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Section 7: Capital Planning

7.1 - The Board's Role in Capital Planning

Boards that successfully complete building projects must have a carefully developed plan. Preparation for building projects is long-term and ongoing, and must reflect the needs and outcomes established by the strategic plan. There are relatively small projects the board will want to plan for as well as large projects. Remember to have a plan in place in case someone presents the board with major funding.

Many boards establish a Building Committee for ongoing capital needs, and committees as needed for a large capital project. A new building might need a separate committee for each phase of the project such as public relations, needs assessment or site selection. The library director is customarily expected to coordinate the planning, make recommendations, and work with the consultant and architect. It is customary for the director to be the board's representative during construction, and to keep the board's building committee fully informed.

Some libraries organize an advisory committee if a new building or addition is needed.

7.2 – Legal Requirements

Municipal and Joint Boards

Trustees may reserve funding for capital expense using funds from the annual mandatory library appropriation (one-third mill), if the following conditions are met (N.J.A.C. 15:21-12.5(c)).

1. All conditions of N.J.S.A. 40:54-1 et seq. (law governing municipal and joint libraries) and N.J.A.C. 15:21-2 (regulation governing minimum standards for Per Capita State Aid) are met;
2. There are sufficient funds remaining for the maintenance of the library for the balance of the year in which the funds are saved or the cost occurs; and
3. The library board of trustees has a written plan of at least three years that reflects that the long-term capital expense will contribute to the provision of efficient and effective library services, and that the plan will be made available to the State Librarian upon request.

Regardless of the size of the project, all plans must show that the capital expense will contribute to the provision of efficient and effective library service. The board must have a resolution to set aside capital funds and the resolution should reference the projects anticipated.

Municipal, Joint and County Boards

All purchasing through the board of trustees or library commission must be in accordance with New Jersey purchasing requirements whether or not the money was gifted or received from local government.

Always remember that the building, with very rare exceptions, belongs to the municipality or the county. A structural change may require the permission of the majority of elected officials. To

maintain good relations, all elected officials should be kept informed regarding what the board is saving capital funds for and why.

Following is list of the laws that you will want your attorney to review. A very brief description is given to provide an indication of what the law covers, but review of the statutes mentioned with an attorney is necessary to understand all of the conditions required.

N.J.S.A. 40:54-16 permits the municipality to purchase lands, erect building, and make an additional appropriation to the trustees to expend on equipment, furnishing and decorating the library.

N.J.S.A. 40:54-21 permits the municipality to accept gifts for the purpose of building a library with certain limitations.

N.J.S.A. 40:54-22 requires the funds accepted pursuant to N.J.S.A. 40:54-21 to be expended by and under the direction of the board of trustees.

N.J.S.A. 40:54-23 permits the municipality to appropriate funding to purchase a site under certain conditions.

N.J.S.A. 40:54-24 permits the trustees to purchase the site, and establishes that the municipality will hold title of the real estate but the use and control remains under the trustees.

N.J.S.A. 40:54-25 permits the trustees to request that the municipality provide additional funding to supplement the funding the trustees “have on hand” in addition to the amount needed for the maintenance of the library. If approved, the trustees may expend the funding accordingly with the concurrence of the municipality. The municipality will hold title of the real estate but the use and control remains under the trustees.

N.J.S.A. 40:54-26 permits the municipality to issue bonds for the acquisition of lands, the acquisition and erection and improvement of buildings and appliances for library purposes and the equipment and furnishing of library buildings.

N.J.S.A. 40:54-27 requires that the municipality raise by taxation sufficient funds to pay the interest and principal on the bonds.

N.J.S.A.40:54-28 discusses the process for condemnation of property.

N.J.S.A. 40:54-29.18 through 21 may be reviewed for information on this subject regarding joint libraries.

N.J.S.A. 40:33-13.2a and b may be reviewed for information on this subject regarding county libraries.

7.3 –Types of Capital Plans

Capital plans are of two types and vary in scope accordingly. Relatively small projects that are not part of a major renovation of an extensive portion of the library or new construction require a plan that at a minimum lists the items, the estimated cost and an anticipated timeline for completion. Items qualifying as capital includes furnishings and equipment (including computer hardware and software); the replacement of roofs and heating, ventilation and air conditioning

systems; and minor renovations of library buildings such as installing an elevator.

Large projects such as new buildings, additions or a major renovation of an extensive portion of the library require a detailed capital plan as discussed in the remainder of this chapter.

7.4 – Planning a Major Capital Project

The director and board should first assess whether or not a reallocation of space would suffice rather than proceeding with a major construction project. As any need for additional space should be based on predicted community growth, anticipated added services and public demand, the board at this point may want to hire a building consultant. Working with the library director and staff, building consultants develop a plan that includes background research, supporting documentation and an analysis of space needs and contingencies. To meet the need for advice from the viewpoint of an operating library, a number of librarians with building experiences have become building consultants, specializing in working with the individual library on its space needs based on the individual service pattern. For guidelines regarding square footage, see N.J.A.C. 15:21-5.4.

Following are examples of the research that is needed for a successful program.

- ◆ Why are residents using the library, and what programs and services would attract more residents?
- ◆ What current and future needs will affect space, size, location, facilities and design?
- ◆ What new and/or expanded services will be offered to generate the need for a building?
- ◆ Can current building(s) be made to work through better use of space?
- ◆ What are the space requirements for various services – public, administrative, support?
- ◆ Is the present building on the right site or is it time to reconsider location?

