

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: March 16, 2010

Action Agenda

Item No. 8-e

SUBJECT: Library Services Proposal – County Funding Allocations to the Town of Chapel Hill for Library Services

DEPARTMENT: County Manager

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

2/18/10 Letter from County Manager to
BOCC

INFORMATION CONTACT:

Frank Clifton, 245-2300

PURPOSE: To provide the Board with the opportunity to discuss the County Manager's library services proposal regarding County funding allocations to the Town of Chapel Hill for library services.

BACKGROUND: Library services and funding for those services for all of Orange County, and specifically as provided by the Town of Chapel Hill through its library system, were a topic of discussion at the fall 2009 Assembly of Governments (AOG) meeting.

As follow-up to the AOG meeting, the County Manager was asked to provide a recommendation for consideration by the Board of Commissioners on possible next steps to address library services and funding concerns from the Town of Chapel Hill. The ratio of the original allocation was approximately 48% of what the County was budgeting for the 'then' main branch of the County library.

Any allocation agreement could fix on a specific percentage of what the County spends on its main branch with the percentage determination being established by County Commissioners.

A formalized agreement should be developed between the town and County for future allocations.

FINANCIAL IMPACT: There is no financial impact associated with the Board discussing the County's funding allocations to the Town of Chapel Hill for library services and the Manager's recommendation to address the issue. Should the Board choose to move forward with additional funding as outlined by the Manager or otherwise, the County general fund budget would be affected accordingly.

RECOMMENDATION(S): The Manager recommends the Board discuss the County's funding allocations to the Town of Chapel Hill for library services and the Manager's recommendation to address the issue, provide any feedback to staff (especially as it relates to FY 2010-11 budget planning), and consider asking the Chair to send a letter to the town outlining any County plans regarding the issue.

February 18, 2010

Ms. Valerie P. Foushee, Chair
 Ms. Bernadette Pelissier, Vice-Chair
 Ms. Alice M. Gordon, Commissioner
 Ms. Pam Hemminger, Commissioner
 Mr. Barry Jacobs, Commissioner
 Mr. Mike Nelson, Commissioner
 Mr. Steve Yuhasz, Commissioner

Re: County Funding Allocations to the Town of Chapel Hill for Library Services

Dear Commissioners:

First, I must apologize for failing to respond prior to this submittal with regards to the request of the Town of Chapel Hill for increased County financial support for its library. After the Assembly of Governments (AOG) meeting on this topic I was to report back to you within sixty (60) days with a recommendation. My notes failed to catch the timing of the response, my error.

My response related to the issue during the AOG did define thoughts I had on how to address the request. I now elaborate and offer additional input. In the summation a formal recommended approach is offered with variances in application.

Factors impacting upon any final decision:

1. The Town of Chapel Hill has a great library. Libraries are an optional municipal service. Taxpayers of Chapel Hill view library services as a core function and support it accordingly.
2. Economic conditions and budget priorities the County faces do not make this the best time to consider an on-going commitment of the scope and magnitude proposed by the Town of Chapel Hill.
3. Decisions made regarding the Chapel Hill library as to size of expansion and other details were made outside of discussions between the Town and County.
4. The County had no official input into whether expansion at the current location or development of a branch library at elsewhere within town limits offered efficient and economical public service opportunities that facilitate a County capital funding commitment.
5. What impacts does the Chapel Hill library expansion project have on the concept of expanding library services and access to residents of Orange County going forward?
6. Does a County commitment to assist in funding capital costs of the Town's project and to provide an expanded commitment for operational costs of impact County library services elsewhere?

7. Is there a future opportunity to unite library services in Orange County via either a full fledged merger or operational functionality so users of library services will benefit from the attributes of all facilities and services county-wide?
8. Does charging non-town residents for library services offer a feasible alternative to a County subsidy as a financial model for the project?

It is not my intent to offer arguments on either side of factors listed. On either side of the discussion reasonable stances are possible. Getting to the point of the request formulated by the Town with regards to the project specific issues do follow.

The County (to my knowledge) has not been involved in the decision process related to the current Chapel Hill project.

