



CLEVELAND PUBLIC LIBRARY

Board Work Session
March 14, 2017



Exemplary Leadership

Thank You *Mahalo*
Kiitos
Tack
Grazie
Obrigado **Thanks**
Takk
Gracias **Merci**

**Designing a
Dream City is
Easy** **Rebuilding
a Living One Takes
Imagination.**

- Jane Jacobs, Journalist, Activist, Urbanist

**Designing the
Exceptional
Library is Easy.**

**Rebuilding
a Living One Takes
Resilience.**



STELLAR REPUTATION

2009 1187 5 STAR

2009-2 852 4 STAR

2010 986 5 STAR

2011 1067 5 STAR

2012 996 4 STAR

2013 1020 4 STAR

2014 1087 4 STAR

2015 1198 5 STAR

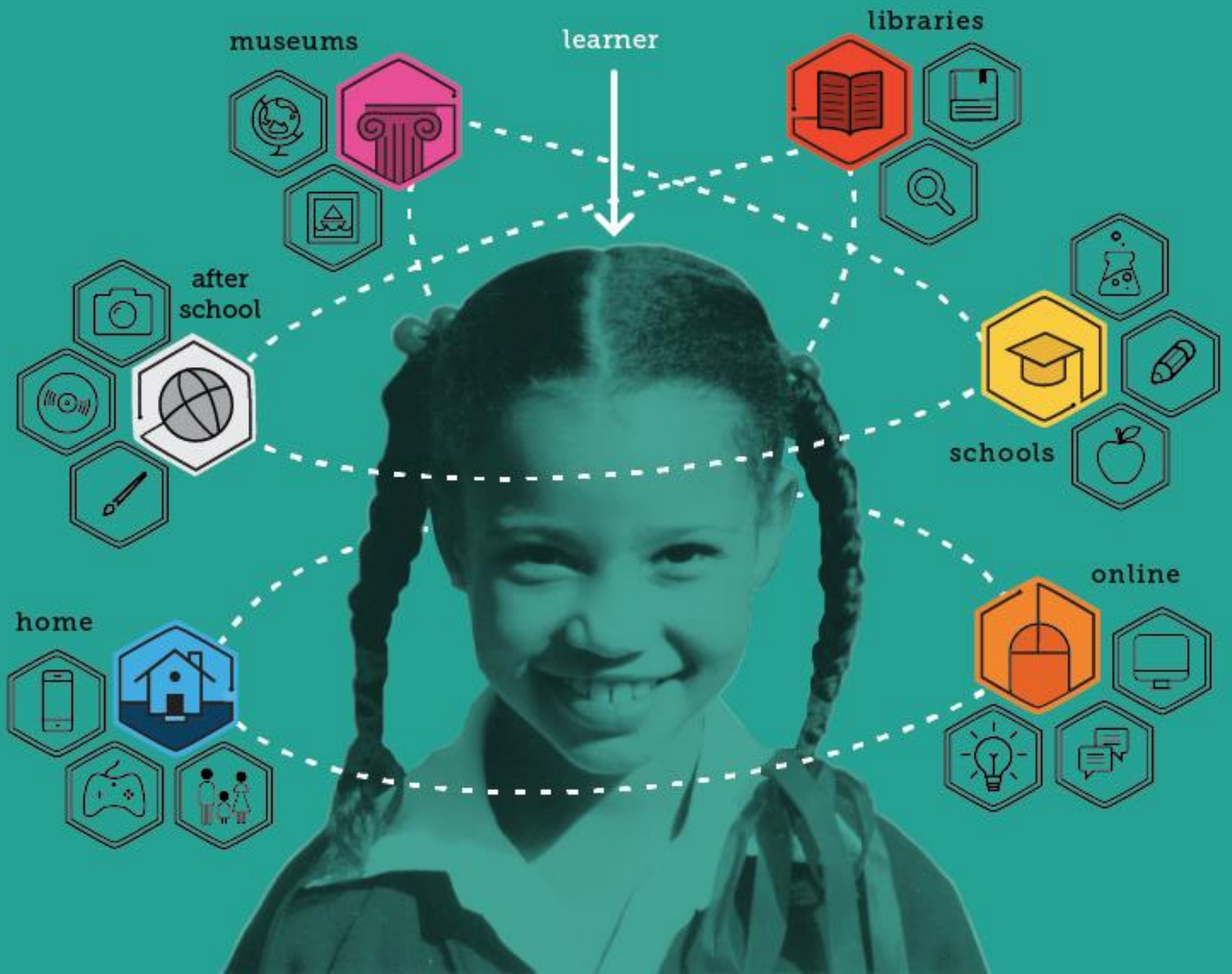
2016 1193 5 STAR



THE PEOPLE'S UNIVERSITY



CLEVELAND PUBLIC LIBRARY
www.cpl.org



44 Library Systems





CLEVELAND PUBLIC LIBRARY

Library Finances

Carrie Krenicky
Chief Financial Officer





CLEVELAND PUBLIC LIBRARY

