

June 12, 2017

Board of Trustees 2018 Budget Work Session #1

Legend of Documents:

1. Budget Work Session Agenda for June 12th and July 10th Sessions (white)
2. Narrative of 2018 Budget Strategy and Key Issues (white, stapled)
3. 10-Year Retrospective of Budgeted Revenues and Expenditures, Actual Cash Balances and Mill Rates (pink)
4. 10-Year Retrospective of Budgeted Expenditures, Graphed (beige)
5. 10-Year Retrospective of Mill Rate Values, Graphed (yellow)
6. Funding Matrix and Timeline for Facilities Master Plan, along with Three Board Resolutions Requesting Specific Funding or Fundraising by the Library Foundation (beige shaded)
7. Funding Matrix for Non-Facilities Master Plan Budget Items (green)



June 12, 2017: Budget Work Session #1 (Marvin Auditorium Room 101A, 9:00 am to noon)

Meeting Purpose: First review of preliminary 2018 budget strategy, review funding matrices for the Facilities Master Plan and all other non-Facilities-Master-Plan budget items

Expected Product: Engage Trustees and Library Management Team members in budget planning and development, understand and discuss key issues and consider prioritization and funding strategies with emphasis on facilities

Agenda

- Review and discuss funding matrix and timeline for infrastructure and building projects related to the Facilities Master Plan – Thad Hartman, Community & Strategic Services Manager, Nancy Lindberg, Foundation Executive Director, and Sheryl Weller, Chief Financial Officer
- Review historical data, 2018 budget strategy and funding matrix for non-Facilities-Master-Plan budget items – Sheryl Weller, Chief Financial Officer

Refreshments will be provided at this session.

July 10, 2017: Budget Work Session #2 (Marvin Auditorium Room 101A, noon to 3:00 pm)

Meeting Purpose: Review proposed 2018 budget, including county property valuations

Expected Product: Reach agreement on the 2018 budget proposal to allow action at the July 20th Board meeting for publication requirements

- Review updated information for property valuations and other key expenditures for the budgeted funds: General, Employee Benefit, Debt Service and State Aid – Sheryl Weller, Chief Financial Officer
- Review proposed documents to be published: Budget Summary, Notice of Budget Hearing – Sheryl Weller, Chief Financial Officer

Lunch will be provided at this session.



Budget Narrative

June 12, 2017

Board of Trustees 2018 Budget Work Session #1

Overview

The Board of Trustees and Library management have worked to develop a budget review and preparation process that is based on a comprehensive assessment of operational and strategic needs. This is a logical and responsible progression for funding, and more importantly accomplishing, the initiatives within strategic, community and facilities plans, as well as fulfilling Topeka and Shawnee County Public Library's (TSCPL's) mission and goals. This methodology will be particularly important as the Library finalizes its implementation of a strategic plan for the next decade based on five Community Impact Goals and makes decisions regarding prioritization and completion of projects in the multi-year Facilities Master Plan. Further, the Library's past successes have been accomplished by wisely using its resources and maintaining a stable mill levy rate.

Starting with the 2016 budget preparation process, the first Board budget work session was re-designed to focus more on education, review and discussion of key issues and prioritization of initiatives. This seemed to work well, in advance of the property valuations, actual budget numbers and the technical budget document. Thus, this year's first budget work session will follow a similar approach.

These key goals, initiatives and issues must guide the 2018 budget preparation:

- Supporting mission and vision statements, strategic plan, and tasks and tactics for implementation of the Community Impact Goals:
 1. Every child will be ready for kindergarten.
 2. Everyone will discover their passion for learning.
 3. Everyone will continue learning new ways to live their best life.
 4. Topeka & Shawnee County will be an engaged community of readers.
 5. The library will be a learning organization committed to excellence in: leadership, planning, customer focus, process management and partner focus.
- Prioritizing and funding phases, projects and infrastructure needs proposed in the Facilities Master Plan.
- Leading and funding technological advancements, including electronic materials, to support the expectations and requirements of customers and the community, and to demonstrate how technology can enhance learning and living.

The budget should emphasize: (1) an exceptional customer experience everywhere library services are provided; (2) a responsible approach to building infrastructure and maintenance, as well as ensuring the building serves 21st century library customer needs; (3) leadership by the Library to provide opportunities for the community in support of literacy and learning based on a fundamental set of core values; and (4) funding operations within the resources provided at the current mill levy rate.

This may present some challenges and decisions will be necessary on how best to continue the Library's current momentum and community impact. Property valuation information will not be available from the County Clerk until June 15th, but this is a little over two weeks earlier than the previous deadline of July 1st. This was an amendment to Kansas statute, mostly related to the requirement for cities and counties to hold a public vote for any proposed tax increase over a maximum percentage increase. The 2018 budget may have several scenarios presented in which revenues remain the same, but different combinations of expenditures could be considered. These scenarios will be presented at the second Board budget work session on July 10th.

Status, Issues and Initiatives

Here is what is known at this point in the process:

Valuations

- There has been little reported in local media this year regarding property valuations. However, the *Topeka Capital-Journal* reported on February 13, 2017 that 2016 home sales were the highest since 2007, as well as an upswing in new construction, both commercial and residential. Shawnee County Appraiser Steve Bauman provided the following statistics to the County Commission:
 - County properties with increased valuations outnumbered those with decreased valuations by a four-to-one margin.
 - New home permits in 2016 were 223, compared to 209 in each of the previous two years.
 - New residential construction added about \$52.9 million to County property valuations, with new commercial construction adding about \$35 million.
 - Overall market values for both residential and commercial properties rose by 2.3%.

The actual valuations for budget preparation purposes by taxing entities will be distributed by the Shawnee County Clerk no later than June 15th.

- Estimates of motor vehicle tax revenues provided by Shawnee County for use in the budget are nearly \$76,500 more than 2017 for the three levied funds.

Cash balances

- Cash balances remain generally healthy. Use of cash balances must be weighed against the need to retain a superior credit rating for the bonds and having sufficient fund reserves in the event of an emergency or other unplanned situation.

An unexpected and unbudgeted situation did occur subsequent to the approved 2017 budget. Substantial increases in health and dental insurance premiums (budgeted 5%, actual health 25.6%/28% and dental 17%) occurred in the plan year immediately following the year the plans were bid and impact the Employee Benefit Fund. This is expected to require some of the planned carryforward cash to be spent. Fortunately, a cash balance is available and is one reason for always retaining a sufficient balance.

The 2017 budget reflects the intentional spending down of the Employee Benefit Fund cash balance due to sizeable and unexpected health insurance refunds in prior years and the decision not to pursue self-funding. This was a one-time opportunity and strategy and, as planned, the revenues into the Employee Benefit Fund must be restored to fund expenditures, as well as restore the cash balance if required to fund health benefits. This is done by changing the split of the total mill levy between the funds.

Bonded indebtedness

- The outstanding bonds are paid in full on September 1, 2019. The Board is permitted under K.S.A. 12-1270 to levy a tax (a separate mill levy) for the purpose of paying principal and interest on the bonds. There has been some speculation regarding this portion of the total mill levy once the bonds are paid in full. Could the total mill levy, which was inclusive of the debt service levy, be allocated between the two remaining funds (General and Employee Benefit) once the debt is extinguished? One reason for potentially following this strategy is to begin contributions to the special accruing fund (capital improvements) which have been suspended under K.S.A. 12-1268 until bonded indebtedness ends. Only interest has been allowed as additions to this fund and those earnings have been very low for most of the time in which the debt service has been repaid. It seems to be better strategy to replenish this fund when legally allowed and have a reserve for qualifying expenditures instead of initiating new debt or raising taxes. From the senior administrative team's perspective, this minimizes the impact on taxpayers and is a prudent approach to funding ongoing capital expenditures.

A legal review has determined that, because the purpose of the debt service mill levy expires upon final payment of the bonds, there is no authority for the Board to continue the levy and allocate the revenues between the two other levied funds. Thus, the revenues formerly allocated to the Bond and Interest Fund will be unavailable starting with the 2020 budget.

That does not preclude the Board from raising the mill levy for either the General or Employee Benefit Fund, but the provisions of the tax lid laws would apply and require various types of resolutions and publications.

Another aspect of the end of bonded indebtedness concerns possible options for the ending balance in the Bond and Interest Fund. This fund balance was originally sourced from an allocation of General Fund monies by the Board and has since been funded from the specific mill levy for debt service payments. Currently the target ending cash reserve is \$750,000. In 2014, the Board decided to reduce this balance from \$1 million to \$750,000. There have been no negative ramifications from this decision in regard to bond ratings or cash sufficiency.

It has been legally determined that any ending balance in the Bond and Interest Fund, remaining after the indebtedness has been paid, can be transferred to the General Fund for other purposes or be allocated from the General Fund to the special accruing fund (capital improvements). These actions would occur in the 2020 budget preparation.

There are at least two potential strategies regarding the Bond and Interest fund balance. A further reduction of the reserve balance, such as reducing it from \$750,000 to \$500,000 could occur in either 2018 or 2019. This would be accomplished by reducing the revenues generated from the mill levy for debt service and spending down the cash balance to the targeted level. If the total mill levy remained the same, this would allow the revenues that were allocated to the Bond and Interest Fund to be redirected to the General and/or Employee Benefit Fund. This would be a one-time strategy to fund current year expenditures. Both the General and Employee Benefit Funds are subject to statutory restrictions on the amount of ending cash balances to be carried forward to the next year. Thus, the revenues from a one-time reduction in the Bond and Interest Fund reserve balance and reallocation of the total mill levy likely could not be saved to fund future expenditures.

