



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

M E M O R A N D U M

April 25, 2018

TO: Mary A. Lehman, Chair
Health, Education and Human Services (HEHS)

THRU: David H. Van Dyke, County Auditor *DAV*

FROM: Inez N. Claggett, Senior Legislative Auditor (Operating Budget) *INC*
Canjor D. Reed, Staff Auditor (Capital Improvement Plan Budget) *CDR*

RE: Prince George's County Memorial Library System
Fiscal Year 2019 Budget Review

Budget Overview

The FY 2019 Proposed Budget for the Prince George's County Memorial Library System (the "Memorial Library") is \$30,924,600. This is an increase of \$866,800, or 2.9%, over the FY 2018 Approved Budget. The increase is primarily driven by an increase in the County's General Fund contribution and the Memorial Library's use of Fund Balance.

Budget Comparison

Approved Fiscal Year 2018 to Proposed Fiscal Year 2019

Funding Source	FY 2017 Actual	FY 2018 Approved	FY 2018 Estimated	% Change - Est vs App	FY 2019 Proposed	\$ Change	% Change
County Contribution	\$ 19,615,000	\$ 21,524,900	\$ 21,524,900	0.0%	\$ 22,200,000	\$ 675,100	3.1%
State Aid	7,238,702	7,402,000	7,402,000	0.0%	7,477,000	75,000	1.0%
Interest	436	3,500	1,000	-71.4%	1,000	(2,500)	-71.4%
Fines/Fees	269,314	340,000	270,000	-20.6%	270,000	(70,000)	-20.6%
Miscellaneous	771,911	787,400	779,200	-1.0%	776,600	(10,800)	-1.4%
Fund Balance	-	-	-	0.0%	200,000	200,000	100.0%
Total	\$ 27,895,363	\$ 30,057,800	\$ 29,977,100	-0.3%	\$ 30,924,600	\$ 866,800	2.9%

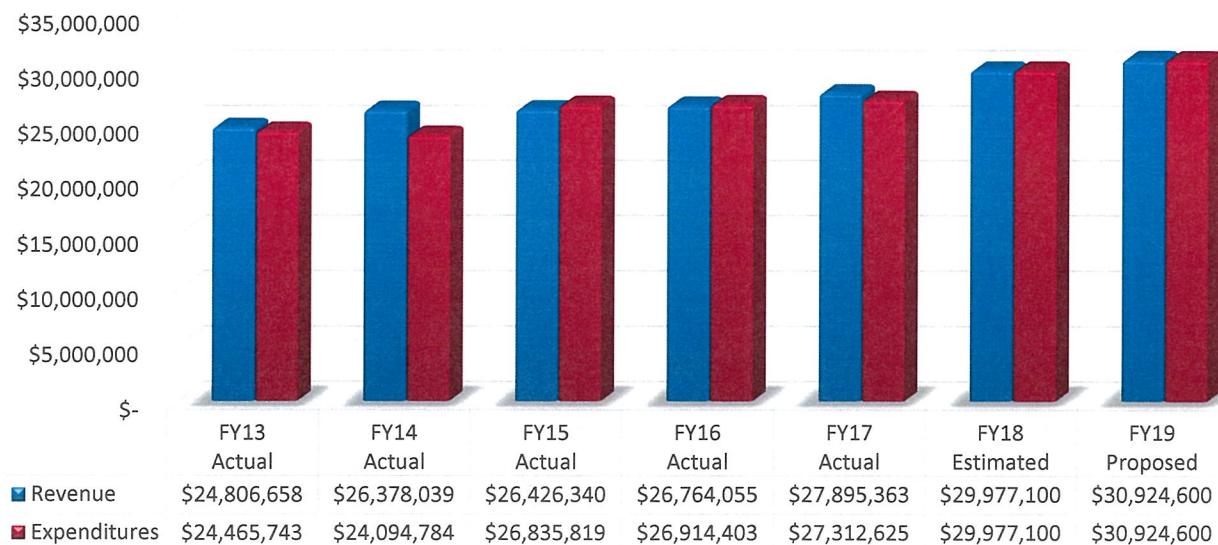
Authorized Staffing

	FY 2018 Approved	FY 2019 Proposed	Change Amount	Percentage Change
Full-Time	284	284	0	0.0%
Part-Time	54	54	0	0.0%
Total	338	338	0	0.0%

