



July 14, 2011

Mr. David L. Donahoe
Executive Director
Allegheny Regional Asset District
Regional Enterprise Tower
925 Sixth Avenue, Suite 1610
Pittsburgh, PA 15219

Dear David:

Carnegie Library of Pittsburgh's (CLP) 2012 online budget application to the Allegheny Regional Asset District has been submitted. CLP's operational request for 2012 is \$18,884,500, a 4.4% increase over our 2011 allocation. As the fiscal agent for the eiNetwork, we have requested \$2,550,080 for eiNetwork operations, a 4% increase over their 2011 allocation. The total RAD funding request in support of CLP and eiNetwork is \$21,434,580. We also have requested a capital grant in the amount of \$250,000 to help fund ADA improvements at several CLP branch locations.

We respectfully request that the attached Five-Year Budget Projections 2012-2016 be included as part of our final budget documents. As you are aware, the recommendations of the Public Private Task Force on Sustainable Library Funding were accepted by CLP's Board of Trustees in January of this year. Since then, Library board and staff have been working on strategies to implement all six of their recommendations in the coming years in order to successfully secure sustainable funding for the long term. The recommendations are:

1. Build a culture of library supporters in the community to improve library advocacy and increase individual giving;
2. Secure increases in annual allocations from the Allegheny Regional Asset District;
3. Provide citizens of Pittsburgh an opportunity to vote on whether dedicated funding support should be provided to library;
4. Launch library endowment campaign;
5. Secure increases in corporate contributions; and
6. Create tax incentive programs at the state and local levels for individuals and corporations contributing to the library

The Five Year Budget Projections continue to show growing deficits annually without new revenues, growth in existing revenues, or reductions in service. CLP's 2012 budget submission includes the initial year of anticipated revenues for five of the six recommendations. Please note that it does not yet reflect revenue that may result from a successful voter initiative since the effort to get the measure on the ballot in November is still in process. If the voter initiative is successful, the primary goal of funding is to maintain a strong and relevant library system for the future.

A successful outcome of the voter initiative in November will have a significant impact on CLP's financial outlook in 2012 and beyond, but all six recommendations together will be necessary to reach an operationally and financially healthy Library system. We look forward to speaking about these efforts in more detail during our August presentation to the RAD Board.

Sincerely,

Mary Frances Cooper
Deputy Director

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Deputy Director

Carnegie Library of Pittsburgh

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Five Year Projection

		2012	2013	2014	2015	2016	
		Estimate	Estimate	Estimate	Estimate	Estimate	
		Year 1	Year 2	Year 3	Year 4	Year 5	
REVENUES							
1	Earned Income	1,202,500	1,212,500	1,220,000	1,228,000	1,236,000	flat fines/fees and interest; endowment - 6% growth 4% draw 2012-16 flat state aid and table games incr based on add'l tables 2% 2012 - 2016 flat contract 2012-2016
2	Government Support	4,038,000	4,088,000	4,088,000	4,088,000	4,088,000	
3	Private Support	902,700	920,754	939,169	957,952	977,112	
4	ARAD, w/o eiN	18,128,000	18,128,000	18,128,000	18,128,000	18,128,000	
Total Revenue		24,271,200	24,349,254	24,375,169	24,401,952	24,429,112	
EXPENSE							
5	Salaries - Full Time	10,144,470	10,448,804	10,762,268	11,085,136	11,417,690	3% 2012-2016
6	Salaries - Part Time	1,619,160	1,667,735	1,717,767	1,769,300	1,822,379	3% 2012-2016
7	Fringe Benefits (including taxes)	3,413,760	3,823,420	4,282,240	4,796,110	5,371,650	12% 2012-2016
8	Library Collections	3,429,300	3,600,765	3,780,803	3,969,843	4,168,336	3% 2012-2016
Other:							
9	Computers, Copiers, IT & Tech services	845,285	870,643	896,763	923,666	951,376	3% 2012-2016
10	Building, Grounds & Security	939,360	967,541	996,567	1,026,464	1,057,258	3% 2012-2016
11	Fundraising & communication	531,068	547,000	563,410	580,312	597,722	3% 2012-2016
12	Supplies	396,153	408,038	420,279	432,888	445,874	3% 2012-2016
13	Continuing Education & Training	51,088	52,621	54,199	55,825	57,500	3% 2012-2016
14	Fuel, Local mileage, In-state and Conference Travel	68,516	70,571	72,688	74,869	77,115	3% 2012-2016
15	Pass-through to ACLA for District Services	100,000	100,000	100,000	100,000	100,000	flat with state aid
Total Other		2,931,470	3,016,414	3,103,907	3,194,024	3,286,844	
16	Capital maintenance	650,000	675,000	700,000	725,000	750,000	Based on 30-year plan based on lease agreements
17	Rent	281,142	281,142	282,167	293,444	293,444	
18	Utilities	1,092,830	1,125,615	1,159,383	1,194,165	1,229,990	3% 2012-2016
19	Insurance	206,000	216,300	227,115	238,471	250,394	flat for 2012, then 5% 2013-2016
20	Telephone	109,140	111,323	113,549	115,820	118,137	2% 2012-2016
21	Legal	66,150	69,458	72,930	76,577	80,406	5% 2012-2016
22	Audit	36,500	37,150	37,840	37,840	38,000	based on proposal
23	Debt Service	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	per debt service schedule
24	Vehicle leases	15,000	30,000	25,000	35,000	-	based on anticipated need
24	Contingency	-	-	-	-	-	
TOTAL EXPENSE		\$ 24,994,922	\$ 26,103,125	\$ 27,264,970	\$ 28,530,730	\$ 29,827,270	
Surplus/(Deficit) from Base Projections		\$ (723,722)	\$ (1,753,871)	\$ (2,889,801)	\$ (4,128,778)	\$ (5,398,158)	
		*	cumulative 2012-16			(14,894,330)	

CLP's future base projections show increasing deficits in the absence of new revenues, growth in existing revenues, or reductions in service. Recommendations for sustainable, long-term funding have been provided by the Public-Private Task Force and accepted by the Library Board of Trustees. The recommendations are a package, and as such, all six recommendations are necessary to achieve sustainable, long-term funding. Board and staff are developing strategies to ensure the successful implementation of these recommendations.

1. Build a culture of library supporters in the community to improve library advocacy and increase individual giving
2. Secure increases in annual allocations from the Allegheny Regional Asset District (RAD)
3. Provide citizens of Pittsburgh an opportunity to vote on whether dedicated funding support should be provided to Library
4. Launch library endowment campaign
5. Secure increases in corporate contributions
6. Create tax incentive programs at the state and local level for individuals and corporations contributing to the library

* In keeping with these recommendations, the Library's 2012 budget is balanced by increases to private fundraising and increases in support from RAD, our largest funder.