

Budget Review 2024-25

Multnomah County Library



BUDGET HIGHLIGHTS

- The overall budget for FY 2024-25 is \$228.4 million, increasing by \$29.0 million or 14.6%.
 - The district's fund balance has been growing significantly since the pandemic due to underspending caused by operational disruptions. This trend continues with this budget's beginning fund balance reaching \$97.2 million.
 - Transfers increased from \$2.3 million to \$16.1 million as the General Fund transferred those dollars to the Capital Projects fund for use by Multnomah County as needed for bond-related projects.
- The expenditure-only (not including transfers, contingency, or fund balance) budget is \$120.2 million, increasing by \$8.6 million (7.8%), attributed to the increase of \$5.7 million in the IGA with Multnomah County.
 - Personnel Services will increase by 5% from \$70.8 million to \$74.6 million in FY25.
 - Internal Service Charges will increase by 12% or \$2.6 million.
- The Library District will pass \$1.5 million to the Library Special Projects program in the Multnomah County budget.
 - In FY23, the district developed a five-year plan to spend down a portion of this carry-over each year. The use of these resources is the result of that plan.
 - These one-time resources will assist the library in navigating temporary space, technology expenses, and other needs arising from bond projects.
- The Multnomah County Library budget will include library peer support specialists, who will expand the team that provides direct crisis intervention and resource connections.
- The district will not increase the tax rate with this budget. It will remain at \$1.22 per \$1,000 AV.

INTRODUCTION & BACKGROUND

The Multnomah County Library District's boundaries are the same as the Multnomah County's boundaries.

Voters approved a permanent Library District at the General Election on November 6, 2012.

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

The Board of County Commissioners governs the district as the Multnomah County Library District Board.



In addition, a volunteer Library Advisory Board meets monthly to monitor library activities and advise the Library District Board and staff on library issues.

The district operates 19 libraries:

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

The Library District is in a transitional period, with the expansion and modernizing of many library spaces brought about by the voter-approved bond levy. These dollars are collected and tracked in the Multnomah County budget.

The district contracts with Multnomah County to operate the Library District. The detailed expenditures are in the Multnomah County Budget's Library Fund, and the renovation and construction are recorded in the Library Capital Construction Fund. Disbursements of these funds are explained in the requirement section of this review.



New temporary space
at University of
Oregon campus in NE
Portland

(Photo taken from the library's website)

FY25 is the first year of the district's coordinated implementation of the Strategic Plan. This plan includes:

Mission, Vision, and Values

Values — The deeply held beliefs at the heart of the library

- The library works in relationship and partnership, centering communities furthest from opportunity in order to create equitable access to library resources and information.
- The library acknowledges and honors the resilience, wisdom and knowledge of our community members and staff most impacted by the living legacy of racism and oppression. The collective wisdom of these communities is at the heart of the library's journey toward a more equitable library system.
- To facilitate and inspire learning, the library invests in specialized, culturally and linguistically relevant expertise and support to build active, trusting relationships with learners of all ages, from birth through adulthood.
- The library serves as a leading advocate for reading in Multnomah County, centering communities that experience the greatest barriers in literacy support, in order to support lifelong learning for the entire community.

Goals — What we want to accomplish with focused effort

The library will:

- Create public, popular, and personal opportunities and access to life-long learning and contribute to improved learning outcomes for all communities.
- Adapt library services and materials so the organization can grow with, and be responsive to, our shared communities.

- Help people access and learn to use computers, internet and other technology to remove digital barriers.
- Create welcoming spaces that reflect our diverse and multicultural community.
- Support the practice of democracy and self-determination with services, spaces and resources.
- Ensure positive experiences for community members with library staff, spaces, materials, and services.
- Collaborate with communities to create flexible buildings and spaces that can adapt to the changes in community needs and hopes.

Multnomah County Library	2020-21	2021-22	2022-23	2022-23
Assessed Value in Billions	\$81.143	\$85.289	\$89.181	96.475
Real Market Value (M-5) in Billions	\$184.074	\$194.226	\$208.981	\$210.677
Property Tax Rate Extended:	\$1.2200	\$1.2200	\$1.2200	\$1.2200
Measure 5 Loss	\$-4,305,843	\$-4,059,918	\$-3,807,245	\$-3,887,388
Number of Employees (FTEs) County Employees in Library Fund	537	545	549	538

BUDGET OVERVIEW

The Library District’s budget is based on an intergovernmental agreement between Multnomah County and the Library District. The FY25 budget is \$228.4 million, increasing by \$29 million (14.6%). The beginning fund balance increased by \$12.7 million. This growth is due to underspending caused by operational disruptions.