Budget Comparison – Total Revenue and Expenditures

- For FY 2019 the Memorial Library anticipates modest revenue growth of 3.2%, and forecasts maintaining expenditures within appropriated revenue levels. During FY 2015 and FY 2016, aging facilities requiring unanticipated maintenance and repair costs, and the rescission of a federal grant contributed to actual expenditures outpacing revenues. Memorial Library staff anticipate maintaining expenditures within appropriated revenue levels for FY 2018 and FY 2019 as replacement Branches begin to come online.

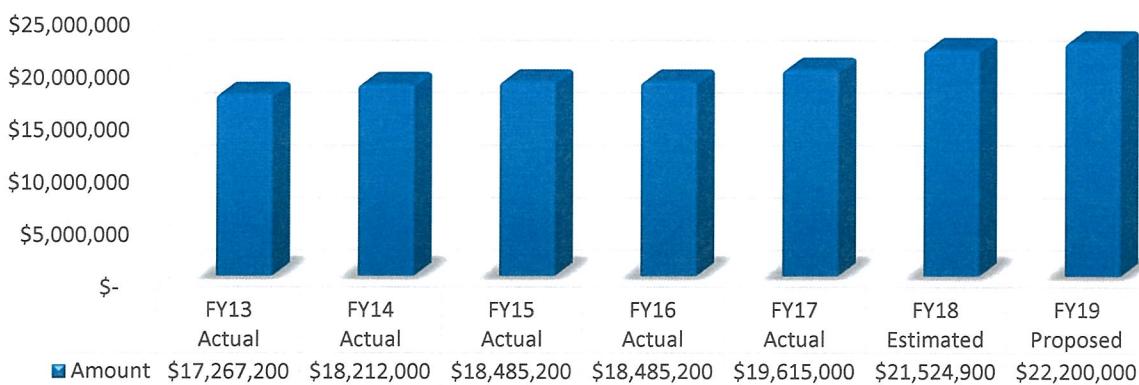
Revenue vs. Expenditures



Budget Comparison – Revenues

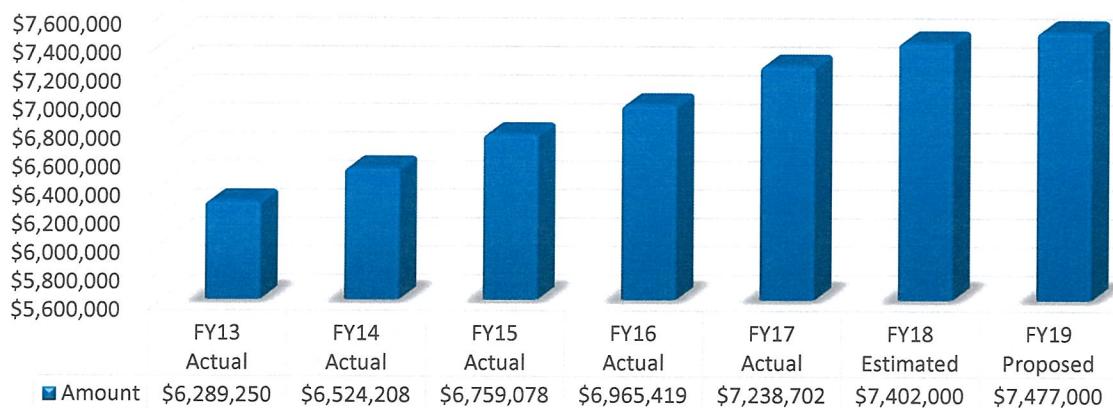
- The proposed FY 2019 County contribution to the Memorial Library is \$22,200,000, an increase of \$675,100, or 3.1%, over the FY 2018 Approved Budget. The County's contribution comprises 71.8% of the Memorial Library's total proposed budget. The contribution has increased \$4,932,800, or 28.6%, since FY 2013. (See graph below.)

