

TSCC Budget Review 2017-18

Multnomah County Library

1. Introduction to the District:

The Multnomah County Library District's boundaries are the county's boundaries.



2. History:

Voters approved a permanent library district at the November 6, 2012 General Election.

The library that would become Multnomah County Library began in 1864 when a group of local citizens established a subscription library and reading room. In 1902, the library became Oregon's first tax-supported local library. By 1903 the library, operated by the Library Association of Portland, expanded to serve the entire county.

Until the passage of the 2012 measure, the library had been supported with property tax dollars from dedicated temporary levies and by Multnomah County's General Fund.

The district is governed by the Board of County Commissioners, sitting as the Multnomah County Library District Board. A volunteer Library Advisory Board meets monthly to monitor Library activities and advise the Library District Board and staff on Library issues. The Library Advisory Board has a Finance Subcommittee that has had input into this budget.

The District operates 19 libraries.

- Central Library in downtown Portland
- Five regional libraries (Belmont, Gresham, Hillsdale, Hollywood and Midland)
- Thirteen neighborhood libraries.

Multnomah County operates the Library for the District under an intergovernmental agreement (IGA).



Figure 1: The Central Library

Multnomah County Library	2014-15	2015-16	2016-17	2017-18
Assessed Value in Billions	\$69.211	\$72.222	\$75.637	
Real Market Value (M-5) in Billions	\$108.174	\$119.582	\$139.356	
Property Tax Rate Extended: Operations	\$1.1800	\$1.1800	\$1.1800	
Measure 5 Loss	\$-4,493,602	\$-3,528,572	\$-3,080,019	
Number of Employees (FTE's)				
District Employees	0	0	0	0
County Employees in Library Fund	518	528	532	536

3. Strategic Plan/Performance Objectives:

The library’s mission is “Empowering our community to learn and create.” It defines role and value in the community with three pillars:

- Free access for all
- A trusted guide for learning
- The leading advocate for reading

The Library’s strategic priorities are:

- We reflect and serve a diverse community
- We enable creation and sharing
- We champion reading
- We build digital literacy
- We re-imagine library service and spaces



Figure 2: The Hollywood Library

The spending plan for Fiscal Year 2017-18 includes:

- A comprehensive capital planning effort to reimagine library spaces in ways that best meet evolving community needs;
 - The results of the current year’s community survey and engagement about library services and facilities will be analyzed and reported on to the Board this year.
 - The creation of a capital projects fund in the 17-18 budget.
- Implementation of an organizational restructuring to focus operational roles to better serve emerging client needs in the digital age.
 - Included is a new “Contact Center” that centralizes information distribution in response to customer phone calls, emails, chat and web means.
 - Combining collections, technical services, Marketing, IT, and online engagement efforts into a “content strategy section” to coordinate and modernize the delivery of content of many formats to customers
- Continued efforts to strengthen efforts to assure a safe and welcoming library environment.
 - The use of person-in-charge assignments to monitor the library environs and respond to incidents in tandem with employees in the new Library Safety Officer classification.

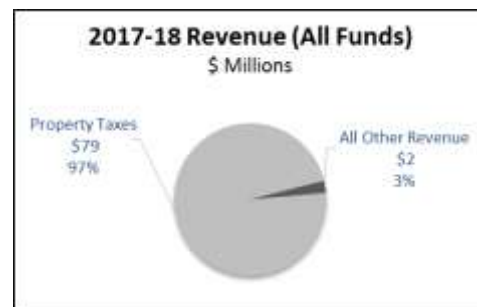
4. The Budget in Total:

The Library District’s 2017-18 total budget is \$106 million, an increase of \$17 million (19%). That number is distorted by an interfund transfer to a new capital projects fund. Net of the transfer, the increase is \$7.1 million (8%) and is due to a \$4 million expenditure increase and a \$3 million fund balance/contingency increase.

