

MEMORANDUM

TO: Chair Marissa Madrigal
Board of Multnomah County Commissioners and/or
Multnomah County Library District Board

FROM: Library Advisory Board

DATE: March 11, 2014

SUBJECT: Library Budget for FY15

INTRODUCTION

Due to the passage of the library district measure in November of 2012, Multnomah County Library has a greatly increased ability to provide community services and plan for the future. The stabilization in funding has allowed for the restoration of library hours, an increase in the collections budget after several years of flat and decreased funding, and the hiring of more employees to take care of materials-handling demands that have increased over the past several years. These factors now allow librarians and administrators to focus more on the future and to continue and expand services for county residents.

The transition to the library district has so far been executed smoothly even as details such as asset distribution remain under discussion. We believe the library staff and the district board have been creative and responsible in this transition. While we make some recommendations below, please know of our strong support for the budget and the work of the library staff.

PROCESS

In accordance with chapter 19 of the county code, the Library Advisory Board continued to serve as the Citizen Budget Advisory Committee for the library. Your 17-member Library Advisory Board held monthly meetings throughout the year and remained well-educated on library operations, programs, policies, priorities, and the library's budget, as well as issues facing public libraries in general.

A subcommittee of the Library Advisory Board, the Finance Committee, conducted an in-depth review of the library's proposed FY 15 budget. The Finance Committee met seven times over the winter and has reported to the full Library Advisory Board on a monthly basis. Library Director Vailey Oehlke and Deputy Director Becky Cobb attended these meetings and provided information, reports, and budget briefings for the committee's review.

In addition, the Finance Committee met with Economist and Deputy Budget Director Mike Jaspin to better understand the forecast revenues for the library district. It also met with Facilities and Property Management Division Director Michael Bowers to learn more about FY15 facilities' rates and to review

the strategic plans for county facilities. It reviewed the Director's priorities, program offers, performance measures, internal service rates, cost center analyses, past budget-to-actual figures by program offer, and information provided by the Central Citizen Budget Advisory Committee. This work has resulted in the Finance Committee's assessment of the proposed library budget.

We have reviewed, approved, and accepted the Finance Committee's recommendations which serve as the basis of this report.

MAJOR CHANGES

The library continues to recover from past service reductions while it builds an excellent foundation for the future with the proposed FY15 budget. Major strategic budget moves that the Finance Committee was pleased to see include:

- long-term reserve funding
- emphasis on the collection budget
- information services overhaul
- additional focus on staff training
- reconsidering the use of space at the administrative facility
- innovation funding

These initiatives will support continued excellence in patron services and community outreach while positioning the library well for future challenges.

There are \$69.5 million of projected revenues in the FY15 budget. Approximately \$66.5 million are budgeted in program offers to continue FY14 service levels. These service levels are essentially the same with the exception of the removal of the library as the fiscal agent for a state library funded program (the Answerland 24/7 reference service) which will move to another agent. It is noted that the PERS changes approved by the state legislature last year and the flat health insurance rates were a significant contributor to keeping the current service level budget growth down this year.

The \$3 million difference between projected revenues and the current service level was allocated with 53% to build the long-term reserve fund and 47% to budget additions. The Finance Committee supports the balance between long-term security and budget growth that is struck in the proposed allocation. We have discussed for several years the idea that the library try to get as close to a 10% reserve as possible moving forward. This budget would result in a 7.6% level of reserve funding which is up from the 5.5% level in FY14, so very good progress. It is important to keep focus on this for extending the number of years without a tax rate increase and for insuring that there is some measure of capacity to address unforeseen circumstances and major capital maintenance needs.

We find the proposed \$1.4 million in budget additions to be strategic and positioning the library well for the future. For example, \$0.25 million is proposed for reviewing and potentially redesigning the library's administration building. This promises to address overcrowding issues while improving the efficiency of administrative support, outreach programs, technical services, and material sorting. We also are glad to see several budget additions that are geared towards implementing a new approach for information services - reference delivery to patrons. As the requirements for providing information to the public continue to evolve along with changes in digital availability, the library needs to be effectively deploying

staff and resources. Along with providing good and improving reference services, the budget continues to emphasize shifting relevance of the collection by investing in areas where demand has been increasing. Finally, we are very pleased to see the suggestion of an employee innovation fund to help backfill staff, freeing them up to work on projects that will become the great services of the future.

Overall, the Finance Committee liked to see that the proposed budget continues the service levels (library hours and staffing) that were restored in the FY14 budget, adds \$1.6 million to the reserve, and contributes \$1.4 million toward strategic initiatives. The proposed FY14 budget was \$66.5 million with 511 FTE, compared with a proposed FY15 budget of \$67.9 million with 513 FTE. This is a 2.1% increase in proposed expenditures, and a 0.4% increase in FTE. Keeping cost growth under the long-term projected assessed value growth of 3.5% is very good planning, will help build the reserve, and will help keep the library levy rate at \$1.18 longer. This is sound fiscal policy for the library, and allows for modest budget additions to support strategic shifts in the services offered.

EMERGING ISSUES

Many challenges lie in the future for the library as it collaborates with you on the potential to transfer physical assets, including a detailed analysis of legal, financial, and procedural issues. We understand our role to be involved in any future processes which affect the library so that it benefits the community while maintaining a focus on stewardship obligations and a commitment to the guiding principles. These are: 1) free access to all, 2) a trusted guide for learning, and 3) a leading advocate for reading.

We continue to support the library as it responds to changing demographics in our community. The new website offers translation tools and content available in Spanish, Russian, Vietnamese, and Chinese to connect immigrants with the information and resources to help them be successful. The library has added staff to serve our growing Somali population. We anticipate the library will continue expanding services to advocate successful learning outside the traditional K-12 structure and to provide programs that are age-friendly to include our growing retired, or soon to be retired, population. We appreciate the outreach opportunities such as to retirement facilities and jails.

In addition, the library faces, with other libraries nationwide, the need to address growing safety concerns. We are hopeful that future policies, training, and resources will help ensure that library facilities remain safe for community and staff. Another facility challenge is the shortage of space throughout the system.

As the library buildings and assets age together, we continue to face a future bubble in preventive maintenance and eventual renovation. We are confident in the library staff and their ability to take on these and other challenges and provide you and the patrons with continued excellent service.

RECOMMENDATIONS

We recommend that you accept and adopt the proposed budget of \$67.9 million and 513 FTE of staff. In particular, we find that the submitted FY15 budget continues to support the hours, FTE and services that were restored in the FY 14 budget, and also includes some important budget additions that are in line with supporting the needs of library patrons, effectively using the projected resources available, and

continuing to support the Director's priorities. In particular, the budget additions to support the collection budget and the FTE additions have been carefully considered by the Director's Office to serve as strategic investments that support the library's continued relevance in a changing landscape. We strongly support all of these efforts.

The LAB also recommends that the following be considered and reflected in future library budgets:

- efforts to ensure the security of patrons, staff, and the collection;
- addressing issues related to the library district transition that reflect an emphasis on both financial and program sustainability;
- maintenance of as close to a 10% reserve fund as feasible for long-term district stability and sound fiscal policy while protecting core services;
- efforts to work closely with County Facilities to develop a long-term plan for library facilities;
- evaluation of how information services (aka "reference") are provided, and how they need to change to continue to be relevant in this "search engine" age;
- creation and support of programs that help the underserved and vulnerable segments of the community, and consider the needs of the aging community in the development of additional programming; and
- service as a resource to entrepreneurs and other small business owners as they establish themselves and contribute to the economy in Multnomah County.

Respectfully submitted,

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