

## Staff Report

**PROPOSED LIBRARY EXPANSION**

August 23, 2011

**BACKGROUND:**

The expansion and renovation of the Ames Public Library (APL) has been a matter given top priority by the Board of Trustees over the past five years. During this time, APL has hired library space planning experts, an architect with nationally-recognized credentials in library design and development, and a consultant in fund-raising for capital projects. Following the recommendations of the consultants, a series of public forums began in February 2009. From these forums, input was received on preference for site location, preservation of previous edifices, and the scale of the project. The development consultant advised that a project of no more than \$20 million was feasible if the City expects to gain the support of the citizens of Ames. The consultant further recommended that a philanthropic effort would be necessary to encourage a positive outcome to a bond referendum in a City-wide election.

All objectives for review of the Library expansion project have now been met. The proposed plan includes expanding the existing 48,000 square foot building to 77,000 sq. ft. All previous additions and the 1904 core building will remain essentially intact.

Under the proposed plan, the Library Board has committed to hold staffing and operating costs at the current level with efficiency improvements in energy use, materials processing, and facility layout. Open floor plans will reduce the need for staff stations for supervision, and automated book-sorting systems for returns will allow staff to be redeployed to functions necessary to manage the increased square footage. The Board also expects to continue the current level of the materials budget. New space would be filled by less culling of the collection as new materials are added.

The expansion of the Ames Public Library will better serve the public today and in the years to come. It has been 26 years since construction of the last addition, which was planned to serve a 15-20 year period of growth.

Recent dynamics have caused the development consultant to reassess the philanthropic capacity for this project. Because of competing capital drives and an uncertain economic future, potential philanthropists have become more cautious before pledging their resources for lead gifts. The development consultant now recommends that in order to ensure a successful project, a referendum for a bond in an amount not to exceed \$18 million is prudent.

Anticipated impact on property taxes, based on the current budget, and a 20-year bond maturity is as follows:

Increase in Tax Rate	% Increase in Taxes	\$ Per \$100,000 Residential	\$ Per \$100,000 Commercial
\$0.61/\$1,000	5.65%	\$29.70	\$61.20

Please note that the above tax impact calculations are related only to the proposed bond referendum. The impact of changes to the rollback rate, other revenue, and other City service expenditures is not included in the above estimate tax impact.

**The Council might want to know how this proposed bond issue will impact our existing Aaa credit rating. Given current credit conditions, it is impossible to predict. However, the proposed new debt will increase the total amount of outstanding General Obligation debt from approximately \$44 million to \$62 million and will lengthen the average life of our outstanding debt. This action will still leave the City with approximately \$65 million of unreserved debt capacity.**

**OPTIONS:**

1. Direct staff to prepare a bond referendum ballot question for Library expansion in an amount not to exceed \$18,000,000 for the city-wide election to be held on November 8, 2011.
2. Direct staff to prepare a bond referendum ballot question for Library expansion in a different amount for the city-wide election to be held on November 8, 2011.

For example, the Library Board had previously suggested a \$20,000,000 expansion project supported by \$5,000,000 in non-City funds and a \$15,000,000 bond issue. The City Council could ask that the expansion project be reduced to allow for this original level of suggested bond revenue.

3. Reject the request by the Library Board of Trustees.

**STAFF COMMENTS:**

The Library expansion project was presented to the City Council at a work session on May 17, 2011. The concerns previously expressed by citizens of Ames were addressed and the Library Board has received comments favorable to the current plan. To ensure that the project can be completed, a bond referendum in an amount not to exceed \$18,000,000 is being recommended by the Library Board. The deadline for placing this question on the ballot for the upcoming election is September 23, 2011.

It is the intent of the Library Board to complete a \$20,000,000 expansion/renovation of the existing facility. They have indicated it is not feasible to reduce the scope of the

project below this estimated total cost. Therefore, the Library Board has committed to a fund raising effort to provide the additional \$2,000,000 of non-City funds to complete the proposed project.

The City Council will have to decide 1) if it wants to place this matter before the voters for their consideration and 2) what level of tax support through bond indebtedness should be considered.