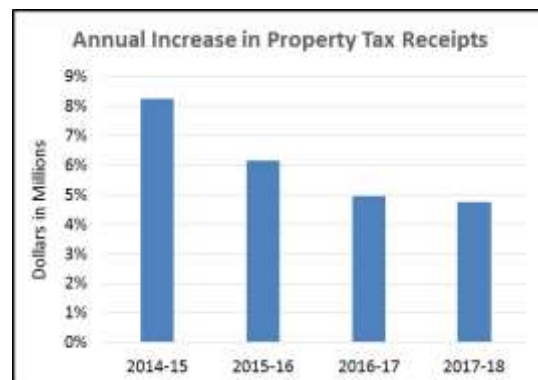
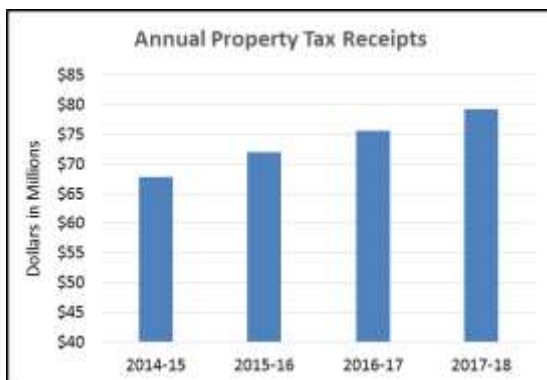
Multnomah County Library District				
Total Requirements		All Funds		
\$ Millions				
	2014-15	2015-16	2016-17	2017-18
Personnel Services	\$ -	\$ -	\$ -	\$ -
Materials & Services	68.0	71.0	76.3	80.2
Capital Outlay	-	-	-	-
Fund Transfers	-	-	-	9.3
Contingencies	-	-	13.1	8.8
Ending Fund Balance	6.4	11.3	-	7.9
Total Requirements	\$ 74.4	\$ 82.3	\$ 89.4	\$ 106.2

Multnomah County Library District				
Total Resources				
\$ Millions				
	2014-15	2015-16	2016-17	2017-18
Beginning Fund Balance	\$ 2.8	6	11	16
Property Taxes	67.9	72	76	79
Fines & Fees	1.3	1	1	1
Gifts & Grants	2.2	2	2	1
Other Income	0.3	0	0	0
Total Requirements	\$ 74.4	82	89	97

District revenues are almost entirely derived from property taxes. The district anticipates an assessed value increase of 4% for 2017-18 and a loss to compression of about \$3 million, similar to this year. The district will continue to levy \$1.18 per \$1,000 assessed value, 95% of its authorized rate of \$1.24, saving the taxpayers about \$4 million.



The charts below show the annual property tax receipts and the annual percentage increase in those receipts.



5. Analysis of the General Fund:

At this point in its evolution, the library district serves one purpose: to collect property tax revenue and use that revenue to pay Multnomah County to run the library system. When the taxpayers approved the library district in 2012, the new district entered into an intergovernmental agreement (IGA) with the County. That IGA established a system whereby, the County staffs, operates, and maintains the libraries and the library district pays the County for that service. That means that the Library District’s general fund exists for one purpose: to receipt the property tax revenue from its permanent levy and use that revenue to pay the county for library services.



Figure 3: The St. Johns Library

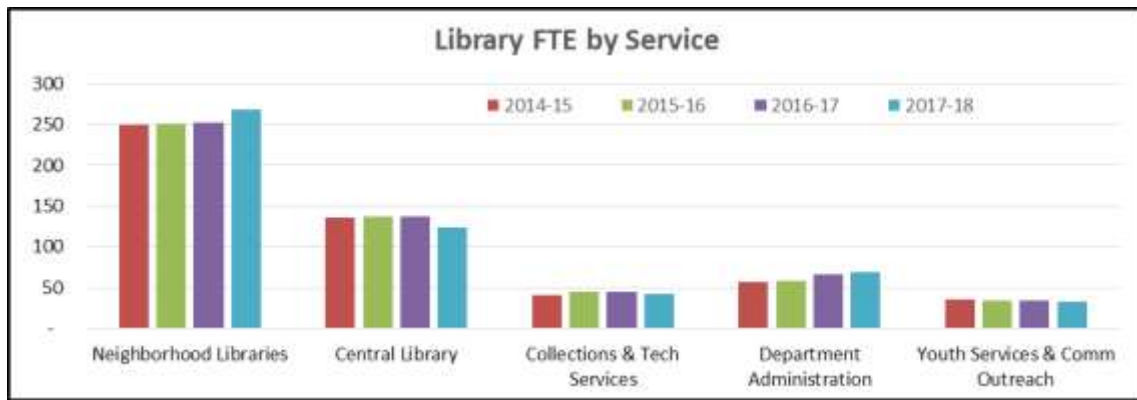
The district retains any surplus revenue in fund balance, and beginning in 2017-18 will be transferring funds to a new district Capital Projects fund to be used for the facilities planning project.

The charts above in Section 3 are basically the general fund budget. Fund expenditures are exclusively Materials and Services; they are the contract payments to the county under the IGA. Evaluating the library budget involves analyzing the Library Fund Budget in the Multnomah County budget. *The following information is from that budget.*