In FY23, the Library District established a five-year plan to spend a portion of this fund balance on special projects. These resources would be placed in a Multnomah County’s Library Fund subfund. Of the district’s \$116.3 million passed to Multnomah County, \$1.5 million will be spent on these projects and reported in a program in the Multnomah County Library subfund. This subfund has been established to distribute one-time resources to help navigate temporary space, technology, and other needs arising from the capital bond program.

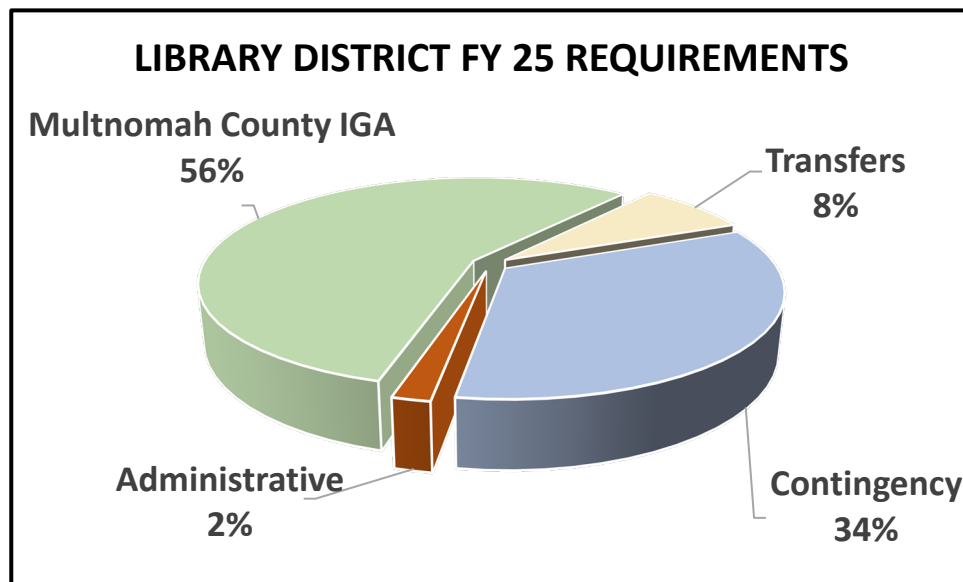
New in FY25:

- The County’s Library Budget will include a new Program Offer for a Library Peer Support Specialist – Supportive Housing services, expanding the team that provides direct crisis intervention and resource connection support to include Peer Support Specialists.
- The library will adopt a new Person-in-Charge (PIC) coverage model. The library budget allows for a new security staffing measure. The Public Service Management program offer will include new limited-duration supervisor positions to provide additional person-in-charge support at locations that experience high rates of security incidents.

RESOURCES

The district's maximum permanent tax rate is \$1.2400 per \$1,000 assessed value. When the district was created in 2012, it levied \$1.1800. Since then, the levy rate has increased incrementally to \$1.2200. The recent economic forecast shows small surpluses for the next couple of years. Then, deficits will increase as assessed value growth is expected to slow significantly due to low levels of development and declining downtown property values. This budget indicates a growth in property taxes of 4% over the current year's revised budget. Other revenue sources total \$2.0 million, including fines and fees, grants and gifts, and interest earned on investments.

REQUIREMENTS



The Library District's expenditures total \$120.2 million. The district will pay \$114.9 million to satisfy the IGA with Multnomah County and \$1.5 million for special projects to be completed by the county. The Administrative Services expenditure is \$3.8 million, paid to the Multnomah County Library Capital Construction Fund to augment specific projects related to the bond work. The Library District will no longer pay for these expenditures directly from the Library District Capital Fund. Instead, it will pass the resources to the Library Capital Construction Fund in the county's budget to administer these projects. The Library District's Capital Fund budgets everything but these pass-through dollars in contingency (\$69.3 million).