County Contribution Comparison



- Proposed State Aid for FY 2019 is \$7,477,000, an increase of \$75,000, or 1.0%, over the FY 2018 Approved Budget. State Aid comprises 24.2% of the Memorial Library's total proposed funding for FY 2019. State Aid has increased \$1,187,750, or 18.9%, over the amount provided in FY 2013. (See graph below.)

State Aid Contribution Comparison



- Interest revenue is proposed at \$1,000, a decrease of \$2,500, or 71.4% under the FY 2018 approved level. The FY 2019 proposed fines/fees revenue of \$270,000, decreases by \$70,000, or 20.6%, and proposed miscellaneous revenue in the amount of \$776,600, decreases by \$10,800, or 1.4%, when compared to the current fiscal year's approved level. Miscellaneous funds reflect revenue generated from the sale of books and materials, copier commissions, printing and account collections, meeting room rentals and passport application fees.
- The Memorial Library proposes to use \$200,000 of their Fund Balance during FY 2019. As of the June 30, 2017 audited financial statements, the Memorial Library's General Fund Fund Balance is \$5,306,967. Of that amount, \$1,325,575 was assigned by management for emergency capital repairs, and the remainder, \$3,981,392, was unassigned.

Budget Comparison – Expenditures

Approved Fiscal Year 2018 to Proposed Fiscal Year 2019

Expenditures	FY 2017 Actual	FY 2018 Approved	FY 2018 Estimated	% Change - Est vs App	FY 2019 Proposed	\$ Change	% Change
Compensation	\$ 15,416,158	\$ 16,742,300	\$ 16,392,500	-2.1%	\$ 17,660,000	\$ 917,700	5.5%
Fringe Benefits	3,881,637	4,202,600	4,081,900	-2.9%	4,363,100	160,500	3.8%
Operating Expenses	7,907,124	9,012,900	9,402,700	4.3%	8,901,500	(111,400)	-1.2%
Capital Outlay	107,706	100,000	100,000	0.0%	-	(100,000)	-100.0%
Total	\$ 27,312,625	\$ 30,057,800	\$ 29,977,100	-0.3%	\$ 30,924,600	\$ 866,800	2.9%

Budget and Staffing, by Division

Category	FY 2017		FY 2018		FY 2018		% Change -		FY 2019		\$		% Change	
	Actual	Approved	Approved	Estimated	Est vs App	Proposed	Change	Change	Proposed	Change	Change	Change	Change	
Public Services	\$ 20,815,798	\$ 23,177,100	\$ 23,156,300	-0.1%	\$ 23,395,400	\$ 218,300	0.9%							
Administration	1,581,982	1,777,700	1,737,600	-2.3%	1,876,100	98,400	5.5%							
Support Services	4,914,845	5,103,000	5,083,200	-0.4%	5,653,100	550,100	10.8%							
Total	\$ 27,312,625	\$ 30,057,800	\$ 29,977,100	-0.3%	\$ 30,924,600	\$ 866,800	2.9%							

Category	FY 2018		FY 2019		Change		Change	
	Approved	Approved	Proposed	Proposed	Amount	Percentage	FT	PT
FT	PT	FT	PT	FT	PT	FT	PT	
Public Services	201	49	201	49	0	0	0.0%	0.0%
Administration	17	1	17	1	0	0	0.0%	0.0%
Support Services	66	4	66	4	0	0	0.0%	0.0%
Total	284	54	284	54	0	0	0.0%	0.0%