A better strategy might be to retain the current reserve cash balance in the Bond and Interest Fund until the bonds are paid in full. Both the transfer of this final ending cash balance of approximately \$750,000 to the General Fund and an allocation to the special accruing fund (capital improvements) could be budgeted for 2020. This would allow the money to be saved without limit in the special accruing fund for future years' expenditures, subject to the limited purposes of these funds as defined by K.S.A. 12-1268. This statute restricts any such transfer to the special accruing fund to 20% of "any annual budget prepared, published and approved by the board". This is assumed to be approved expenditures. General Fund budgeted expenditures in 2017, excluding carry forward cash balance, are \$14,462,677. A 20% maximum of this amount is \$2.89 million which is beyond what the Library will have to transfer, probably in any year. An allocation of the transferred cash balance in the Bond and Interest Fund is projected to be only \$750,000 and is well within the statutory cap.

Facilities Master Plan

- At the time of last year's budget preparation, the Board of Trustees had not yet approved the Facilities Master Plan, although the Plan was sufficient in draft form for first year planning to occur. The Board's approval of the Plan occurred on July 21, 2016. This approval was contingent upon it being a multi-year

plan, to be done in phases likely over 10 years, and subject to available public and private funding, with each project specifically approved by the Board. The Plan encompasses both infrastructure needs and building remodeling and renovation to ensure relevancy and to support the way in which customers need to use the Library now, as well as support the Community Impact goals.

- This is a major initiative and an important and responsible action for good stewardship of the Library's resources and assets. Here is a brief history of the events that led to the approval of the Plan:
 - On July 22, 2015, the Board approved the Chief Executive Officer to contract with an architect for the development of a multi-year Facilities Master Plan. This plan was expected to:
 - allow the Library to support service changes;
 - keep the library current and relevant to 21st century library users;
 - minimize inconvenience to customers;
 - allow the Board to fund any structural changes in a reasonable and cost-effective manner;
 - address long-standing challenges with way-finding and awareness of collections and services;
 - redesign the children's library.

The local architectural firm, Tevis Architects, was selected to develop the Master Facilities Plan.

- On March 17, 2016, the Board adopted and approved guidelines for the draft Facilities Master Plan, with these guidelines intended to provide direction and set priorities in the Plan's development and implementation.
 1. Maintain optimal conditions and operation of the building, its site, systems, furnishings, technology and other physical infrastructure.
 2. Increase public space used to support learning, literacy and civic engagement.
 3. Preserve the Library's architectural integrity and character.
 4. Improve people's ability to use the services, programs, collections and learning experiences provided by a 21st century library.
 5. Exercise good stewardship of public and private resources in maintaining and improving the building, its site, its systems, furnishings, technology and other physical infrastructure.
- Funding for the phases and projects of the Facilities Master Plan is expected to originate from a combination of the General Fund operating budget, the Capital Improvements Fund, the State Aid Fund, contributions by the Friends of the Library, and gifts to the Library Foundation. As a reminder, no additional funds can be added to the Capital Improvement Fund until the debt service is

fully paid in September 2019. The fund balance as of May 31, 2017 is \$1,957,732.

- The Board of Trustees approved two resolutions on March 16, 2017 related to full or partial funding designation and/or fund raising by the Library Foundation. These resolutions are for the West Courtyard for which funds are available and for fund raising in support of the Facilities Master Plan on a case-by-case basis, sequenced over a ten-year timeframe and pending funding availability. The Library Foundation Board subsequently took action in favor of both resolutions.

1001 SW Garfield Avenue property

- Subsequent to the 2017 budget approval, the Library Foundation was donated the 1001 SW Garfield property from St. Francis Health and immediately transferred the property to the Library. Prior to the acceptance of this generous gift, the property was assessed and determined not to be conducive to the provision of Library services without considerable cost and renovation. Instead, the community would be better served in the short term by demolishing the building and repurposing it into a flat-surface, public parking lot. This is not part of the Facilities Master Plan, but will be part of the discussion regarding funding facilities projects.
- The Board approved a resolution on March 16, 2017 requesting that the Library Foundation designate funding from the Robert and Hazel Lingo fund, and other sources as necessary, to pay all costs related to the building's demolition and the creation of the new parking lot. The Foundation Board subsequently approved this request. These funds are currently invested by the Library Foundation, with the balance just over \$596,000 as of March 31, 2017.

Major Initiatives Funding Matrix – non-Facilities-Master-Plan needs

- The Major Initiatives Funding Matrix is a multi-year planning and funding tool that has proven successful for all three Boards – Library, Foundation and Friends. The Facilities Master Plan encompasses many of the needs and projects previously estimated and reported on the Major Initiatives Funding Matrix. However, there are some other specific future equipment, building maintenance and vehicle needs that must be planned.

These purchases will need funding sources: (1) the automated materials handling system which is at end of life, but currently satisfactorily operational (parts are becoming difficult to obtain); (2) the self-service kiosks, in year three of an estimated five year life; (3) a new vehicle to replace the Adventuremobile which became unsafe to drive and whose disposal was approved by the Board on February 16, 2017; (4) the building security, clock and key systems; current security badges and readers are no longer supported; (5) carpeting/flooring replacement on a regular cycle; (6) chairs for meeting rooms and public spaces (most were purchased in 2001 for the new building); (7) relocation of the Maker Space and potential additional equipment; (8) garage space sufficient for all vehicles; (9) ongoing placement of lockboxes within the community; (10) new book return boxes and wraps on a replacement cycle; and (11) rainwater storage.

Employee pay

- The 2017 approved budget includes funding for professional consulting services to conduct a compensation study for all Library positions. This was last completed about 10 years ago and should be completed on a regular cycle to ensure staff pay is consistent with market rates and the rate of inflation. Any resulting pay increases will be budgeted and implemented in 2019. It is believed that staff pay is fairly competitive with market rates and pay increases likely will not be a major budget concern.

Health care benefits

- During the past few years, the administration team has been working to find the best way to continue to deliver health benefits of the highest quality and value at a competitive cost for the Library and its employees. Cost containment must continue, to maximize the ability to meet the Library's public service goals. Below is a summary of changes already enacted and actions that may still be necessary.

- A qualified high deductible health plan (QHDHP), with pre-loaded Health Savings Accounts (HSA) as an incentive, was implemented for the 2015 plan year. About 40% of the active employees are enrolled in the plan. This plan is expected to provide significant savings over the long term. It also dovetails with the team's opinion that the Library and its employees will benefit from increasing emphasis on wellness and from a consumer's perspective on health care costs.
- The QHDHP is accompanied by Health Savings Accounts with contributions made by the employer. The initial recommendation for 2018 is to continue the employer contributions at their current rates:

Single Plans: \$15 in each of 24 pay periods; 2-\$500 lump-sum contributions in January and June

Dependent Plans: \$30 in each of 24 pay periods; 2-\$1,000 lump-sum contributions in January and June

The lump-sum contributions are split since these accounts belong to the employee and will not be repaid should an employee leave the Library.

Employer contributions for part-time employees are one-half of the listed amounts.

- The premium cost sharing between the employee and the Library for the traditional medical plan, as well as some of the co-payments, were changed beginning with the 2016 plan year. Employees who choose this less risky plan are charged slightly more under the assumption that less risk generally means increased price. The co-payment also was increased from \$25 to \$35 per visit and the tiered co-payments for prescription drugs also were slightly increased.
- The retiree post-employment health care policy for participation in the health plan was significantly amended by the Board effective April 16,

2015. The Library moved from a 50% premium subsidy to a flat dollar premium reduction. For 2017 the premium contribution by the Library for all retiree health plans is \$300 per month. No subsidy of dental plans is offered. This rate of subsidy is recommended to continue for 2018.

Effective January 1, 2017, all retirees age 65 or older were required to leave the Library's plan and find other health insurance options, instead of allowing lifetime participation. The proliferation of affordable, quality Medicare supplemental plans was a major reason for changes to this policy. Overall health plan savings were expected to be realized when the Medicare-eligible retirees moved out of the Library's group plan.

- The health and dental plans were taken to market for the 2016 plan year. This was the first time in many years that the plans were opened for competitive pricing. The medical plan remained very competitive in premium pricing, provided the best local network of health care providers and had excellent negotiated service rates. Blue Cross Blue Shield was again selected as the medical insurance carrier. However, the bid process resulted in a dental premium savings of over 25% by moving from Blue Cross Blue Shield to Delta Dental with virtually identical benefits. An employee-paid vision plan also was offered for the first time. Because the results were favorable, there appeared to be no reason to spend the time and money to take the plans to market again for the 2017 plan year.
- The Library has historically received a refund from Blue Cross Blue Shield at the conclusion of each plan year. This is because of the structure of the Library's fully insured plan and is based on actual versus projected claims, premiums and reserves. If claims are lower, Blue Cross issues a refund. Unexpectedly the Library received a large refund of \$462,836 from Blue Cross Blue Shield in early 2016. This exceeded the total of the refunds received in the previous five years.

Although no data was provided to truly prove the components of this large refund, theoretically the health plan strategies, bidding and related decisions were achieving the desired goals of cost savings and cost containment. This includes: (1) the move of about one-third of active participants (at that time) to the high-deductible health plan which provides fewer immediate claims for the insurance carrier; (2) the change in retiree health policy to no longer offer health benefits to those age 65 or over; and (3) the move of the dental plan to another carrier which eliminated the Blue Cross dental reserve. Thus, some of this should be expected to have been a one-time return of money previously paid via premiums.

- The administration team asked for both an opinion from legal counsel and a consultant's recommendation on how to properly manage this refund. Legally, the refund had to be deposited into and remain in the Employee Benefit Fund. State law prohibits the transfer of money from one fund to another unless expressly permitted. (The Library has no funds transfer provision within law.) However, the money in the

Employee Benefit Fund may be used for any allowable purpose related to employee benefits and not only for health insurance premiums.