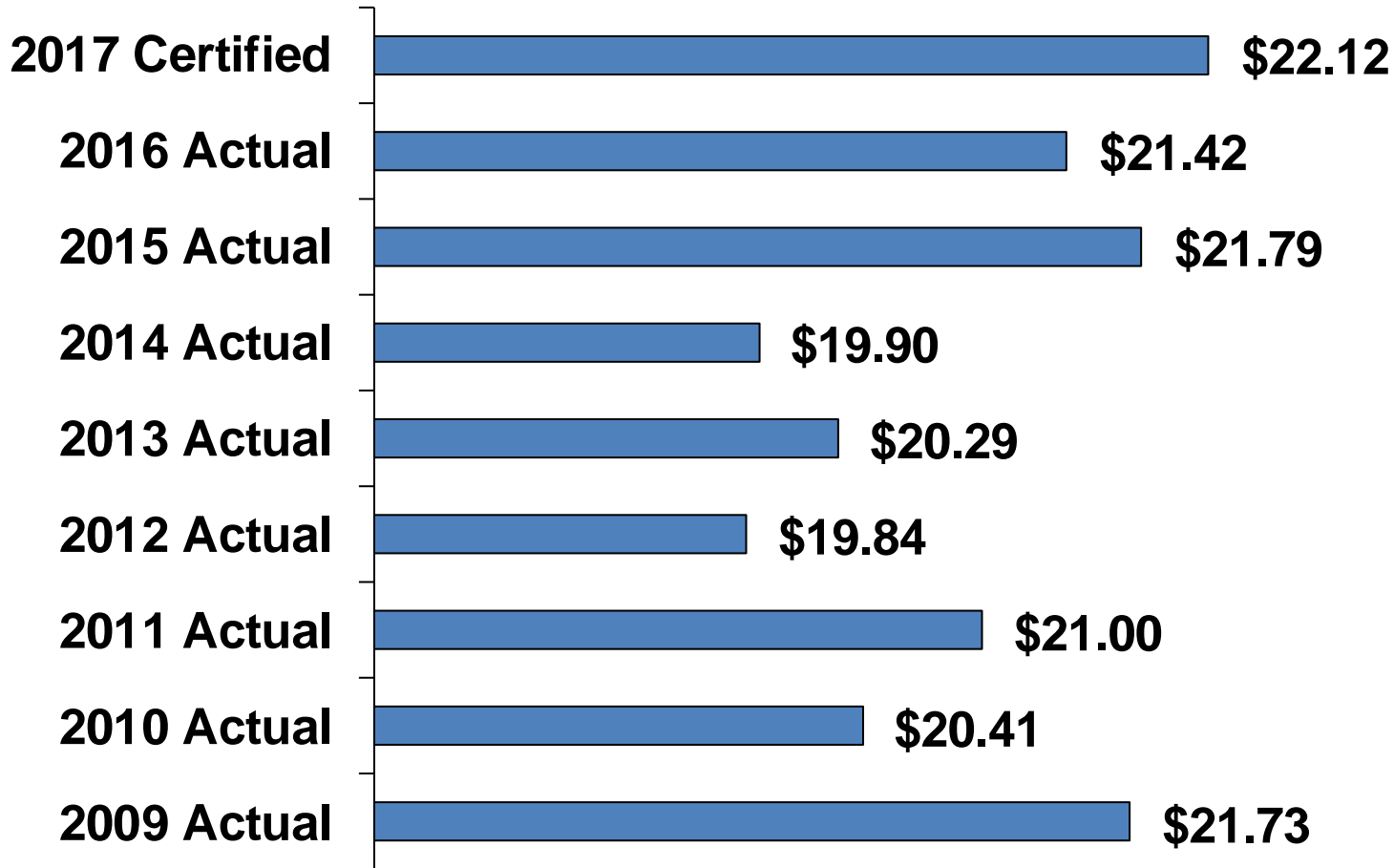
The Library's Primary Revenue Sources

Focusing on the General Fund



Public Library Fund Revenue

(In Millions)



44% of
total
revenue

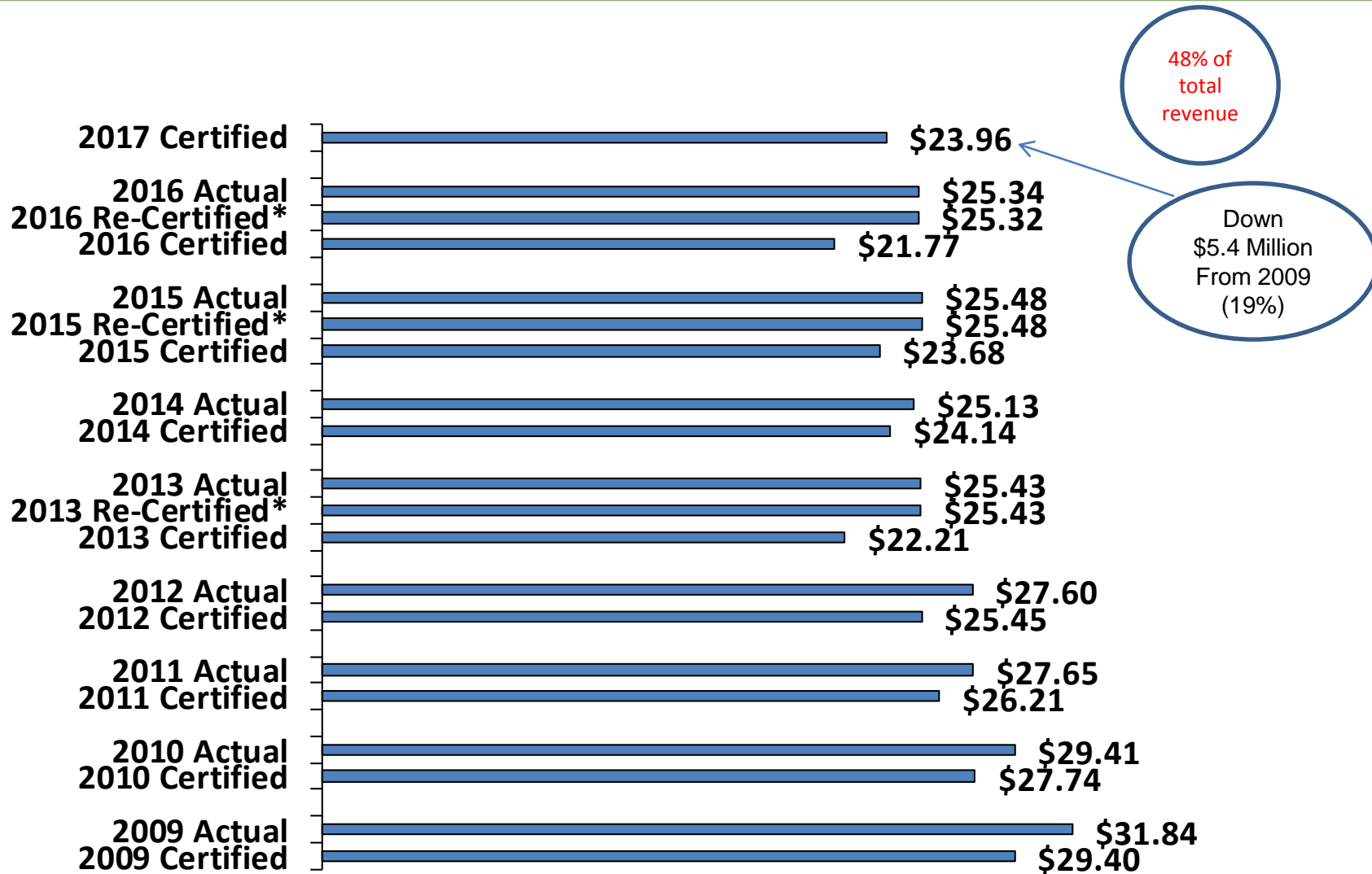
Public Library Fund Allocation

Cuyahoga County Budget Commission Public Library Fund Analysis	Actual	Estimated
	Distribution	Entitlement
	CY 2016	2017 PLF (Dec 2016)
Cleveland Public Library	\$21,419,757	\$22,115,860
Cleve Hts/Univ Hts Public Library	2,500,358	2,581,615
East Cleveland Public Library	1,347,047	1,390,823
Euclid Public Library	1,720,631	1,776,548
Lakewood Public Library	1,895,227	1,956,818
Rocky River Public Library	650,483	671,623
Shaker Heights Public Library	1,474,574	1,522,495
Westlake Public Library	1,114,616	1,150,839
Cuyahoga County Public Library	19,886,828	20,533,114
	<u>\$52,009,521</u>	<u>\$53,699,735</u>

