed a misunderstanding with the Library's finances that was reported during the budget approval process. At that time, the Library Board and Director also brought to City Council's attention the need to consider future operational and capital funding for the Novi Public Library based on the current 25/26 budget and projected budgets that were provided through 29/30.

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 and based on the incredible use of the building, averaging over 1,000 visits per day, it is time to begin addressing infrastructure needs. The debt service for the Library's current building bond will expire in 2026-2027 (October 2026).

During Strategic Planning in 23/24, Novi Public Library was compared to other neighboring public libraries and it was found that the average library operational cost was \$76.00/year/resident versus Novi's operational cost of \$56.00/year/resident. 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, the amount has been greater than in previous years, as well as projecting much larger expenditures in the future.

This summer, the Library Board and Director met with Patrick McGow, from Miller Canfield, and City Manager, Victor Cardenas, to discuss millage options for the Library. In that meeting, it was brought to our attention that "when the Library Debt millage drops off entirely in 2027, the Act 164 could be increased to approximately 0.3471 mills to maintain the same overall millage level for Library purposes" (See letter dated August 28, 2025 from Patrick McGow, Miller Canfield).

Actions taken by the Library Board and Director since April 2025:

- A reserve study was conducted in June 2025 to determine future capital costs for the Library. A detailed plan has been provided to the Library that will help guide the Library Board and Director over the next

twenty years for building improvements, replacements and upgrades. See report attached. Thank you to Council member, David Staudt, for giving us guidance on obtaining a consultant for reserve study purposes.

In the next five years, the following capital necessities for the library building will need to be addressed by the Library Board pursuant to the reserve study (these are estimated costs that have not gone out for bid):

➤ Main door replacement (25/26)	\$100,000
➤ Automated Return System (25/26)	\$129,000
SUBTOTAL	\$229,000
➤ Carpet replacement: public areas (27/28)	\$350,000
➤ Painting/Wallcoverings replacement: public areas (27/28)	\$60,000
➤ Youth Area Renovation/upgrade (27/28)	\$350,000
Currently in a one-year fundraising campaign for \$65,000; already have received over 60% of the goal	
➤ Magazine/Newspaper Renovation (27/28)	\$26,000
SUBTOTAL	\$786,000
➤ HVAC Mechanical: air handlers, fan motors, heating/cooling coils, water pumps, backflow preventers (30/31)	\$1,200,000
➤ Mechanical: boilers (30/31)	\$200,000
SUBTOTAL	\$1,400,000
Estimated Total Costs:	\$2,415,000

- The Library Board and Director will begin to allocate funds specifically for upcoming capital projects and place them in reserve for future use based on the reserve study recommendations. This will be effective in the 26/27 budget. This amount is projected at \$224,700.

Operational Measures Taken Thus Far by Library Board and Director since April 2025:

- The Library reviewed its current personnel needs. Currently, the Library has 24 full-time positions and approximately 40 part-time positions as of December 2025. A retirement will occur in December 2025 and the full-time position will not be replaced in a full-time capacity. There are no additional positions being added to the organization, and when full-time positions are vacated, these positions are being reviewed for its need in the organization.
- The Library reviewed its current state and federal funds that could impact services for the public. At this time, the state has not reduced the state funding that the Novi Public Library receives. State funding was reported as flat for the current fiscal year 25/26. State funding amounts to approximately \$69,000 annually, which is less than .02% of revenue received.
- The Library Board reviewed the current 25/26 budget for the Library. As of September 11, 2025 (1st Quarter Amendment to Library Budget), the Library is reporting a fund balance need of \$283,077.29 to balance the current expenditures to revenue, instead of \$620,242 that was first approved and reported in February 2025.
- A review of current programming and service statistics to reduce the amount of events and resources that are currently being offered by the Library has not been completed.
- A review of the current usage of the Library to consider a reduction in public hours has not been completed. The Library is currently open 66 hours per week, Monday – Sunday.
- A review of current staffing needs to consider future reductions has not been completed.

Action Taken by the Library Board on September 11, 2025:

On September 11, 2025, the Library Board's Finance Committee made a recommendation to the full library board to approve: to request that Novi City Council approve an additional capital and operating millage in the amount of .2000 mills for the Library beginning in the year after the expiration of the approximate .3471 millage for the construction of the Library building. The recommendation was approved.

Impact to Novi Residents as it Relates to Their Tax Bill: Taxes Levied in July Annually

**numbers provided by City of Novi Finance Dept.*

25/26: Current Annual Tax Levy for Building Bond at .3471 mills (July 2025)	\$1,764,049
26/27: Residents will pay off the building bond at .04077 mills (October 2026)	\$221,044
Request from Library Board to City Council for .2000 mills (July 2026)	\$1,084,409
26/27: TOTAL .24077 mills (reduction of .10633 from Building Bond)	\$1,305,453
27/28: Additional capital and operating millage at .2000 mills annually	\$1,117,000
(reduction of .04077; includes an inflation increase of 3%)	
28/29: Consistent additional capital and operating millage at (.2000 mills) annually	\$1,150,500
(Compound 3% on top of 27/28)	

If the .2000 is approved by City Council, the Library would still hold its total millage needs under 1.0 mills at approximately .9285 mills for full operational and capital needs, however as we know, Headlee rollback impacts this annually. This would satisfy a three prong approach to current capital needs, future capital needs and increasing operational needs for the Library, thus equating to about half of the total millage that could be authorized for library purposes based on Public Act 164 and Current City Charter.

The City of Novi's Fund Balance Policies, adopted by resolution on September 26, 2011, provides "in the event the level of expenditures exceeds the estimated appropriations, the City will create a plan to replenish fund balance/reserves within three years by controlling operating expenditures, adjusting operations and/or dedicating excess or specific revenue sources." The Library Board and Director recognize and agree with this policy and recommend an increase in the Library's millage in the amount of .2000 mills as set forth in this memo.

The Library Board and Director will submit its annual budget for 2026/2027 and future projections for 2027/2028 and 2028/2029 following two study sessions scheduled in January and February 2026, and will look forward to a future discussion to address the Library's needs.

On behalf of myself and the Library Board, I want to thank the City Council for its continued support of the Novi Public Library.