Staffing Changes and Compensation

- The staffing complement for FY 2019 is anticipated to remain unchanged from the previous fiscal year with the Memorial Library expecting to maintain 284 authorized full-time positions and 54 authorized part-time positions. The Memorial Library anticipates 16 full-time, and 15 part-time, vacant positions for FY 2019.
- Proposed funding for FY 2019 compensation is \$17,660,000, an increase of \$917,700, or 5.5%, over the current budgeted amount. Anticipated compensation costs include funding for 40 of the 54 part-time positions, and 278 of the 284 full-time positions. The compensation expenditure increase is due to salary adjustments and the implementation of a new compensation classification plan.
- As a result of negotiations with the Municipal and County Government Employees Organization/United Food and Commercial Workers Union Local 1994, the Memorial Library paid a general wage adjustment of 2.25% to eligible employees, as well as a merit increase of 3.5% to employees who obtained a satisfactory performance approval, during FY 2018.
- Included in the proposed FY 2019 budget is funding to support a wage increase for eligible union employees. The Memorial Library anticipates providing a 2.5% general wage adjustment on July 1, 2018, and a 3.5% merit increase for employees who have obtained a satisfactory performance appraisal, on the same date. The cost of which are \$376,702 and \$585,980, respectively.

Fringe Benefits

- Fringe benefits expenditures in FY 2019 are proposed to increase by \$160,500, or 3.8%, over the current year's approved level of funding as a result of anticipated actual expenses.

Fringe Benefits Historical Trend					
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Proposed
Fringe Benefits Expenditures	\$ 3,781,077	\$ 4,084,039	\$ 3,881,637	\$ 4,081,900	\$ 4,363,100
As a % of Compensation	25.1%	26.9%	25.2%	24.9%	24.7%
Annual % Change		8.0%	-5.0%	4.9%	7.2%

Operating Expenses

- FY 2019 operating expenses are proposed at \$8,901,500, and are comprised of the following major items:
 - Books and Periodicals \$3,825,000
 - General and Administrative Contracts \$1,108,900
 - Utilities \$1,043,700
 - Building Repair & Maintenance \$ 990,200
 - Office Automation \$ 699,200
- Overall, operating expenses are decreasing by \$111,400, or 1.2%, below the FY 2018 approved level as a result of the impact of one-time FY 2018 increases for technology initiatives and savings associated with obsolete equipment leases. Operating expenses include funding for technology upgrades and the Books from Birth program.
- The accompanying table at the top of page 6 compares the FY 2019 proposed budget operating expenditures with FY 2018 approved budget operating expenditures.

Operating Objects	FY 2018 Budget	FY 2019 Proposed	FY 2018 - FY 2019	
			\$ Change	% Change
Periodicals	3,576,700	3,825,000	248,300	6.9%
General & Administrative Contracts	939,700	1,108,900	169,200	18.0%
Building Repair/Maintenance	869,500	990,200	120,700	13.9%
Telephone	173,900	239,700	65,800	37.8%
Utilities	980,500	1,043,700	63,200	6.4%
Office and Operating Equipment Repair/Maintenance	165,000	194,800	29,800	18.1%
Advertising	100,000	114,300	14,300	14.3%
Insurance Premiums	163,600	175,600	12,000	7.3%
Mileage Reimbursement	20,600	30,100	9,500	46.1%
General Office Supplies	175,100	181,000	5,900	3.4%
Membership Fees	21,300	24,100	2,800	13.1%
Printing	3,000	5,100	2,100	70.0%
Gas and Oil	52,700	53,700	1,000	1.9%
Travel & Training	85,000	80,500	(4,500)	-5.3%
Vehicle Equipment Repair Maintenance	60,000	45,500	(14,500)	-24.2%
Equipment Lease	106,400	90,100	(16,300)	-15.3%
Office Automation	1,519,900	699,200	(820,700)	-54.0%
TOTAL	\$ 9,012,900	\$ 8,901,500	\$ (111,400)	-1.2%

- For FY 2019, Office Automation expenditures are proposed to decrease \$820,700, or 54.0%, below the FY 2018 approved level as a result of the completion of core IT upgrades.
- The Memorial Library's FY 2019 Periodicals expenditures are proposed to increase \$248,300, or 6.9%, over the FY 2018 approved level due to the anticipated increase in participation of the Books from Birth program.
- General & Administrative Contract expenditures are proposed to increase by \$169,200, or 18.0% when compared with the current fiscal year, as a result of anticipated inflationary increases in contract costs.
- An increase of \$120,700, or 13.9%, is anticipated in FY 2019 within the Building Repair/Maintenance expense category as a result of the costs associated with the aging building infrastructure.