Our Public Library Fund Allocation Agreement commenced January 1, 2014 and terminates December 31, 2017

General Property Tax Revenue

(In Millions)

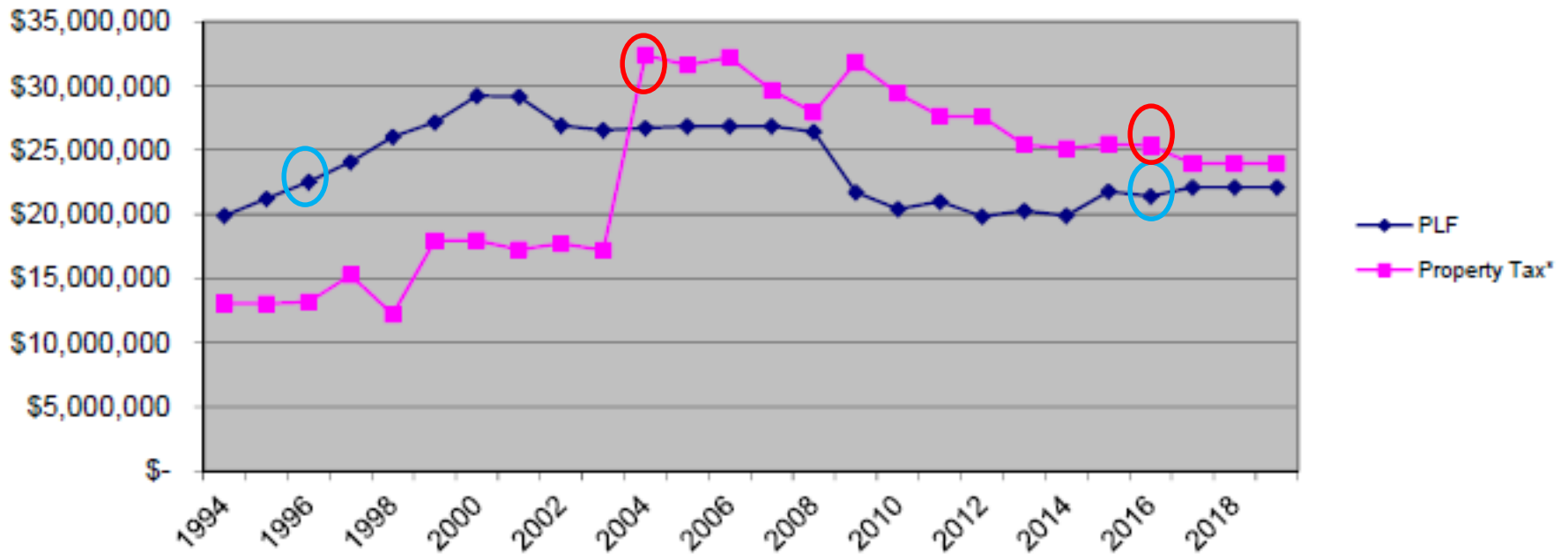


Source: Amended Official Certificate of Estimated Resources – Most current is February 9, 2017 (Does NOT include Rollbacks)

*Recertified when actually collected.

CPL's Two Primary Revenue Sources

PLF/Property Tax*
History & Projection



In 2000, PLF was 54% and Property Tax was 33% of total revenue.
 In 2016, PLF was 41% and Property Tax was 49% of total revenue.

1996 PLF \$22.5m
 2016 PLF \$21.4m

In 2004 – 1 mill continuous & 5-Yr 5.8 mill began (3.0 mill replacement & 2.8 mill increase) levies

