

AGENDA ITEM #17
May 11, 2010
Worksession

MEMORANDUM

May 7, 2010

TO: County Council

FROM: Essie McGuire, Legislative Analyst 

SUBJECT: **Worksession – FY11 Non-Departmental Account, Takoma Park Library Annual Payment**

HEALTH AND HUMAN SERVICES COMMITTEE RECOMMENDATION

The HHS Committee unanimously recommended a reduction of \$11,830 to the Takoma Park Library NDA. This amount represents a total reduction of 24% to the NDA, which is the same percent reduction as the County Executive has recommended for the Department of Public Libraries.

The County Executive's budget recommends a total of \$112,780, a reduction of \$20,050 from the FY10 approved level of \$132,830. The Committee's recommendation would make the total reduction \$31,880, or 24% of the FY10 amount.

A change to the funding amount would require a change in the law. The Council introduced Expedited Bill 32-10, Administration – Public Libraries – Payments to Municipalities, on May 4 (attached on circles 3-7). This bill was sponsored by the HHS Committee, and is tentatively scheduled for public hearing on May 11. The bill adds a provision to the Code allowing funding at the formula amount or an amount determined by the Council in resolution. The bill includes a sunset provision that would make the alternate funding permissible in FY11 and FY12 only.

Overview

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

Budget Summary

FY07 Budget	\$103,620
FY08 Budget	\$119,160
FY09 Budget	\$112,630
FY10 Budget	\$132,830
FY11 CE Rec	\$112,780

The Takoma Park Library Annual Payment is required under County Code Section 2-53 (circle 2). The amount to be paid is derived by the 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. Fluctuations in the amount reflect changes in the formula elements (for example, changes in the assessable base, or in the proportion of the County libraries appropriation that is funded by property tax). **The Executive's FY11 recommendation is a decrease due to the estimated decline in Takoma Park's real property growth.**

Information about the Takoma Park Library budget is attached on circles 8-9. The FY11 library budget is \$985,448, a decrease of \$27,296 or 2.7 percent from the FY10 approved level of \$1,012,744. The County's contribution through this NDA at the Executive's recommended level would be 11.4% of the library's total budget. Council staff understands that the library will reduce two part-time positions. Suzanne Ludlow, Takoma City Deputy City Manager, wrote to the HHS Committee expressing the City's concerns over the proposed reduction and legislation (letter attached at circle 10). The City raises several discussion points and requests that any change not be applied to FY11 to allow more review of the history and impact of the required payment.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	377,500	0.0
Increase Cost: Library patron and employee parking	147,430	0.0
FY11 CE Recommended	524,930	0.0

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.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	166,300	0.0
Increase Cost: Homestead Property Tax Credit	37,080	0.0
Increase Cost: Homeowners' Property Tax Credit	2,380	0.0
FY11 CE Recommended	205,760	0.0

Notes: Cost increase in the State Administrative Fee the County is mandated to pay per State Bill § 9-105 to administer the Homestead Tax Credit Program.

State Positions Supplement

This NDA provides for the County supplement to State salaries and fringe benefits for secretarial assistance for the resident judges of the Maryland Appellate Court and for certain employees in the Office of Child Care Licensing and Regulation in the Maryland State Department of Human Resources.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	100,940	0.0
Increase Cost: Supplement for New Secretary	20,940	0.0
Increase Cost: Retirement Adjustment	11,680	0.0
Increase Cost: State Position Supplement	4,070	0.0
Increase Cost: Group Insurance Adjustment	2,200	0.0
Decrease Cost: Annualization of FY10 Personnel Costs	-30	0.0
Decrease Cost: Furlough Days	-12,320	0.0
FY11 CE Recommended	127,480	0.0

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.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	981,480	0.0
Increase Cost: Amortized amount owed to the State Retirement based on actuarial cost to the plan	48,880	0.0
FY11 CE Recommended	1,030,360	0.0

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.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	132,830	0.0
Decrease Cost: Based on the estimated decline in Takoma Park's real property growth.	-20,050	0.0
FY11 CE Recommended	112,780	0.0

