The Board of Trustees of the Evanston Public Library hosted this special seminar as a means to educate Library Board members, staff and interested citizens on the subject of Illinois Library Law and the structure and procedures of operating a municipal library under the Library Fund model provided for by Illinois Compiled Statutes (75 ILCS 5/1-0.1 et seq). On August 4, 2010, the Library Board voted to become a Library Fund under the above-referenced state statute.

Library Board Trustees present: Diane Allen, Sharon Arceneaux, Gail Bush, Dona Gerson, Mildred Harris, Lynette Murphy, Susan Newman, Susan Stone, and Christopher Stewart.


City Staff present: Marty Lyons, Assistant City Manager; Louis Gergits, Acting Finance Manager.

Library Staff present: Mary Johns, Library Director and Paul Gottschalk, Administrative Services Manager.

Presenters: Rob Bush, Senior Partner in the law firm of Ancel Glink Diamond Bush DiCianni & Krafthefer, a law firm specializing in municipal and library law. Sandra Norlin, recently retired Director of Des Plaines Public Library.

Mr. Bush began with general remarks concerning governmental authority as provided by the state legislature, specifically 75 ILCS 5/1-0.1 et seq. In 1957 Evanston passed an ordinance authorizing a municipal library. Since that time Evanston has not followed the mandates of the Illinois Library Act which stipulate that the Library Board may operate as an autonomous governmental and taxing body under the Library Fund model. In August the Evanston Public Library Board voted to follow the Illinois Local Library Act. Mr. Bush noted that because Evanston has historically operated the Library as a City Department, transition to the Library’s independence from City control is
unique. Mr. Bush does not recall a situation like this in his experience, and, therefore, he advises that the transition process should be accomplished in close partnership with the City.

Under the Local Library Act, the Library Board is a distinct legal entity. It is responsible for all decisions relating to the library system including, but not limited to, employment of staff and responsibility for all expenditures related to library services, collections and facilities. It may join with the City, if desired and permitted, on union contracts, insurance, health plans, accounting, purchasing or it may act independently. It creates its own levy ordinance each year and sends that ordinance to the City to be passed on to the County Assessor. Despite its general independence from city government, Library Board authority does have limitations. State statute limits the percent of equalized assessed value of taxable property that the levy may impose. In the event that the Board wishes to borrow money, it must go to the municipality and demonstrate that the Library has the means to meet bond debt service. As Library debt is included in a municipality’s overall debt, it cannot cause a municipality to exceed the amount of municipal debt permitted by law. Whether Library debt service is subsumed under a City’s general debt fund or is a separate debt fund for the Library will need to be determined between the City and the Library.

The process of transition to the Library Fund begins by creating a budget for FY2012 and by creating a levy ordinance based on that budget. This proposed budget and the ordinance should be ready by the end of the August 2011 and presented and discussed with the City at that time so that the City understands the intentions of the Board for the coming year. Mr. Bush indicated that each municipality with a Library Fund has prepared a tax levy ordinance, so the Board has many examples from surrounding communities to use as a model. He indicated that no public hearings on the projected budget are necessary prior to sending the ordinance to the City. Public notices and hearings will take place along with the City’s budget process for the coming fiscal year. It must be noted that the Library Fund will have no funding from January 1, 2012 until tax revenue is received; therefore, a pre-funding plan must be developed with the City prior to the beginning of FY2012.

Mr. Bush emphasized that the decision to become a Library Fund removes the Library from “guardianship” by the City. Many issues must be negotiated between the Library Board and the City, for example who enters into contracts and leases, who handles personnel issues, health and liability insurance coverage, and numerous other matters now handled by the City.

During the question and answer period, a citizen wished to know who taxpayers would hold responsible for Library Board actions. Mr. Bush advised that Board members can be removed by the Mayor at any time. City Council members should also be consulted.
with concerns about Library issues and Board actions. Mr. Lyons commented that the chosen way to fund Library is through property taxes and fines and that the power of levy is not the power to injure the community. Other questions concerned ownership of property used by the Library, union membership, and debt service. Many questions cannot be answered until the Board meets with the City and agrees on handling of procedures and responsibilities.

Sandra Norlin, retired Director of the Des Plaines Library, spoke after Mr. Bush. The City of Des Plaines has a Library Fund and she described the position of the Library as a component part of a home rule municipality. She said that the Library Board has and established goal to maintain a good relationship with the City. She also said the Board did an excellent job of goal setting and cooperating with the City. Without this respectful dialogue and cooperation, she said the Library Board would not be successful.