GENERAL FUND

For FY25, the General Fund budget total is \$156.3 million, increasing by \$19.1 million or 14%, driven by the increase in the beginning fund balance from \$24.7 million to \$41.3. Of the \$116 million in pass-through dollars to Multnomah County, \$114.9 million will cover the cost of the IGA, and \$1.5 million will allow the district to maintain continuity within the library system during large capital construction projects over the next few years. These resources will help cover the cost of operational needs driven by the bond project disruptions, such as creating time-limited pop-up spaces to maintain an interim space for libraries being shut down during the capital bond project. Once the library is up and running, this area will serve as a staging and storing area for numerous other projects. The district will transfer \$16.1 million to the Capital Fund. This transfer is considerably more than the \$2.3 million transferred in the current year.

GENERAL FUND RESOURCES

At a \$1.2200 per thousand AV rate, property taxes will generate \$113.0 million. The tax rate is unchanged from the current year. The Library District expects to experience small growth in property tax revenues due to the 3% growth factor in assessed value. That will allow the district to maintain the same rate for a few years. When combined with other revenues, the district anticipates receiving \$115.0 million in FY 25, somewhat less than budgeted operating expenditures of \$120.2 million. However, with the considerable increase in the beginning fund balance, the district will have no problem balancing resources with requirements and maintaining targeted fund balances.

GENERAL FUND REQUIREMENTS

In addition to the \$115 million pass-through expenditure for the IGA Multnomah County and \$1.5 million to supplement the cost of maintaining continuity within the library systems, the district will carry a \$1,000,000 contingency following a planned update to the district's financial policies. The Library District has earmarked \$4.3 million for future expenditures, slightly less than the current year. The \$18.5 million in ending fund balance exceeds the policy to maintain ten percent of current property taxes to carry into the following year.

All expenditures are classified as **materials and services** since the contract with Multnomah County is the only expenditure. In the FY25 Approved Budget, the contracted services will cost \$114,895,604, and the sub-fund for special projects will realize \$1,452,985.

OTHER SIGNIFICANT BUDGET AREAS

OTHER LIBRARY DISTRICT FUNDS

The district has one fund in addition to the General Fund. It is the **Capital Projects Fund**. According to district policy, this fund is used only for expenditures associated with capital-related activities. The only source of revenue is a transfer from the General Fund. Beginning in FY25, the district will no longer spend directly out of this fund. It will only be used to augment the Multnomah County Library Capital Construction fund for operational needs related to the bond projects. The Library District will send \$3.8 million to this fund in FY25 and hold \$68.3 million in contingency.

MULTNOMAH COUNTY LIBRARY OPERATING BUDGET

As mentioned, the Library District pays Multnomah County to operate its library system. In FY25, this expenditure will grow from \$110.5 to \$116.3 million. The detailed library expenditure budget is in the Multnomah County Budget's Library Fund 1510. The amount received from the Library District increased by 5.3% over the current year. The following paragraphs and chart will refer to the program within the county's budget to explain how the county uses the revenue received to benefit the district.

LIBRARY FUND 1510 BUDGET TRENDS					
	FY 22	FY 23	FY 24	FY 25	
	Actual	Actuals	Adopted	Approved	Change
Personnel Services	51,668,247	59,037,499	70,839,893	74,602,019	5.3%
Contractual Services	1,192,533	1,360,718	3,553,860	3,508,237	-1.3%
Materials & Supplies	12,069,859	12,277,876	13,804,620	13,295,476	-3.7%
Internal Services	19,671,440	20,407,725	22,350,754	24,977,857	11.8%
Capital Expenditures	111,145	20,054	0	0	0.0%
Total Expenditures	84,713,224	93,103,872	110,549,127	116,383,589	5.3%
Staffing FTE	537	545	549	538	-11

Consistent with historical trends, the most significant portion of these funds are used for personnel services to operate the libraries (64%), contractual services for library operations (3%), internal services provided by Multnomah County (21%), and materials and services (11%) to keep the libraries clean, safe, secure and with up-to-date materials.

Another breakdown of these expenditures is by division. The resources will be distributed to the two divisions within the Library Fund. They are:

- 1) Department Administration (\$29 million) and
- 2) Public Service (\$87 million).

