



PALOS HEIGHTS
PUBLIC LIBRARY

DIRECTOR'S REPORT

Palos Heights Public Library Board of Trustees Meeting
May 16, 2024

Library News

These are some of the most exciting weeks of the year as we gear up for summer reading! Plans are in place for our 2nd annual Summer Reading Kickoff Party on Saturday, June 1st from 10am until 2pm. We'll have a bounce house, petting zoo, food, games, and a musical performance by Super Stolie. Hopefully, we won't be swarmed by cicadas, but that's just going to be a fact of life in Illinois this summer. The total budget for this event is \$2,500, with \$1,000 of this being donated by the Friends of the Library.

Speaking of the Friends, they have agreed to purchase two new Little Free Libraries for the community. One has already been purchased and installed at Lake Katherine, replacing the aging Little Free Library that was on its last legs. The other is planned for installation at the new park being built by the Rec Department on 127th Street. I'm excited to see more of these great book-sharing stations popping up in our neighborhoods!

On April 9th, I gave a solo 90-minute presentation at Director's University 2.0 on the topic of capital needs assessments. Directors University 2.0 is a week-long intensive professional training experience for library directors from anywhere in the state. You might not think that a 90-minute presentation on capital needs assessments would be all that interesting, but they were incredibly engaged and asked tons of great questions.

We continue to work on getting our new Gadgets & Gizmos collection ready for prime time. The new slat wall display is ready to be installed on the first floor at the side of the staircase. New wall decals have been ordered to draw attention to the display. In addition to existing items that are going in this collection, e.g. tables and chairs and the mini drone, we have purchased three new mobile WIFI hotspots and two sets of pickleball paddles and balls for the collection. Susana has been working feverishly to get all of our items cataloged and packaged for smooth circulation. I expect that we'll go live with our current collection prior to June 1st, just in time for summer reading! The plan is to continue to add 1 or 2 items to this collection per month moving forward.

Building & Grounds News

Things have been relatively quiet on this front. We have made a few repairs to equipment in the Interactive Space upstairs. The diner has also had a few small issues that our Owners Representative is working to fix for us. New whiteboards were installed in our first-floor study rooms. A new one will also

go up in the Teen Area shortly. We have a number of ballasts that need to be replaced on both floors, so we will have the electrician in the building to do that work soon.

Budget News

Our budget is healthy. We have received 92% of our expected tax revenues for the first half of 2024. This is in the ballpark of what is normal at this point in the year. The remainder of those funds will continue to trickle in throughout the year and even into future years as those late payees eventually get caught up. Expenditures continue as normal.

The audit is delayed until June this year. The City has been slow to get the IMRF numbers over to our auditor. They are going to be filing for an extension on their filing, so they said that we can have until June or later to finalize ours. There should be no issue with getting ours finalized at the June meeting.

Upcoming Events

- May 14: Budget & Finance Committee Meeting at 4pm
- May 16: Regular Board Meeting at 7pm
- May 18 (Saturday): ATLAS Continuing Education Program – “Director Trustee Relations” at 10 am at the Orland Park Public Library
- June 20: Personnel Committee Meeting at 6pm
- June 20: Regular Board Meeting at 7pm

Agenda Items

Item 1: Parking Lot Repair Project

Our Owner’s Representative, Dan Eallonardo is working on getting us at least three proposal from engineering firms for the work needed to repair and resurface our parking lot. I expect to have those proposals for your consideration at our June meeting. Once we have selected an engineer, they will do their analysis and put together documents needed to issue an RFP in January 2025 for construction later in 2025.

Recommendation: No action is needed at this time.

Item 2: 2024-2025 Nonresident Card Fee

(For those of you familiar with how the non-resident fee works, please feel free to skip to the end of this discussion for this year’s calculation.)

The Library is required by law to offer Non-Resident borrowing privileges to people who live outside of the Library's service area on an annual basis. The law stipulates that a Non-Resident must use the Library closest to their residence, so our Non-Resident borrowers all come from the area of unincorporated Palos Heights (approximately) between Ridgeland Avenue to the west, Central Avenue to the east, College Drive to the north, and 135th Street to the South. This service is to be paid for by that non-resident as calculated by one of three methods, although only two of these methods are available to us. Most of what is in this resolution is non-negotiable. The main issue here is which of these calculations the Library wishes to employ in determining the Non-Resident rate for the next year.

Option 1: Historically, the Library has opted to use the "general mathematical formula." This formula takes our property tax revenues from the previous fiscal year, divides that by the total local population (which gives us an average tax dollar per resident value), and multiplies by the average household size (which gives us an average tax dollar per household value). The result is the average amount that was paid per household by residents for the use of the Library in the previous fiscal year.

Advantages of this method:

- it is very simple and straightforward for both staff and patrons
- previous nonresident card purchasers are already familiar with this method

Disadvantage of this method:

- It isn't necessarily the fairest method on an individual basis because to use an average value means that the nonresident isn't paying the same amount that they would pay if they were a Palos Heights resident. If they live on a less expensive property than the average for Palos Heights, the average household amount is more than they would pay if they lived on that property within the City. If they live on a more expensive property, they would pay less for Library services than if they lived on that same property within the City.

Option 2: This option involves calculating a Non-Resident rate for each individual Non-Resident borrower using either the valuation of the property assessment (for homeowners) or a minimum of 15 percent of the monthly rent (for renters).

