

Deschutes Public Library District Budget Committee Minutes

507 NW Wall Street, Bend, OR 97701

May 16, 2007
12:30 p.m.

Budget Committee Present: Ann Evensen , Alan Goldfinger , Pat Lawrence, Ann Malkin, Ray Miao, Penny O'Halloran, Mary Beth Pearl-Gent, George Riser, Susan Torassa, and Neal Wineman.

The meeting was called to order at 12:30 p.m. in the large conference room of the Library Administration Building.

BUDGET COMMITTEE CHAIR

Ann Malkin nominated Susan Torassa to serve as Budget Chair. Beth Pearl-Gent seconded the motion, which passed by acclamation.

PUBLIC COMMENT

Chair Susan Torassa invited comments from the public. No comments were made.

PRESENTATION OF BUDGET MESSAGE

Library Director Michael Gaston presented the budget message.

The 2007/2008 Budget is in many ways a bridge to the next 10 years. The proposed budget maintains current services and completes current initiatives. The budget also invests in the infrastructure and reserves funds to address priorities that will be identified in the ongoing planning process.

The key fiscal components of the proposed budget are:

- Adjust the budget to reflect budget history, known cost adjustments, and to offset inflation
 - Personal Services costs increase by 3.5%, including one new half-time technical services position to offset the workload associated with the proposal to increase the collection development budget
 - Materials & Services costs increase less than 2% to offset inflation and known cost adjustments – the proposed increases in the collection development and telephone/bandwidth line-items would increase Materials & Services by 10.3%

Staff Discussion:

The 3.5% increase in Personal Services costs funds the 3% CPI adjustment, a 4% step increase for eligible employees, and increases in health costs. These increases were partially offset by a reduction in the PERS (Public Employee Retirement Services) rate. The reduction reflects recent legal decisions that reduced the District's retirement liabilities.

- Increase bandwidth 4-fold to Internet and 10-fold between branches
 - \$21,000 increase in Internet bandwidth to \$25,000 annually
 - \$17,500 for equipment (switches) for branches needed for fiber, switched network
 - \$25,000 in constructions costs to connect branches to fiber network
 - \$67,700 increase in WAN bandwidth costs to \$102,708 annually
 - \$34,000 to purchase packet shaping software and equipment

Staff Discussion:

This proposal would move the District to a state-of-the-art switched, fiber network. Internet and Intranet usage has evolved to incorporate streaming video and audio, which requires much greater bandwidth.

The bandwidth supports Internet access, the telephone system, the library automation system, accounting and HR functions, and heating and security controls. All functions would realize dramatic gains in speed at all branches.

The proposal would support improved management of the wide area network. Bandwidth could be increased easily in future years without additional equipment or construction.

- Improve the library collection to serve the fastest growing population in Oregon
 - \$149,300 increase in the collection development budget to \$1,000,000
 - \$22,000 increase in Personal Services to fund a half-time position to address the workload associated with the increase in the collection development budget

Staff Discussion:

The collection development budget funds the purchase of books and other media, including online library services. Several measurements indicate that the library collection has not kept pace with the dramatic increases in the local population.

This proposal would increase the expenditures from approximately \$5.43 to \$6.50 per capita. This rate would reflect a healthy expenditure, comparable to the better libraries in Oregon such as the Eugene Public Library. The rate would remain well below the leading libraries in Oregon that expend over \$9.00 per capita.

The branch libraries can accommodate the proposed increase in the size of the collection, but shelving capacity will need to be increased if the collection continues to increase in size to meet the needs of the growing population. The need for additional shelving is partially offset by emerging formats that require less space, such as DVDs and electronic media. Additional capacity could be added in existing branch libraries in future years by replacing other furniture with shelving. New or expanded branch libraries would provide additional shelving capacity.

- Reserve funds to address priorities identified in the ongoing Library Planning Process and the Latino Services Planning Process
 - \$200,000 increase in General Fund contingency that could be allocated by the District Board to fund operational costs associated with planning goals
 - \$200,000 included in the transfer to the Reserve Fund, increasing the total reserved for unidentified future capital projects to \$400,000

Staff Discussion:

The results of the ongoing planning process will be available early in the 2007/2008 Fiscal Year. The District Board could allocate up to \$200,000 from the contingency to address short-term goals and still maintain an adequate ending cash balance.

The proposed budget would increase non-specified reserves by \$200,000 to \$400,000. The District Board could authorize the expenditure of up to \$400,000 for capital projects, such as land acquisition.

- Fund ongoing initiatives

Staff Discussion:

The budget also detailed a number of ongoing initiatives, including: implementation of the pilot books-by-mail program; implementation of the Jefferson/Deschutes resource sharing network; expansion of the number of schools that can request and circulate public library materials; and the expansion of E-Services.