The new Des Plaines library building was not built with library debt service. A developer hired by the City constructed the building with Library staff involvement and the City rents the building to the Library for $1 a year. The lease spells out what the Library can and can’t do with the building. The City remains responsible for exterior and structural capital improvements, and the Library is responsible for interior improvements. There is a spending cap on interior improvements. Beyond that cap the Library must seek City approval for planned improvements.

Ms. Norlin said that she attended City staff meetings and kept the Board informed of the City's plans.

The Board of Trustees improved its working relationship through the services of a Board Development facilitator. The Board developed a consent agenda process, and uses subcommittees to accomplish goals. She felt this was extremely valuable in developing a Board ethos which could be communicated effectively to new Board members.

Ms. Norlin said that the City Council understood that the Library developed its own budget and did not interfere with line items within the budget. The Board established its budget and requested the levy through the City. The Library levy was able to go to 0.257% of equalized assessed value which amount resulted in a $7.1 million dollar budget in a city with a population of 63,000 residents. However, she said that in 1995, the levy was reduced to 0.178% of EAV.

The Des Plaines Public Library had an “Accumulated Fund” account designated for capital improvements. This accumulation fund is permitted as long as the expenditure is planned to be spent within three years. However, Ms. Norlin said that under the Library Fund model cash flow became an issue every year around August until tax revenue is received. Though the Fund was in arrears, the City continued to support the Library until the tax receipts were received. In 2005, the Library did away with the Accumulated
Fund account and went to a Fund Balance policy to handle the bridge period. The Library maintained a reserve of two and a half months of operating expenses.

The City of Des Plaines historically provided many administrative services to the Library. It did all accounting, auditing, accounts payable, bill payments, benefits administration, legal work, and FOIA administration. In 2006 the City began to consider charging the Library for city services but the City did not intend to reduce the city budget commensurately. This would have required Library to increase its levy and would have been tantamount to double taxation. Public opinion resolved this issue in the Library’s favor. In 2009 the City Council said it was discontinuing services to the Library, so the Library began seeking alternative providers. The City came back to the Library and said that it would continue to provide the services but at a cost. The City wanted an all or nothing commitment from the Library for City services, but the Library found more cost-effective ways to handle and so does not use City services with the exception of administering IMRF (the Illinois Municipal Retirement Fund). IMRF considers the Library a component part of the City and wouldn’t allow the Library to establish its own account.

Des Plaines taxpayers see a separate line item on their tax bills for the Library services. In 2001, because of the good relationship between the Library and the City, the Library was able to increase its portion of property taxes by 12%. Generally, increases have been limited to between 0 and 3.5%. Last year there was a decrease of 7.5%.

The Library established a capital library fund with a maximum of $500,000. Money from fundraising goes into this Fund. It was not necessary to start a 501c3 since the library is a non-profit entity. The money in the Fund is used for art installations.

Ms. Norlin was asked a number of questions by the Board:

Who owned the old Library building? The Library had title to the building and the City had an implied Right of First Refusal on the property. The City bought the building for City use and issued city bonds for a new Library. The proceeds from the sale of the old building were used by the Library for furniture and fixtures in the new building.

Recently the Des Public Plaines Library ran into a funding crisis. What happened? Due to delays in tax revenue from the County, the Library was not going to make it through the fiscal year. The Library was not able to take on debt on its own to cover the cash flow lag period. A bridge loan was obtained by the City.

How was her replacement as Director chosen? Ms. Norlin, who retired one month ago, began succession planning two years in advance of her projected retirement. She met with the Board and proposed a well-qualified staff member who shared her service philosophy as Library Director. The Board agreed with her selection. However, as Board
members’ terms ended and new members came onto the Board, the succession plan was questioned.

Ms. Norlin went on to add that the Des Plaines Library Board has one seat designated for a City Council member and this Trustee is appointed by the Mayor and is a full voting member. Ms. Norlin acknowledged that from time to time that member must recuse himself/herself from voting on certain issues and this can result in a deadlocked Board. When asked if there was not a conflict of interest in having a City Council member on the Library Board, Mr. Bush confirmed that the Local Library Act permits the Mayor to appoint a Council member, and it is not considered a conflict of interest.

Ms. Norlin described the highlight of her tenure as Director of the Des Plaines Public Library as working with the City, her staff and the Board on the new Library. She said that strategic planning for the new library was a lengthy process and that they took all the time needed to get it right.

There was no further business and President Stewart adjourned the meeting at 11:45 a.m.

Respectfully submitted,

Diane Allen
Secretary
Evanston Public Library Board