The Department Administration provides executive leadership and a strategic vision for the library. There are 66 FTE positions in this division. It contains the Library Special Projects subfund. This fund's development and administration will help improve communications and transparency around planned spending within the Library District. Another area of focus for this division is a technology environment that includes increased sophistication and specialization in the tools needed to deliver service. An example is the systemwide implementation of automated materials handling to move, sort, and route materials, a new Intelligent Materials Movement System (IMMS) that will allow the library to maintain a collection of books and materials at individual locations to maximize capacity. A new program added to the Department Administration is Library Special Projects (\$1.5 million one-time-only dollars) to ensure continuity during the renovation of the various libraries.

The Public Services Division includes 19 libraries and the Mobile Library. This division is accountable for the following programs:

- Community Information
 - In-person and virtual programming
 - Reader Services
- Community Learning
 - Creative Learning spaces
 - Summer Reading programs
 - Public training programs
 - Adult learning & partnership-based services programs
- Integrated Library Services
 - Buys, catalogs, curates, and processes print and electronic/digital resources
 - Manages inter-library loans, periodical subscriptions, databases, and online resources
 - Supports the movement of library materials

The total budget for the Public Services division is \$86.3 million and includes 471 FTE positions.

This division will experience multiple bond-related closures and reopenings over the next year, affecting many work groups within the Public Services Division. During closures, staff time will be redirected to support other library services. Community information, engagement, and library events also fall under the Public Services division. New programs added to the Public Service Division in FY25 are Library Events and Reader Services (\$2.5 million) and Library Peer Support Specialists-Supportive Housing Services (\$180,000). This new addition will expand the team that provides direct crisis intervention and resource connection support to include Peer Support Specialists. The Library Events and Reader Services is a new program that is not new to the Library District. These services previously existed across other programs.

MULTNOMAH COUNTY LIBRARY BOND MEASURE

This bond measure and projects are not a part of the library district budget but are reported on in this review because the capital projects benefit the libraries in Multnomah County and are essential to the district's story. The majority of the funding from the bond is held in the Department of County Assets (DCA) program offers. The Library District is working with DCA to estimate expected ongoing increases in facilities and IT costs when new spaces open.

Voters approved a \$387 million bond measure in November 2020 to build, rebuild and renovate library facilities. The bond includes a "flagship" library in East Multnomah County; upgrades or replacement of seven existing libraries; an upgrade to internet service speed where needed; and creates central materials handling and distribution center to increase efficiency and cost-effectiveness. The funding and the project costs are all accounted for in the Multnomah County budget.

The following account of progress on the bond measure projects is taken from the County Library Budget.

The library looks to FY 2025 as a year of progress and celebration, with the expected reopening of four libraries that are currently closed for major expansion or renovation. These spaces will include new spaces to meet, gather and relax; children's play and learning spaces; dedicated teen rooms with technology; flexible programming and meeting rooms; updated technology and internet; outdoor plazas, and new art that represents the community.

These include:

- *Holgate Library: a brand new two-story building, triple the size of the current space for a total of 21,000 square feet*
- *Midland Library: an additional 6,000 square feet added to a redesigned structure.*
- *North Portland Library: expanded to feature 1,500 sq ft of new space, including a Black Cultural Center for connection and a celebration of Blackness.*
- *Albina Library: offering 30,000 square feet of total space, while preserving the historic Carnegie building on Knott Street and including space for library administration.*
- *Construction will continue on the 95,000 square foot East County Library and begin on expanded and new buildings for Belmont and St. Johns libraries, along with a host of smaller refresh projects.*

Even though the Library District is not responsible for the debt, we report on it in this review since the **General Obligation Bond** held by the county is for library projects and the library is impacted by these structural changes. The principal outstanding is **\$261.1 million**, with a debt service payment of **\$55.4 million** in FY25.

A new library Operations Center



(Photo and the following information were taken for the library's website)

The library's new Operations Center is complete! The building is the first of the library's capitol building projects, funded by the 2020 voter-approved bond, to open on time and within budget.

The building is 73,000 square feet and the first county facility to meet Multnomah County's 2021 Fossil Fuel-Free Buildings resolution.

"This building is just the very first step in what is going to be a profound transformation of Multnomah County Library," says Director of Libraries, Vailey Oehlke.