The Library's benefits consultant suggested a portion of the refund be returned to active health plan participants. However, because the Library was paying the majority of the premiums (81% to 89%) of the medical plan, a return of funds to employees did not address the majority of the refund.

- o The consultant again suggested the Library consider self-insuring its medical plan. Previous meetings and discussions had occurred on this idea, but the administration team was not confident in recommending it due to the cost savings not being a certain return on the investment in additional administrative time and management. However, the consultants suggested a new partial self-funding option available from Blue Cross Blue Shield in which the third-party administration and stop loss insurance would all be managed under their umbrella. This would prevent fronting the costs of claims exceeding the stop loss insurance maximum, requesting a refund and managing cash flow until the refund was received. Thus, it would be a reduction in risk assumption. The administration team wanted to provide due diligence and offered one more meeting; this time with both the consultants and Blue Cross Blue Shield plan administrators.

Further, that adhered to the prior year's phased approach to a decision about self-insuring. It was planned that key decisions be assessed after implementation to review their impact and make a more informed determination about the real value of self-insurance vs. full funding:

- 2015: assess effects of plan design changes, utilize information in developing bid requests for fully-insured and self-insured healthcare coverage; consider adding supplemental benefits; continue employee & retiree education; expand wellness initiatives
- 2016: evaluate data and measure success of plan designs and funding choices; decision regarding self-funding vs fully-insured; retiree premium subsidy changes begin
- 2017: Medicare-eligible retirees must leave the Library plan

After meeting with the consultants and Blue Cross Blue Shield plan administrators, the administration team prepared a "plus/delta" analysis for becoming self-insured versus staying fully insured. Again, increased risk assumption and increased administrative time and management outweighed the potential cost savings, especially with the need for a fairly low stop loss insurance maximum and the plan size decreasing due to the move of the retirees age 65 and over out of the plan. At that point, maintaining a fully insured medical plan for the foreseeable future was the team's recommendation.

- o The strategy for the refund and Employee Benefit Fund cash balance was to enact a premium "holiday" for employees in the last quarter of 2016, then carry the remaining refund (employer paid share) over to 2017. This cash could then be used in lieu of new year tax revenues to fund

employee benefits. Within a flat total mill levy, that allowed some revenues to return to the General Fund to fund *one-time* operational needs for phases and projects on the Master Facilities Plan. This is the strategy included in the approved 2017 budget.

- Before any return of premiums could occur, and subsequent to the approval of the 2017 budget, an unexpected and unbudgeted significant increase in health and dental plans occurred. Actual claims experience versus premiums paid for the utilization period 8/1/2015-7/31/2016 for medical insurance showed a large shortfall that had to be adjusted in 2017 rates. This was largely due to prescription drug costs and what is occurring in the market place and Blue Cross said other groups were experiencing similar results.

The 2017 budget only included a 5% increase in both the health and dental insurance plans since they were both bid only the year before. Before the renewal, the most recent reports from Blue Cross Blue Shield were in the 12% increase range, but these were only preliminary, with the increase mainly caused by the most recent couple of months, and the budget process was too far along to make a change. Thus, the actual increases came as quite a surprise.

The premiums increased in 2017 by 25.6% for the traditional health plan and by 28% for the qualified high-deductible health plan. Additionally, actual plan costs and comparison with other governmental groups show that spouse claims were proportionally a greater share of the cost increase. Thus, a \$40 monthly employee surcharge was also added for the Employee/Spouse and Employee/Family tiers. Actual claims for dental were also higher and premiums increase by 17%. The bidding from last year was 25% lower from the former dental plan, so the premiums are still lower overall for the past two plan years than would have been incurred.

Negotiations were attempted, but Blue Cross Blue Shield was only willing to provide a 3% management exception reduction which is already subtracted from the rate increases. Blue Cross also was asked about returning to them for dental coverage, but they were unable to offer a competitive bid for 2017. Additionally, the plan was requested to no longer potentially receive refunds early in the next year, if plan results were favorable, and instead provide rate relief. It was recommended by Blue Cross that this not be pursued pending the possibility that this was a one-year situation and the final results of removing the Medicare-eligible retirees (effective 1/1/2017). Due to these factors, no permanent plan changes were enacted and the employer share of the premiums was held constant. Budget law governs how much carry forward cash can be retained so receiving large refunds by check the following year is not helpful in controlling costs in subsequent years.

- Stephen Lusk, HR Director, and Sheryl Weller, CFO, met with the Blue Cross representative on May 23, 2017. Right now, usage (claims) versus premiums is about 99%. Thus, it does not appear that the significant

increase for the 2017 plan year was a one-time anomaly and the current premium rates will at best continue. The representative indicated a 7% trend increase in their general book of business, primarily related to prescription drugs. Another meeting will occur during the third week of June to review the most recent data and determine potential renewal costs for budget purposes. Revenues into the Employee Benefit Fund will need to increase to: (1) reverse last year's cash spend down strategy, as planned; (2) restore any of the cash balance needed to fund the unbudgeted premiums in 2017; and (3) continue to fund the significantly higher premiums in 2018.

Kansas Public Employees Retirement System (KPERs)

- The employer share of KPERs will *decrease* by .07% on January 1, 2018 in accordance with state law; from 8.46% to 8.39%. The rates were set by state law to meet unfunded actuarial projections and this was leveling off for local, non-school employers. With actions still underway by the Kansas Legislature to balance the State's budget, it is unknown how future rates for local governments will be impacted. Currently, the 2019 rate is projected to be 9.07%. The death and disability insurance rate for employers will be 1% effective January 1, 2018.
- No communication has yet been received from State Librarian Jo Budler regarding state budget reductions to the State Library and their potential impact on individual libraries. This is likely because the Kansas Legislature has not yet balanced the State's budget.

Maximum levies. i.e. "tax lid", requirements approve a tax increase

- Just a brief history of "tax lid" laws concerning the Library:

The 1992 enacting legislation (K.S.A. 12-1267) for the Topeka and Shawnee County Public Library District imposed restrictions and requirements on setting mill levies: (1) set an original mill levy limit of five mills; (2) authorized the Board to annually increase the levy by up to a one-quarter mill maximum, with a total levy to never exceed eight mills; and (3) required the Board pass a resolution for any increase in the mill levy beyond five mills and publish the resolution twice in the official county newspaper, once per week for two weeks. Provided no petition signed by at least 5% of the qualified electors was filed to request an election to contest the increase, it could be implemented for the budget year and all subsequent budget years. If a qualified petition was filed, the tax increase would be contingent upon approval by the majority of electors or otherwise denied.

The 1999 Kansas Legislature suspended all existing mill levy rates and limits by passing a bill to create K.S.A. 79-5040. This law did not amend every specific statute with a mill levy rate or limit and instead served as an "umbrella" law effectively suspending these limits in all statutory cites. However, it did not suspend the resolution and publication requirements shown in item (3) in the above paragraph, nor the right for the constituency to petition for a public vote to contest a tax increase, if there is *any increase* in the mill levy (now that the limits are all removed). This has most recently been confirmed by *Attorney General Opinion No. 2007-34*.

Each year at the State's municipal budget training this tax lid suspension statute is discussed, as well as the Attorney General Opinion regarding the lack of a suspension of procedural requirements for tax increases which "evidences an intent to allow the electorate a means of challenging specific proposed tax increases". A specific request was made by Sheryl Weller to the State training team to review the Library's K.S.A. 12-1267 that includes the suspended tax levy limits, as well as procedural requirements for tax increases. Their non-legal interpretation was that the Board would have to follow the resolution and publication requirements for a potential public petition for any increase in the mill levy beyond the original limit of 5 mills. Of course, the Library's mill levy has been in excess of five mills for many years. The Shawnee County Clerk's website has all county taxing entities' mill levies published back to 2002 (for the 2003 budget year) when the Library's total levy was 9.821 mills.

The State's interpretation was submitted for legal review which found that the resolution and publication requirements in K.S.A. 12-1267 are only necessary if the Board makes *any increase* in the mill levy. This is not required if the budget increases without a Board-approved mill levy increase, i.e. valuation increase, and not because the Library's levy now exceeds five mills.

Since the 1999 global tax lid suspension legislation, the Kansas legislature has enacted K.S.A. 79-7925b which sets limits in tax increases, contingent upon the *Consumer Price Index for All Urban Consumers*, and requires a resolution be passed and the Board's vote published, should a tax increase beyond the allowable limit be approved.

Under this law, the Library's taxing limit and requirements for a proposal to exceed it would apply as follows.

- If and when the property (ad valorem) tax funding in the approved 2018 budget exceeds the property tax funding for 2017 by more than the *Consumer Price Index for Urban Consumers* for the prior calendar year (2016 is 1.4%), the statutory calculation would be exceeded. (This is based solely on a dollar amount increase, even if that increase occurs from applying a flat total mill levy to increased valuations).
- If the increase in property tax funding exceeds the limit and is approved by a majority vote of the Board, a resolution must be passed and the notice of vote must be published in the official county newspaper. The vote by individual Trustee need not be published and the publication cannot occur until after the Board approves its budget, currently scheduled for August 10th. A copy of the dated newspaper clipping must accompany the budget filed with the County Clerk (done by the CFO).

The Kansas Department of Administration offers this sample publication:

Notice of Vote – Topeka and Shawnee County Public Library

In adopting the 2018 budget, the governing body voted to increase property taxes in an amount greater than the amount levied for the 2017 budget, adjusted by the 2016 CPI for urban consumers.