In 2016 – 1 mill continuous & 5-Yr 5.8 mill renewal levies

Same millage, CY 2016 received **\$7m less** than received in CY 2004

*not including rollbacks/homestead exemption

Factors that influence our primary revenue sources

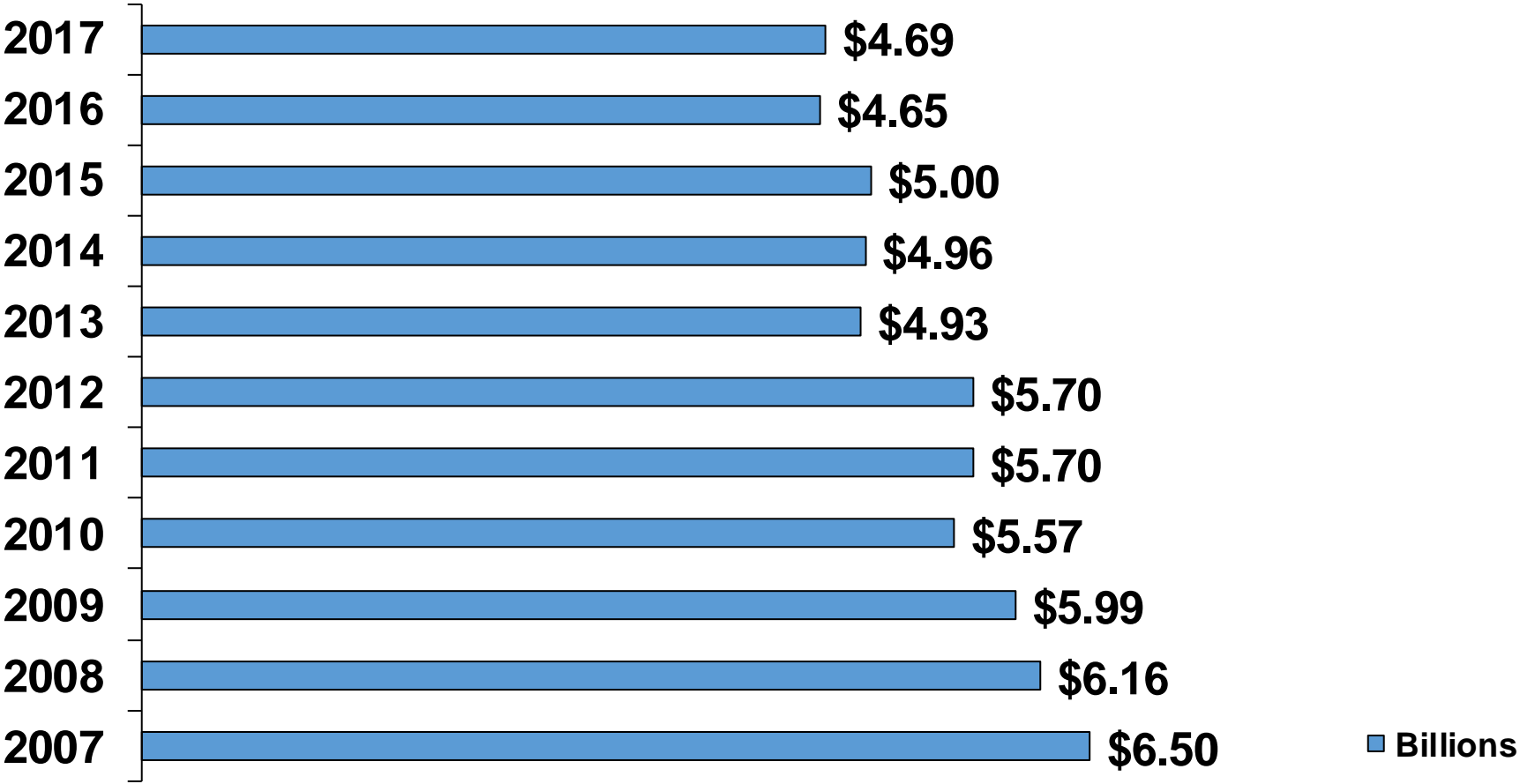
Public Library Fund

- The state's revenue budget and the agreement between the 9 County Libraries
 - HB64 (State's FY16-17 budget bill 7/01/15-6/30/17) increased the PLF to a percentage of General Revenue Fund (GRF) taxes from 1.66% to 1.7% temporarily. As of now, this will revert to 1.66% July 1, 2017.
 - Our Public Library Fund Allocation Agreement terminates December 31, 2017

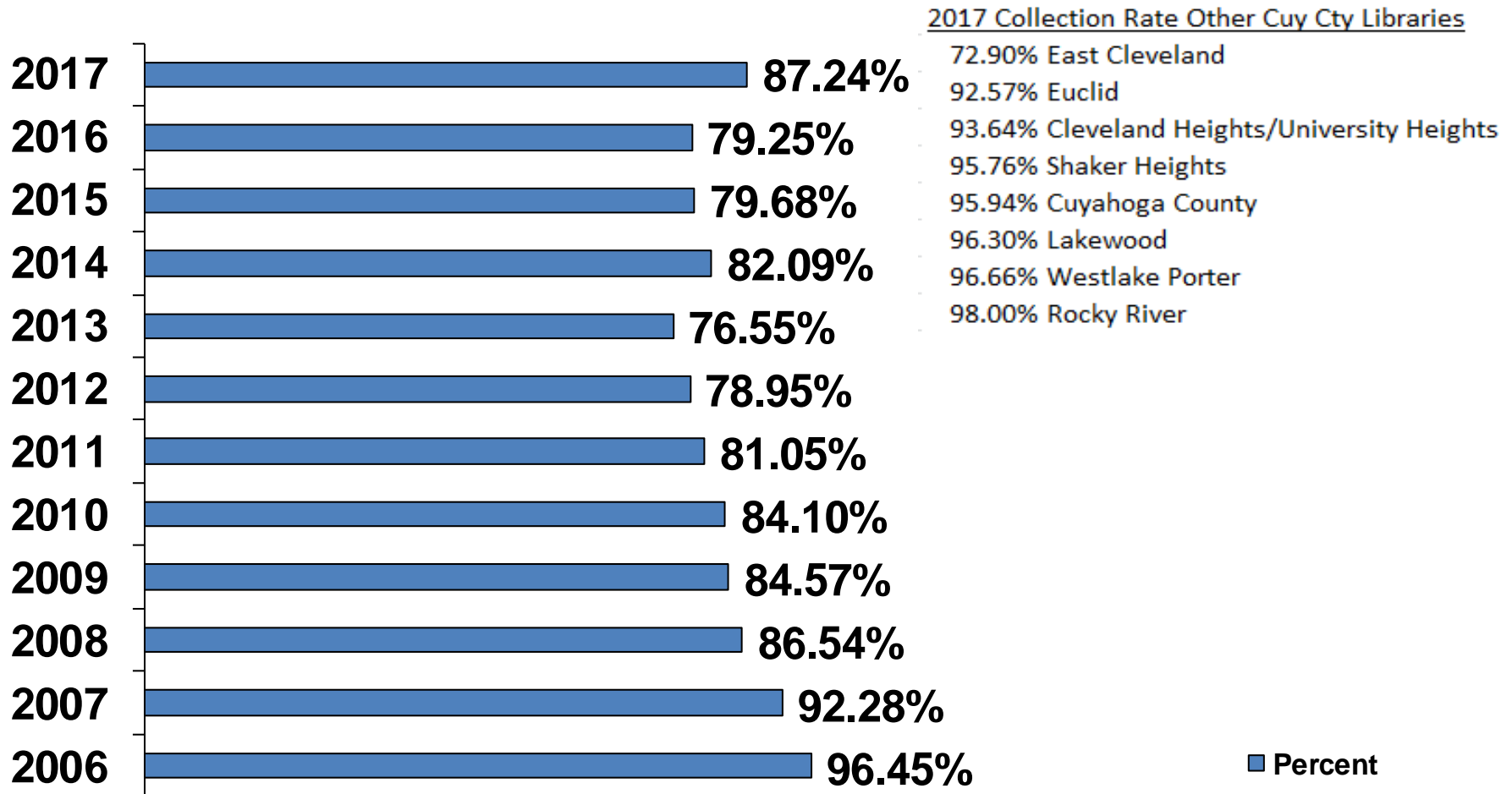
Property Tax

- Our Levies
- Assessed Values (appraisals, abatements)
- Collection Rate (economy, delinquencies)