The proposed budget would increase expenditures in the General Fund by 6.1%. This increase includes the \$200,000 placed in the contingency that could be used to fund operational costs of short-term goals identified in the planning process and the transfer of \$200,000 to the Reserve Fund for future capital projects.

BUDGET DISCUSSION

Chair Susan Torassa called for discussion of the budget proposal. A wide ranging discussion followed.

- Bandwidth Management

Ray Miao questioned if the packet management software would reduce performance for some public applications.

IT Manager Mark Hovey explained that some Internet applications consume more bandwidth than is required. The packet management software will allow the District to assign bandwidth as needed. The 4-fold increase to the Internet combined with the 10-fold increase on the Wide Area Network will result in significant increases in performance for all applications.

- Library Planning Process

Ann Malkin expressed concerns that the existing branch libraries are operating at near capacity, and that additional branches will be needed to meet growing demands for services. She suggested that a portion of the proposed increase in the collection development budget be used instead to increase reserves for future facilities. She also suggested that the Board not budget any expenditures from the \$400,000 in the Reserve Fund that is intended for planning related projects.

Director Michael Gaston explained that a funding plan will be developed over the next year to achieve the goals that the Board identifies in the planning process. The number and size of any new facilities have not yet been determined.

Gaston reviewed options that might be reflected in the funding plan. The District Board could pace any branch construction over an extended period as increases in assessed valuation occur, or the Board could submit a bond issue to voters to accelerate branch construction.

An annual 5.5% increase in tax revenue is needed to sustain current operations. The funding plan could recommend that increases above the 5.5% be accrued and reserved over several years to fund debt service and staffing costs associated with new facilities. Some resources could be moved from current operations to support new initiatives.

Any constructions costs would likely be funded through debt service payments rather than from cash reserves. The \$400,000 in the Reserve Fund might be needed to purchase a site, or for some other related capital expense. Allocating the \$400,000 would provide the Board the flexibility to respond should an opportunity surface over the next year.

Ann Evensen commented that the proposed increase in the investment in the collection would likely increase patron satisfaction and generate support for future projects. The additional purchased titles would build the collection to better support future facilities.

- Jefferson/Deschutes Resource Sharing Network

Penny O'Halloran asked that the regional resource sharing network with Jefferson County Library District (JCLD) be discussed in the context of District Results Policies.

Director Michael Gaston reviewed the concept of a resource sharing network. Residents from participating libraries are eligible to visit and use any library in the system. Library patrons can also request titles online, which are delivered to the patron's home library via courier.

Past experience indicates that smaller libraries are typically net lenders to larger libraries in a resource sharing network as larger libraries have much more traffic and many more active library patrons. Residents of the smaller libraries benefit from having access to the much broader collection of the larger libraries.

Given the relatively small size of JCLD, partnering with Deschutes is critical to achieving a high level of library services. The Deschutes Public Library (DPL) Results Policy states that "library patrons who are not residents will receive the same benefits as District residents as long as the increased competition for District resources does not result in a significant reduction of services to District residents."

JCLD has agreed to standardize equipment and policies to DPL to reduce overhead costs. JCLD has also agreed to reimburse DPL for hard costs, including labor costs required to train and support JCLD.

DPL will absorb some administrative overhead required to coordinate or administer services. The design of the system and contract should keep these costs to a minimum.

The general consensus of the budget committee is that the economy and culture is so interconnected in Central Oregon that a regional approach to library services is appropriate.

- Building Community

Beth Pearl-Gent asked for an update on programming designed to build community.

Over 235 programs are sponsored by DPL annually. Themes from the Novel Idea, such as this year's title *Bowerman and the Men of Oregon*, have been selected to support the development of a shared sense of community.

Outreach Manager Jo Caisse is working with Community Relations Manager Chantal Strobel to spotlight Latino themes in selected programs. Recent Latino programs attracted an audience of 200 in Bend and 300 in Redmond.

Community Relations is continuing to experiment with less formal "meet your neighbors" programs, known as Café Libri, and is developing structured community discussions, known as Café World.

MOTION TO APPROVE

As there was no further discussion, Chair Susan Torassa called for motions.

Beth Pearl-Gent moved that the budget be approved as presented. Alan Goldfinger seconded the motion, which was approved unanimously.

Penny O'Halloran moved that the tax rate be approved a \$ 0.55 per thousand dollars of assessed valuation. Ray Miao seconded the motion, which was approved unanimously.

As there was no additional business, the meeting adjourned.

ATTEST:

Michael K. Gaston,
Library Director