- Given the legal review and the Attorney General Opinion, how do K.S.A. 12-1267 and K.S.A. 79-7925b interact and be complied with should the Board choose to increase the mill levy beyond the limits? A legal review indicates that the Board may increase the budget without a mill levy increase over the prior year by a majority vote. If the increase is solely due to increased property valuations, the mill levy must be reduced to the amount allowable by the increase in the *Consumer Price Index for All Urban Consumers*. If the Board chooses not to lower the mill levy to meet the allowable increase or chooses to enact any mill levy increase, then the resolution and publication requirements within K.S.A. 12-1267 must be followed and the electorate allowed to petition for a public vote on the tax increase.
- The biggest concern with K.S.A. 79-7925b is that the requirement that cities and counties must conduct a *public vote*, if the proposed property tax revenues exceed the *Consumer Price Index* test, could be eventually applied to all taxing subdivisions.

TOPEKA & SHAWNEE COUNTY PUBLIC LIBRARY
SUMMARY BUDGETED AD VALOREM TAX, TOTAL REVENUES AND EXPENDITURES AND TOTAL MILL RATES - 2008 - 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actual Mill Rate										
General Fund	6.874	6.614	6.287	6.155	6.865	7.007	6.915	6.958	7.155	7.852
Employee Benefit Fund	1.057	1.414	1.879	1.770	1.802	1.733	2.011	1.823	1.702	0.986
Debt Service Fund	1.028	0.971	0.852	1.178	1.106	1.043	0.857	1.006	0.941	0.943
TOTAL MILL RATE BY YEAR	8.959	8.999	9.018	9.103	9.773	9.783	9.783	9.787	9.798	9.781
Difference from Prior Year	(0.712)	0.040	0.019	0.085	0.670	0.010	-	0.004	0.011	(0.017)
% Change from Prior Year	-7.36%	0.45%	0.21%	0.94%	7.36%	0.10%	0.00%	0.04%	0.11%	-0.17%
									budgeted mill	9.764

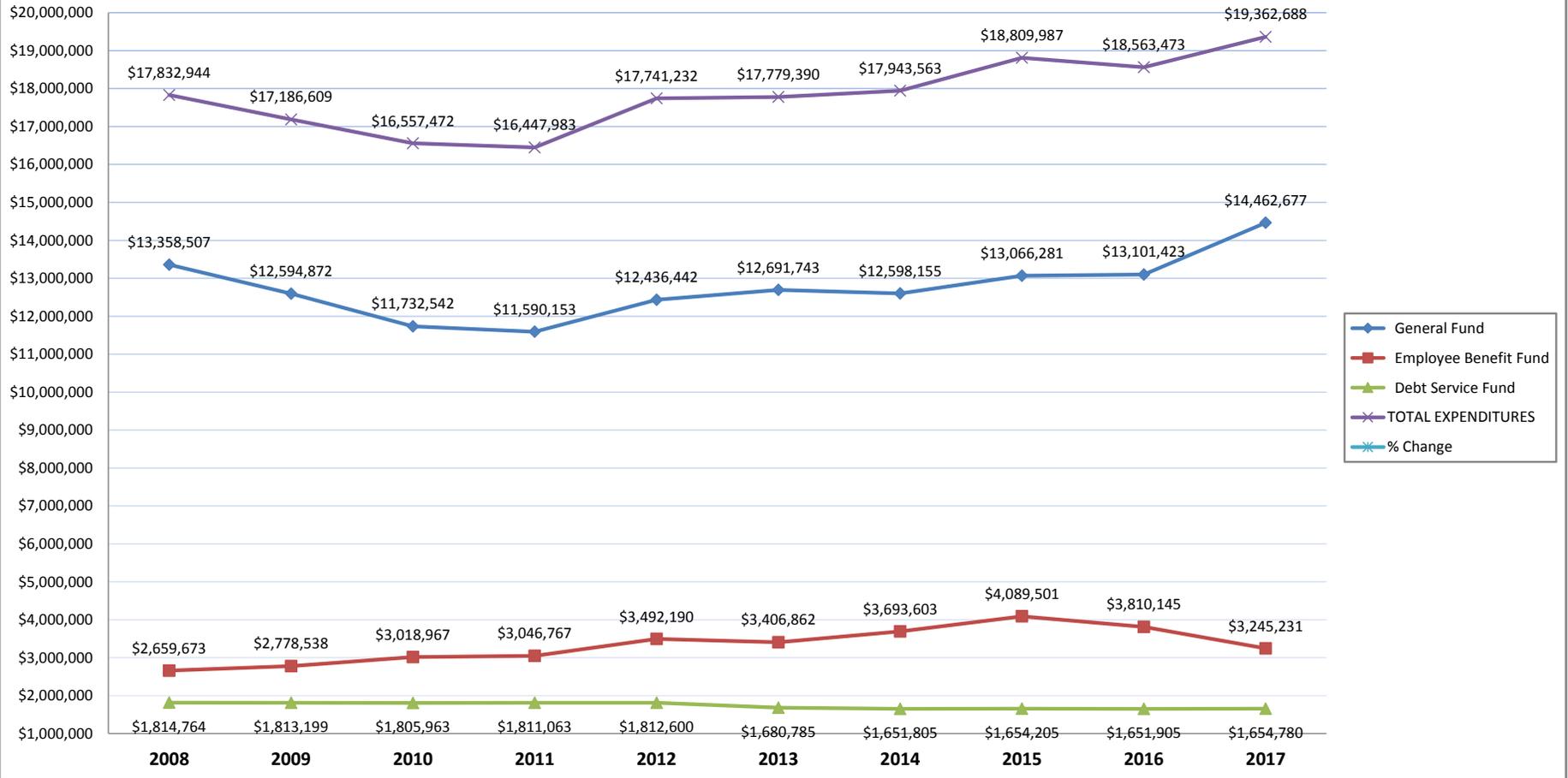
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Budgeted Ad Valorem Property Taxes										
General Fund	9,903,624	9,825,044	9,186,035	8,909,342	10,040,747	10,228,960	10,375,781	10,444,222	11,007,194	12,278,880
Employee Benefit Fund	1,522,181	2,095,591	2,745,241	2,561,476	2,634,392	2,529,505	3,016,383	2,735,758	2,618,296	1,540,725
Debt Service Fund	1,526,086	1,441,319	1,244,074	1,704,531	1,617,713	1,522,370	1,285,760	1,509,009	1,446,979	1,474,129
TOTAL	12,951,891	13,361,954	13,175,350	13,175,349	14,292,852	14,280,835	14,677,924	14,688,989	15,072,469	15,293,734
% of Total Budgeted Revenues	82.97%	83.92%	83.63%	83.77%	85.22%	85.41%	87.29%	85.75%	86.19%	87.55%

Total Budgeted Revenues										
General Fund	11,904,160	11,737,998	11,224,107	10,823,376	11,845,801	12,026,117	11,940,924	12,242,743	12,747,755	13,900,546
Employee Benefit Fund	1,909,570	2,441,463	3,101,651	3,040,055	3,094,495	2,992,599	3,453,950	3,240,757	3,125,474	1,930,408
Debt Service Fund	1,797,251	1,741,896	1,429,357	1,864,001	1,831,295	1,701,456	1,420,636	1,646,673	1,613,496	1,638,148
TOTAL	15,610,981	15,921,357	15,755,115	15,727,432	16,771,591	16,720,172	16,815,510	17,130,173	17,486,725	17,469,102