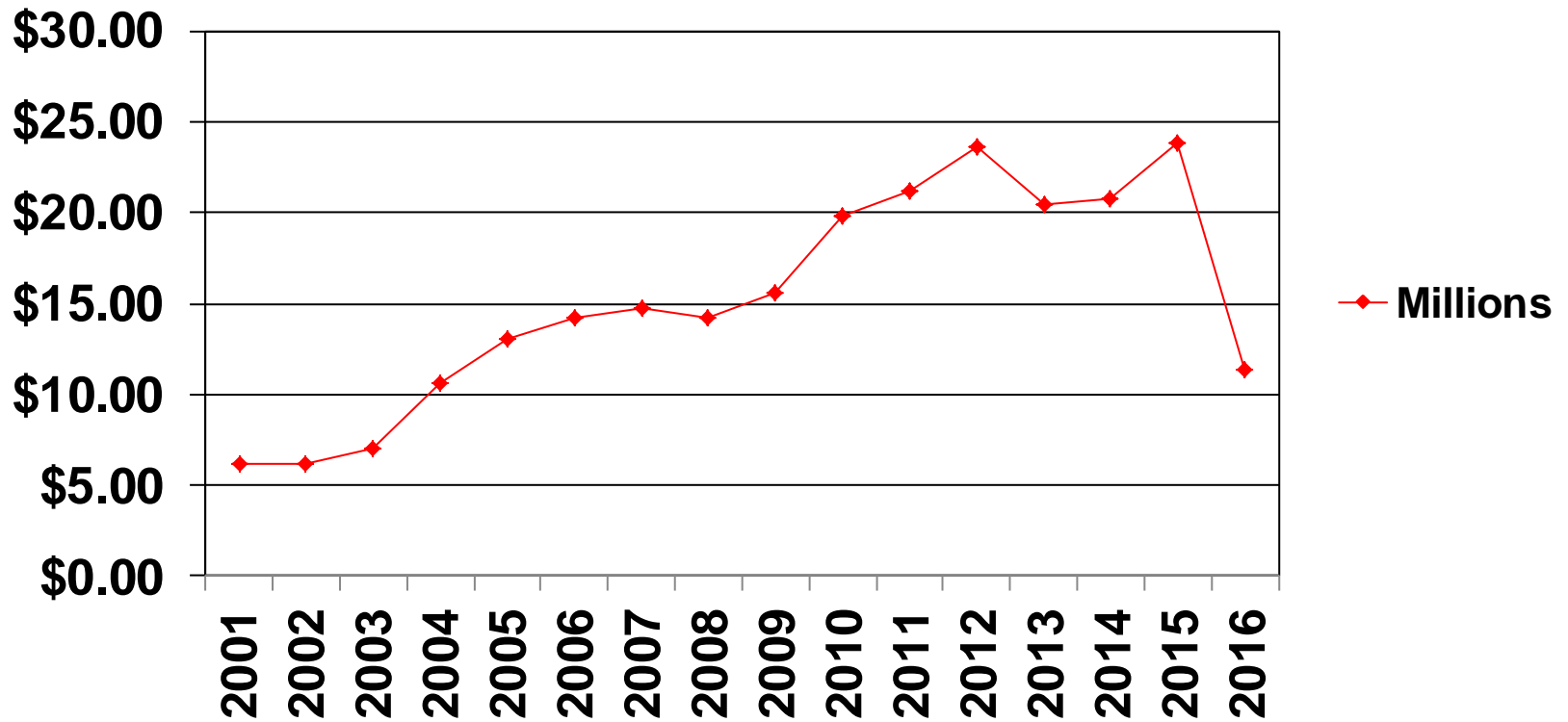
County Fiscal Officer's Estimated Assessed Valuations



Property Tax Collection Rate History



Delinquent Tax History



2001 started at \$6.13m delinquent; capping in 2015 at \$23.81m; ending at \$11.41m

Hospitals went from taxable status to exempt status. They were sitting in our delinquent numbers, inflating it due to the pending exemption. In 2016, the hospital exemptions were removed from our delinquent number; it should improve our collection rate moving forward.

Cleveland Clinic and UH own \$1.6 billion of property in Cleveland

Existing Levies

Current Situation:

Library has a 5 year \$5.8 mill. operating levy which expires in 2017; the last collection year is 2018.

Library also has a 1 mill. continuous levy without an expiration date.

History:

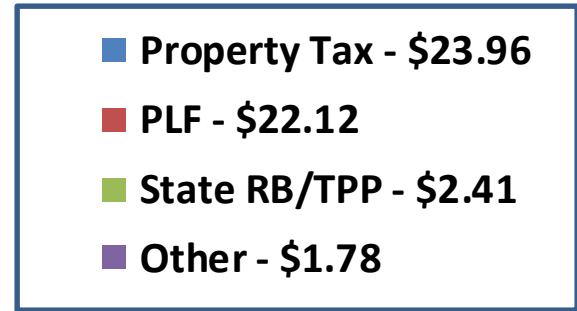
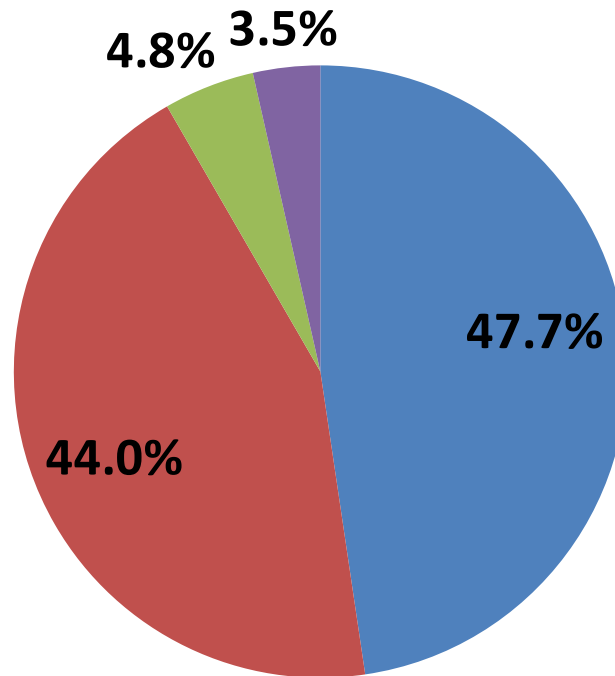
Fund	Purpose	Authorized By Voters On MM/DD/YY	Levy Type	Number Of Years Levy To Run	Tax Year Begins/ Ends	Collection Year Begins/ Ends	Maximum Rate Authorized
General Fund	Current Expenses	11/5/1985	Replacement	Continuous	1985-	1986-	1.00
General Fund	Current Expenses	11/5/2013	Renewal	5 years	2013-2017	2014-2018	5.80

2017 General Fund Total Resources Available (\$71.6m)

2/09/2017

(In Millions)