After the plan is developed, it is submitted to the board for approval. If approved, the plan becomes the basis for the building program.

7.5 – Hiring the Architect

The New Jersey area has a number of architects experienced in the design of libraries. The State Library maintains a list of architects, on the construction Webpage, who have worked on libraries throughout the state. Of course, you may decide on an architect who has not designed a library but to whom you can explain what you want and need. A good way to decide which architects to interview is to visit new libraries in the area and look at new buildings which you find attractive as well as functional.

The architect will design a floor plan around the functions and space requirements identified in the building plan, and will provide the board with cost estimates. These documents also serve as the basis for building support.

7.6 – Support for the Project

An understanding of the community – both current users and nonusers- and of facts and trends is basic to the success of any building program. It ensures that the building project will meet the needs of the community and will help to gain community support for the project. The board should build its support base with the people and groups necessary to a successful program. Seeking advice and support from political units, community leaders, library users and

nonusers and opinion leaders in the community is an important step, which should be built into the timetable. It is always best to build a base of support rather than to move too rapidly.

7.7 - Funding Library Construction/Renovation

In New Jersey, there are a number of ways to raise funds for library buildings.

Municipal and County Taxation

Municipalities and counties may raise by taxation the funding required to build, expand and furnish library buildings.

Trustees Use of One-third Mill

Trustees may reserve funding for capital expense using funds from the annual mandatory library appropriation (one-third mill), if certain conditions are met (N.J.A.C. 15:21-12.5(c)).

Gifts and Bequests

Library boards may accept gifts and bequests for library purposes, including for or toward a building. A large bequest might cover the major costs of a building; smaller gifts can be accumulated or used for purposes related to the building. In encouraging gifts and bequests, libraries are wise to request that these not be specifically earmarked unless the donor is, indeed, presenting an entire building. Conditions attached to very large gifts may be worked out with the assistance of a lawyer.

Public Campaign for Funds

Once the board has carefully created interest in having a new building or added facilities, it can then turn to the community for money, either in full or supplementary. It is highly recommended that the board encourage the establishment of a Foundation for this purpose.

A campaign for funds requires early and detailed organization. It needs to be realistic about contributions, as well as who will and can give. It should find ways to let everyone give and ways to recognize contributions. It should be straightforward with the public about the total cost of the project.

A long range building plan should include time for fund raising. A campaign should occur before building commences so that necessary funding is known from the beginning. People may be uncomfortable about being asked to make up a shortage.

7.8 - Implementation

Now that the board's planning is complete, the money necessary is available and the architect is in the final stages of planning, it is highly recommended that the board rely on a Qualified Purchasing Agent for assistance with the rest of this very complicated process. The sequence following outlines the remaining steps.

- ◆ Review every detail of the building plan. Decide what features can be optional so that separate bids can be taken on these items. Review estimated costs so that the

construction bids are not a surprise.

- ◆ Follow all local ordinances. Zoning and building codes should be checked as plans are made. Enlist the help of appropriate officials in the plan review to ensure that it meets required standards.
- ◆ Follow the state public contracts law and regulations in the bidding process. Allow adequate time for bidders to accurately estimate your project. Invite enough bidders so that there is a range.
- ◆ Analyze the bids thoroughly. Be sure you are getting what was specified with no unsuitable substitutes. Accept the bid that most closely meets specifications as well as offering good value.
- ◆ Are all bids too costly? You can call for new bids to an amended set of specifications. You can also rule out the optional features that did prove too costly.
- ◆ Create a team consisting of the board, the director, the architect and the contractor to monitor progress and to make regular reports to the board and the local governing body. If you have the financial resources, consider hiring a Clerk of the Works to supervise the project.
- ◆ Expect some change orders to your contract. Discoveries will be made about unexpected problems or opportunities. The contractor may suggest, for example, that a new tile may be less expensive and serve just as well as that specified. If so, that's a credit you can apply to something that will cost more (e.g., discovering poor soil on the site).
- ◆ Expect performance. This building is going to be a focal point in the community for a long time and should be properly and expertly built. Some boards find that the contractor has taken the job as a fill-in. Don't accept excuses!
- ◆ Track the expenditure of funds in a professional manner. Payments should be made promptly on proper evidence. If you need financial advice, seek it from the finance officer or business administrator of the local governing unit.
- ◆ Meet frequently during the building process. Meetings keep you in touch with progress, permit decisions on suggested changes and provide the material for ongoing public relations in the community.
- ◆ Plan for orderly occupation of the building, when it's ready, with festivities and community involvement. Allow plenty of time for moving in, completing the landscaping and other amenities. Then show off the newest and best community asset. Have a dedication ceremony. Invite all elected officials, the community, and all parties responsible for the success of the building project. Do acknowledge all contributors. You can never thank those responsible too many times. Give them the opportunity to participate in the celebration through remarks and photo opportunities. Make the dedication a positive public relations event for the library.

Keep in the back of your mind how long it took to achieve this objective. Keep "need for expansion" in your planning process so that the next building will arrive when it is needed. There is nothing more satisfying than a new facility that enlarges the ability of the board to bring exciting service to an appreciative community.

Additional resources may be found in Section 11: Resources.