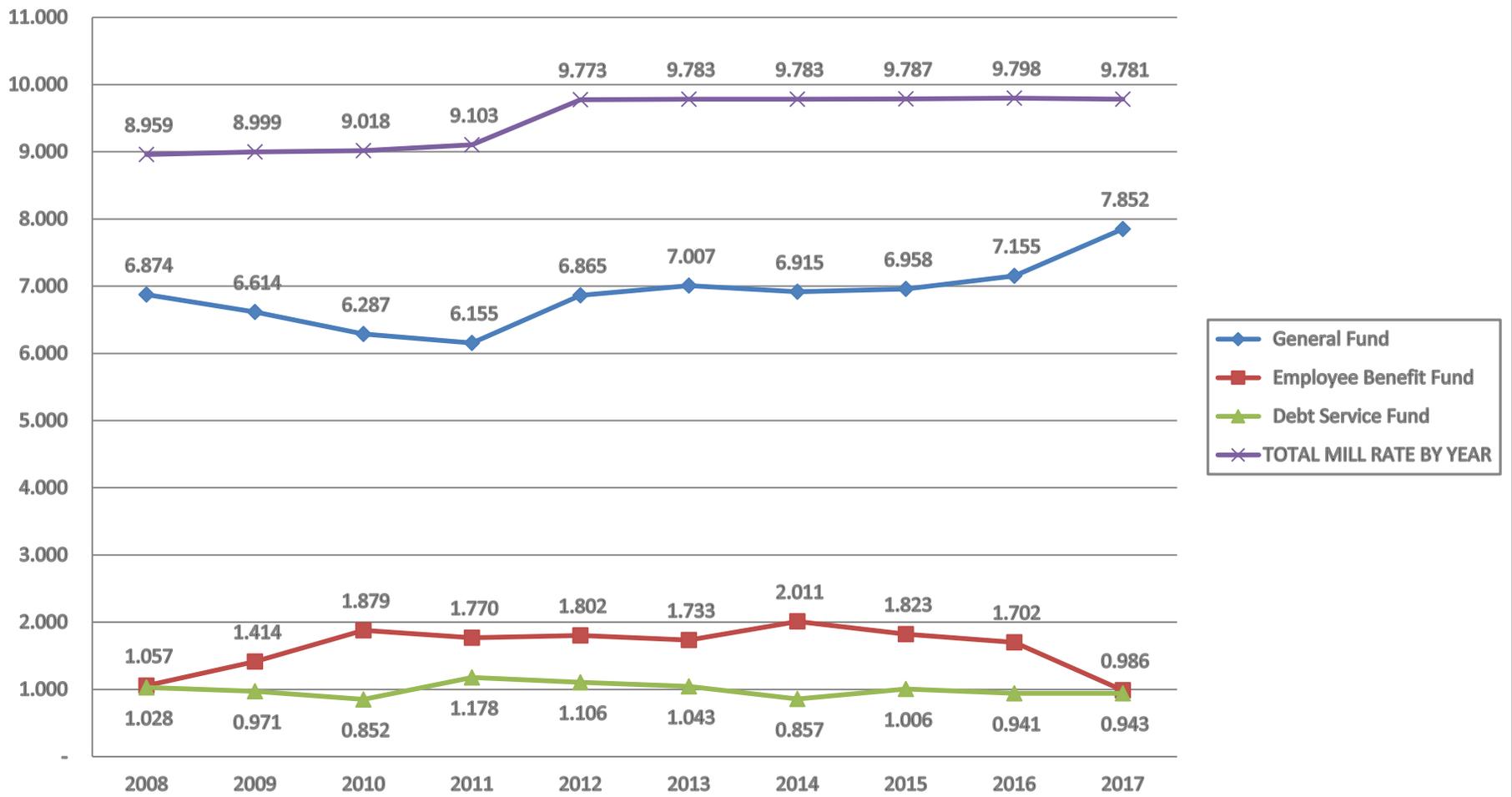
Total Budgeted Expenditures										
General Fund	13,358,507	12,594,872	11,732,542	11,590,153	12,436,442	12,691,743	12,598,155	13,066,281	13,101,423	14,462,677
Employee Benefit Fund	2,659,673	2,778,538	3,018,967	3,046,767	3,492,190	3,406,862	3,693,603	4,089,501	3,810,145	3,245,231
Debt Service Fund	1,814,764	1,813,199	1,805,963	1,811,063	1,812,600	1,680,785	1,651,805	1,654,205	1,651,905	1,654,780
TOTAL	17,832,944	17,186,609	16,557,472	16,447,983	17,741,232	17,779,390	17,943,563	18,809,987	18,563,473	19,362,688

Actual Unencumbered Beginning Cash Balance										
General Fund	2,919,843	2,685,502	2,240,018	2,557,418	2,694,568	2,532,937	2,619,880	2,616,796	2,789,460	3,105,758
Employee Benefit Fund	1,109,316	587,781	252,481	628,427	891,375	1,072,681	852,355	1,361,347	1,407,737	1,895,762
Debt Service Fund	1,543,807	1,514,846	1,323,668	928,367	981,384	994,896	1,017,984	828,862	836,900	811,866
TOTAL	5,572,966	4,788,129	3,816,167	4,114,212	4,567,327	4,600,514	4,490,219	4,807,005	5,034,097	5,813,386

TSCPL 10-Yr Retrospective - Budgeted Expenditures



TSCPL 10-Yr Retrospective - Actual Mill Rate Values (2017 budgeted @ 9.764 mills)



Facilities Master Plan

	PROJECT TASKS	PHASE	EST COST	FUNDING SOURCES					TOTAL FUNDING	
				GENERAL	CAP IMPROVMNT	FRIENDS	FOUNDATION	STATE AID		
2017	Transfer to 2018 budget*	Design	\$1,050,000.00	\$1,050,000.00					\$1,050,000.00	
	2018 Architectural Fees	Design	\$148,750.00	\$148,750.00					\$148,750.00	
	Café Pass Through Furniture (including service point)	Design	\$18,000.00			\$18,000.00			\$18,000.00	
	Café Security Measures	Design	\$10,000.00			\$10,000.00			\$10,000.00	
	Collaborative Spaces Furniture	Design	\$52,707.80					\$52,707.80	\$0.00	
	West Courtyard Expansion (Claire's Corner)	Design	\$1,000,000.00				\$1,000,000.00		\$1,000,000.00	
	Review loading dock area drainage system (A8)	Maint	\$50,000.00		\$50,000.00				\$50,000.00	
	Luxury vinyl tile flooring for collaborative workspaces	Design	\$8,000.00			\$8,000.00			\$8,000.00	
	(Michael Graves?) carpet for Reference Rm	Design								
	North Reading Room Furniture	Design	\$15,000.00	\$12,631.00		\$2,369.00			\$15,000.00	
	North Reading Room Magazine Shelving	Design	\$18,763.00	\$18,763.00					\$18,763.00	
	Phase 1 (NRR / Pass-through / Collab Spaces)	Design	\$307,800.00	\$307,800.00					\$307,800.00	
	1001 Garfield Architectural Fees	Garfield	\$19,250.00				\$19,250.00		\$19,250.00	
	1001 Garfield Asbestos Removal	Garfield	\$50,000.00				\$50,000.00		\$50,000.00	
	1001 Garfield Asbestos Specs	Garfield	\$10,000.00				\$10,000.00		\$10,000.00	
	1001 Garfield Asbestos Testing	Garfield	\$3,300.00				\$3,300.00		\$3,300.00	
	1001 Garfield Demolition and Paving	Garfield	\$500,000.00				\$500,000.00		\$500,000.00	
	1001 Garfield Site Survey	Garfield	\$4,900.00				\$4,900.00		\$4,900.00	
	Café kitchen floor	Maint	\$14,000.00		\$14,000.00				\$14,000.00	
	Drain Pans (M1)	Maint			<i>completed using maintenance general fund budget</i>				\$0.00	
	Humidifiers and Water Softeners (M3)	Maint	\$96,800.00		\$96,800.00				\$96,800.00	
		Subtotal		\$3,377,270.80	\$1,537,944.00	\$160,800.00	\$38,369.00	\$1,587,450.00	\$52,707.80	\$3,377,270.80
		Budget			\$1,540,000.00	\$1,900,000.00	\$38,369.00	\$1,600,000.00	\$52,707.80	\$5,131,076.80
	Remaining			\$2,056.00	\$1,739,200.00	\$0.00	\$12,550.00	\$0.00	\$1,753,806.00	

* - Need to know exactly how much we're transferring from 2017 to 2018 by June

Friends - \$38,369 designated Strategic Planning (including building projects)

State Aid - \$52,707.80 to be used on Facilities Master Plan (previously designated to DS: project moved to 2018)

Facilities Master Plan

	PROJECT TASKS	PHASE	EST COST	FUNDING SOURCES					TOTAL FUNDING
				GENERAL	CAP IMPROVMNT	FRIENDS	FOUNDATION	STATE AID	
2018	Architectural Fees for 2019	Design	\$100,000.00	\$100,000.00					\$100,000.00
	Circulation Plaza	Design	\$750,000.00	\$750,000.00					\$750,000.00
	Circulation Plaza Furniture and Equipment	Design	\$55,000.00	\$48,469.00		\$6,531.00			\$55,000.00
	Kids Computers and Furniture	Not in FMP	\$89,675.00			\$4,075.00	\$85,600.00		\$89,675.00
	Learning Lab	Design	\$120,000.00	\$70,000.00			\$50,000.00		\$120,000.00
	Learning Lab Computers	Design	\$40,000.00	\$40,000.00					\$40,000.00
	Learning Lab Furniture	Design	\$20,000.00	\$15,800.00			\$4,200.00		\$20,000.00
	Living Room Furniture and Equipment	Design	\$50,000.00					\$50,000.00	\$0.00
	Outdoor sculpture for north side for building	Not in FMP	\$25,000.00				\$25,000.00		\$25,000.00
	Concrete east center stairwell (A7)	Maint	\$5,000.00		\$5,000.00				\$5,000.00
	Entire roof (A1 & A2)	Maint	\$500,250.00		\$500,250.00				\$500,250.00
	Repair rotunda windows & atrium framing (A4)	Maint	\$22,500.00		\$22,500.00				\$22,500.00
	Replace sealant & parapet cap stones (A3)	Maint	\$11,042.00		\$11,042.00				\$11,042.00
	2 monument signs for north side of building	Not in FMP	\$30,600.00	\$30,600.00					\$30,600.00
	Subtotal		\$1,819,067.00	\$1,054,869.00	\$538,792.00	\$10,606.00	\$164,800.00	\$50,000.00	\$1,819,067.00
	Budget			\$1,050,000.00	\$1,739,200.00	\$10,606.00	\$164,800.00	\$50,000.00	\$3,014,606.00
	Remaining			-\$4,869.00	\$1,200,408.00	\$0.00	\$0.00	\$0.00	\$1,195,539.00

Note - Some of the funding for the Learning Lab computers may be able to come from the DS replacement computer budget used to replace the current Computer Training Center computers

Foundation - \$85,600 designated for Kids Library infrastructure changes

Foundation - \$50,000 from SBC fund for Learning Lab

Foundation - Probable donor for building sign on north side of the building - \$25,000 (or more)

Friends - \$4,075 designated for Kids Library

Foundation - \$4,000 (Building Fund)

