

Red Lodge Carnegie Library

Summary of Contractual Obligations With the City of Red Lodge and Carbon County Library Board

August 2013

City/Red Lodge Library Board Agreements

An ordinance for the establishment and maintenance of a free public library in the City of Red Lodge was passed in 1917 (**Attachment A**). A board of trustees was established and a tax was levied not to exceed 1.5 mills on taxable property in the City for the purposes of establishing a Library Fund to be used only for library purposes.

A special tax levy for the year 1917 raised about \$2,000, used towards construction of the initial building (January 29, 1918 Library Board minutes). The mayor and common council made a pledge on February 11, 1919 that the library building would be erected in accordance with amended plans and specifications and completed for occupancy for a cost not to exceed \$15,000 (**Attachment B**). According to the state librarian, the building would become the property of the city as soon as it was erected. In addition, it was recommended to consider establishment of a county library as a way of securing a much larger building (**Attachment C**). There is no documentation to reflect that a county library was established before 1972.

Minutes of the Library Board through 1937 reflect collections for tax money received from the City of Red Lodge, though no actual millage rate is referenced. Friends of the Library (Red Lodge) meeting minutes, 1983, note the Library is funded by “4.5 mills of tax money from the City and some from the County.” It is not clear when the library mill tax funds ceased being obtained directly from the City, though it could have been after the 1972 countywide vote to create a free library system. Red Lodge City Code, 1980, 14.08.060, had a provision concerning a Library Fund that “For the purpose of maintaining the free public library hereby created, there shall be levied and collected each year, at the same time other city taxes are levied and collected, a tax not to exceed four and one-half (4 ½) mills on the dollar of all taxable property in the city, over and above the taxies levied and collected for regular or other city purposes, the proceeds of which tax shall be converted into a fund which is hereby established, to be known as the library fund, and to be used for library purposes only.”

A letter from Mayor Brian Roat to the Red Lodge Library Board dated January 9, 1993 notes the opportunity to establish a library depreciation reserve fund to carry over funds unexpended in one budget year into another. Montana Code 22-1-305 notes that the governing body of any city or county may establish a library depreciation fund for the replacement and acquisition of property, capital improvements and equipment necessary to maintain and improve library services. On February 1, 1993 the Library Board petitioned the City to establish a library depreciation reserve fund. Resolution 2071 passed by the Council on February 23, 1993 (**Attachment D**) established the library

depreciation fund under Montana Code 22-1-305, with the additional provision of authorizing the receipt of gifts, donations, etc. under Montana Code 22-1-309(8) into the fund.

The Red Lodge Library Board treasurer reported on June 28, 1993 a library depreciation reserve fund balance of \$177,099, composed of certificates of deposit, South Central Federation grants and a Friends of the Library account. As of June 30, 1995 the library depreciation reserve fund balance was \$73,681 (annual report), as the construction of an addition to the library building used approximately \$100,000 of the reserve funds. For the accounting period ending June 2013, general fund 101060, the library cash reserve is \$48,676. Friends of the Library Funds are now maintained by the Library Board in a separate account for the purchase of materials and furniture for the library and to sponsor and promote library programs. There is currently about \$10,000 in the fund.

Resolution 3158 of the Red Lodge Council and Mayor to re-establish the Red Lodge Carnegie Library as the City's free public library was passed on September 9, 2003 (**Attachment E**). The resolution states, "the City of Red Lodge desires to continue to maintain Red Lodge Carnegie Library as the city's free public library" and resolves that "1. The Red Lodge Carnegie Library is hereby established as a free public library under the provisions of Montana laws relating to public libraries; and 2. Red Lodge Carnegie Library will continue to be operated and maintained in accordance with applicable local, state, and federal laws, rules and regulations."

Red Lodge City Code, 1980, amended 2005, 14.08. includes provisions for the Establishment, Name, Board of Trustees, Power of City Council and Library Fund for the Red Lodge Public Library (**Attachment F**).

Applicable State Regulations

Montana Code Annotated (MCA) Title 22, Chapter 1, Libraries, Part 3 (**Attachment G**) contains information on free libraries, the type of library defined in the Library Services Contract effective July 1, 2012 between the Carbon County Library Board and the Red Lodge Carnegie Library.

The provisions for a free library under MCA 22-1-3 are separate from those defined under MCA 22-1-7, Creation or enlargement of public library district (**Attachment H**), discussed further in Other Considerations on pages 8-9.

