

March 1, 2022

To: City of Madison Common Council

From: Greg Mickells, Library Director; Eric Knepp, Parks Superintendent;
Sarah Edgerton, Chief Information Officer and Director of Information
Technology



Re: Imagination Center at Reindahl Park Operating Cost Plan

The Imagination Center at Reindahl Park (ICRP) is a joint project between Madison Parks, City Information Technology, and Madison Public Library. The Operating Cost Plan for this facility is based on the co-location of these agencies to provide services, programming, and meeting space for the community, and to other agencies in their service to the community.

The Operating Cost Plan introduced to Common Council and approved by the Finance Committee is a comprehensive plan that will effectively meet the needs of the community. Although there will be some cost savings realized through co-location, each of the partner agencies' costs of operation will have an impact on the City's Operating Budget when the facility is expected to open in mid to late 2024.

Components of the Operating Cost Plan per Agency:

Information Technology: \$25,000

By review of comparable agencies and locations across the City, Information Technology anticipates that software licensing for the Imagination Center would add an additional \$25,000 to their annual operating budget.

Parks: \$195,451

The operational cost plan of the new park pavilion at the Imagination Center was determined by using Highland Manor and Tenney Park pavilions as comparison facilities. Parks has estimated that an additional \$195,451 would be needed to cover their annual operating expenses. This includes added snow removal and janitorial services, building utilities, work supplies, added staff time to maintain the grounds of the park on a more frequent basis than the current schedule, a shared staff position with the Library to bring increased programming to the park, and the debt service on the project.

Library: \$1,545,448

A thorough analysis of comparable library facilities like the Meadowridge, Goodman South, and Lakeview libraries has projected that the proposed operating cost of the Library in the Imagination Center at \$1,178,750. This includes the daily operational staff, utilities and building services, supplies for maintenance and public service, and debt service. The ICRP Library will be an additional library to the City's system of public libraries. The possible impact on our system-wide operating costs, including additional maintenance, technology, and technical services (the processing of materials and resources) is estimated to add an additional \$366,698 to the Library's cost of operations. The combined daily operating costs with the system-wide costs is \$1,545,448 as part of the Library's comprehensive plan for the ICRP.

Total Estimated Expenditures: \$1,765,899

Total Estimated Levy Funding Needed: \$1,724,999*

*Estimated Levy Funding is less than the estimated Expenditures by an estimated \$40,900 in revenue.

The addition, or expansion, of a significant city facility, such as a police district, fire station or library branch usually results in additional operating costs to provide the services that are housed in or operate from the building. Since a new northeast library was first conceived, and has since evolved to the fully developed concept of the ICRP, it was recognized that additional operating costs would be incurred. Estimated operating costs have been included in capital budget project descriptions for this facility starting with the 2018 budget.

These operating costs need to be accommodated within an overall city operating budget that has been under considerable strain for the past decade due to state laws that place strict limits on growth in property taxes and failure by the State Legislature to adequately share state income and sales tax revenue with cities, towns, villages and counties to support essential local services, such as libraries, public safety and community support programs. Due to these state-level factors, the city faces a “structural deficit” in each year’s budget caused by rising costs for local services that exceed allowable growth in local revenues. This structural deficit had varied between \$5 million and \$10 million annually prior to the pandemic; as federal fiscal recovery funds are drawn down over the next couple of budgets, that gap is expect to increase to \$15 million to \$20 million. Various measures have been used over the past decade to balance the budget, including new revenue sources, fee increases, efficiencies, service changes and other actions.

Expansion of city services to address growth in the city’s population requires comprehensive planning and review of delivery options, assessment of minimum staffing levels, consideration of phased budgetary effects through use of non-city revenue sources, and identification and implementation of system-wide efficiencies. For example, the cost to staff recently constructed fire stations was funded initially through federal Staffing for Adequate Fire and Emergency Response (SAFER) grants that phase out over a three year period. In light of the “structural deficit” and as plans are finalized for constructing the ICRP, the Library will need to carefully review the strategies listed below, along with other measures, to minimize as much as possible the net operating cost of this new facility relative to the overall city operating budget.

To address this concern, we have examined numerous cost reduction options that may be utilized to reduce the impact on the City’s Operating budget.

Potential Areas of Savings/Revenue within the Plan

Information Technology: No Change

Parks: No Change

Library: \$218,373 plus any system-wide adjustments

Since the Library at the ICRP has the most impact on the operating costs of the ICRP, MPL has examined a variety of options, including the operations of the ICRP and any associated system-wide measures that could be considered.

ICRP Library Operations: \$218,373+

- Security Monitor positions. \$62,373
Currently we have security monitors at only two libraries. Security monitors may not be needed at the Imagination Center Library.
- Hours of Operation: \$150,000
The hours of operation in the proposed cost of operations plan is a two-shift scheme comparable to the libraries used in developing the plan. Savings could be realized if the Library at ICRP moved to a one-shift scheme as currently being used at the Alicia Ashman Library.

- Relocation of Staff: TBD
If shifts were made to the deployment of existing system staffing to allow for the relocation of some staff in full or part time positions to the Library at ICRP, additional reductions to proposed staffing costs would be realized.
- Additional Revenue: (\$6,000+)
Revenue estimates for private community space rental was included in the proposed cost of operations plan, but additional revenue could be realized with partnering with community agencies, like the Park's arrangement with NewBridge at Warner Park.

Overall Library Operations:

Madison Public Library is continually looking for ways to operate more efficiently and at a lower cost. However, since Madison Public Library has experienced recent budget cuts, this has reduced our options to realize significant savings in our current scheme of operations, without making changes to our overall system. To examine additional efficiencies, we have initiated a structured analysis of our library system's scope of services and operating needs beginning with libraries on the west side. Outside of this analysis, we can also look at other library system models. For example, many urban libraries maintain a one-shift model for all or many of their libraries. This shift within MPL would realize major savings by reducing our staffing requirements, and additional savings would be realized in reductions to supplies, utilities, maintenance, and other operating costs. This level of savings may also come with associated costs. Fewer hours of in-person access by Madison residents could result in residents using other libraries and potentially increasing our reimbursement fees to other Dane County libraries. [We are actively working with the Dane County Library System to reformulate the method for reimbursement to reduce the burden to MPL.] In addition, fewer hours of service impacts broadband access and reduces availability of our spaces for community needs.

It should be noted that consideration of these conceptual-based system savings of restructuring operating hours would be best achieved through a systematic utilization of attrition and a continuous evaluation of services that may require additional adjustments. Additionally, an imperative caveat to include is the importance of community input to this process, and the role of the Madison Public Library Board, which under their governing powers would require their approval.

Additional savings of over \$100,000 to our operating costs could be achieved if the Lakeview Library is relocated to a site that is owned by MPL, or a possible co-location could be considered. The current lease is expiring in 2023.

Thanks to the Madison Public Library Foundation and the Friends of Library groups, we have successfully supplemented our operating budget with private funding, including the operating costs for the Dream Bus, additional materials and resources, and several programs and services focused on socio-economic impacted populations and social justice initiatives. In addition, we have expanded our capacity in service to the community without adding staff or significant increases to our operating costs by partnering with several community agencies. We anticipate that private funding and community partnering will continue to add capacity to the ICRP Library without increasing operational costs.