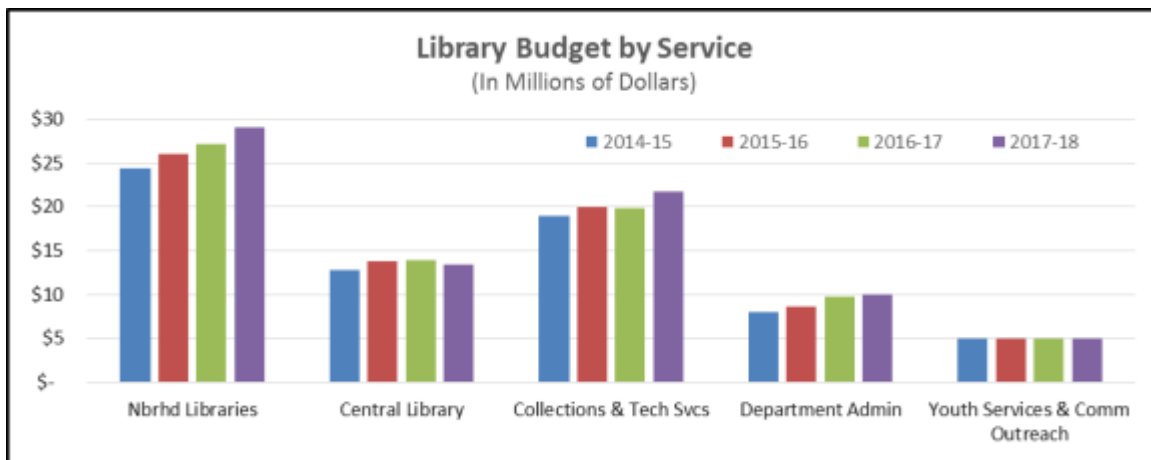
The District’s 2017-18 budget is \$79.3 million, \$3 million (4%) higher than the current year. Both Personnel Services and Materials and Services increases are in line with prior years’. FTE is not increasing next year compared to the estimated FTE for this year (which is 1.2 FTE over the 2016-17 adopted budget). The reorganization discussed above is not generating any additional costs.

Multnomah County Library Fund 1510				
Total Requirements				
\$ Millions				
	2014-15	2015-16	2016-17	2017-18
Personnel Services	\$ 43	\$ 45	\$ 49	\$ 51
Materials & Services	25	26	27	29
Capital Outlay	0	-	-	-
Total Requirements	\$ 68	\$ 71	\$ 76	\$ 79
Budgeted FTE	518	527	536	536
Cost per FTE	\$ 83,648	\$ 85,116	\$ 92,038	\$ 94,202

Personnel services costs have risen by about 4% annual since 2014-15. Personnel allocations are shown in the following chart.



Total resource allocation is shown in the following chart. Since securing a permanent tax base and experiencing higher than anticipated increases in assessed value (and thus property tax receipts) the district has invest more in neighborhood libraries, safety and security, and information technology.



6. Analysis of other Funds:

The District embarked on a visioning project this year, focused on the district's facilities. The district is an amalgamation of one central downtown library and 19 small neighborhood libraries of varying sizes (mostly small) and ages (mostly old). Library staff says that the total square footage of all County libraries would easily fit inside the Seattle's main library. The initial ideas from the visioning process suggest that library users would more selections and services at their neighborhood libraries, which translates to more and larger libraries.

The district has engaged a professional planning firm to perform the community outreach on this issue and an architectural firm to begin developing facility renovation or replacement ideas.

Along with this effort, the district has created a new fund in its budget for capital projects. Seed money for the fund is provided by a \$9.3 million transfer from the general fund.

For its inaugural year, \$1 million is budgeted in the fund in materials and services costs related to purchasing a new automated library catalog/circulation system.



*Figure 5: The Midland Library (on 122nd Street).
TSCC used this facility for its annual budget law training this year.*

7. Debt Status:

The Library District has no outstanding debt.

8. Is the Budget in Sync with Strategic Plan/Performance Objectives

Last year the district invested in several initiatives (listed in section 3 above). These initiatives addressed the library patrons' rapidly increasing demand for electronic resources, an improved library environment (safety and security), and the district's unique (from other county operations) information technology needs. The 2017-18 budget continues those initiatives by maintaining the staffing for them. More focus will be on the capital planning process and the budget, with its new capital projects fund and budget will be used to address that priority.

9. Budget Process & Budget Compliance:

Yes	No	Compliance Issue
✓		1. Did District meet publication requirements?
✓		2. Do resources equal requirements in every fund?
N/A		3. Does the G.O. Debt Service Fund show only Principle and Interest payments
✓		4. Are Contingencies shown only in operating funds?
✓		5. Did Budget Committee approve the budget?
✓		6. Did Budget Committee set the levy?
✓		7. Does audit show the District complied with budget law?

10. Highlights of the 2017-18 Budget to be published in TSCC Annual Report:

- Net of interfund transfers, the District's FY17-18 budget is \$97 million, \$7 million (8%) higher than the current year.
- Most of the budget increase is in fund balance.
- Operating costs are increasing by less than \$4 million.
- The District will levy \$1.1800/\$1,000 AV, 5% less than the voter approved rate.
- The budget maintains existing service level, includes no additional FTE, and will emphasize the facilities capital planning project that started this year.