MCA 22-1-101(8), State Library Commission, provides authority for the state library commission to act as a state board of professional standards and library examiners, develop standards for public libraries, and adopt rules for the certification of librarians (**Attachment I**).

The public library standards developed by the Montana State Library are included as **Attachment J**. The following are the major categories for which public libraries, including the Red Lodge Carnegie Library, are responsible:

1. **General Standards** – Must be legally established (Attachment E – re-established) and the board must meet regularly (Red Lodge Library Board meets monthly).

2. **Policies and Bylaws** – The board reviews and updates its bylaws every three years (**Attachment K**) as well as its policies (**Attachment L**) that balances needs with library resources and gives library staff guidance on how to act when presented with a problem. The policies also emphasize the goal to acquire fiscal resources (Section 1.2.6) necessary to ensure that the needs of the Library's physical facility, collection materials, equipment, technological assets, and professional staff are adequately fulfilled.

3. **Planning and Evaluation** – The board uses the Montana Public Library Statistical Report to review the library's year to year progress and performance. A statistical report by year from 1999-2012 is included as **Attachment M**. Major categories include library income (including city and county), expenditures, collections (print materials, E-books, subscriptions, audios, visuals), paid and non-paid staff, service hours, transactions (users), circulation and programs (children and others), interlibrary loans, automation (internet), computers (public access), circulation systems (automated/on-line) and electronic services.

(4) **Finance** – Local tax revenues from the city or county must provide at least 50% of the library's budget (Carbon County and City of Red Lodge sources of funds, including the depreciation reserve fund, provide almost all of the funding), a budget is developed annually, and every three years the board and director review the adequacy of insurance coverage for the collection and the building.

(5) **Library Director** – The board hires a paid director, certified by the state library as to qualifications and continuing education, and conducts an annual evaluation.

(6) **Human Resources** – The board provides continuing education funds for both the director and staff, paid staff persons are present 90% of all open hours, the board has adopted and reviewed a personnel policy within the past three years, the library maintains written, up-to-date job descriptions and the library has internet access for staff.

(7) **Access** – The library is open during the week a minimum of hours defined by population. For libraries with a population of greater than 3,500 and less than 10,000 (Red Lodge Library is 4,578 according to the Services Contract with the County), 30 hours is defined as a minimum with 40-50 hours desirable. According to the Statistical Report the Red Lodge Library is open 38 hours per week. In addition, library users should have access to a photocopy machine or printer, the library answers telephone inquiries and provides access to resources and services to patrons with disabilities.

(8) **Collection Development** – A collection management policy should be reviewed every three years to address the use of electronic resources, an annual materials budget is developed annually to purchase new materials for the library's collection (both electronic and print), the library uses at least one professionally recognized Professional Review Source (a summary of the book's content and the reviewer's reactions to it), and the

library provides access to federal state and local government documents appropriate to the community.

(9) **Access to the Collection** – Materials are purchased to ensure a steady flow of materials for the public, the library catalogues and organizes its collection according to standard, and constantly changing, cataloging and classification systems and procedures, and the library offers interlibrary loan as a way of expanding the library’s collection.

(10) **Collection Evaluation** – A library should add and remove materials from its collection using online courses that can assist in collection assessment, development and maintenance.

(11) **Facilities** – Adequate space needs are evaluated every three years to determine facility shortcomings to increase enjoyment and productivity, including accessibility. A Facilities Review completed in March 2012 (**Attachment N**) outlines minor projects less than \$5,000 to include lighting, signage, basement, exterior, shelving and seating, technology and special upstairs projects. Major projects more than \$5,000 include the basement, exterior, shelving, seating and work areas, and technology.

(12) **Public Relations** – The library promotes library services through use of marketing tools such as brochures, flyers, bookmarks, newspaper, radio, television, public service outlets, web sites, story times, displays and programs in the library.

(13) **Services** – Every two years feedback is collected from users and nonusers, comparative statistics are used to evaluate the services offered, programming is offered for children and adults, programming is free and open to all, users are assured of their privacy, and core library services (lending circulating materials, reference and interlibrary loan) are available when the library is open.

(14) **Certification Statement** – A signed and dated certification statement that provides a status report regarding each essential standard is provided yearly to the State Library.

Agreements with Carbon County

The call for establishment of a county free library or a contract between the Library Board and the Carbon County Commission is reflected as early as December 14, 1925 (Red Lodge Library Board minutes).

