

Date: August 25, 2026

To: Finance Committee

From: Rachelle Blitch, Director of Financial and Administrative Services

Re: Follow-Up Update on Library Budget Stabilization Work

At the July 28th meeting, staff provided an overview of the Library's structural budget challenges, the historical funding analysis, statutory considerations, and a recommended approach for the 2027 budget. This memo serves as an update on the continued collaborative work between City staff and Library leadership as we refine long-term budget strategies and prepare for future funding decisions.

Ongoing Work with Library Administration

City and Library staff have continued to meet regularly to model potential budget scenarios, evaluate operational impacts, and develop a realistic implementation timeline for targeted reductions. These discussions align with the long-term goal presented previously: achieving a structurally balanced Library budget beginning in 2028.

The focus of the ongoing work is to identify sustainable cost reductions that can be implemented by mid-2027, preventing further reliance on fund balance and ensuring the Library is positioned for full budget stabilization in 2028.

Updated Budget Outlook

Staff have updated the 2027 projections based on the latest information:

- The Library is currently estimated to face a **budget deficit of approximately \$273,000** for 2027.
- Of this amount, **roughly \$93,000** is attributable to a temporary decrease in county funding. This reduction is directly related to circulation disruptions during the Library's renovation period. Circulation levels are now trending back toward pre-construction levels, and the associated county funding is expected to rebound in **2028**.
- Consistent with the inflationary analysis shared in July, staff continue to recommend adjusting the Library's general fund appropriation from **\$475,000 to \$530,000** for 2027.

Given these updates, and assuming the recommended appropriation increase is applied, the Library will still need to reduce expenditures by roughly **\$125,000** over the next year to fully balance the 2028 budget.

Approach for 2027

Staff recognize the importance of stabilizing the Library's budget ahead of the 2028 planning cycle. To assist with this, we continue to recommend:

- Increasing the 2027 appropriation to the inflation-adjusted level of **\$530,000**, and

- Setting aside additional contingency funding in 2027 to help soften the budget gap while reductions are identified, vetted, and implemented.

Our target is to have all structural reductions fully implemented by July 1, 2027. This phased approach allows Library and City staff sufficient time to evaluate multiple options, minimize potential disruption to community services, and ensure that recommendations brought to the Library Board are operationally viable.

Next Steps

Library and City staff are evaluating smaller reductions that could take effect in late 2026 or early 2027 and working with Library leadership to refine the gap-funding estimate for 2027. These will be brought to the Library Board for review and approval prior to returning to the Finance Committee. Depending on how quickly we can review and validate proposed reductions we expect to bring this back to the Finance Committee in September or early October.

Conclusion

Staff will continue meeting with Library administration, refining implementation plans, and providing regular updates as we approach the fall budget discussions.