

TO: David Whitaker, Director
Legislative Policy Division
Detroit City Council

FROM: Jo Anne G. Mondowney, Executive Director
Detroit Public Library



DATE: April 18, 2023

RE: FY 2023 – 2024 Budget Analysis

As requested, listed below are the responses to your issues and questions regarding the Library's FY2023-2024 Budget.

1. On B72-4, for FY 2022, Library's actual total revenues of \$34.1 million exceeded actual total expenditures of \$27.5 million by \$6.6 million. Please explain what makes up the surplus for FY 2022. Besides operating the Main Library and Mobile Library, how many branches were in operation in FY 2022 and how many vacancies were incurred at the end of FY 2022 that helped in generating the surplus for FY 2022?

Main Library, 6 branches (Campbell, Edison, Jefferson, Parkman, Redford & Wilder), and the Mobile Library. (Main Library was closed from June 26, 2021 to September 7, 2021 for clean-up following summer floods.)

2. Please briefly explain the Library's new expense initiatives, new capital funding requests, operational reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2024. Please provide which appropriation/cost center the new initiative/request/proposal is impacting in FY 2024.

There is currently no new expense, or new revenue proposals within this budget.

3. What are your projected performance metrics for the current fiscal year? What are your target metrics for FY 2024?

The projected performance metrics include a 25% increase in the number of library card registrations; a 10% increase in number of in-person attendance; and a 10% increase in the communities' use of meeting rooms.

4. As of February 10, 2023, the Library had 98 vacancies.

- a. Please indicate your number of vacancies as of February 28, 2023.

98 vacancies – 43 of the vacant positions are Part-time Customer Service Representative.

- b. What is the difficulty of filling the vacancies?

The great resignation, a trend that took off 2021 is still in full swing. The library is impacted by this trend. Also, lower wages, particularly for entry level positions, are hardest to fill because of the private sector wages; and retails \$15.00 an hour starting salary for entry level positions.

- c. Please briefly explain the library's strategy to fill the vacant positions or why they will remain vacant.

To help to identify, attract and hire suitable candidates HR posts on job boards and platforms including Indeed, LinkedIn, Neo.Gov; DPL and City of Detroit Websites, MichLiv.org, the College Central Network (Community Colleges in Michigan), Handshake (4-year Institutions in Michigan). Also, staff attend job and career fairs, conduct direct outreach for Librarian positions with University Career Centers and program staff. Some positions will remain vacant until the remaining branches and departments at Main are re-opened.

- d. If the vacancies are not filled by the end of the fiscal year, how much money will be available for use?

It is anticipated that the closed branches and departments will reopen by September 2023. Therefore, recruitment for open positions is on-going; 8-10 positions are filled per month. All vacancies are scheduled to be filled by the end of the year.

5. On B72-5, for FY 2024, Salaries and Wages will increase by \$2,006,285 from \$13,763,291 in FY 2023 to \$15,769,576. Please explain the cause for the increase.

The primary reason for the increase is funding the additional positions necessary to fully operate all locations. In addition, the Library successfully negotiated salaries with all of its collective bargaining units. The increases in salaries are also reflective in the increase.

6. On B72-5, for FY 2024, while Salaries and Wages are increasing, Employee Benefits will decrease by \$2.4 million. Please explain the cause for the decrease.

The Library administration was informed by City of Detroit administration, that the Library's annual required contributions to the General Retirement System would be significantly reduced. According to the actuarial report, the Library's portion of the pension plan will be fully funded by June 30, 2023, moving forward, the Library would be required to pay approximately \$100,000 in administration fees for the pension program. The Library's annual contribution in the last 10 years was \$2.5 million. According to City of Detroit administration, the Library's pension contributions will be reduced by \$2.4 million.

7. On B72-5, for FY 2024, Professional & Contractual Services will increase by \$35,523 from \$1,254,677 in FY 2023 to \$1,290,200. Please explain the cause for the increase. Please explain what type of contractual services will be purchased using these dollars.

The increase is reflective of inflationary increases within our existing contracts. Professional and contractual services within this line item includes auditing, legal fees, janitorial, elevator maintenance, and other smaller maintenance contracts like pest control, security cameras, etc.