A vote “for the free county library” passed in November 1972 by a vote of 1,238 for and 947 against. According to Carbon County Commission Resolution 03-31, October 16, 2003 (**Attachment O**), “a Carbon County Free Public Library was created under the statutes of the State of Montana effective November 8, 1972 ...”

Carbon County Commission minutes September 1975 note that payment to the Red Lodge and Bridger libraries would be delayed until the County executed a contract with the Federation of Libraries in Billings. An agreement dated July 1, 1976 notes that Billings will provide library services to the residents of Red Lodge, primarily for inter-

library loan facilities, for an annual cost of \$5,744 for Carbon County and \$1,526 for Red Lodge. A letter to the Carbon County Library Board, June 20, 1984, notes that this walk-in service at the Parmly Billings Library for Red Lodge residents was no longer available and a request was made for reinstatement of walk-in library service.

A 1986 Memorandum from the Carbon County Commissioners to the Carbon County Library Board documents the distribution of funds for the one mill assessment, with the entry of Joliet into the public library system. Total funding distributed in 1986 was \$27,300 to include the Billings Public Library (\$6,154), Bridger Public Library (\$4,603), Red Lodge Public Library (\$10,742), Joliet Learning Resource Center (\$5,000) and County Library Board Expenses (\$800).

A Montana Attorney General’s opinion, March 21, 2006, determined that the county commissioners’ only role in library budgetary matters is to assign a property tax levy amount sufficient to satisfy the budgetary needs. At that time the property tax could not exceed five mills. Montana Code 22-1-304 and 316 do not currently limit the amount of millage, defining that “A local government that has established a public library may levy a tax in the amount necessary to maintain adequate public library service. An additional tax may be levied if approved by the voters.”

The current Library Services Contract between the Carbon County Library Board and the Red Lodge Carnegie Library is effective for a ten-year period July 1, 2012 through July 1, 2022 (**Attachment P**). The Red Lodge Library is referenced as a “free public library” created under the statutes of the State of Montana. An allocation formula for distribution of the collected county library mill levy based on 2010 Census population is also defined in the contract. Included are requirements for library services, rules and regulations, hours, ownership of property and library operations, and budgeting and financial reports, including an end of year line item comparison of budget to actual.

Executed annual agreements between the County and City Library Boards effective July 1, 2004 and July 1, 2005 are on file at both Carbon County and the City of Red Lodge.

Carbon County Library Board of Trustees Bylaws, October 2012, is included as **Attachment Q**.

Funds Provided by Carbon County to Red Lodge Library

The Library Services Contract between the County and the Red Lodge Library, July 2012, contains an “agreed upon allocation formula to the collected county library mill levy and to any other revenues to which the libraries are entitled.” This allocation formula is based on 2010 Census population as follows:

| | |
|----------------------------------|---|
| - Red Lodge High School District | 3,828 |
| - ½ Belfry K-12 School District | 305 |
| - Roberts K-12 School District | <u>445</u> |
| Total | 4,578 (45.4% of 10,078 County population) |

The City of Red Lodge population of 2,125 is 46.4% of the Red Lodge Library service area population.

For FY 2014, the Carbon County Library Board will distribute, based on preliminary estimated collections, a total of \$229,766 (**Attachment R**). The Red Lodge Library share at 45.4% would be \$105,313. The Carbon County Library Fund is composed of taxes/special assessments based upon 6 mills, intergovernmental revenue composed of oil and natural gas production tax, bentonite tax allocation and state entitlement, and other miscellaneous revenue.

The County has been requested to provide total collections for the County Library Fund by historic year, but these will not be available until September. Actual distribution to the Red Lodge Library, according to Red Lodge City Clerk records, has been as follows:

| | |
|---------|-----------|
| FY 2010 | \$ 66,145 |
| FY 2011 | \$ 79,094 |
| FY 2012 | \$ 93,174 |
| FY 2013 | \$110,710 |