The two library systems (for the most part) operate independently of each other and do not facilitate easy access between the systems for library patrons. This issue has been explored and both librarians are working to break down some existing barriers.

The Chapel Hill library as a single facility operating at a level both in service and financial support far higher than that currently provided by the County. Efforts by the County to expand and improve library services have received recent commitments to both facilities and operations, but lag significantly.

Non-residents of Chapel Hill do use the Town's library. The Town does have options it can pursue to address that factor. Those options will impact the level of non-resident use and depending upon approach could be counter productive to the intended purpose. No one can determine for sure at what level library service charges to non-residents will deter participation. Chapel Hill indicates 40% of total library use is by non-residents. If so, a decline in non-resident usage responding to some type of fee system would impact service demand by non-residents and not produce anticipated revenues.

If the Town chose to impose a discretionary fee on non-residents, does the County have any obligation to financially support the Town's library services at any level?

Each of these considerations and factors outlined earlier are the basis of recommendations offered. Experience elsewhere, (both as a county and city manager) provide a basic understanding that these issues are not simplistic. Pride in past accomplishments and historic relationships often pose a barrier to reaching consensus among vested interests. Consensus positions that focus on improved library access; enhanced library services; and, effective allocation of limited local resources are achievable objectives if everyone remains focused on those being served.

Summary of Recommendations:

A. When the County began providing financial assistance to the Chapel Hill library several years ago, the amount of that contribution equated to roughly 48% of the level the County funded its main branch located at that time in the Whitted Building in

Hillsborough. The County now funds three (3) limited branch libraries elsewhere and its main branch has moved to a new facility located on Margaret Lane in Hillsborough.

There is little information related to how the 48% (\$125,000) methodology was set.

It is reasonable that a formula be established going forward based upon a percentage of County expenditures at the main branch. It is recommended that a formal inter-local agreement be developed between the Town and County. The County would agree to provide an annual appropriation to the Town of Chapel Hill equating to a % of the annually operational expenses for its main County branch. This allocation would exclude any expenditure associated with capital costs, any appropriation provided by library donors and any grant funding. The exact % is a decision for County Commissioners.

Based upon operational projections for the current fiscal year the same 48% would provide roughly \$500,000 (rounded). If this approach is used, due to current economic conditions, it is recommended that the increase in financial allocation be phased-in over two to three budget cycles and the annual contribution paid in quarterly installments.

The inter-local agreement should detail the financial aspects of this partnership and contain specific information regarding commitments the Town and County bind them to going forward. The agreement should be time limited to ensure periodical review of the relationship and make appropriate changes. This agreement should address only operational funding. No fees or charges to non-town residents shall be imposed at a level greater than that to Chapel Hill residents. Other specific commitments between the Town and County should be addressed accordingly.

B. Issues related to the County's participation in the expansion project of the current Chapel Hill library are less clear. As addressed earlier, the County had no formal involvement in the Town's decisions related to the project. The project as now envisioned is a splendid project. However, it does not coincide with County's efforts to expand access to library services county-wide via multiple locations. Therefore, it is suggested that the County not participate in the capital costs of the project. Should the Town now or at some point in the future decide it beneficial to pursue separate branch locations for its library system deemed suitable to offset or meet anticipated County needs, then the County should participate in projects of that nature.

Conclusion:

Library services are an important element in providing a comprehensive learning environment. Orange County commits roughly 50% of its general fund budget to two school systems, a community college and an improving library system. Limited financial resources dictate difficult choices and limitation of priorities.

It is understandable the Town of Chapel Hill is motivated to proceed with its library expansion project. It has already allocated considerable time, staff effort and financial resources to the project. The Town has a very good library and wants it to be better.

Unfortunately, the County must address priorities which may or may not align with those of the Town at this time.

Beyond this issue, there remain important opportunities for Orange County and each of its Towns to work more closely together to the best interest of residents and taxpayers in collectively addressing the challenges ahead.

Respectfully,

Frank W. Clifton, Jr.
County Manager

FWC
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