Hennebery Eddy Architects led the design, and Fortis Construction was the General Contractor. The Operations Center is on track to be LEED Gold certified. Several building elements contribute to this certification:

- *It's built on an existing site (a former grocery store), which means a ~66% reduction in calculated embodied carbon over baseline/new construction.*
- *Over 600 solar panels on the building rooftop convert sunlight to electricity.*
- *It is designed to achieve net-zero energy use by generating energy on site using clean, renewable resources.*
- *Capacity for up to 40 charging stations for electric cars and library fleet vehicles.*

DEBT STATUS

The Library District has no outstanding debt. As explained above, Multnomah County maintains the General Obligation Debt for the Library District's capital projects.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
x		Did the district meet publication requirements?
x		Do resources equal requirements in every fund?
x		Are contingencies shown only in operating funds?
x		Did the budget committee approve the budget?
x		Did the budget committee set the levy?
x		Does the audit show the district was in compliance with Local Budget Law?

LOCAL BUDGET LAW COMPLIANCE

The FY 2024-25 budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purposes shown.

The audit report for fiscal year FY 2022-23 notes no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS AND OBJECTIONS

TSCC staff notes no deficiencies in the district’s FY 2024-25 budget development process, and we recommend the Certification Letter contain no recommendations or objections.

Multnomah County Library					
Budget Summary					
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	%
<u>SUMMARY OF ALL FUNDS</u>	Actual	Actual	Revised	Approved	Change
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	96,157,209	100,532,942	107,407,718	111,659,046	4.0%
Prior Years Property Taxes	1,341,331	1,277,712	1,266,460	1,322,431	4.4%
TOTAL PROPERTY TAX	97,498,540	101,810,654	108,674,178	112,981,477	4.0%
RESOURCES:					
Beginning Fund Balance	56,064,952	71,941,836	84,587,099	97,243,930	15.0%
Property Taxes	97,498,540	101,810,654	108,674,178	112,981,477	4.0%
Fees and Charges	14,425	18,073	15,000	15,000	0.0%
Other Income	3,194,144	6,107,459	3,758,010	1,991,412	-47.0%
Transfers In	0	18,456,969	2,311,202	16,141,902	598.4%
TOTAL RESOURCES	156,772,061	198,334,991	199,345,489	228,373,721	14.6%
REQUIREMENTS BY OBJECT:					
Personnel Services	0	1,041	0	0	0.0%
Materials & Services	84,830,225	95,855,116	111,534,127	120,178,589	7.8%
Capital Outlay	0	7,875	0	0	0.0%
Fund Transfers	0	18,456,969	2,311,202	16,141,902	598.4%
Contingencies	0	0	62,187,330	69,290,410	11.4%

Ending Fund Balance	71,941,836	84,013,990	23,312,830	22,762,820	-2.4%
TOTAL REQUIREMENTS BY OBJECT	156,772,061	198,334,991	199,345,489	228,373,721	14.6%

SUMMARY OF BUDGET - BY FUND

General Fund	121,708,196	142,551,365	137,138,159	156,253,311	13.9%
Capital Projects Fund	35,063,865	55,783,626	62,207,330	72,120,410	15.9%
GRAND TOTAL ALL FUNDS	156,772,061	198,334,991	199,345,489	228,373,721	14.6%

DETAIL OF GENERAL FUND

RESOURCES:

Beginning Fund Balance	21,223,784	36,995,058	24,690,971	41,265,422	67.1%
Property Tax	97,498,540	101,810,654	108,674,178	112,981,477	4.0%
Fees and Charges	14,425	18,073	15,000	15,000	0.0%
Other Income	2,971,447	3,727,580	3,758,010	1,991,412	-47.0%
Transfers In	0	0	0	0	0.0%
TOTAL FUND RESOURCES	121,708,196	142,551,365	137,138,159	156,253,311	13.9%

REQUIREMENTS:

Library Services	84,713,138	92,801,726	110,514,127	116,348,589	5.3%
Transfers Out	0	18,456,969	2,311,202	16,141,902	598.4%
Contingencies	0	0	1,000,000	1,000,000	0.0%
Ending Fund Balance	36,995,058	31,292,670	23,312,830	22,762,820	-2.4%
TOTAL FUND REQUIREMENTS	121,708,196	142,551,365	137,138,159	156,253,311	13.9%