



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: August 22, 2022

RE: **Approving Budget Transfer – Public Education Program Regarding the Ballot Proposition to Repeal the Ketchikan Gateway Borough’s Adoption of Nonareawide Library Powers and the Associated Mill Rate Dedicated to Library Operations**

At the City Council meeting of August 18, 2022, I informed the City Council that the Ketchikan Gateway Borough had recently certified a citizen initiative petition to repeal the Borough’s nonareawide library powers. The powers were adopted through a ballot measure in 1985 and allows for the Borough to enact the current 0.7 mill rate for nonareawide services, which is dedicated to funding a portion of the Ketchikan Public Library’s annual operating budget. This accounts for \$516,326 of the Library’s \$1,372,020 2022 operating budget, or approximately 38%, with City residents contributing \$820,072 in property tax funding. The funding contribution accounts for non-City Borough residents’ access to the City owned and operated Library. The ballot proposition will be placed before the qualified voters of the Borough living outside the city limits of Ketchikan and Saxman on the October 4, 2022 Regular Municipal Election. I also informed the City Council that due to the financial and operational impacts of the ballot proposition, I would be seeking City Council approval at the September 1, 2022 meeting for a budget transfer for the purpose of authorizing a public education program regarding the impacts of ballot proposition.

The motion detailed below, if adopted, provides for a transfer of \$10,000 from Appropriated Reserves of the General Fund to the Library Department’s 2022 Ads and Public Announcements account (Account No. 605.01) for the purpose of authorizing and funding a public education program regarding the impacts of the ballot proposition. While the City Council has yet to discuss how the Ketchikan Public Library would continue current operations under reduced funding or determined if other funding sources are available, at my request Library Director Pat Tully prepared the attached transmittal memorandum outlining the Library’s reduced operations under decreased funding. If ratified, the repeal of Ketchikan Gateway Borough nonareawide powers and associated funding would not go into effect until January 1, 2024, which will give the City the opportunity to determine new operational and/or funding levels. However, given the potential impacts to Library operations outlined in Ms. Tully’s memorandum, I believe it is incumbent upon the City Council to authorize a public education program regarding the impacts of the ballot proposition.

The Alaska Public Offices Commission (APOC) requires that the City Council approve, by motion, the spending of public funds in support (or non-support) of an election issue.

Ms. Tully, the City Attorney, KPU Sales, Marketing and Customer Service Division Manager and the Finance Director will be attending the City Council meeting of September 1, 2022, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion approving the transfer of \$10,000 from Appropriated Reserves of the General Fund to the Library Department's Ads and Public Announcements account (Account No. 605.01) to fund and authorize a public education program to influence the outcome of the ballot proposition to repeal the Ketchikan Gateway Borough's adoption of nonareawide library powers and the associated mill rate dedicated to Library operations.

Recommended Motion: I move the City Council approve the transfer of \$10,000 from Appropriated Reserves of the General Fund to the Library Department's Ads and Public Announcements account (Account No. 605.01) to fund and authorize a public education program to influence the outcome of the ballot proposition to repeal the Ketchikan Gateway Borough's adoption of nonareawide library powers and the associated mill rate dedicated to Library operations.



MEMORANDUM

To: Lacey Simpson, Acting Manager, City of Ketchikan
From: Pat Tully, Ketchikan Public Library Director
Date: August 18, 2022
Re: Impact on Library Services of Repeal of the Borough’s Nonareawide Library Funding Power

Background: On the October 4 ballot for Ketchikan’s nonareawide residents, Proposition 2 will ask voters to repeal the Ketchikan Gateway Borough’s nonareawide library funding power. If this proposition passes, the Borough’s contribution to the Ketchikan Public Library will end effective January 1, 2024.

The Borough’s contribution is based on the percentage of the Borough’s population that resides outside the City of Ketchikan and the City of Saxman. In 2022, this has been calculated to be 38%, or \$516,326.

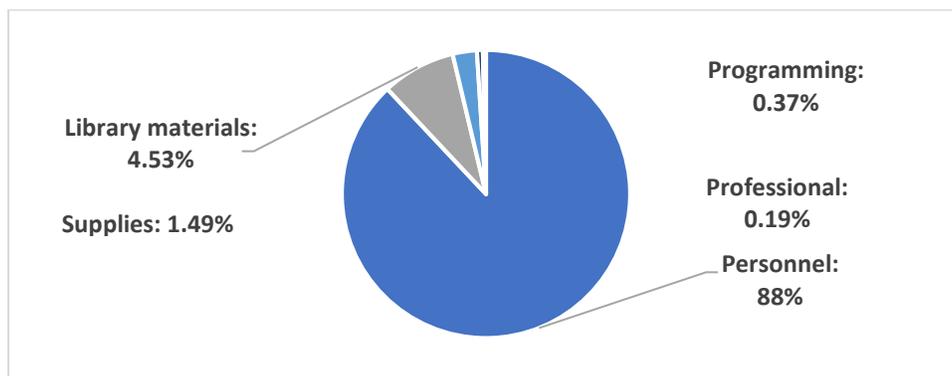
Currently there are 2,007 Borough residents who live outside the City of Ketchikan and the City of Saxman who have a Library account. (This number does not include children in the School District who can now use their school account to request and check out Library books.) Each of these 2,007 borrowers checks out an average of 17 items per year—some less, and others far more. The retail cost of each item averages \$20, so by using the Library each account holder saves an average of \$340 annually.