Advantage of this method:

- It is fairer to each individual Non-Resident as the fee they pay is exactly what they would pay were their property located within the City. Renters and those living on lower-than-average-value properties won't pay a disproportionately high rate and vice versa for those living on higher-value properties.

Disadvantage of this method:

- It is more cumbersome and invasive for both staff and patrons. Staff have to make the calculation for each Non-Resident applying for a card. Patrons have to gather and present more

documentation than they would otherwise, i.e. a property tax bill, and they might find sharing that information to be invasive. This might be a turnoff for current and past Non-Resident users as they are accustomed to a much simpler process that does not involve the disclosure of personal financial information.

In the past, I have recommended using Option 1 because it is simpler. This is the method that we have always used, and it is easier to continue a longstanding previous practice than to change it if there is no compelling reason for making a change. Monetarily, the difference to the Library should be close to nothing because the average amount paid using the second option should average out to be the same as the first.

The second method requires a bit more time and effort on the part of Library staff and collecting and bringing in more paperwork on the part of non-resident patrons. It is more invasive for patrons as it requires staff to look at their property tax bill. It would also require training staff to accurately make this calculation and having someone check after-the-fact that it was done correctly. These are by no means insurmountable issues. I have created a fillable spreadsheet that staff can use to make the correct calculation.

If we were to use the General Mathematical Formula, here is the calculation based on the most recent official census data:

Property tax income received in 2022:	\$2,200,217.93
Local population (2020 census):	12,068
Average household size (2020 census):	2.55
Nonresident Card Fee:	\$464.91

This is a much higher fee than we have seen because we received part of FY2021 tax revenues in 2023 due to Cook County being so late with that year's tax bills. Essentially, we received well over a year's worth of tax revenues in 2023, whereas we received well under in 2022. I believe there would be some sticker shock among our half dozen regular nonresident payees. For this reason, I believe that this might be a good year to switch from our traditional General Mathematical Formula to the Property Tax Bill method. Next year, when tax revenues are back to normal, we can opt to continue or switch back.

Recommendation: I recommend that you approve "2024 ANNUAL RESOLUTION AUTHORIZING PUBLIC LIBRARY NON-RESIDENT CARDS" using the Property Tax Bill method. I have prepared two versions of this document so that we are prepared to sign and enact whichever method you approve.

Item 3: Illinois Funds

I mentioned in March that we already have an account established with The Illinois Funds that allows us to accept donations intended for 501(c)3 entities. The Illinois Funds are an investment pool managed by the State Treasurer's office for the benefit of public entities. Many years ago, tax disbursements from Cook County were deposited directly into Illinois Funds on behalf of taxing bodies, and we would transfer

them from there to our local bank accounts for use. They put a stop to those direct deposits a few years ago because they wanted to public entities to accept those disbursements directly without The Illinois Funds having to administer all of those transactions every year. (They have since recognized the error of this, i.e. a significant reduction in their cash flow, and now allow entities to use them for that purpose again.) When they stopped accepting those payments, we pulled most of our cash out of their account and have kept it in money markets with our bank. For a number of years, there was no reason for us to do business with The Illinois Funds.

That is no longer the case as The Illinois Funds now offers the highest interest rate available for completely liquid accounts. Now that interest rates have recovered from close to zero in recent years, The Illinois Funds is returning 5.399% compared with our Old National money markets at 1.26%. Illinois Funds is completely liquid. There is no required time that funds have to be invested before being withdrawn. There are no fees for moving money in or out, although Old National charges a nominal fee for those transactions. While these funds aren't FDIC insured, The Illinois Funds has a long and consistent history of portfolio management with a AAAM S&P Global rating (which has never been downgraded in its history) and Fitch's highest rating of AAAMmf. They are a solid, simple, and worthwhile short-term investment option, in my opinion.

Now that we have some cash on hand again, I think it would make a lot of sense for us to store excess cash with The Illinois Funds to take advantage of their higher interest rate. For reference, a deposit of \$500,000 at their current rate of 5.399% would yield almost \$2,200 per month in interest. Compared to the \$500 or so dollars that we are getting in our Old National money markets, I think this would be a meaningful change for us.

I think you all know me well enough to know that I'm extremely conservative when it comes to stewardship of our financial resources. As a test case to prove (mostly to myself) that The Illinois Funds is still as easy and reliable as it used to be, I propose to transfer \$10,000 from our Old National General Fund money market later this month. Once I have seen that the transfer process is as smooth and free of fees that it is claimed to be, I would transfer the majority of our General Fund balance into The Illinois Funds account, leaving enough in Old National to cover expenses for the coming two months. The strategy would be to make a single transfer each month from The Illinois Funds into Old National in the amount needed to cover another month's bills. If balances were to run low or our money markets were to begin outperforming The Illinois Funds, we could easily transfer all of those funds back to Old National whenever we like.

Recommendation: I don't believe any action is required on this topic as current policies already allow me to transfer funds between our existing bank accounts as long as that money remains within the General Fund.

Item 4: August Closing Date

Back when we set our library closings for the year in October, we were under the assumption that the SWAN conference would take place on the third Friday in August as it has for the past few years. SWAN has announced that this year's conference will be a week later on the 23rd. We had planned this as a closure date for the library so that our staff could all attend the conference as our August in-service day. I still think this is a very worthwhile event for us to attend as a staff and would like for the library to be closed on the 23rd instead of the 16th.

Recommendation: I recommend that you approve the library closing date of August 23, 2024 instead of the previously approved August 16, 2024.

Respectfully submitted,
Jesse Blazek
Library Director