

**MEMORANDUM**

April 12, 2011

TO: Health and Human Services Committee

FROM: Vivian Yao, Legislative Analyst *VY*

SUBJECT: **Worksession – FY12 Non-Departmental Account, Takoma Park Library Annual Payment**

The County Executive's recommendation for the Takoma Park Library Annual Payment Non-Department Account is attached on ©1.

**Budget Summary**

FY08 Budget	\$119,160
FY09 Budget	\$112,630
FY10 Budget	\$132,830
FY11 Budget	\$100,950
FY12 CE Rec	\$95,900

The Takoma Park Library Annual Payment is required under County Code Section 2-53 (©2). The amount to be paid is (1) derived by formula based on the City's assessable base multiplied by the County's ad valorem tax rate on real and personal property attributable to the net County library appropriation **or (2) a lower amount approved in the annual operating budget or a Council resolution. Section 2-53 was amended last year to include the second provision, which allows for the lower payment as determined by the Council. This provision is scheduled to sunset by the end of FY12.** For the FY11 NDA, the Council approved a \$31,880 reduction from the previous year, which was the same percent reduction recommended by the Executive for the Montgomery County Public Libraries (MCPL).

The Executive has recommended \$95,900 for the FY12 NDA. The amount is not derived by formula but instead represents a 5% reduction to the FY11 NDA. The Executive did not propose reducing the NDA at the same percent reduction (9.7%) as the budget recommended for MCPL. A reduction to the annual payment consistent with the percentage reduction proposed by the Executive for MCPL would lower the payment by an additional \$4,740, resulting in a total payment of \$91,160.

Information on the proposed FY12 Takoma Park Library budget is attached on ©3-4. The FY12 budget proposed by the City Manager is \$952,645, an increase of \$43,525, or 4.8%, from the projected FY11 expenditure level. County's contribution through this NDA at the Executive's recommended level would be 10.1% of the Library's total budget.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>133,150</b>	<b>0.0</b>
Increase Cost: Restore Personnel Costs - Furloughs	5,240	0.0
Increase Cost: Group Insurance Adjustment	2,470	0.0
Increase Cost: Retirement Adjustment	1,410	0.0
Decrease Cost: Annualization of FY11 Personnel Costs	-65,000	0.0
<b>FY12 CE Recommended</b>	<b>77,270</b>	<b>0.0</b>

### State Property Tax Services

This NDA provides for two State reimbursement programs administered by the Department of Finance: the Homeowners Reimbursement and Homestead Property Tax Program.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>205,760</b>	<b>0.0</b>
Decrease Cost: Homeowners Property Tax Credit	-7,100	0.0
Decrease Cost: Homestead Property Tax Credit	-62,230	0.0
<b>FY12 CE Recommended</b>	<b>136,430</b>	<b>0.0</b>

### State Retirement Contribution

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the State Retirement System until 1965). The County contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.
- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>1,030,360</b>	<b>0.0</b>
Increase Cost: Amortized amount owed to the State Retirement based on actuarial cost to the plan	51,330	0.0
<b>FY12 CE Recommended</b>	<b>1,081,690</b>	<b>0.0</b>

### Takoma Park Library Annual Payment

The annual amount provided in this NDA is a function of County expenditures for the Montgomery County Public Libraries (as a share of property tax-funded spending) and the City of Takoma Park's assessable base. The payment is authorized by Section 2-53 of the Montgomery County Code. However, due to the passage of Expedited Bill 32-10, Administration - Public Libraries - Payments to Municipalities, the County Council can modify the formula amount for FY11 and FY12.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>100,950</b>	<b>0.0</b>
Decrease Cost: Reduce by 5 Percent	-5,050	0.0
<b>FY12 CE Recommended</b>	<b>95,900</b>	<b>0.0</b>

### Takoma Park Police Rebate

The County provides financial support to the City of Takoma Park for police protection services in accordance with provisions of the County Code. This provision was enacted in 1949 and provides a payment to the City for protective services for the County residents of the City of Takoma Park. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with "full value assessment" levied on real property.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>717,580</b>	<b>0.0</b>
Increase Cost: Corrected Payment Formula; Increase Also Based on the Estimated Real Property Growth	204,590	0.0
<b>FY12 CE Recommended</b>	<b>922,170</b>	<b>0.0</b>

MONTGOMERY COUNTY CODE

**Sec. 2-53. Annual payment of county library tax to certain municipalities.**

(a) If the governing body of any municipality in the County which supports or operates a free public library on December 31, 1997 does not transfer that library into the County system, the Director of Finance must pay annually to the governing body of that municipality for library purposes, as soon after the beginning of each fiscal year as possible:

(1) an amount which would be realized if that portion of the general County ad valorem tax rate on real and personal property attributable to the appropriation for the Department of Public Libraries for that fiscal year were levied against the assessed value, on the preceding County date of finality, of the real and personal property in that municipality; or

(2) a lower amount approved in the annual operating budget or a Council resolution.