Funds Provided by City of Red Lodge to Red Lodge Library

The City of Red Lodge General Fund Budget, FY 2014, July 1, 2013 to June 30, 2014 (to be adopted by the Council on September 3, 2013), includes \$175,068 in expenditures for the library. The revenues attributable to these expenditures are as follows:

| | | <u>percentage</u> |
|--|-----------------------------------|-------------------|
| - Countywide Library Millage Levy distributed by Carbon County | \$101,000* (budgeted estimate) | 57.7% |
| - Revenue from State | \$ 3,719 | 2.1% |
| - Library Collections | \$ 800 | 0.5% |
| - Library Depreciation Reserve Fund | \$ 30,000 | 17.1% |
| - Remainder, City of Red Lodge | <u>\$ 39,549</u> | <u>22.6%</u> |
| Total | \$175,068 | 100.0% |

The City of Red Lodge General Fund provides \$39,549 of the FY 2014 Library budget. City of Red Lodge residents generate approximately \$40,000 per year of the \$101,000 budgeted to be received from the 6-mill countywide library tax (based on historic fire department mill levy). Therefore, total revenues attributable to City of Red Lodge residents for FY 2014 are \$79,549 or 45.4% of the Library budget. Additionally, some of the reserve fund, accumulated over time, would also be attributable to Red Lodge residents.

The source of funds budgeted (not actual) for FY 2012 and FY 2013 for the library are outlined as follows:

| | <u>FY 2012</u> | <u>percentage</u> | <u>FY 2013</u> | <u>percentage</u> |
|--------------------------|-----------------|-------------------|-----------------|-------------------|
| County/state/collections | \$84,200 | 64.3% | \$95,950 | 60.9% |
| Remainder, Red Lodge | <u>\$46,683</u> | 35.7% | <u>\$61,609</u> | 39.1% |
| Total | \$130,883 | | \$157,559 | |

The following are annual totals and percentages of Local City Income to Total Income, reported in the Montana Public Library Statistical Report developed by the Red Lodge Library (Attachment M):

| <u>Year</u> | <u>City Income</u> | <u>Total Income</u> | <u>Percentage</u> |
|-------------|--------------------|---------------------|-------------------|
| 2012 | \$34,227 | \$138,417 | 24.7% |
| 2011 | \$48,840 | \$117,787 | 41.5% |
| 2010 | \$70,653 | \$144,858 | 48.8% |
| 2009 | \$60,747 | \$111,270 | 54.6% |
| 2008 | \$59,253 | \$104,384 | 56.8% |
| 2007 | \$47,769 | \$ 94,292 | 50.7% |
| 2006 | \$44,591 | \$ 81,950 | 54.9% |
| 2005 | \$36,327 | \$ 77,097 | 47.1% |
| 2004 | \$41,759 | \$ 68,634 | 60.8% |
| 2003 | \$33,020 | \$ 75,910 | 43.5% |
| 2002 | \$34,860 | \$ 74,604 | 46.7% |
| 2001 | \$43,439 | \$ 80,851 | 53.7% |
| 2000 | \$40,797 | \$ 65,478 | 62.3% |
| 1999 | \$47,600 | \$ 66,699 | 71.4% |

Summary – Obligations of City of Red Lodge to Red Lodge Library

1. Maintenance of the library depreciation reserve fund created by Resolution 2071 passed by the Council on February 23, 1993 (Attachment D) under Montana Code 22-1-305.

2. Insure that the Red Lodge Carnegie Library is operated and maintained in accordance with applicable local, state, and federal laws, rules and regulations, referenced in Council Resolution 3158, September 9, 2003 (Attachment E).

3. Insure that the public library standards (Attachment J) defined by the State Library Commission under authority of MCA 22-1-101(8), Attachment I, are met. This obligation is part of the rules and regulations referenced in Council Resolution 3158, and the applicable laws, rules, regulations and standards referenced in the Library Services Contract, July 1, 2012 (Attachment P). These standards require adequate budget authority, particularly for (a) a paid, qualified and certified director, (b) staff training, (c) free programs for children and adults, (d) automation to include internet and public access computers, (e) automated and on-line circulation systems, (f) access in that the library is open a minimum number of hours per week with paid staff present 90% of all open hours, (g) new collection materials, (h) constantly changing cataloging and classification systems, (i) minor and major facilities such as lighting, signage, basement, exterior, shelving, seating, technology and special upstairs projects, and (j) core library services to include lending circulation materials, reference and interlibrary loan that are available all hours the library is open.

4. Maintain a facility adequate for the provision of library services. The County expressly disclaims any ownership interest in property acquired by the Library (Library Services Contract, Attachment P). Costs for utilities, repair, and maintenance for the lawn and snow removal are budgeted yearly, and the Facilities Review (Attachment N), required under the State Library standards, outlines a number of facilities repairs and upgrades that have not been budgeted.