Capital Outlay

- Capital Outlay expenditures decrease by \$100,000, or 100%, during FY 2019 as a result of the decision to defer fleet vehicle replacement.

HIGHLIGHTS

- The Memorial Library is governed by a Board of Library Trustees (Board) consisting of a seven-member body appointed to five year staggered terms. The term of one Member has expired, and the Board has sent a request to the County Executive recommending reappointment. The current member list includes:
 - Mr. Samuel A. Epps, IV, President
 - Mr. Brett Crawford, Vice President
 - Dr. Alease J. “Christy” Wright
 - Ms. Sylvia Bolivar
 - Dr. Arthuree Wright (awaiting reappointment approval)
 - Ms. Toni Smith
- The FY 2018 Approved Budget included \$300,000 in additional resources for circulating materials. Information provided by Memorial Library staff indicates the funds were used to purchase additional children’s books for all branches, additional Wi-Fi smartspots, additional LaunchPads (children’s interactive learning tablets) BookPaks (a kit of books for children that comes with an MP3 player that reads the book to the child as he/she reads along), thermal cameras for checkout, and Ready 2 Read backpacks.
- The Board of Library Trustees funded a Consultant selected by the union (Municipal and County Government Employees Organization/United Food and Commercial Workers Union Local 1994) and Memorial Library management team, to perform a classification and compensation study for the Memorial Library System. Study results were accepted and when implemented will provide significantly more competitive compensation for use when recruiting and retaining staff. These actions will, over time, allow the Memorial Library to be more competitive and to hire the best and brightest from the area.
- Over 5,000 children have registered for the inaugural early literacy Ready to Read: Books from Birth Program. Memorial Library staff anticipates exceeding the estimated goal of registering 7,200 children by the end of the inaugural year. They further estimate over 14,000 children will have registered for the Program by the conclusion of the Program’s second year. This Program enables each child to have a home library of 60 books by the time he/she reaches Kindergarten and will encourage parents to read with their children.
- A small portion of the Memorial Library’s operating funds were used to purchase additional Kajeet (smartspots) Wi-Fi hotspots for customers to borrow. These devices are targeted for use by students without internet access in their homes. The devices are extremely popular and can be loaned for up to 9 weeks at a time. The Memorial Library has expanded loaning of these devices from five (5) to nine (9) branches. Grant funding of \$14,000 was also solidified during FY 2018 to further expand the service to other branches. The funding is anticipated to be received soon.
- The Memorial Library collaborates with many organizations to continue and expand programs and services. Current collaborations include partnerships with the Judy Center, the Department of Social Services and the Health Department for Early Literacy Initiatives. The Memorial Library also partners with 100 Black Men of Prince George’s County for the Boys Read Program, with TLC Coaching (TLC) for the Lead Read Succeed Program in Oxon Hill, Retired and Senior Volunteer Program (RSVP) for the Kids Achieve Program, and with Berwyn Baptist English as a Second Language (ESL) Ministry for the English Conversation Club.

- During FY 2018 operating hours for several Memorial Library branches were extended in five (5) locations for a total of 33 additional service hours/week. Details of the expansion are provided in the chart at the top of page 8.

<i>Branch</i>	<i>Total # of Hours extended/week</i>	<i>Day of Week affected</i>	<i>FY 17 difference</i>
Bladensburg	8	Friday	Closed on Friday
Greenbelt	8	Thursday and Sunday	Closed 6-9 on Thursday Closed on Sunday
Laurel	8	Thursday and Sunday	Closed 6-9 on Thursday Closed on Sunday
South Bowie	3	Monday	Closed 10-1
Spauldings	6	Monday and Wednesday	Closed 10-1 on Monday and 6-9 on Wednesday