Friends - \$6,531 designated for digital display for donor recognition

Facilities Master Plan

	PROJECT TASKS	PHASE	EST COST	FUNDING SOURCES					TOTAL FUNDING
				GENERAL	CAP IMPROVMNT	FRIENDS	FOUNDATION	STATE AID	
2019	Gallery	Design	\$400,000.00	\$23,150.00			\$376,850.00		\$400,000.00
	Architectural Fees for 2020	Design	\$175,000.00	\$175,000.00					\$175,000.00
	Exterior masonry (A9)	Maint	\$3,500.00		\$3,500.00				\$3,500.00
	Exterior masonry mortar and sealant (A10)	Maint	\$10,000.00		\$10,000.00				\$10,000.00
	Interior finishes (A13)	Maint	\$45,000.00		\$45,000.00				\$45,000.00
	Pedestrian paving (A11)	Maint	\$7,500.00		\$7,500.00				\$7,500.00
	Railings (A12)	Maint	\$15,000.00		\$15,000.00				\$15,000.00
	Subtotal			\$656,000.00	\$198,150.00	\$81,000.00	\$0.00	\$376,850.00	\$0.00
Budget					\$1,200,408.00		\$420,000.00		\$1,620,408.00
Remaining				-\$198,150.00	\$1,119,408.00	\$0.00	\$43,150.00	\$0.00	\$964,408.00

Foundation - \$75,000 designated for Gallery

Foundation - NEH matching fund for \$301,850 for Gallery

Facilities Master Plan

	PROJECT TASKS	PHASE	EST COST	FUNDING SOURCES					TOTAL FUNDING
				GENERAL	CAP IMPROVMNT	FRIENDS	FOUNDATION	STATE AID	
2020	Pub Serv and Tech Serv staff space relocated	Design	\$960,000.00						\$0.00
	Architectural Fees for 2021	Design	\$175,000.00	\$175,000.00					\$175,000.00
	Floor in YS (A15)	Maint	\$12,500.00		\$12,500.00				\$12,500.00
	Replace boilers (M2)	Maint	\$284,300.00		\$284,300.00				\$284,300.00
	Review rotunda for dehumid & HVAC (M7)	Maint	\$36,800.00		\$36,800.00				\$36,800.00
	Upgrade generator (E2)	Maint	\$240,000.00		\$240,000.00				\$240,000.00
	Ventilate or cool air compressor room (M4)	Maint	\$12,600.00		\$12,600.00				\$12,600.00
	Wood paneling (A14)	Maint	\$15,000.00		\$15,000.00				\$15,000.00
	Subtotal		\$1,736,200.00	\$175,000.00	\$601,200.00	\$0.00	\$0.00	\$0.00	\$776,200.00
	Budget				\$1,119,408.00				\$1,119,408.00
Remaining			-\$175,000.00	\$518,208.00	\$0.00	\$0.00	\$0.00	\$343,208.00	

Facilities Master Plan

	PROJECT TASKS	PHASE	EST COST	FUNDING SOURCES					TOTAL FUNDING
				GENERAL	CAP IMPROVMNT	FRIENDS	FOUNDATION	STATE AID	
2021	Make-It Lab / collab work spaces on 2nd level	Design	\$925,000.00						\$0.00
	Architectural Fees 2022	Design	\$55,000.00	\$55,000.00					\$55,000.00
	Replace air conditioning chillers (M5)	Maint	\$432,000.00		\$432,000.00				\$432,000.00
	Replace chilled and hot water pumps (M6)	Maint	\$10,000.00		\$10,000.00				\$10,000.00
	Upgrade fire alarm control panel (E3)	Maint	\$125,000.00		\$125,000.00				\$125,000.00
	Upgrade lighting to LED (E1)	Maint	\$15,000.00		\$15,000.00				\$15,000.00
	Upgrade plumbing fixtures (P1)	Maint	\$7,500.00		\$7,500.00				\$7,500.00
	Subtotal		\$1,569,500.00	\$55,000.00	\$589,500.00	\$0.00	\$0.00	\$0.00	\$644,500.00
	Budget				\$518,208.00				\$518,208.00
	Remaining			-\$55,000.00	-\$71,292.00	\$0.00	\$0.00	\$0.00	-\$126,292.00

Facilities Master Plan

PROJECT TASKS	PHASE	EST COST	FUNDING SOURCES					TOTAL FUNDING
			GENERAL	CAP IMPROVMNT	FRIENDS	FOUNDATION	STATE AID	
Expansion of Edge & Lingo Story (Kids Library)	Design	\$370,000.00						\$0.00
Subtotal		\$370,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Budget				-\$71,292.00				-\$71,292.00
Remaining			\$0.00	-\$71,292.00	\$0.00	\$0.00	\$0.00	-\$71,292.00

2022

Funding Sources

	YEAR	AMOUNT	FMP BUDGET	MAJOR PROJECTS	REMAINING	NOTES
GENERAL FUND - FAC MAINT PLAN	2017	\$1,540,000	\$1,537,944	Collab spaces / Café pass through	\$2,056	Transfer some funds to 2018
	2018	\$1,050,000	\$1,054,869	Circ Plaza / Learning Lab	-\$4,869	
	2019	\$0	\$198,150		-\$198,150	
	2020	\$0	\$175,000	Staff spaces	-\$175,000	
	2021	\$0	\$55,000	Second floor public space	-\$55,000	
	2022	\$0	\$0	Kids library	\$0	

	FUND	STARTING AMOUNT	FMP BUDGET	MAJOR PROJECTS	REMAINING	NOTES
CAPITAL IMPROVEMENT	2017	\$1,900,000	\$160,800	Humidifiers / Kitchen floor	\$1,739,200	
	2018	\$1,739,200	\$538,792	New roof	\$1,200,408	
	2019	\$1,200,408	\$81,000	Interior finishes / railings	\$1,119,408	
	2020	\$1,119,408	\$601,200	Boilers / generator	\$518,208	
	2021	\$518,208	\$589,500	Fire alarm control panel	-\$71,292	
	2022	-\$71,292	\$0		-\$71,292	

	FUND	BALANCE (4/30/2017)	FMP BUDGET	PROJECTS	REMAINING	RESTRICTIONS
FOUNDATION - DESIGNATED	NEH Match Grant	\$301,850	\$301,850	Gallery (2019)	\$0	Gallery
	Building Fund	\$4,200	\$4,200	Learning Lab F&E (2018)	\$0	None
	Lingo	\$592,900	\$592,900	1001 Garfield (2017)	\$0	1001 Garfield
	SBC Grant	\$51,600	\$50,000	Learning Lab (2018)	\$1,600	Learning Lab
	YS - Kids Library	\$85,600	\$85,600	YS Computers (2018)	\$0	Kids Library

	FUND	POSSIBLE AMOUNT	FMP BUDGET	PROJECTS	REMAINING	RESTRICTIONS
ANTICIPATED & POSSIBLE FUNDING SOURCES	Sunderland Grant	\$50,000			\$50,000	
	Collb Spaces Naming				\$0	
	Learning Lab Naming				\$0	
	Outdoor Signage Donor	\$25,000	\$25,000	Outdoor Signage (2018)	\$0	
	Sabatini	\$75,000	\$75,000	Gallery (2019)	\$0	Gallery
	Library Materials*	\$772,100			\$772,100	Library Materials*
	Landberg (interest only)	\$87,100			\$87,100	Red Carpet / Accessibility
	McHenry Family	\$204,500			\$204,500	None ("If Only" fund)

* - Library Materials fund will be used to purchase library materials and the equivalent General Fund amount will be reallocated from Library Materials for FMP

	YEAR	AMOUNT	FMP BUDGET	PROJECTS	REMAINING	RESTRICTIONS
FRIENDS	2017	\$38,369	\$38,369	Café Pass F&E / Collab Floor / NRR F&E	\$0	
	2018	\$6,531	\$6,531	Circ Plaza F&E	\$0	Donor recognition (carry over money)
	2019					
	2020					

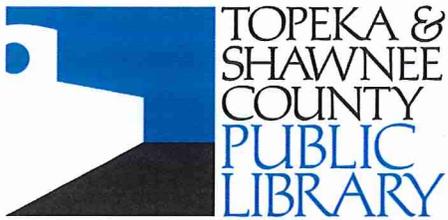
	FUND	AMOUNT	FMP BUDGET	PROJECTS	REMAINING	RESTRICTIONS
OTHER	State Aid - 2017	\$52,708	\$52,708	Collab Space F&E (2017)	\$0	Furniture and Equip
	State Aid - 2018	\$50,000	\$50,000	Living Room F&E (2018)	\$0	Furniture and Equip

Timeline

PROJECT	PURCHASE	STATUS	FUNDING	PROCUREMENT TYPE	AMOUNT	DATE
Café pass through / Collab spaces / North Reading Room	Construction of new spaces	In process	General	RFP - Board approval of the bid	\$307,800	3/16/2017
Café pass through / Collab spaces / North Reading Room	Magazine shelving for the North Reading Room	Signed quote / to be installed this summer	General	Sole source	\$18,763	5/1/2017
Café pass through / Collab spaces / North Reading Room	Computers and equipment for collaborative spaces	Equipment on order	State Aid	At least 3 quotes - report to Board only	\$15,000	6/15/2017
Maintenance Projects	New floor in café kitchen	RFP posted	Capital Improvement	RFP - Board approval of the bid	\$14,000	6/15/2017
Café pass through / Collab spaces / North Reading Room	Luxury vinyl tile for collaborative spaces flooring	Planning with Tevis	Friends	At least 3 quotes - report to Board only	\$8,000	7/20/2017
Café pass through / Collab spaces / North Reading Room	Furniture for area near new pass through (e.g. bistro tables and service point)	Planning with Tevis	Friends	At least 3 quotes - report to Board only	\$18,000	7/20/2017
Café pass through / Collab spaces / North Reading Room	New security cameras for café during times the area is not staffed but still open for customers to pass through	Research	Friends	Sole source	\$10,000	7/20/2017
Café pass through / Collab spaces / North Reading Room	Furniture for new collaborative spaces	Planning with Tevis	State Aid	RFP - Board approval of the bid	\$37,708	7/20/2017
1001 SW Garfield	Asbestos abatement	RFP posted	Foundation	RFP - Board approval of the bid	\$50,000	7/20/2017
1001 SW Garfield	Demolition and paving	RFP posted	Foundation	RFP - Board approval of the bid	\$500,000	7/20/2017
Maintenance Projects	Review loading dock area drainage system	Planning with Tevis	Capital Improvement	RFP - Board approval of the bid	\$50,000	8/17/2017
Maintenance Projects	Humidifiers and water softeners	Planning	Capital Improvement	RFP - Board approval of the bid	\$96,800	9/21/2017
West courtyard expansion (Claire's Corner)	Construction of the space (plus other associated costs)	Planning with Tevis	Foundation	RFP - Board approval of the bid	\$1,000,000	9/21/2017
Café pass through / Collab spaces / North Reading Room	Furniture for North Reading Room (e.g. smaller tables and comfortable seating)	Planning with Tevis	Friends & General	At least 3 quotes - report to Board only	\$15,000	9/21/2017
Circulation Plaza / Learning Lab	Construction of Circulation Plaza and Learning Lab	Planning	General (\$820,000) & Foundation (\$50,000)	RFP - Board approval of the bid	\$870,000	3/15/2018
Circulation Plaza / Learning Lab	Circulation Plaza furniture and equipment including donor recognition digital display	Planning	General (\$48,469) & Foundation (\$6,531)	RFP - Board approval of the bid	\$55,000	4/19/2018
Kids Library	New furniture and layout for kids computers	Planning	Foundation	RFP - Board approval of the bid	\$89,675	4/19/2018