- (2) Provisions that any such governing body holding in trust cash, securities or any other evidences of indebtedness or unimproved real property acquired from proceeds of taxes levied for a library special taxing area may retain such cash, evidences of indebtedness and property for use in making available, at such times as there has been placed in operation a library building adequate to serve the council district in which located, such additional library facilities as such governing body in its discretion determines to be suitable and as may be approved by the director.
- (b) After the terms and conditions of transfer of any such facilities and property have been agreed upon, the county executive is hereby authorized to accept, on behalf of the county, the transfer of such facilities and property to the county effective on the first day of July next following. The conveyance of title to the county of any property pursuant to the provisions of this article shall be evidenced by a written contract or agreement approved by the county attorney. (Mont. Co. Code 1965, § 2-58; 1969 L.M.C., ch. 34, § 14.)

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, 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. 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.)

Sec. 2-54. Adoption of administrative rules.

The director, with the approval of the library board, shall have authority to adopt such administrative rules, including provision for library fines, as may be necessary for the conduct of the central book depository and the several branches, stations and bookmobiles. (Mont. Co. Code 1965, § 2-60.)

Introduction

MEMORANDUM

April 30, 2010

TO: County Council

FROM: Amanda Mihill, Legislative Analyst *A. Mihill*

SUBJECT: **Introduction:** Expedited Bill 32-10, Administration – Public Libraries – Payments to Municipalities

Expedited Bill 32-10, Administration – Public Libraries – Payments to Municipalities, sponsored by the Health and Human Services Committee, is scheduled to be introduced on May 4, 2010. A public hearing is tentatively scheduled for May 11 at 1:30 p.m.

Bill 32-10 would authorize the County to pay to certain municipalities that support or operate a free public library an amount determined in the operating budget or Council resolution for FY11 and FY12. Current law requires the Department of Finance to pay the Takoma Park Library a specific amount determined by a formula. At its April 26 worksession on the Non-Departmental Account for the Takoma Park Library Annual Payment, the HHS Committee recommended that the law be changed to allow the Council flexibility in funding this NDA.

<u>This packet contains:</u>	<u>Circle</u>
Expedited Bill 32-10	1
Legislative Request Report	4

Expedited Bill No. 32-10
 Concerning: Administration - Public
Libraries - Payments to
Municipalities
 Revised: 4/27/2010 Draft No. 2
 Introduced: _____
 Expires: _____
 Enacted: _____
 Executive: _____
 Effective: July 1, 2010
 Sunset Date: June 30, 2012
 Ch. _____, Laws of Mont. Co. _____

**COUNTY COUNCIL
 FOR MONTGOMERY COUNTY, MARYLAND**

By: Health and Human Services Committee

AN EXPEDITED ACT to:

- (1) authorize the County to pay to certain municipalities that support or operate a free public library an amount determined in the operating budget or Council resolution; and
- (2) generally amend the county law related to the payment of the County library tax to certain municipalities.

By amending

Montgomery County Code
 Chapter 2, Administration
 Section 2-53

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 2-53 is amended as follows:**

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

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

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

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

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

22 (b) If the governing body of a library supported by a municipality indicates
23 a desire to transfer all or part of the library facilities owned by it into the
24 County public library system, the Director of Public Libraries must
25 negotiate for that transfer as provided in this Article.

26 **Sec. 2. Expedited Effective Date.**

27 The Council declares that this legislation is necessary for the immediate

28 protection of the public interest. Section 2-53, as amended by Section 1 of this Act,
29 takes effect on July 1, 2010.

30 **Sec. 3. Sunset.**

31 The amendments inserted in Section 2-53 in Section 1 expire after June 30,
32 2012.

Approved:

Nancy Floreen, President, County Council

Date

Approved:

Isiah Leggett, County Executive

Date

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

Date





LEGISLATIVE REQUEST REPORT

Bill 32-10, *Administration – Public Libraries – Payments to Municipalities*

DESCRIPTION: Bill 32-10 would authorize the County to pay to certain municipalities that support or operate a free public library an amount determined in the operating budget or Council resolution.

PROBLEM: County Code §2-53 requires the County must pay to municipalities that support or operate a free public library a specific amount as determined by a formula.

GOALS AND OBJECTIVES: To provide the County flexibility in payments to certain municipalities that support or operate a free public library.

COORDINATION: Departments of Finance and Public Libraries and City of Takoma Park.

