

**MEMORANDUM**

TO: Mayor and Town Council

FROM: Roger L. Stancil, Town Manager

SUBJECT: Library Expansion Project Update and Establishment of a Project Budget

DATE: October 15, 2008

**PURPOSE**

The purpose of this report is to provide an overview of what I see as the key point included in the attached staff memorandum.

**DISCUSSION**

The key point as regards the Library expansion project is its cost and the impact that associated debt payments and increases in future Library operating costs will have on the Town's budget. The language in the Library bond that was passed by voters in 2003 states that support of the bond includes support for future tax increases needed to complete the project. Tonight the Council has the opportunity to review the project costs and the estimated tax increases that will be necessary to fund the associated bond issuances.

To date \$2,000,000 in project bonds have been sold and these funds are now either expended or encumbered. To continue with the project as currently proposed will necessitate the sale of an additional \$14,260,000 in bonds. Once all of the bonds are sold, cumulative annual project debt payments are estimated to be approximately \$1,421,373, or a tax rate equivalent of 2.45 cents. In addition, increases in annual library operating costs are estimated at \$774,799, or a tax rate equivalent of 1.33 cents at current valuations. The total impact on the Town's budget would thus be the equivalent of 3.78 cents at current valuation.

These costs are significant and will present real challenges as the Town's budgets for upcoming years are developed. We seek the Council's concurrence with proceeding with the project and guidance on meeting the likely financial implications associated with the increased costs.

**RECOMMENDATIONS**

That the Council adopt the attached Resolution A authorizing the Town Manager to direct the Town's design consultants to proceed with development of construction plans and specifications in preparation for bidding and award of construction contracts utilizing a Construction Manager at Risk.

That the Council adopt the attached Resolution B that establishes an estimated project budget of \$16,515,374 and directs the Town Manager to prepare Town budgets with an increase of approximately 1.72 cents in 2009-10, and a cumulative increase of approximately 3.78 cents in

2010-11 to fund Library debt service and operating cost increases without affecting other Town services.

**ATTACHMENTS**

1. Library Expansion Project Update and Establishment of a Project Budget staff memorandum dated 10/15/08 (p. 5).