

October 24, 2016

As the Library Board continues planning for the modernization and improvement of the SPL, in this memo we furnish updates and responses to recent Village Board and community questions. We have heard your concerns, and we stand committed to transparent reporting of our efforts to bring the “right-sized” project to the community.

### **What is the next step for the community conversation on the Library Plans?**

The Scarsdale Board of Trustees has scheduled a November 29 Committee of the Whole public meeting. At that meeting, the Library Board will provide updated information as requested by the Scarsdale Village Board and members of the community will have an opportunity to comment on the project and next steps.

### **How has the project progressed over the summer months?**

On July 19, the Scarsdale Board of Trustees held an open “Committee of the Whole” meeting to review new information concerning the Library capital project. (Video of July 19 meeting found at <http://scarsdaleny.swagit.com/play/07202016-706>.)

The Library Board presented to the Trustees our revised recommendation of Option A-1, at a 30% decrease in municipal cost from Option A. Option A-1 preserves the priority accessibility, flexibility and patron usage achievements of the Schematic Design for Option A, but identifies approximately \$3 million of savings, found through a combination of scope reductions, scope postponements and value engineering efforts. This translates to a **NET total cost to taxpayers of \$8.4 million.**

The Village Board also heard a report from the engineer who has conducted subsurface testing on the Library grounds, conducted as part of an effort to avoid surprises once construction work begins. The testing, now complete, has informed some design modifications that are expected to achieve economies as well. Traffic studies, proceeding during October at the Library and at Supply Field, will be presented at the November 29 meeting.

### **How did we achieve \$3 million in cost reductions?**

**We heard you!** We share the community’s desire to avoid “fancy bells and whistles” – but we also hear tremendous support for maximizing this opportunity to modernize and enhance the Library for community needs we already cannot meet.

The Library Board and the Library Building Committee focused on making the most of a “**dig once**” opportunity to address longstanding building issues and create space improvements that support community use into the future. While vigorously pursuing economies, the Library Board and our architects also generated creative solutions to minimize negative impact on Library services.

Option A-1 priorities:

- Achieves accessibility for all users
- Expands and improves the high-traffic Children's Department
- Enhances flexibility for varied, concurrent space uses and accommodates programs serving the full range of community patrons.
- Modernizes technology now and for future reconfiguration
- Maximizes building usage, efficiently and responsibly

Additional features and benefits of the project, including ample space for senior citizen programming and accommodations for people with intellectual disabilities, among other things, are documented throughout this binder, including a full statement of project priorities.

Option A-1 Key Savings\*:

- Reduces the area and material used for raised flooring used for technology items
- Eliminates a basement build-out
- Eliminates or postpones solar panels on roof
- Substitutes less expensive interior materials choices
- Reduces A/V systems costs
- Modifies foundation design
- Eliminates Reading Deck, Green Roof, and subdivision of Scott Room

\*An itemized list of cost reductions, with savings and explanations, is found in Tab 3 of this binder.

### **What have we learned about the bond needed for the project?**

In addition to economies achieved in Option A-1, Library Director Elizabeth Bermel conservatively estimates operational savings of \$1.5 million during the period of reduced service while the Library will be in temporary space. We learned from the Village in July that, although these future operational savings cannot be directly computed into the size of the municipal bond, they can be returned to taxpayers as they are realized – so, although the Library's current proposal asks that the community permit the Village to bond up to \$9.9 million, as noted, **the ultimate net municipal cost would be \$8.4 million.**

This does not mean that the Village has to bond the entire amount authorized, nor must debt be issued as a single bond all at once. The actual amount of issued debt would depend on prudent cash management during the life of the project by the Village staff, working closely with the Library Director and Library Board. Financial management occurs in the context of the full Village budget, current cash needs and other debt service. The Library remains optimistic that, once the municipal funding component is determined, our Capital Campaign Committee will succeed in raising the anticipated balance of the \$7.5 million in private donations so that the project can proceed promptly.

