

MEMORANDUM
Placer County Library
County of Placer

TO: Honorable Board of Supervisors

FROM: Mary George, Director of Library Services
Andy Heath, Deputy County Executive Officer

DATE: December 10, 2013

SUBJECT: Approve the final draft of the Library Strategic Plan

ACTION REQUESTED

Approve the final draft of the Library Strategic Plan including the framework strategies and initiatives.

BACKGROUND

In 2011, a new strategic direction was sought by Library Administration to assist in evaluating Library resources and to guide the deployment of future services. The economic downturn and loss of property tax revenues which is the major funding source for the Library, made it difficult for Library Administration to plan future services, anticipate staffing needs, react to local trends in Library use, and meet the expectations of Library customers. It was in this environment that Library Administration sought and was competitively awarded a Library Services and Technology Act (LSTA) federal grant, administered by the California State Library, to provide the funding to conduct a community needs assessments and develop a community driven plan of action.

The Library Strategic Plan is derived from interactive discussion in community workshops and through surveys with more than 500 community leaders and Placer County constituents. Participants included members from the Literacy Support Council, the Friends of the Library, and representatives from other Placer County departments. By reaching out to residents and asking them to share their aspirations and expectations for themselves, their families, and their community, the Library was able to capture the strategies and initiatives necessary to help meet community expectations of future Library programs and services.

The Library asked participants what would enhance the Library a vital community resource. Findings included:

- Beautiful, clean, and inviting locations
- Updated technology
- Large, diverse collections
- Improved access to e-books
- A vibrant, modern website
- More community events, especially for adults
- A hub for the community; a “go to place”

Keeping these recommendations and many more in mind, the Plan will serve as a flexible roadmap and will assist Library Administration in allocating resources in the most effective manner; with the needs of the community in the forefront of budget discussions.

The initiatives and strategies in the Plan will also be nimble enough to adjust to a fluctuating revenue stream. The Strategic Plan is not meant to be fiscal in nature or be a check list of things to get done, but a flexible framework. Using this framework the Library can anticipate, in a timely manner, the rapidly changing landscape of modern libraries and how Placer County citizens use them. The Plan identifies trends in Librarianship and seeks to connect those trends with local need, expectation, and ultimately Library services; one budget year at a time.

In November 2012, your Board received an update from the Library's consultant on the draft strategies and initiatives. The three main initiatives have not changed from the draft to the final plan presented today:

- Reverse the Erosion in Library Services by recognizing that, like many County departments, the Library was hit hard by the Great Recession and must invest as the economy improves in the facilities, collection, staffing, and programming in order to meet the expectations of savvy Library customers. To remain viable, the Library must move beyond the interconnected system of "small" town libraries to a fully interdependent network, sharing and concentrating resources and services where customers are using them.
- Modernize Operations to Improve Efficiency and Expand Services by anticipating the needs of Library users, reducing the unit cost of routine customer transactions, improving the Library's website content and access, and making self-service easy, fun, and preferred by customers.
- Building Capacity for the Future by identifying new revenue sources and building prudent reserves.

The Library is already looking at ways to support the initiatives and strategies including consolidating Library technology services with County IT and working with the Friends of the Library and the Placer Community Foundation to increase revenues through planned giving.

Furthermore, as a means to consider future implementation of key initiatives identified in the Library Strategic Plan, the Library Department, working closely with the County Executive Office, has analyzed the Library's fiscal and budgetary characteristics and constraints over the last several years. This analysis was completed to provide a framework promoting fiscal sustainability as elements of the Library Strategic Plan are considered and ultimately implemented via annual work plans developed in the years to come.