- The Memorial Library is increasing services offered to underserved populations. The Memorial Library has established programs at area apartment complexes specifically designed to increase English language learning and early literacy skills for refugees living within the County. In collaboration with Workforce Development the Memorial Library offers services under the VetNow program. The Program is designed to assist veterans with navigating the Department of Veterans Affairs, with preparation for College, and with job skill development.
- For FY 2019 the Memorial Library anticipates an increase in service demands as a result of various factors. Recent repeals of net neutrality will result in more customers turning to the library for internet access. Kindergarten readiness scores for the County show library efforts in early literacy are needed even more to prepare children for formal education. The Memorial Library's workforce development services continue to be in demand for job seeking, resume writing, and Microsoft and Cisco software certifications. English Language Learners are turning to the library (the "People's University") for literacy skills and computer access.
- Over the next three years the Memorial Library identifies staffing, technology infrastructure and the language diversity within the County as their most critical issues. While more efficient workflows are being established, the nature of library work is evolving which requires staff to focus on helping customers with more in-depth needs such as one-on-one assistance with technology and software. The demand for up-to-date computer equipment and bandwidth capacity is increasing rapidly as many members of the community depend on the library as the only free provider of both computer equipment and internet access. The Memorial Library is having to provide marketing/promotion material in various languages as the language diversity of the County continues to grow.

Capital Improvement Program (CIP) Overview

There are currently 19 Memorial Library branches in the County. New libraries are programmed for underserved areas of the County. Existing library facilities are 15 – 35 years old and require regular inspections, comprehensive repairs and preventive maintenance. Capital needs are identified and prioritized with special attention given to addressing safety issues and to preserving or preventing further deterioration of public libraries.

- **Funding Source**

General Obligation Bonds \$10,371,000; or 100%

• **Capital Improvement Budget Overview**

The FY 2019 CIP budget for the Memorial Library System is \$10.44 million, or 64%, less than the FY 2018 Approved Budget, with a total project cost of \$192.45 million. FY 2019 funding will be 100% general obligation bonds. The decrease in the FY 2019 Proposed CIP funding is primarily due to the revised cost of planning and design, land acquisition, and renovation costs associated with the Hyattsville Branch, as well as the decision to not appropriate funds for projects at the following branches:

- Langley Park Branch
 - New Carrollton Branch Renovation
 - Bladensburg Library Replacement

Project Name	Est. Comp.	Approved FY 2018- 2023 CIP		Proposed FY 2019- 2024 CIP				Change in Fiscal Year Budget FY 18 to FY 19		Change in Total Funding FY18 to FY19	
		Approved FY18 Capital Budget	Total Approved Project Funding	Expended thru FY17	Proposed FY19 Capital Budget	FY19 and beyond	Total Proposed Project Funding	\$ Change	% Change	\$ Change	% Change
Hyattsville Branch Replacement	07/2019	15,321,000	34,715,000	3,999,000	6,090,000	9,305,000	34,715,000	(9,231,000)	-60.3%	-	0.0%
Library Branch Renovations 2	06/2024	2,338,000	30,019,000	16,185,000	2,655,000	14,495,000	35,673,000	317,000	13.6%	5,654,000	18.8%
Surratts-Clinton Branch Renovation	06/2020	365,000	7,206,000	437,000	1,697,000	6,609,000	9,108,000	1,332,000	364.9%	1,902,000	26.4%
Langley Park Branch	06/2025	400,000	22,350,000	-	-	20,950,000	22,350,000	(400,000)	-100.0%	-	0.0%
New Carrollton Branch Renovations	04/2018	10,143,000	16,498,000	4,003,000	-	-	16,498,000	(10,143,000)	-100.0%	-	0.0%
Bladensburg Library Replacement	06/2023	450,000	17,546,000	-	-	15,054,000	15,546,000	(450,000)	-100.0%	(2,000,000)	-11.4%
Baden	06/2023	-	200,000	-	-	200,000	200,000	-	N/A	-	0.0%
Brandywine	06/2025	-	17,790,000	-	-	20,825,000	20,825,000	-	N/A	3,035,000	17.1%
District 7	06/2025	-	19,180,000	179,000	-	18,978,000	19,180,000	-	N/A	-	0.0%
Glen Dale Branch	06/2025	-	18,350,000	-	-	18,350,000	18,350,000	-	N/A	-	0.0%
TOTAL		\$ 29,017,000	\$ 183,854,000	\$ 24,803,000	\$ 10,442,000	\$ 124,766,000	\$ 192,445,000	\$ (18,575,000)	-64.01%	\$ 8,591,000	4.7%

Note: Yellow Highlights indicated project schedule has been extended.