Unencumbered Balance is \$21.35 million

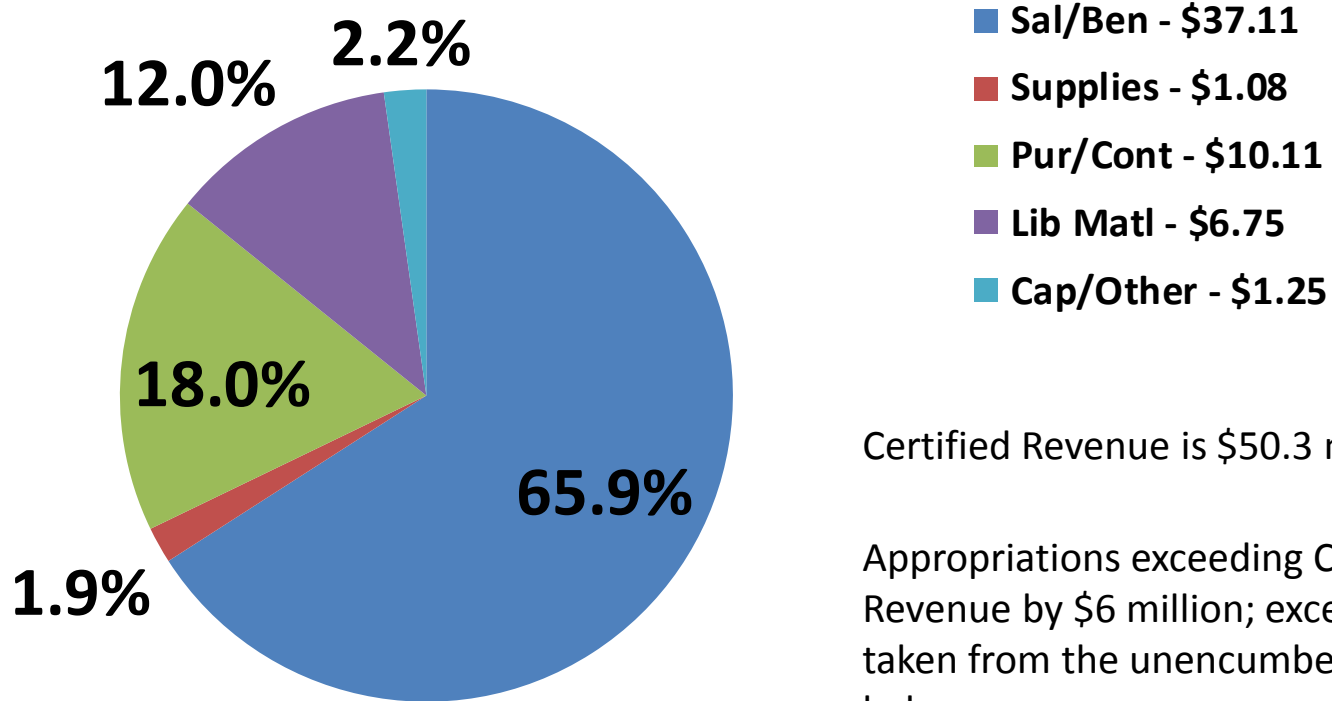


Certified Revenue is \$50.3 million

2017 General Fund Operating Appropriation

\$56.30m

(In Millions)



Certified Revenue is \$50.3 million

Appropriations exceeding Certified Revenue by \$6 million; excess will be taken from the unencumbered balance.

Certified Revenue should equal Total Appropriations (Balanced Budget)

Percentages based on operating appropriation, not revenues, which does not include transfers/advances

Revenue & Expenditures

Our History-Where We've Been (Our Last Levy)

General Fund

	2008 5.8 mill Renewal				
	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013
Total *Operating Revenue	\$ 67,123,917	\$ 63,650,587	\$ 61,270,540	\$ 58,105,953	\$ 55,049,993
Total *Operating Expenditures	63,346,870	58,239,012	56,167,107	53,013,053	53,212,016
Revenue +/- Expenditures	3,777,046	5,411,575	5,103,434	5,092,900	1,837,978
Return of Advances Out	95,000	110,000		250,000	107,494
Advances/Transfers Out	(3,139,900)	(54,600)	(5,210,000)	(10,040,000)	(262,134)
Net Revenue +/- Expenditures	732,146	5,466,975	(106,566)	(4,697,100)	1,683,337
Cash January 1	29,074,110	29,806,256	35,273,231	35,166,665	30,469,564
Cash Balance December 31	\$ 29,806,256	\$ 35,273,231	\$ 35,166,665	\$ 30,469,564	\$ 32,152,901
Encumbrance	5,140,315	6,311,375	6,314,409	6,869,257	6,974,063
Unencumbered Balance	\$ 24,665,941	\$ 28,961,856	\$ 28,852,256	\$ 23,600,307	\$ 25,178,839
Maintaining 3 months operating expenditures of cash reserves	\$ 21,115,623.47	\$ 19,413,004.16	\$ 18,722,368.94	\$ 17,671,017.81	\$ 17,737,338.52

*Operating does NOT include Return of Advances Out, Transfers or Advances Out

Revenue & Expenditures

Where We're Heading (Our Current Levy)