8. On B72-5, for FY 2024, Operating Services will increase by \$539,255 from \$6,566,788 in FY 2023 to \$7,106,043. Please explain the cause for the increase. Please explain what type of operating services will be purchased using these dollars.

The largest increase was due to the increase in cost in the security contract for Library branches. The budget covers security for all library branches. The other increases are mainly inflationary increases. The type of services within this line items are HVAC maintenance agreements, insurance premiums, Central service charges by the City of Detroit, utilities, and other operating lease agreements for equipment and buildings.

9. On B72-5 for FY 2024, Equipment Acquisition is increasing by \$1,580,000 from \$2,089,70 FY 2023 to \$3,669,705. Please explain the cause for the increase. Please provide an update on the technology infrastructure replacement. Please explain why there is not a budget for equipment acquisition in the forecast years.

Library administration submitted a 6-year capital improvement plan to the City of Detroit. The bulk of the increase reflects the anticipated capital projects that will need to be completed in the fiscal year. In addition, there are costs for computer and technology refresh. We are unsure as to why there is no budget for equipment acquisition in the forecast. We have built into our projections, annual investment into technology and infrastructure throughout the Library system.

10. On B72-8, for FY 2024, Revenues from Use of Assets decrease by \$174,654 from \$198,900 FY 2023 to \$24,246. Please explain the cause of the decrease.

The revenue from use of assets were budgeted based on FY2022 actual numbers from interest and gains of investments. That actuals for FY2022 were significantly less than in 2020 and 2021. We thought we'd be conservative in the next budget year due to the state of the economy.

11. On B72-8, for FY 2024, Contributions & Transfers decrease by \$977,280 from \$4,161,675 FY 2023 to \$3,184,395. Please explain the cause of the decrease. Please explain how much of the contributions & transfers represent a reduction from the Library's general unassigned fund balance ("rainy day fund") for FY 2023 and FY 2024. Please explain why there is no budget for contributions & transfers in the forecast years.

The reduction in use of fund balance in 2024 is primarily due to the anticipated reduction in the annual retirement contribution. Given the anticipated capital needs and this reduction in cost, the net was an overall decrease in the use of fund balance.

12. On B72-8, for FY 2024, \$341,573 in Miscellaneous revenue is budgeted, but there is not a budget for FY 2023 or in the forecast years beyond FY 2024. Please describe what Miscellaneous revenue represents and why it's considered a one-time revenue source.

The \$341,573 was revenue related to the expanded DPL Lending Program that was slated to be a partnership with the City of Detroit. The DPL wrote a grant to use ARPA money to fund this program for three years. The grant was agreed upon for a total amount of \$1.6 million to support the purchase of 300 laptops, 500 WiFi hotspots, and a customer service support for the technology. Unfortunately, the Library was informed that the City of Detroit would not be allocating ARPA funds towards this program. As of today, the program is unfunded and could be in jeopardy of cancellation. Unless an alternative funding source is identified, this revenue item will be adjusted.

13. Please provide what is the total budget for the Main Library in FY 2023 and FY 2024, what appropriations and cost centers make up the total budget for the Main Library?

The estimated cost for operating Main Library for FY2023 is \$11,112,673, for FY2024 is \$12,012,598. The appropriations are 26720, 27720, 29720.

14. Provide what is the total budget for the Mobile Library in FY 2023 and FY 2024, and where is this budget housed?

The Mobile Library total budget for FY2023 and FY 2024 is \$220,357 each year. The budget is housed in the SIR/Douglass Appropriation 27721 – Cost Center 720300.

15. B72-9: Please explain why there is no FY 2023 budget for the TIP & TRC (Technology, Literacy & Career Center/The Community Information & Referral Service) (cost center 720044) but a budget for this program in FY 2024 and the forecast years. If these programs were provided in FY 2023 and before, where were they housed?

As a telephone and email reference service, TIP continued to serve the public throughout the pandemic. People can contact TIP from 10am-6pm, M-F at 313-481-1400 or by emailing ask-a-librarian@detroitpubliclibrary.org. Services in the TLC Center are in-person and one-on-one. Staff often sit with customers for extended periods of time as they work through a task on the computer.

The TLC will reopen when all social distancing restrictions are lifted and vacant staff positions are filled.