The .7 mil rate library tax for nonareawide residents is \$146 annually for a house with a median value of \$209,433.

Financial impact if the measure passes: This analysis is based on the Library’s 2022 budget.

The Library’s total 2022 budget is \$1,359,169. Certain expenses, like internet and telecommunication charges, building maintenance, and utilities, cannot be significantly reduced. The total Library budget that is available to be reduced is \$1,141,033.

The portions of the Library’s budget that can be reduced break down as follows:



Without the Borough’s contribution of \$516,326, the portions of the Library’s 2022 budget that can be reduced will be \$624,707, a 45.25% decrease.



Areas that can be reduced	2022 budget	After a 45.25% reduction
Personnel (salaries & benefits):	\$ 1,004,190.00	\$ 549,786.00
Library materials:	\$ 94,336.31	\$ 51,649.00
Supplies:	\$ 30,996.01	\$ 16,970.00
Professional:	\$ 3,890.00	\$ 2,130.00
Programming:	\$ 7,620.00	\$ 4,172.00

Impact on Library services:

- The number of Library staff will be reduced from 11.125 FTE to 6.09 FTE, requiring the layoff of 6-7 staff members (some of whom are part-time). This reduction in staff will require:
 - o Eliminating almost all Library programs for adults, children, teens, elders and others, both in and outside the Library. The remaining staff will be needed in the building to cover desk shifts and perform required administrative tasks.
 - o Discontinuing Library staff support for the activities of the Teen Advisory Group (T.A.G.).
 - o Cutting open hours from 48 per week (52 per week before the pandemic) to 35 hours a week. To be eligible for the State Public Library Assistance Grant of \$7,000 per year for library materials, a Library serving 8,558 (City of Saxman and City of Ketchikan) must be open 40 hours per week, so the Library would lose an additional \$7,000.
- The Library will reduce by half the number of new books, DVDs and other materials added to the collection each year, and cancel Scholastic Teachables and other local library database subscriptions.
- Ketchikan Gateway Borough residents who live outside the City of Ketchikan or City of Saxman, will not be eligible for a Library account to check out Library materials, download Alaska Digital Library electronic books and audiobooks, request items through interlibrary loan, or borrow AV equipment.
- Major changes will be necessary in the shared online library system and collection sharing between the Public Library and the Ketchikan Gateway Borough School District Libraries. Students and teachers who live outside the City of Ketchikan and the City of Saxman will no longer be able to check out Public Library materials. This may make it necessary to end the agreement to share an online library system, leading to increased system costs for the Public Library and the School District Libraries.

Charging for a Borough account: To partially offset the loss of the Borough’s contribution, the Library could offer nonareawide Borough residents an account for an annual charge, the charge to be determined. Because the annual revenue from this charge could not be guaranteed, it would not be appropriate to use it to budget for staff. It could be used, however, to purchase new books and other materials.

Conclusion: There may be other ways to partially offset the loss of the Borough’s contribution to the Library’s budget which will mitigate the impacts described above. This memo has been prepared to make clear the impact to Library services if the proposition passes and no alternative sources of funding are found.

Regular City Council meeting was called to order by Mayor Kiffer at 7:01 p.m., August 18, 2022, with the following members present: Riley Gass, Janalee Gage, Jai Mahtani, Abby Bradberry, Judy Zenge, Mark Flora (via WebEx) and Lalette Kistler.

The Pledge of Allegiance was given by all persons in Council Chambers.

Mayor Kiffer stated the Recital of Native Lands Acknowledgement.

Staff present were Acting City Manager Simpson, Finance Controller Hart, City Attorney Seaver, Public Works Director Hilson, Police Chief Walls, Fire Chief Hines, Library Director Tully, Electric Division Operations Manager Adams, Deputy Clerk Lee and City Clerk Stanker.

PUBLIC HEARING

Mayor Kiffer called the public hearing on Ordinance No. 22-1949 to order at 7:02 p.m. and requested public testimony.

As there was no testimony, Mayor Kiffer declared the public hearing closed at 7:02 p.m.

COMMUNICATIONS

Mayor Kiffer informed there a few items laid on the table, including; information regarding the Homelessness Needs Assessment public forum that is scheduled for Wednesday, August 24, 2022 at the Ted Ferry Civic Center and information on the effects of the ballot proposition to repeal the non-area wide library powers and associated mill rate if approved by voters at the October 4, 2022 election.

PERSONS TO BE HEARD

Hunter Davis, Jeremiah Sullivan and Mike Weston with the American Legion spoke to issues and concerns regarding the First City Homeless Shelter, and asked for a meeting to discuss ways to help improve the situation.

Licha Kelley-King with Rendezvous Senior Day Center and thrift store asked for a reduction in their trash fees due to the fact people are dumping garbage at their facility that they have to dispose of.

Sheila Miller asked the Council to look into the mandatory use of masks at the library, especially for the children and teen events.

CONSENT AGENDA

Mayor Kiffer suggested moving a few items to the Consent Agenda, including; Appointments to boards and commissions and a budget transfer for the award of Contract No. 22-17, Padmount Transformers, to General Pacific, Inc. No objections were heard.

Approval of Minutes – Regular City Council Meeting of August 4, 2022

Moved by Bradberry, seconded by Zenge for approval of the minutes from the regular City Council meeting of August 4, 2022.

Motion passed with Gass, Gage, Zenge, Bradberry, Mahtani, Flora and Kistler voting yea.