## **How can we be sure about oversight of this project?**

- The Library Board (all Scarsdale taxpayers ourselves) and the Library Director stand at the helm of this project. We provide a deep bench of community leadership, with active stakeholders committed to seeing this through responsibly.
- This project has developed through years of methodical planning, with expert professional input and guidance at each step, funded to date by private donations, an indication of strong community support.
- The Library Building Committee, which will continue to provide consistent, robust oversight throughout the project, includes an architect, an engineer, Village capital project staff, the Library Director, lawyers, and representation from the Library Board and Capital Campaign Committee, all working closely with Dattner Architects, and can tap others with relevant expertise at each phase of the work.
- Project costs have been conservatively estimated, with multiple layers of contingencies built in, all fully vetted by an independent cost estimator. The estimating process will recur during design development, and bid documents will identify a variety of “deduct alternates”, if needed to accommodate unexpectedly high bids.
- The project was conceived from inception as a public/private partnership. Private giving could potentially cover any project overruns or, alternatively, scope could be adjusted. The Library Director and Library Board are committed to responsible financial oversight of the project.

## **How does a renovated Library building impact future operating costs?**

Even with addition space and expanded programming, the Library Director anticipates only minimal change to the overall annual operating expenses for the renovated building. Eighty-eight percent of the Library's operating budget is personnel-related (salaries, benefits, etc.) With the exception of some additional custodial staff, we do not anticipate needing to add staff positions. The Library may need staff with different expertise over time, but, in general, the number of employees is expected to stay the same.

We'll need some more custodial staff not simply because the building is larger, but because of the increased program space (custodial staff is responsible for setting up and taking down chairs, tables, etc.). There may be a slight increase in library hours, but since the Library is already open 7 days a week and 3 evenings a week, most of the additional hours can be covered by shifting staff schedules.

The majority of Library program expenses are supported by the Friends of the Scarsdale Library, and are not paid for with municipal funds. Throughout the Capital Campaign process, a number of individuals and organizations have indicated a desire to augment existing programming by sponsoring programs on an ongoing basis.

The building today lacks modern efficiencies that have been considered integral to the design for the renovated space. The plan includes many energy saving solutions, which should also offset expenses. In any event, because the total building maintenance budget (including custodial staff) is less than 10% of the total Library budget, even an increase in maintenance costs would have limited impact.

In addition, we anticipate new Library revenue from rentals of additional meeting spaces and, potentially, from the café concessionaire.

### **How is the \$4.5 million of ‘deferred maintenance’ on the Library building calculated?**

The Village Board has acknowledged that Library infrastructure needs significant repair and improvement, including a new roof, wheelchair-accessible bathrooms and significant HVAC upgrades, among other significant and long-deferred modernizations and updates that are listed in Appendix G of this binder. The cost to do these individual projects without otherwise expanding or enhancing the Library is estimated by the Village at \$4.5 million, but the Village has not explored them as a project. In response to questions seeking to compare a stand-alone remediation plan to the current proposal, we note at this point that, relative to the recommended full renovation project, the \$4.5 million represents a conservative estimated placeholder.

- The Village has not, at this time, employed professional services to further explore the costs of doing these items as a stand-alone capital project.
- The estimates have not been fully vetted as a stand-alone capital project by an independent cost estimator.
- The design issues and impacts on the building that could emerge if pursuing these as a stand-alone capital project have not been fleshed out.
- The estimates currently include escalation and design contingencies as a placeholder.

Benefits of including these items into a ‘dig once’ renovation and expansion project:

- By doing the maintenance work as part of the larger project, the cost for this work is incurred up front, rather than over a projected fifteen years, which reduces cost escalation over time, increases efficiency, and leaves more dollars available for modernization of the Library.
- Design fees for the maintenance items are included in the fees for designing the full project.
- If the Library were solely to address these maintenance items, we would miss out on an integrated approach that, like Option A-1, also enables our community to serve patron usage trends, community demands, library service trends, adjacencies, anticipated technology concerns, and flexibility for future generations.
- Community enthusiasm for expanding and modernizing the entire Library will permit the Village to leverage municipal funding with \$7.5 million of private donations, which are not likely available if the Village were only to do pure remediation/infrastructure work.

**What could be an average cost per household of the \$9.9M bond?**

The Village staff updated the debt service estimate for a \$9.9 million debt issue assuming the first payment is made in 2018-2019.\* Based on those scenarios, and an average residential property assessed value of \$1,508,346, the debt service cost for the average-assessment household would **be approximately \$137 per year, for 15 years**, for a 2017-2018 issue date. **That is about \$2.63 a week.**

Stated differently, so that residents can compute their personal tax impact based on their home's assessment, the annual cost per \$1,000,000 of assessed value would be approximately \$90.35 for that issue date.

\* The current interest rates may not apply at the time of debt issuance. Any reduction in the total village-wide taxable assessed value for the 2016 assessment roll would increase the tax rate, resulting in an increase in the cost per property.