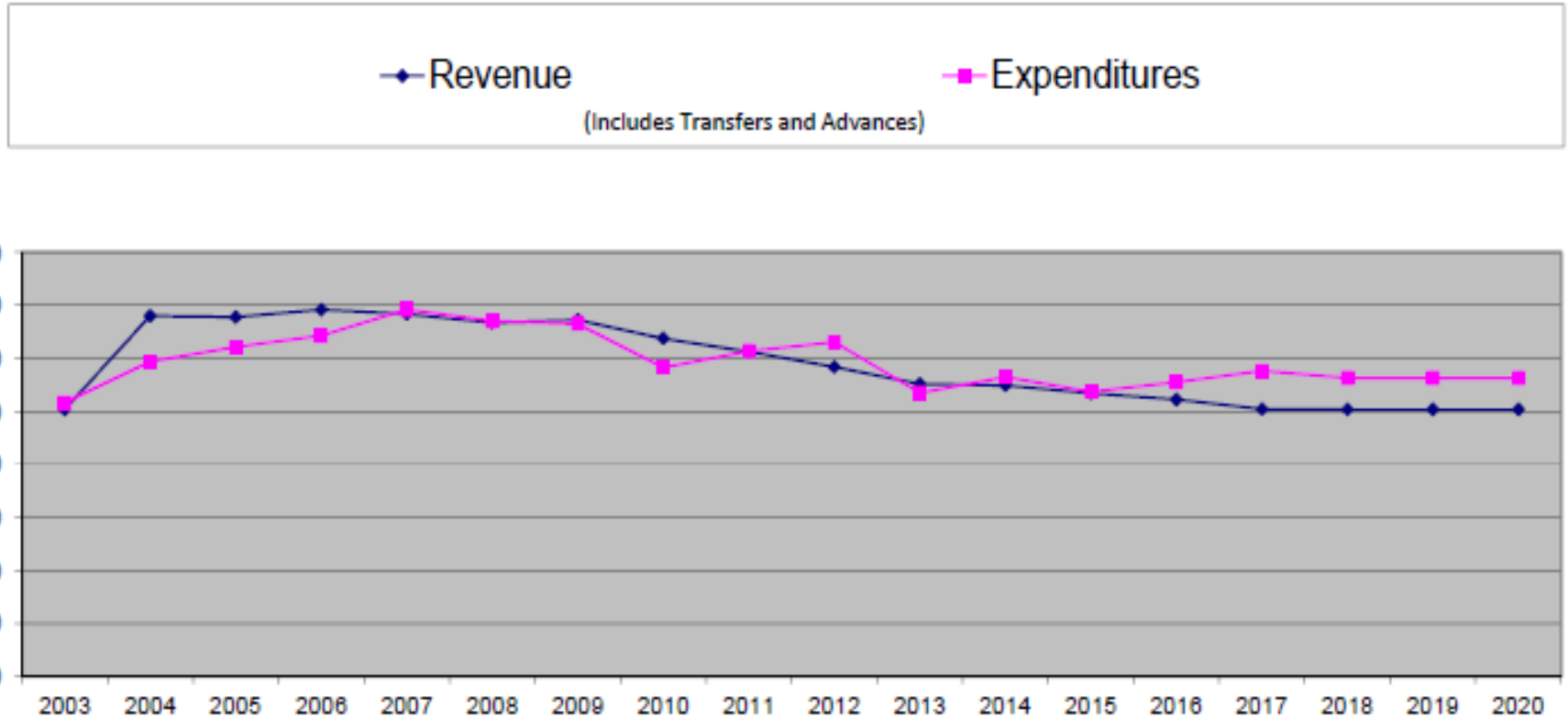
General Fund

					Negative Cash Position with listed assumptions			
	5-Year Renewal of 5.8 mill				Cont 5-Year Renewal of 5.8 mill?			
	Actual	Actual	Actual	Certified	Projected	Projected	Projected	
	2014	2015	2016	2017	2018	2019	2020	
	1199 Contract 01/01/14 - 12/31/16							
Total *Operating Revenue	\$ 54,721,547	\$ 53,332,782	\$ 52,070,001	\$ 50,352,364	\$ 50,339,874	\$ 50,339,874	\$ 50,339,874	
Total *Operating Expenditures	52,841,431	53,617,393	53,918,430	56,304,803	56,304,803	56,304,803	56,304,803	
Revenue +/- Expenditures	1,880,116	(284,611)	(1,848,429)	(5,952,439)	(5,964,928)	(5,964,928)	(5,964,928)	
Return of Advances Out	179,140	95,000	138,660	67,250	0	0	0	
Advances/Transfers Out	(3,619,500)	(109,160)	(1,570,250)	(1,326,500)	0	0	0	
Net Revenue +/- Expenditures	(1,560,244)	(298,771)	(3,280,019)	(7,211,689)	(5,964,928)	(5,964,928)	(5,964,928)	
Cash January 1	32,152,901	30,592,658	30,293,887	27,013,868	19,802,179	13,837,251	7,872,323	
Cash Balance December 31	\$ 30,592,658	\$ 30,293,887	\$ 27,013,868	\$ 19,802,179	\$ 13,837,251	\$ 7,872,323	\$ 1,907,394	
Encumbrance	7,683,457	5,848,058	5,702,168	5,702,168	5,702,168	5,702,168	5,702,168	
Unencumbered Balance	\$ 22,909,200	\$ 24,445,829	\$ 21,311,700	\$ 14,100,011	\$ 8,135,083	\$ 2,170,154	\$ (3,794,774)	
Maintaining 3 months operating expenditures of cash reserves	\$ 13,210,357.86	\$ 13,404,348.22	\$ 13,479,607.39	\$ 14,076,200.65	\$ 14,076,200.65	\$ 14,076,200.65	\$ 14,076,200.65	

*Operating does NOT include Return of Advances Out, Transfers or Advances Out

Revenue & Expenditures

General Fund



Our History

Current Year & Projecting through 2020
Need to get on a path of redesign & sustainability

The Building and Repair fund accounts for monies set aside by the Board of Library Trustees specifically to fund capital projects, technology, and other assets, and for repairs, improvements and maintenance of library facilities.



Building & Repair Fund - Unencumbered Balance

		Includes \$1.3m transfer in from General Fund approved by Board	
Fund Balance, February 28, 2017	\$	11,660,483.21	1/19/17
Encumbrances		(93,644.25)	Security Cameras
		(6,746.16)	Equipment
		(25,025.00)	CPL Computer Hardware/Software
		(536,902.88)	South
		(148,492.29)	Safe, Warm & Dry Construction
		(497,406.04)	ML Reconfig Plan-Phase 2
Encumbrances		(1,308,216.62)	
Unencumbered Balance 02/28/17	\$	10,352,266.59	
2017 Available Budget		(4,762,385.00)	Remaining Safe, Warm & Dry Project Budget; as approved by Board 3/19/15 (\$5,000,000)
		(595,523.70)	Remaining ML Reconfig Plan-Phase 2 Budget; as approved by Board 6/25/15 (\$5,750,000 less \$1,802.41 Board app'd 11/17/16 to transfer to CDPL for Bostwick)
		(2,810,446.25)	Remaining South Budget; as approved by Board 2/16/17 (\$3,500,000)
		(1,218.42)	Cleveland Digital Public Library (CDPL) Project - Phase 3
		(80,000.00)	Glenville Parking Lot based on estimate cost of \$50,000 - \$80,000 presented to Board 9/15/15
		(178,121.51)	Main Library Heat Conversion (Marlin CO and Settlement)
	Estimated 12/31/17 Fund Balance	\$	1,924,571.71

Stable now, but have challenging future

We have a healthy General Fund unencumbered balance, but we are appropriating over certified revenues. If we continue to do this, we will be in trouble.

12/31/2016 Unencumbered Balance with transfer out = \$20.3m

Certified Revenue	= \$50.3m
Appropriation	= \$56.3m
Possible use of unencumbered funds	= \$(6.0)m

12/31/2017 Estimated unencumbered balance = \$14.3m

We should maintain 2 to 3 months of General Fund operating revenues or expenditures as a level of cash reserves in the General Fund. For us, with 2017's appropriation, that is about \$14m.

Stable now, but have challenging future

The General Fund will not be able to transfer funds to the Building & Repair Fund for major capital and technology improvements and other capital assets that include the renovation, construction, repairs and maintenance of the Library's branches that is desperately needed.

Our Building & Repair Fund is estimating to have a \$1.9m unencumbered balance at the end of this year, including Board approved projects.

We need to get on track of appropriating up to our certified revenue and stop "deficit" spending.

In 2018, our appropriation will need to equal our certified revenue.

How will we make that happen?



CLEVELAND PUBLIC LIBRARY

Questions?





CLEVELAND PUBLIC LIBRARY

Buildings Status

Joyce Dodrill
Chief Legal Officer



CAPITAL PROJECTS- Currently Underway

Safe, Warm & Dry

- Status: design phase. Bidding April.
- Anticipated construction period: August 15, 2017 to September 2018

South Renovation

- Status: construction document design phase. Bidding April. GMP June.
- Anticipated construction period: August 1, 2017 to April 2018.

CAPITAL PROJECTS- Currently Underway

Cont'd

New Martin Luther King Jr. Branch

- Status: Library is commencing architect design competition. Applying to Cleveland Foundation for a grant. LAND Studio to assist with design competition process.
- Anticipated commencement of construction : 2018
- Budget: Not yet determined. Contractor contributing \$5.2 million. Library Administration believes 15,000 square foot building will not be large enough to address community needs, particularly large meeting space for community programs. Estimate for 20,000 square foot building is \$9.4 million.

DISCUSSION TOPIC: POTENTIAL SOURCES OF ADDITIONAL FUNDS?

