

## COUNCIL ACTION FORM

**SUBJECT: REQUEST FROM LIBRARY BOARD TO USE UNSPENT CIP FUNDS FOR THE LIBRARY EXPANSION FEASIBILITY STUDY**

### **BACKGROUND:**

The City Council referred to the City Staff a letter from Dale Ross, President of the Library Board of Directors, requesting that unspent Local Option Sales Tax funds earmarked for specific improvements be redirected to pay for a portion of the Library Expansion Feasibility Study.

The Library Board has originally committed \$255,000 from their donations account to cover the cost of this consultant study. However, after completing negotiations with the preferred company it appears the cost for this effort will be \$306,000. Given this apparent shortfall for funding this study, the Board could 1) take an additional \$51,000 from their donations account, 2) request the City Council provide the additional \$51,000 from the available balance in the General Fund, or 3) request the City Council authorize a portion, (\$51,000) of the unspent CIP funding for 2008-09 be reallocated to fund the study.

The City Council approved \$180,800 to replace the Library air-conditioning system that was installed in 1985 when the building was last expanded. However, when the system failed last summer it was decided to repair rather than replace the system. Due to the possibility of significantly renovating the building in the future, it appeared more advisable to repair the equipment to prolong its life until a final decision is made regarding the future of the Library. Funds from this project were also diverted to repair the elevator in the Library that required immediate attention. Therefore, of the originally amount budgeted for the system replacement, approximately \$98,000 remains unspent.

### **ALTERNATIVES:**

1. The City Council can **approve** the request to reallocate \$51,000 from Local Option Sales Tax Fund originally approved in the CIP to replace the air-conditioning system at the Library to partially fund the Library Expansion Feasibility Study.
2. The City Council can **deny** the request to reallocate \$51,000 from Local Option Sales Tax Fund originally approved in the CIP to replace the air-conditioning system at the Library to partially fund the Library Expansion Feasibility Study and direct the Library Board to utilize funding available in the Library Donations Fund for the study.

It is projected that this fund will have an available balance of \$1,216,789 by the end of 2009-10.

3. The City Council can **approve** the request to help partially fund the Library Expansion Feasibility Study by allocating \$51,000 from the General Fund balance for this purpose.

**MANAGER'S RECOMMENDED ACTION:**

The policy question before the City Council is whether or not to require the Library Board to totally finance the Library Expansion Feasibility Study from donations as originally planned, or to allow them to utilize unspent Local Option Sales funds previously budgeted for air-conditioning replacement to partially fund the study.

Because of the uncertainty for the future of the Library building, a decision was made to repair, not replace the cooling system. This strategy will delay any permanent solutions until it is determined whether or not the building will be preserved. Consequently, enough savings currently exist in the CIP account to take care of the \$51,000 that is needed to cover the cost of the consulting contract.

**Allowing the Library Board to utilize a portion of the unspent monies will result in more donation funds being available in the future to help reduce the amount of property tax support needed to finance future Library projects. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the reallocation of \$51,000 from Local Option Sales Tax Fund originally approved in the CIP to replace the air-conditioning system at the Library to partially fund the Library Expansion Feasibility Study.**