The FY 2019 Proposed CIP budget includes the three (3) ongoing projects listed below.

- *Hyattsville Branch Replacement*
 - Construction will continue for the new Hyattsville Branch Library in FY 2019.
 - This project consists of building a new one-story, 40,000 square feet facility, with additional study rooms and community meeting space as well as more available parking. The plan is to also provide emergency power for a portion of the building so that it can be used as a cooling/warming shelter in the event of catastrophic weather.
 - The design is complete, and the Office of Central Services (OCS) will proceed to award the construction contract with work scheduled to start in FY 2018.
 - Staff have been temporarily relocated from the Hyattsville Branch to a rental warehouse space on Brightseat Road. The Library plans to move into the lower level of the New Carrollton Branch when its renovation is complete in July, 2018. Rental fees are funded through the CIP.
 - The FY 2019 CIP budget for the project is \$6.09 million or 60.3% less than the FY 2018 Approved Budget, with a total project cost of \$34.7 million. FY 2019 funding will be general obligation bonds.
- *Surratts-Clinton Branch*
 - This project consists of renovating the existing space to create multiple study rooms and a separate Children's room with interactive learning features.
 - The HVAC, restrooms, ceiling and furnishings need to be refurbished. The lighting needs to be replaced with a more energy-efficient system.
 - Design is complete and the project is currently in permitting.
 - The FY 2019 CIP budget for the project is \$1.7 million, or approximately 365% more than the FY 2018 Approved Budget, with a total project cost of \$9.11 million. FY 2019 funding will be general obligation bonds. The renovation of the facility is scheduled to occur in FY 2019 through FY 2020.
- *Library Branch Renovations 2*
 - This project consists of updating and renovating branch libraries including replacing carpeting, roofs, HVAC systems, installing Americans with Disabilities Act (ADA) compliant entrances, fences, walkways, parking lots, and renovating public restrooms.
 - This project also provides a source of funding for unanticipated and/or emergency library renovation projects.
 - The FY 2019 CIP budget for the project is \$2.65 million or 13.6% more than the FY 2018 Approved Budget, with a total project cost of \$35.7 million. FY 2019 funding will be general obligation bonds. Renovations of the facilities are scheduled to occur in FY 2019 through FY 2024.
 - The table below represent work completed in FY 2018 or contemplated for FY 2019.

Branch	Description of Renovations	FY 2018	FY 2019
Accokeek	Parking for lighting upgrade	X	
	Re-carpeting and interior painting		X
	Installation of security access		X
Admin. Offices	LED Retro-Fit	X	
	LED Retro-Fit	X	
Beltsville	Sidewalk Repairs and replacement	X	
	Replace collection shelving		X
	Seal and re-line parking lot		X
Fairmount Heights	Renovate Staff Restrooms		X
	Seal and re-line parking lot		X
Glenarden	Replacement of boilers	X	
	Renovate Staff Restrooms		X
Greenbelt	Install environmental control system	X	
	Replacement of boilers	X	
	Re-carpeting		X
	Replace collection shelving		X
Hillcrest Heights	Installation of security access		X
	LED Retro-Fit	X	
	Replacement of boilers	X	
Largo-Kettering	Mill, seal and re-line parking lot	X	
Oxon Hill	Install environmental control system	X	
	Roof replacement	X	
	Renovate Staff Restrooms		X
South Bowie	Installation of security access		X
	LED Retro-Fit	X	
	Installation of security access		X
Spauldings	Fence Replacement	X	
	Exterior Renovations and upgrades as per Neighborhood Design Ct.		X
	Installation of security access		X
Surratts-Clinton	Replacment of boilers and chiller	X	
	Roor Replacment	X	
Upper Marlboro	Window and door Replacement		X
	Restoration of cupola		X
	Interior painting		X
	Seal and re-line parking lot		X