CRITICAL MAINTENANCE NEEDS

Maintenance and Repairs Needing Immediate Attention
(Non-Safe, Warm and Dry branches)

- Brooklyn: (estimated cost \$ 430,000)
- E. 131st: (est. cost \$381,500)
- Eastman: (est. cost \$503,000)
- Fleet: (est. cost \$280,000)
- Fulton (est. cost \$350,000)
- Hough: (est. cost \$ 246,000)
- Mt. Pleasant: (est. cost \$519,000)
- South Brooklyn: (est. cost \$466,000)
- Sterling: (est. cost \$454,000)
- Union: (est. cost \$700,000)

CRITICAL MAINTENANCE NEEDS, CONT'D

- Walz: (est. cost \$610,000) NOTE: estimate for replacement of retaining wall is pending.
- West Park: (est. cost \$540,000) NOTE: estimate for repair of collapsed wall is pending.
- Lakeshore: (est. \$2,471,000 million)

Total estimated critical maintenance costs: **\$7,950,500**
(excluding Walz and West Park retaining walls)

DISCUSSION TOPIC: IS IT IN BEST INTERESTS OF LIBRARY TO CONTINUE TO OPERATE ALL THESE BRANCHES AND INVEST MONEY IN THEM?

LONG TERM MAINTENANCE

ALL FACILITIES

Moving forward, the Library will develop a long term maintenance plan for its facilities to ensure that preventive maintenance is carried out routinely to avoid situations where capital expenditures must be made on an emergency basis.

Some long term maintenance items that have already been identified include:

- Fire alarm replacements, additional security cameras, and lighting upgrades in branches (estimated cost \$1,009,000)
- Repair and replacement of parking lots in branches (est. cost \$103,500)
- Replacement of heating systems in branches (costs not yet determined)
- Main Building: roof, tuck pointing, elevator, masonry (est. cost \$1,174,000)
- LSW: elevator, electrical, masonry (est. cost \$247,000).
- Main Building and LSW: power washing of exteriors (cost undetermined)

Total identified costs to date: **\$2,533.500**

DISCUSSION TOPIC: POTENTIAL SOURCES OF FUNDING?

LEVY PREPARATION

Steps being taken now to plan for November 2017 levy Increase in millage is a possible solution to building needs.

1. Stifel & Nicholas: Library has entered into contract with Stifel Nicholas for municipal financial advisor services. Stifel is analyzing different levy options (renewal, replacement, increase, etc.) with a focus on the difference in a) revenues to library, and b) cost to taxpayers.
2. Burges & Burges: Library is negotiating a contract with Burges to gather information about the perception of the Library in the community through interviews with selected community leaders and a survey to the overall community to determine whether to place levy on fall ballot.
3. Bond Counsel: Legal has requested quotes and proposals from three Bond Counsel firms to provide advice with regard to capital planning and levy strategy in order to best situate the Library for a voted bond or PLF note issuance in 2018. Bond firms include: Calfee; Squires, Patton & Boggs; and Bricker & Eckler.

LEVY DISCUSSION TOPICS

- Renewal vs. replacement of 5.8 mill levy
- Replacement of 1 mill levy
- Length of renewal or replacement levy (5 years, 10 years, continuous)
- Increase of 1 mill or 5.8 mill levies
- Separate levy for additional millage

Stifel: Levy Options Available for Cleveland Public Library—1 mill.

Summary

LEVY OPTIONS	Current Status: Based on 2016 AV	A: Based on 2017 AV and 87% Collection Rate	B: Based on 2017 AV and 87% Collection Rate	C: Based on 2017 AV and 87% Collection Rate
Stated Millage	1.00 Mill	Replace 1.00 Mill	Replace 1.00 Mill and Add .50 Mill	Keep 1.00 Mill in Place and Add .50 Mills
Effective Millage	0.54 Mills	1.00 Mills	1.50 Mills	1.04 Mills
Est. Collections from Taxpayers	\$ 2,022,366.00	\$ 4,078,391.82	\$ 6,117,587.73	\$ 4,061,561.91
Est. Collection from State as Homestead Reimbursement	\$ 220,657.00	\$ -	\$ -	\$ 220,657.00
TOTAL COLLECTIONS	\$ 2,243,023.00	\$ 4,078,391.82	\$ 6,117,587.73	\$ 4,282,218.91
Increased Collections to Library		\$ 1,835,368.82	\$ 3,874,564.73	\$ 2,039,195.91
Annual Tax Increase on \$100,000 Home from Increased Millage and/or Lack of Homestead Reimbursement		\$ 18.46	\$ 35.96	\$ 17.50

Stifel: Levy Options Available for Cleveland Public Library--- 5.8 mill

Summary

LEVY OPTIONS	Current Status: Based on 2016 AV	A: Based on 2017 AV and 87% Collection Rate	B: Based on 2017 AV and 87% Collection Rate
Stated Millage	5.80 Mills	Renewal of 5.80 Mill Levy and Add 1.00 Mill Levy	Replacement of 5.80 Mill Levy and Add 1.00 Mill Levy
Effective Millage	5.80 Mills	6.80 Mills	6.80 Mills
Est. Collections from Taxpayers	\$ 21,408,341.00	\$ 25,487,700.38	\$ 27,733,064.38
Est. Collection from State as Homestead Reimbursement	\$ 2,245,364.00	\$ 2,245,364.00	\$ -
TOTAL COLLECTIONS	\$ 23,653,705.00	\$ 27,733,064.38	\$ 27,733,064.38
Increased Collections to Library		\$ 4,079,359.38	\$ 4,079,359.38
Annual Tax Increase on \$100,000 Home from Increased Millage and/or Lack of Homestead Reimbursement		\$ 35.00	\$ 60.38



CLEVELAND PUBLIC LIBRARY

Questions?



CLEVELAND PUBLIC LIBRARY

Labor Union Negotiations Update

Cindy Lombardo
Chief Operating Officer/Deputy Director



SEIU 1199 Negotiations Update

- Negotiations began in September 2016.
- Negotiating teams met nine times between September 2016 and the end of January 2017.
- FMCS mediation scheduled for 3/22/17.

Remaining significant issues:

- **5-district model** (This affords the Library the opportunity to move staff members as needed between branches within the same district.)
- **Post-accident drug testing**
- **Transfer language** (The current contract asks for volunteers with branches over complement which hampers the Library's ability to move union members when needed.)
- To date the Union has declined to offer a wages proposal.

860 Negotiations Update

- Multiple negotiation sessions have been held beginning in May 2016.
- Arms presentation was given by the Union on September 8, 2016.
- Mediation was held on January 10, 2017.
- Fact-finding is scheduled April 4, 2017.
- Proposals and counter-proposals continue to be exchanged.

Remaining Significant Issues

- Arming officers (insurance, type of arms)
- Post-accident drug testing
- Number of fixed posts

Negotiation-Related Challenges

- Increase in the number of employee grievances
- Heightened tension among employees
- Increase in the number of information requests filed by both Unions
- Impact on the workload of HR staff and the Library's negotiation team members



CLEVELAND PUBLIC LIBRARY

Questions?