For the purposes of this subsection, the amount of the appropriation for the Department of Public Libraries in any fiscal year includes the estimated amount of the payment to that municipality in that fiscal year. The amount of payment to any municipality must not exceed in any given fiscal year the amount of revenue derived from taxes levied by that municipality for library purposes for the preceding fiscal year.

(b) If the governing body of a library supported by a municipality indicates a desire to transfer all or part of the library facilities owned by it into the County public library system, the Director of Public Libraries must negotiate for that transfer as provided in this Article. (Mont. Co. Code 1965, § 2-59; 1999 L.M.C., ch. 11, § 1; 2010 L.M.C., ch. 23, § 1.)

**Editor's note**—2010 L.M.C., ch. 23, § 3, states: The amendments inserted in Section 2-53 in Section 1 expire after June 30, 2012.

# Library

## Department Summary

### Department Overview:

The Takoma Park Library's mission is to respond to the literary, educational, and informational needs of a diverse community. It does so by providing and promoting up-to-date resources, collections, and referrals that match community interests, promote literacy and learning, nurture a love of books and stories, and present a broad range of views within an inviting and safe environment. The Library also operates the City's Computer Learning Center.

These functions are accounted for in two divisions. They are Library and Computer Learning Center.

### Adopted to Estimated Actual FY11:

- Departmental expenditures are expected to be \$12,163 lower than budget.
- The variance is attributable to lower than anticipated costs for supplies.

### FY12 Budget Highlights:

- Departmental expenditures are \$33,215 higher — an increase of 3.3 percent — compared to budgeted expenditures for FY11.
- The increase is primarily attributable to increases in fringe benefit costs, including employee health insurance and the City's required pension contribution.
- Departmental FTEs remain unchanged.
- Approximately 83 percent of departmental expenditures are personnel related.

- Personnel costs are up by \$40,363 compared to budgeted expenditures for FY11.
- Approximately 12 percent of departmental expenditures are supplies. This category includes the cost of books, periodicals, reference materials, media, and computer and office supplies, including all materials needed for processing and circulation.
- Services and charges represent about five percent of departmental expenditures and include contracts and support for circulation and cataloging records and functions.



# Library

## Department Summary

Dept. Expenditures by Division	Actual FY10	Adopted FY11	Estimated FY11	Proposed FY12
Library	898,304	917,780	909,120	952,645
Computer Learning Center	87,218	74,779	71,276	73,129
<b>Department Total</b>	<b>985,522</b>	<b>992,559</b>	<b>980,396</b>	<b>1,025,774</b>

Dept. Expenditures by Type	Actual FY10	Adopted FY11	Estimated FY11	Proposed FY12
Wages	615,150	587,272	592,441	588,497
Fringe Benefits	184,917	218,460	207,264	256,798
Overtime	772	-	286	500
Employee Recognition	-	-	-	300
<b>Personnel Subtotal</b>	<b>800,839</b>	<b>805,732</b>	<b>799,991</b>	<b>846,095</b>
Supplies	139,645	131,324	119,952	120,981
Services and Charges	38,104	44,313	50,013	48,013
Miscellaneous	6,934	11,190	10,440	10,685
<b>Department Total</b>	<b>985,522</b>	<b>992,559</b>	<b>980,396</b>	<b>1,025,774</b>

Source of Funds	Actual FY10	Adopted FY11	Estimated FY11	Proposed FY12
Library Aid from County	120,155	100,950	100,950	95,900
Library Fines and Fees	29,579	22,000	30,000	49,000
<b>Subtotal</b>	<b>149,734</b>	<b>122,950</b>	<b>130,950</b>	<b>144,900</b>
General Fund	835,788	869,609	849,446	880,874
<b>Department Total</b>	<b>985,522</b>	<b>992,559</b>	<b>980,396</b>	<b>1,025,774</b>

Staffing Summary by Division (FTEs)	Actual FY10	Adopted FY11	Estimated FY11	Proposed FY12
Library	8.25	7.88	7.88	7.88
Computer Learning Center	1.25	0.90	0.90	0.90
<b>Department Total FTEs</b>	<b>9.50</b>	<b>8.78</b>	<b>8.78</b>	<b>8.78</b>