Timeline

PROJECT	PURCHASE	STATUS	FUNDING	PROCUREMENT TYPE	AMOUNT	DATE
Circulation Plaza / Learning Lab	Learning lab computers and equipment (some of this may be able to be purchased with regularly scheduled computer replacement funding)	Planning	General	RFP - Board approval of the bid	\$40,000	4/19/2018
Circulation Plaza / Learning Lab	Learning lab furniture	Planning	General (\$15,800) & Foundation (\$4,200)	RFP - Board approval of the bid	\$20,000	4/19/2018
Signage	Art sculpture for north side of building	Planning	Foundation (possible donor)	RFP - Board approval of the bid	\$25,000	4/19/2018
Living room redesign	New furniture and shelving for the Living Room	Not yet started	General	RFP - Board approval of the bid	\$80,000	5/17/2018
Maintenance Projects	Concrete east center stairwell	Not yet started	Capital Improvement	At least 3 quotes - report to Board only	\$5,000	5/17/2018
Maintenance Projects	New roof	Not yet started	Capital Improvement	RFP - Board approval of the bid	\$500,250	5/17/2018
Maintenance Projects	Repair rotunda windows and atrium framing	Not yet started	Capital Improvement	RFP - Board approval of the bid	\$22,500	5/17/2018
Maintenance Projects	Replace sealant and parapet cap stones	Not yet started	Capital Improvement	At least 3 quotes - report to Board only	\$11,042	5/17/2018
Signage	2 monument signs for north side of building	Planning	General	RFP - Board approval of the bid	\$30,600	5/17/2018



**Resolution – Funding Request to The Library Foundation #1
(1001 SW Garfield Avenue)**

**BOARD OF TRUSTEES
March 16, 2017**

Be it resolved that the Board of Trustees, Topeka and Shawnee County Public Library, requests that The Library Foundation pay all costs related to the demolition of the building at 1001 SW Garfield Avenue and the costs for repurposing the property into a public parking lot. Following discussions with The Library Foundation Board, the Board of Trustees requests The Library Foundation provide funding from the Robert and Hazel Lingo fund and from other sources, if the total costs exceed the amount available from the Lingo fund. Pursuant to K.S.A. 10-1112, the funds must be available and specifically identified for this purpose before obligations are incurred. The allocation of this funding is requested no later than May 1, 2017 so that a Request for Proposal for the construction can be published.

Policy and Background Information:

On November 4, 2016, The Library Foundation accepted the donation from St. Francis Health of the former Marian Clinic building at 1001 SW Garfield Avenue, just to the west of the Library campus. The property ownership was immediately transferred to the Library. Prior to acceptance of this generous gift, the property was assessed and determined not to be conducive to the provision of Library services without considerable cost and renovation. Instead, the community would be better served by demolishing the building and repurposing it into a flat-surface, public parking lot. Long-range plans for the property will be developed as part of the Library's Facilities Master Plan.

At the time The Library Foundation was presented with the opportunity to receive this donation, it was known the Library had no funding source to modify the property for immediate use. It was determined that the Robert and Hazel Lingo gift guidelines allowed for demolition of property. This was a determining factor in deciding whether the property would be accepted.

Funding is needed for the following expected expenditures:

- Architectural fees and associated professional fees (note, a contract with Tevis Architects has already been entered into since these services were immediately needed, with the Library designating funds for this obligation until Foundation funds were available for reimbursement. The Library Foundation did reimburse the Library in 2016 for \$2,813.11 in architectural fees incurred.);

Board of Trustees
Resolution - Funding Request – Marian Clinic Property
Page 2 of 2

- Abatement report and related work for any potentially hazardous materials within the property; and
- Demolition of the existing building, grading of the land and all costs, including repaving, to create a flat-surface, public parking lot.

Work is currently underway by Tevis Architects to secure all needed professional services, such as surveying, to identify all easements for utilities and city access, property boundaries, zoning, etc. Following this, Tevis will develop a preliminary site and building plan and incorporate it into a format matching that of the Facilities Master Plan, approved by the Board in July 2016. Ideally, a Request for Proposal(s) to bid the demolition services and services to create the parking lot would be issued in early May 2017. Thus, funding must be available and specifically identified for this purpose by The Library Foundation no later than May 1, 2017. Legal counsel has ruled that funding identified and available by either the Foundation or the Library satisfies the requirements of the *Kansas Cash Basis Law*.

Note: The Library is paying and will fund all operating costs of the property, such as utilities, security lighting, etc. until the demolition occurs and will not request reimbursement for those costs from The Library Foundation.

Staff Recommendation:

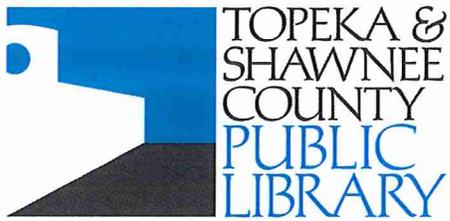
The gift by St. Francis Health provided a one-time opportunity to acquire land for the Library campus in its land-locked, central Topeka location. Further, with only one location, over 3,000 people per day visit the Library. There has been a shortage of parking at peak times, such as summer programming and community group meetings. The ability to provide a flat-surface, public parking lot in the short-term will greatly enhance customer's experience and satisfaction. Staff recommends that the Library's Board of Trustees request The Library Foundation's Board of Trustees to allocate funding from the Lingo fund, and other sources as necessary, to fund all costs to repurpose the property at 1001 SW Garfield Avenue. Staff recommends that this funding be identified and available for this purpose no later than May 1, 2017.

Resolution by DUANE JOHNSON

Seconded by Elizabeth Post

Resolution passed/failed by a vote of Unanimous

Date March 14, 2017



Resolution – Funding Request to The Library Foundation #2 (West Courtyard)

**BOARD OF TRUSTEES
March 16, 2017**

Be it resolved that the Board of Trustees, Topeka and Shawnee County Public Library, recognizes that Library funds are currently not budgeted for the West Courtyard outdoor space project included in the Facilities Master Plan approved in July 2016. Further, the Board requests The Library Foundation provide funding for this project. Pursuant to K.S.A. 10-1112, the funds must be available and specifically identified for this purpose before obligations are incurred.

Policy and Background Information:

In July 2016, the Board of Trustees approved a Facilities Master Plan which includes both infrastructure and renovation/remodel projects. The Plan is based on five guidelines:

1. Maintain optimal conditions and operation of the building, its site, systems, furnishings, technology and other physical infrastructure.
2. Increase public space used to support learning, literacy and civic engagement.
3. Preserve the Library's architectural integrity and character.
4. Improve people's ability to use the services, programs collections and learning experiences provided by a 21st century library.
5. Exercise good stewardship of public and private resources in maintaining and improving the building, its site, its systems, furnishings, technology and other physical infrastructure.

The Plan is expected to be completed in phases over a projected 10-year timeframe, subject to funding availability, and with individual projects approved by the Board of Trustees. At this point, Library funding is only available for projects planned for 2017 and for some of the infrastructure projects, such as a new roof. Thus, fund-raising efforts are expected to be necessary to complete the projects within the 10-year timeframe.

One of the renovation/remodel projects proposes the construction of an outdoor Café expansion, meeting and programming space on the west end of the building. It is referred to as the West Courtyard. No outdoor space for these purposes currently exists.

Originally, the project was expected to likely require fund-raising by The Library Foundation, which could encompass several years. Thus, the project was thought to be later in the completion timeline. However, the Foundation's Executive Director thought the project might be of interest to a donor. That donor has agreed to fund the project over a two year period.

Board of Trustees
Resolution - Funding Request – West Courtyard
Page 2 of 2

Funding from this gift to The Library Foundation, and other sources as needed, must encompass all costs of the project, including related architectural and professional fees, furnishings, wiring and other costs not considered part of the construction.

Further, even if gifts will be received in pledges or along some other timeline, expected funding for the entire project must be available and specifically identified for this purpose by The Library Foundation. This could mean other funds available to The Library Foundation would need to be allocated until such time as the remaining gift(s) were received. Legal counsel has ruled that funding identified and available by either the Foundation or the Library satisfies the requirements of the *Kansas Cash Basis Law*.