- 16.B72-9: Please explain why there is no longer a budget for the Popular Library (cost center 720042) for FY 2024 and the forecast years. Please explain what the Popular Library was formerly used for, and will this service be discontinued or replaced by another division of the Library.

The cost centers for Popular Library (PL) and Music, Arts & Literature (MAL) have been combined under 720154. The Popular Library, located on the first floor of the Main Library, and MAL, located on the third floor of the Main Library, continue to provide a wide range of materials, reference service, and special programs to the public.

- 17.B72-9: Please explain where the employees the budget for Clerical Assistance Branches (cost center 720275) are housed. Please explain why this budget increases over a \$1 million in FY 2024 and throughout the forecast years.

The Clerical Assistance Branches are our Library pages and customer service representatives. The Cost Center 720275 is used to budget all of those positions in one place. In the prior years, we didn't budget for all of the positions due to branch closures. In 2024 we funded all vacant part-time CSR positions.

- 18.B72-10: Please explain what type of repairs were provided for the Conely branch (cost center 720340) and how much did the repairs cost. When will the Conely branch reopen in FY 2024?

The repairs at the Conely Branch consists of full replacement of the concrete floor in the basement as well as repairs to the interior wall. We estimate that the repairs will cost about \$150,000. The cost of the basement floor is covered by insurance. We anticipate Conely to be open before the end of 2023 calendar year.

- 19.B72-10: Please explain what type of repairs were provided for the Downtown Skillman branch (cost center 720410) and how much did the repairs cost. When will the Downtown Skillman branch reopen in FY 2024? Why does the Library feel it's safe to reopen the Downtown Skillman branch in FY 2024 while the construction of the Hudson's site continues?

The repairs done to the Skillman branch library that was claimed under insurance was water remediation, replacement of the ceiling and lighting damaged, replacement of the servers and cabling in the computer room in the basement, and plaster repairs. The total cost of the repairs was \$603,137, of which DPL was responsible for the \$100,000 deductible. The close proximity of the Hudson site to the Skillman branch with major construction on-going still, in our opinion causes concerns. We anticipate the reopening of the Skillman branch when the major construction has ended and more of the work to be completed is interior.

20. B72-10: Please explain why the budgets for Clerical Assistance Administrative Services (cost center 720475) go away in FY 2024 and the forecast years, or where is this program housed after FY 2023.

We moved all clerical assistance Administrative Service staff cost to cost center 720275 so that all of the positions would be housed in one cost center. This is a high turnover position and causes administrative issues moving positions between two different cost centers. In the past we used cost center 720475 for the positions housed at Main Library and 720275 for the positions in the branches. We are now only using cost center 720275.

21. B72-10: Please explain why the budgets for Digital Lab (cost center 720535) go away in FY 2024 and the forecast years, or where is this program housed after FY 2023?

The Digi Lab is a unit of DPL's Special Collections Department and is located at the Main Library. The Lab digitizes photos and documents from the Library's collections and makes the images available to the public via a searchable database. To view the digital library, go to:
<https://digitalcollections.detroitpubliclibrary.org/>

22. One of your strategic goals is to become a destination for literary events and civic engagement. Please briefly explain the marketing strategy to ensure this happens.

The Detroit Public Library (DPL) enlightens and empowers people by providing diverse and dynamic pathways to literacy and learning. As a destination for literary events and civic engagement, a sampling of DPL's concentrated marketing plan showcases resources and services to make the world work better for customers no matter where they are in life. Whether in one of the full-service branches, or using the virtual branch website, DPL has what you are looking for. To accomplish the above, the marketing strategy includes the following:

- Re-establishing the image of DPL in the community following the primary COVID years.
- Meeting the ever-changing information needs of customers through traditional programming, as well as 21st century technology.
- Enhancing DPL's strong reach into its communities.
- Strengthening the institutional narrative around strong community outreach.
- Designing access issues around customer needs.
- Revising policies and procedures that will minimize barriers to access and use in 2023.

cc: Council Members
Auditor General's Office
Jay Rising, Chief Financial Officer
Tanya Stoudemire, Chief Deputy Chief Financial Officer
Steve Watson, Budget Director
Conrad Mallett, Deputy Mayor-Group Executive
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