5. Appointment of five members to the Library Board. Though not required by Red Lodge City Code, a council member can attend the Library Board meetings. Montana Code 22-1-308 authorizes that one member of the governing body may be, at any one time, a member of the board.

Obligations of Red Lodge Library to City of Red Lodge

Red Lodge City Code, 14.08.05, Attachment F, states that “No monies shall be expended by the board of trustees for library purposes without the consent of the city council first obtained...” Participation in the City’s annual budget process and audit procedures is necessary to meet this requirement. A budget for the next fiscal year is submitted to the Carbon County Library Board, per contract, by May 31st of the current fiscal year, in advance of a finalized budget by the City of Red Lodge.

The Red Lodge City Code also notes the duties of the Board of Trustees to include (1) making rules for government, (2) recording proceedings, (3) providing quarters for the library and to employ a librarian, (4) receive and purchase books, make rules for use of books, and (5) fix penalties for books and use of the library

The Library Board By-Laws, Attachment K, Section 10, states “The Library Director shall be evaluated in accordance with the goals and objectives of the Board and the evaluation submitted to the Red Lodge city administration on a yearly basis.”

The Annual Statistics Report required under authority of MCA 22-1-101(8) by the State Library Commission is, according to the Librarian, submitted yearly to the City of Red Lodge.

Other Considerations

1. The county library fund mill levy was increased from 2.64 mills to 6.0 mills by approval of a ballot issue in June 2010. The County Commission called for a vote on the increase in a resolution dated March 11, 2010 in part because the “Carbon County Library Board has deemed the current availability of funds insufficient to adequately provide for proper operation of the three libraries in Carbon County (Red Lodge, Bridger and Joliet)” and “the commissioners have provided funds from PILT and other non-tax revenue sources in order to adequately fund the libraries and an increased mill levy would eliminate the need for PILT funding”.

The wording for the 2010 ballot issue was “Carbon County does hereby propose to raise the mill levy for the Carbon County Library Board designated for the operation of the

three libraries in Carbon County. Proposed increase in mills: 3.36 for total of 6 mills permanently, raising approximately \$168,000. Approximate annual cost to \$100,000 home: \$10.24. Approximate cost to \$200,000 home: \$20.47.”

The vote is summarized as follows. Of note is that Red Lodge residents approved the ballot measure by a vote of 61.9% for, while the remainder of the county approved the measure by a vote of 52.% for.

| | <u>Total</u> | <u>For</u> | <u>%</u> | <u>Against</u> | <u>%</u> |
|---------------------|--------------|--------------|--------------|----------------|--------------|
| Red Lodge | | | | | |
| Ward 1 | 297 | 179 | 60.3% | 118 | 39.7% |
| Ward 2 | 174 | 108 | 62.1% | 66 | 37.9% |
| Ward 3 | <u>206</u> | <u>132</u> | <u>64.1%</u> | <u>74</u> | <u>35.9%</u> |
| Total | 677 | 419 | 61.9% | 258 | 38.1% |
| Remainder of County | <u>2,343</u> | <u>1,223</u> | <u>52.2%</u> | <u>1,120</u> | <u>47.8%</u> |
| Countywide | 3,020 | 1,642 | 54.4% | 1,378 | 45.6% |

In summary, the millage is “permanent” and does not sunset. Annual revenues in the county library fund have historically increased each year.

2. The Montana attorney general provided an opinion in 1997 that “A city and a county may enter into an agreement to operate a joint city-county library under which both the city and the county may levy taxes on property located in the city.” (**Attachment S**)

This provides an option for the City of Red Lodge to provide dedicated funds for library purposes, separate from general fund sources.

3. Montana Code 22-1-701 provides authority for the creation of a public library district (Attachment H). The geographic area may be the entire-county, part of a county, territory in more than one county, and include incorporated municipalities.

Information on Montana public library districts is contained in the Public Library District Handbook, Montana State Library, September 2005. A link to the report is at: <http://archive.org/details/4B614977-FA5A-44E7-9C82-E1469CF6225A>

Some of the advantages cited in the report for creation of a public library district are (1) more stable funding with trustees having the power to levy, within limits, (2) trustees are elected and thus more directly linked to the people they serve, and (3) city councils and county commissions are freed from many of their administrative and governing responsibilities to the library.