In order to provide designs, presentations and responses to the potential donors for the West Courtyard project, the Library contracted with Tevis Architects for additional services specific to this project. Funds were identified and made available to initially fund these professional fees. However, reimbursement from The Library Foundation for these pre-project expenditures is desired and should be part of the funding made available for the West Courtyard.

Staff Recommendation:

The West Courtyard is a new and exciting expansion of customer service and experience and would allow additional programming and meeting space. Outdoor spaces are becoming very popular within the community and would be an expansion similar to the pocket parks in downtown Topeka and the outdoor spaces in the NOTO art district. The Library has the space available and it could be used nearly year-round within the proposal presented by Tevis Architects.

Since The Library Foundation has a signed agreement with a donor committing the necessary funding, staff recommends that the Library's Board of Trustees request The Library Foundation's Board of Trustees to allocate funding from specific gifts for the project, and other sources as necessary, to fund all costs related to the project. Further, staff recommends this project be moved to a higher completion priority within the Facilities Master Plan with work possibly starting as early as third quarter 2017. In accordance with the Board's Purchasing Policy, dated January 19, 2017, a Request(s) for Proposal will be required with all bids approved by the Board.

Resolution by

Jim Edwards Jim Edwards

Seconded by

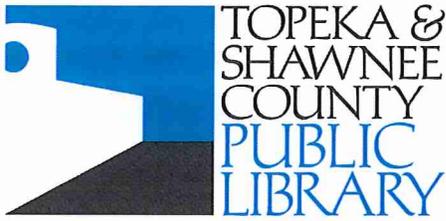
Julie Court Woodr

Resolution passed/failed by a vote of

Unanimous

Date

3/16/2017



**Resolution – Funding Request to The Library Foundation #3
(Facilities Master Plan Projects)**

**BOARD OF TRUSTEES
March 16, 2017**

Be it resolved that in adopting its Facilities Master Plan in July 2016, the Board of Trustees, Topeka and Shawnee County Public Library, recognizes the need for partial funding support from The Library Foundation to ensure successful implementation of the design projects included in the Plan. Further, the Board will request that The Library Foundation provide at least partial funding for these projects on a case-by-case basis. These projects will be sequenced over a ten-year timeframe pending funding availability. Pursuant to K.S.A. 10-1112, the funds must be available and specifically identified for this purpose before obligations are incurred.

Policy and Background Information:

In July 2016, the Board of Trustees approved a Facilities Master Plan which includes both infrastructure and renovation/remodel projects. The Plan is based on five guidelines:

1. Maintain optimal conditions and operation of the building, its site, systems, furnishings, technology and other physical infrastructure.
2. Increase public space used to support learning, literacy and civic engagement.
3. Preserve the Library's architectural integrity and character.
4. Improve people's ability to use the services, programs collections and learning experiences provided by a 21st century library.
5. Exercise good stewardship of public and private resources in maintaining and improving the building, its site, its systems, furnishings, technology and other physical infrastructure.

The Plan is expected to be completed in phases over a projected 10-year timeframe, subject to funding availability, and with individual projects approved by the Board of Trustees. At this point, Library funding is only available for projects planned for 2017 (three, Phase 1 interior renovation/remodel projects) and for some of the infrastructure projects, such as a new roof. Thus, funding from The Library Foundation will be necessary to complete the projects within the 10-year timeframe. It is anticipated that this funding would be primarily for the design projects that focus on renovation/remodel of spaces and not for the infrastructure projects.

Board of Trustees
Resolution - Funding Request – Facilities Master Plan Projects
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These projects can be viewed in concept, with a short narrative and project construction estimate, on the pages that begin with "D-" found at the following link <https://tscpl.org/about>, then navigating to Facilities Master Plan under Strategic Plan.

The Library has funding in 2017 for the construction portion of these interior renovation/remodel projects:

- a. Removal of four (4) existing small study rooms.
- b. Construction of eight collaborative work spaces for small groups.
- c. Reconfiguration of space in the north reading room to add study carrel desks.
- d. Fabrication and installation of new glass doors at the entrances to the north reading room.
- e. Construction of a new entryway from the Café to the New Books/Media area.
- f. Renovation of the Café's beverage area, kitchen/dining access and creation of a new coffee counter.

Design projects to occur in future years and for which funding from The Library Foundation will be needed are:

- Creation of a new computer learning lab.
- Complete renovation and reconfiguration of the current Circulation Lobby and Red Carpet area to create a Circulation Plaza that modifies the space to enhance initial customer experience and place less emphasis on check-out.
- Renovation of the Sabatini (art) Gallery.
- Reconfiguration of the Teen Room once the existing computer lab is moved, as well as the Children's Story Room on the other side of the shared wall.
- Creation of second floor customer space which will require moving staff and related functionality currently occupying that space.
- Renovation of the Topeka Room and Special Collections public areas on second floor.

The Library has two primary sources of funding for these projects: (1) the General Fund used for operating expenditures and whose primary source is tax revenues; and (2) the Capital Improvement Fund. The second source currently may only have interest earnings added to it until the debt service is paid in September 2019. Thus, 2020 would likely be the first year in which funds could be budgeted to begin building the balance again. This funding source is expected to be primarily used for infrastructure projects, but is not limited to infrastructure. The potential for some type of grant exists, but grant opportunities are limited.

Staff Recommendation:

The plan is to complete all projects within the Facilities Master Plan within 10 years, subject to funding availability. With the limited funding sources available to the Library, it is recommended that the Library's Board of Trustees formally notify The Library Foundation's Board of Trustees to anticipate funding requests for upcoming projects outlined in the Facilities Master Plan.

It is the intent of this request to allow sufficient time to find new sources or allocate existing resources, at the discretion of The Library Foundation Board, to fund the projects as the Board of Trustees approves them.

Board of Trustees
Resolution - Funding Request – Facilities Master Plan Projects
Page 3 of 3

Further, staff recommends projects be moved to a higher implementation priority in the Facilities Master Plan if specific funding becomes available. In accordance with the Board's Purchasing Policy, dated January 19, 2017, a Request(s) for Proposal will be required for each project with all bids approved by the Board.

Resolution by Betty J. Green
Seconded by Henry Onstott Storey
Resolution passed/failed by a vote of Unanimous
Date March 16, 2017



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**Major Initiatives Funding Matrix for Non-Facilities-Master-Plan Initiatives
As of June 12, 2017 - Board 2018 Budget Work Session #1**

Proposed Funding Source:

Initiative	Priority	Estimated Cost	Operating Budget	Bdgt Line Item	Existing Non-Budgeted Fund	Friends of TSCPL	The Library Foundation	Capital Improvement Fund
2018								
Lockboxes- Locs #3 & #4		\$ 60,000	\$ 30,000	FE			\$ 30,000	
Adventuremobile Replacement		250,000	50,000	SP			200,000	
Furniture Replacement - Chairs in meeting rooms & public spaces - likely will require a multi-year approach		50,000	50,000	FE				
Sub-total		\$ 360,000	\$ 130,000		\$ -	\$ -	\$ 230,000	\$ -
Budget Line Item: DS - Digital Services Support (Genl Fd); FE - Furniture & Equipment (Genl Fd); OP - operating budget (Genl Fd); SA - State Aid Fund; SP - Special Projects (Genl Fd)								
2019								
Carpeting-Youth Services		\$ 50,000	\$ 50,000	OP				
Lockboxes - Loc #5 & #6		\$ 60,000	\$ 30,000	FE			\$ 30,000	
Replacement of kiosk hardware (computers, money handlers)		55,000	55,000	DS/SA				
Furniture Replacement - Chairs in meeting rooms & public spaces - likely will require a multi-year approach		50,000	50,000	FE				
Sub-total		\$ 215,000	\$ 185,000		\$ -	\$ -	\$ 30,000	\$ -
Budget Line Item: DS - Digital Services Support (Genl Fd); FE - Furniture & Equipment (Genl Fd); OP - operating budget (Genl Fd); SA - State Aid Fund; SP - Special Projects (Genl Fd)								
2020 and Future								
Note: From this year forward, funds may be budgeted/transferred into the special accruing fund (capital improvements) to accumulate without limit								
Lockboxes - Loc #7 & #8		\$ 60,000	\$ 30,000	FE			\$ 30,000	
Automated Materials Handling System replacement		350,000						350,000
New book return box replacement cycle (5 per cycle) with wraps		25,000	25,000	OP				
Replace controlled access security system		125,000						125,000
Replace clock system		4,000	4,000	OP				
Replace key system		3,500	3,500	OP				
Relocation of the Maker Space; additional equipment		25,000	25,000	DS				
Garage space sufficient for all vehicles		1,500,000					750,000	750,000
Flooring replacement cycle		50,000	50,000	OP				



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**Major Initiatives Funding Matrix for Non-Facilities-Master-Plan Initiatives
As of June 12, 2017 - Board 2018 Budget Work Session #1**

Proposed Funding Source:

Initiative	Priority	Estimated Cost	Operating Budget	Bdgt Line Item	Existing Non-Budgeted Fund	Friends of TSCPL	The Library Foundation	Capital Improvement Fund
Rainwater Storage		75,000						75,000
Sub-total		\$ 2,217,500	\$ 137,500	\$ -	\$ -	\$ -	\$ 780,000	\$ 1,300,000
Budget Line Item: DS - Digital Services Support (Genl Fd); FE - Furniture & Equipment (Genl Fd); OP - operating budget (Genl Fd); SA - State Aid Fund; SP - Special Projects (Genl Fd)								
2020 and Future								
Total All Initiatives		\$ 2,792,500	\$ 452,500		\$ -	\$ -	\$ 1,040,000	\$ 1,300,000