ANALYSIS

Library Revenue Sources

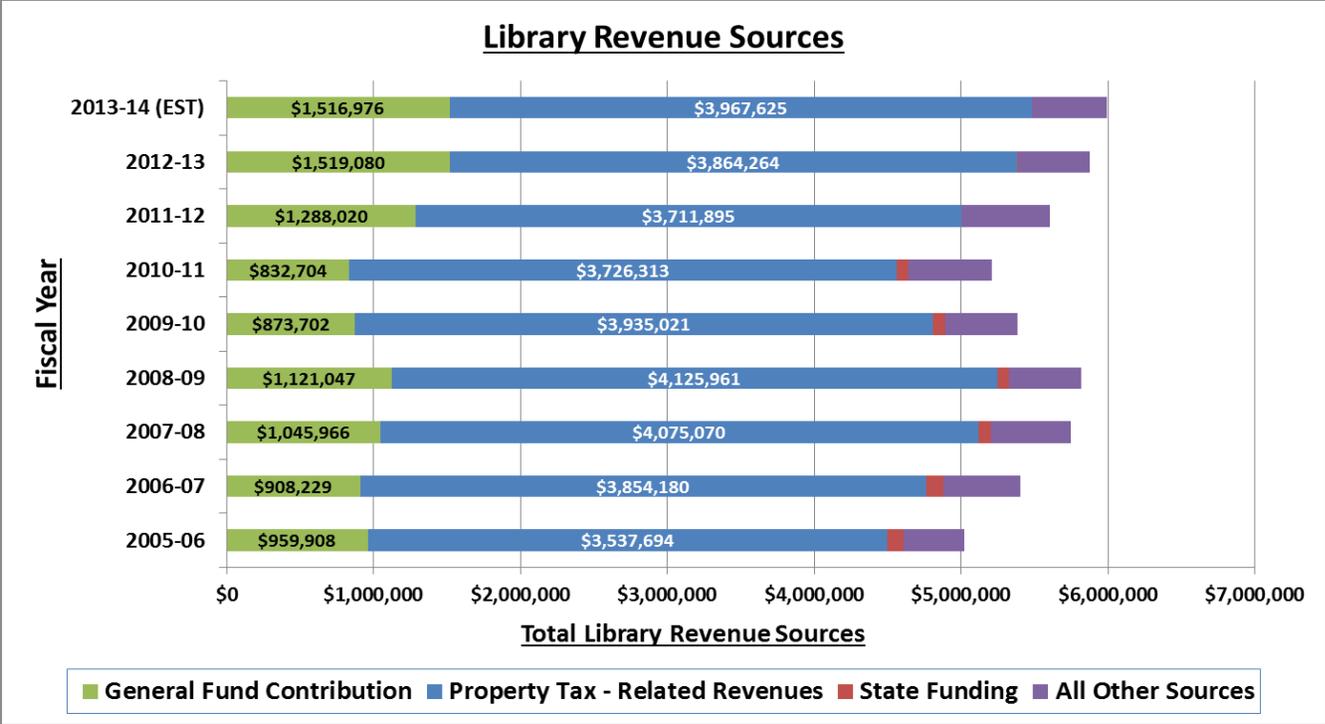
Historically, the single largest source of funding for the Library Program has been through the collection of property tax. Over the last nine years, property tax revenues have comprised between 66.2% and 73.1% of total revenue collections. Revenue sources making up the balance of Library Program sources include the following:

County General Fund Contribution – Covers Librarian salary / benefits; and majority of costs allocated through the County’s A-87 Plan

Funding from State of California - Funding assistance from state ceased after FY 2010-11

Other revenue sources - Includes fines, grants, donations, law library, etc.

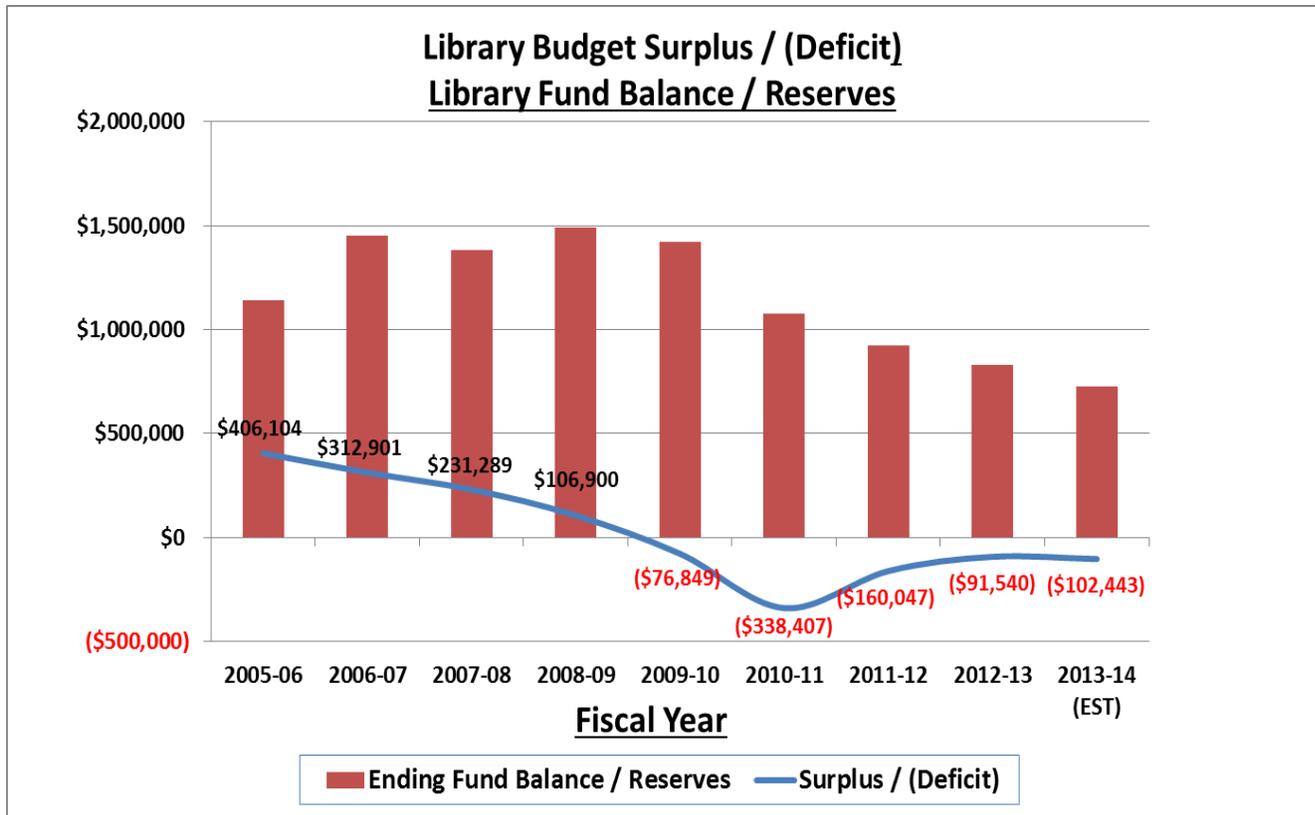
The table below shows collections of Library revenue sources since FY 2005-06:



As demonstrated by the chart above, declining property values stemming from the housing crisis and the onset of the “Great Recession” in late 2008 triggered a three year succession of decreases in property tax collections, from a high of \$4.13 million in FY 2008-09 to a low of \$3.71 million in FY 2011-12. This represents a 10.0% decrease in the Library Programs single largest source of annual revenue.

The second largest source of funding to the Library Program is an annual contribution from the County’s General Fund, which serves to fund annual salary and benefit-related costs for the County Librarian as mandated by the State; and all but \$100,000 in costs allocated to the Library Program through the A-87 cost plan (current practice). As indicated by the revenue chart above, General Fund contributions to the Library Program have fluctuated over time, however, increased significantly in FY 2011-12, primarily due to higher A-87 costs associated with the addition of the Rocklin Library.

Lower collections of property taxes, the loss of State funding after FY 2010-11, and the fact that the General Fund contribution to the Library Program only serves to offset salary costs for the County Librarian and a portion of A-87 charges, has resulted in Library Fund operating deficits since FY 2009-10, necessitating the use of reserves as shown in the table below:



As indicated in the above chart, the Library Program has relied upon using reserves to fund operating deficits for the last five fiscal years (including the deficit estimated for the current year). Operating deficits, although they persist, appear to be stabilizing as the impacts of ongoing expenditure reductions primarily related to staffing and materials purchases; and a modest recovery in property tax revenues experienced over the last two years are realized.

Given the continued operating deficits and as a means to consider future implementation of key initiatives identified in the Library Strategic Plan, the Library Department must evaluate all alternatives towards the development of an annual operating budget that is not reliant upon the use of reserves, and repositions the Library on a path towards fiscal sustainability.

Fiscal Sustainability – Efforts currently underway and options to consider

It is a goal of the Library Department to develop a balanced operating budget for FY 2014-15 that does not rely of the use of reserves, yet begins to implement initiatives as outlined in the Library’s recommended Strategic Plan. To this end, the Library is actively engaged in fully analyzing all operations and associated cost drivers with the intention of developing a fiscally sustainable operational model.

As the Library Department begins to prepare its budget for FY 2014-15, staffing models currently in place commensurate with system-wide branch operational costs will also be analyzed. At the present time, the Library has 37 allocated system-wide positions and currently utilizes 40 Extra Help positions to manage the day-to-day operations of eleven Library branches and a Bookmobile. Analysis of staffing levels and the associated costs is expected to include whether redirection and/or consolidation of certain positions may result in increased staffing resource stability to pertinent programs; while ascertaining staffing levels required to strategically and effectively deliver fiscally prudent services to all branches. As a complement to the overall staffing model review, staff will also evaluate costs to operate all branches as a

means to determine potential savings that might be realized through a reconfigured branch network (magnet library approach) and/or operating hours reduction.

Recently, an operational assessment of the Library's Information Technology (IT) support and management was completed by the Administrative Services Department. As a result of the assessment, the Administrative Services Department recommended implementation and consolidation of best practices at the Library in areas such as staffing, the IT network, licensing, security, disaster recovery, and documentation. Consolidation of technical resources and responsibilities between the Library and Administrative Services (IT) is anticipated to ultimately eliminate duplication of certain services while creating an efficient, scalable model under which the Library can better progress into the future. Full implementation of recommended changes is anticipated to save the Library Program approximately \$15,000 - \$20,000 annually beginning in FY 2015-16.

In addition to the implementation of the IT Assessment recommendations, a comprehensive review of all Library costs allocated through the A-87 Cost Plan is currently being performed. This comprehensive review is being conducted as a means to determine levels of allocated costs necessary to assure the most effective delivery of services to library patrons. Because the majority of A-87 costs are funded via an annual contribution from the General Fund, this review will also result in an evaluation of both the amount of and manner by which future General Fund contributions to the Library take place. The A-87 review will be ongoing as budgets are developed for the 2014-15 fiscal year.

Implementation of the Library's recommended Strategic Plan requires the Library continue making progress towards achieving ongoing fiscal sustainability. Current and anticipated comprehensive reviews of Library cost drivers coupled with a modest recovery in property tax collections are expected to significantly decrease reliance on one-time revenue sources (i.e. fund balance and reserves) to fund ongoing operations, thus promoting fiscal sustainability.

FISCAL IMPACT

No fiscal impact.

Attachment