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Amanda Mihill, Legislative Analyst, 240-777-7815
Essie McGuire, Legislative Analyst, 240-777-7813

APPLICATION WITHIN MUNICIPALITIES: Will affect the City of Takoma Park.

PENALTIES: N/A

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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 FY10:

- Departmental expenditures are expected to be \$4,475 lower than budget.

FY11 Budget Highlights:

- Departmental expenditures are \$27,296 lower -- a decrease of 2.7 percent -- compared to budgeted expenditures for FY10. The decrease is primarily attributable to supply costs and contracts.
- Departmental FTEs decreased by 0.72.
- Approximately 81 percent of departmental expenditures are personnel related.
- Personnel costs are up by \$6,175 compared to budgeted expenditures for FY10.
- Approximately 13 percent of departmental expenditures are supplies. This category includes the cost of books, periodicals, reference materials, and computer supplies.

- Services and charges are down by \$18,863. This account includes contracts and support for circulation and cataloging records and functions.



Library

Department Summary

Dept. Expenditures by Division	Actual FY09	Adopted FY10	Estimated FY10	Proposed FY11
Library	840,772	916,625	912,927	911,104
Computer Learning Center	77,170	96,119	95,342	74,344
Department Total	917,942	1,012,744	1,008,269	985,448

Dept. Expenditures by Type	Actual FY09	Adopted FY10	Estimated FY10	Proposed FY11
Wages	569,350	603,370	607,578	587,272
Fringe Benefits	173,653	189,076	184,126	211,349
Overtime	25	-	600	-
Personnel Subtotal	743,028	792,446	792,304	798,621
Supplies	125,843	146,472	146,212	131,324
Services and Charges	42,928	63,176	59,603	44,313
Miscellaneous	6,143	10,650	10,150	11,190
Department Total	917,942	1,012,744	1,008,269	985,448

Source of Funds	Actual FY09	Adopted FY10	Estimated FY10	Proposed FY11
Library Aid from County	112,352	132,830	120,155	107,780
Library Fines and Fees	25,551	22,000	22,000	22,000
Subtotal	137,903	154,830	142,155	129,780
General Fund	780,039	857,914	866,114	855,668
Department Total	917,942	1,012,744	1,008,269	985,448

Staffing Summary by Division (FTEs)	Actual FY09	Adopted FY10	Estimated FY10	Proposed FY11
Library	8.25	8.25	8.25	7.88
Computer Learning Center	1.25	1.25	1.25	0.90
Department Total	9.50	9.50	9.50	8.78

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Dear Chairman Leventhal and Members of the Committee,

The City of Takoma Park recognizes the very difficult responsibility of the Health and Human Services Committee in recommending a budget during this financial downturn. As you know, the City of Takoma Park is also facing significant cuts in intergovernmental funding and shortfalls in income tax revenue.

City Manager Barbara Matthews's proposed FY 2011 budget assumed revenue from the Library Payment, based on the legislatively-prescribed formula. Due to declining assessments, that number is \$20,050 less than the FY 2010 amount of \$132,830.

We understand that the Committee may discuss making a legislative change to allow exceptions to the Takoma Park Library Payment formula. While we understand the interest in adopting a change, we have three concerns:

1. A legislative change such as this should be preceded by a discussion with the City of Takoma Park. What language is proposed? What criteria would trigger an exception? What is the history of the Library Payment and does that history offer some direction about the approaches that might be considered for any amendment?
2. A City Manager needs to have some reasonable expectations about revenues and expenditures with which to prepare a budget. There are always unknowns--expected income tax revenue is particularly difficult to project--but to have multiple lines of uncertainty makes the process of preparing a budget almost impossible.
3. A cut in the Takoma Park Library Payment due to declines in expected income tax revenue by the County, will be compounded in Takoma Park by the decline in expected income tax revenue that we are also facing. This makes the reduction in income tax revenue hit the City of Takoma Park twice.

We ask that no change be recommended to the Takoma Park Library Payment formula. If the Committee wishes to pursue such a change, we ask that the discussion of any change not happen this year, due to the lateness of the budget process.

Thank you for your consideration.

Suzanne Ludlow
Deputy City Manager
City of Takoma Park