



MEMORANDUM

Date: April 14, 2015

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Proposed Closure of Libraries**

The County budget, in my view, is a unified element. I do not view functions, departments or agencies funded by various components of the tax base as independent. The County property taxpayer pays a unified property tax bill; hence, the need to critically evaluate services and programs of all County departments and agencies, including those funded through the secondary property tax.

An area that requires this scrutiny is our library system. I have highlighted in the past that, after the merger of this system from the City of Tucson, the secondary property tax rate was increased and a fund balance for contingency purposes was developed. The fund balance was significantly in excess of standard due to the uncertainty of costs that could be incurred during consolidation.

We have since lowered the secondary property tax below a sustainable level; meaning the secondary property tax does not generate sufficient revenue to offset annual operating costs. This has caused the fund balance to decline, and it is now at or below an acceptable level. Hence, we will be required to bring the Library District's secondary property tax levies in balance with expenditures.

We have chosen to do this over a two-year cycle. Last year, the rate was increased by \$0.06 per \$100 of assessed value. I will recommend another \$0.06 increase; however, this is not sufficient to bring the budget to a sustainable level. For this reason, I have asked our Library Director to examine the system as it now exists and recommend changes or modifications that would, after a \$0.06 property tax increase, balance revenues with expenditures.

I have also asked the Director to consider the most optimal designs and service delivery models for our library system. It has been recommended, and I agree, that expenses should be reduced through a reduction in library services. This reduction is being done strategically to maximize services, eliminate inefficient libraries, and ensure library services are delivered adequately throughout the County.

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **Proposed Closure of Libraries**
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Attached is an April 7, 2015 memorandum from the Library Director for your review. It is proposed that eliminating the structural deficit post \$0.06 tax increase by closing eight libraries on Sundays effective May 1, 2015. With this action, a majority of the libraries will remain open on Sunday, but those with the least amount of Sunday use would be closed. This will save approximately \$171,000 annually.

In addition, it is recommended four libraries be permanently closed: Dewhirst-Catalina, Dusenberry-River, Geasa-Marana and Santa Rosa. The closing of these libraries will save \$1,560,000. These libraries are the smallest, least used libraries and provide duplicate services to larger regional libraries. The Santa Rosa library began as a computer lab and likely should be returned to this function only.

These actions are appropriate and will position the library system to continue to provide regional library services in the most cost effective manner and will eliminate small, ineffective, duplicative libraries.

The library system, in Fiscal Year 2015/16, will be returned to a structurally balanced budget with an adequate future fund balance.

CHH/anc

Attachment

c: Tom Burke, Deputy County Administrator for Administration
Robert Johnson, Budget Manager, Finance and Risk Management

MEMO



Date: April 7, 2015
To: C.H. Huckelberry, County Administrator
From: Melinda Cervantes, Library Director
Re: **Proposed FY2015/16 Library District Budget**

In a year of unprecedented state cuts to revenue, slow economic recovery and less than projected assessed property valuation, the Library District is faced with difficult decisions that will have a lasting impact on library services, programs and collections. After carefully reviewing all options, I am presenting the following proposed budget for FY2015/16 for your consideration.

Included in the proposed budget are reductions in personnel, closing 4 libraries, closing Sundays at 8 libraries, eliminating Library specific CIP projects and a request for a \$.06 increase in the Library District tax rate.

Requested operating department expenditures, revenues and operating transfers

	FY 2015/16 Proposed Budget	.06 Increase Tax Rate*
Operating Expenditures	39,596,950	39,596,950
Operating Revenues	34,630,089	39,031,311
Operating Transfers Out	91,797	91,797**
Structural Deficit	(5,058,658)	(657,436)
Ending Fund Balance	3,778,588	3,121,152

*The .06 tax rate increase does not account for the .01 additional tax rate needed for each library that may be constructed with the passage of the proposed 2015 bond measure.

**Remodel of Miller-Golf Links Library cancelation savings of \$145,000

Closing Sundays

Sunday hours are currently available at 18 libraries in the District. In 2006, Pima County began operation of the Library District and 18 of the 27 libraries were opened on Sundays using substitute librarians, not permanent staff. Closing Sundays at 8 libraries effective May 1, 2015 is included in the proposed budget.

Estimated savings = \$171,000.

Closed Sunday:

Dusenberry-River
Flowing Wells
Himmel Par
Martha Cooper
Mission
Quincie-Douglas
Sam Lena-South Tucson
Wheeler Taft Abbett, Sr.

Open Sunday:

Eckstrom-Columbus
Joel D. Valdez Main Library
Joyner-Green Valley
Kirk-Bear Canyon
Miller-Golf Links
Murphy-Wilmot
Nanini
Oro Valley
Valencia
Woods Memorial

Closing Libraries

There is never a good time to close a library that has become a neighborhood or community resource. Alternatives to closing libraries were carefully examined using the most recent data, surveys and studies available. Based upon a library's usage, proximity to other libraries, level of activity, age/ownership of facility and density of community it is my recommendation to close Dewhirst-Catalina, Geasa-Marana, Dusenberry-River and Santa Rosa libraries.

Estimated savings = \$1,560,000

- **Dewhirst-Catalina Library (District 1)** is located within 7 miles of the Oro Valley Library, occupies an undersized leased retail space and well over 50% of the users live outside of Pima County. It is recommended that the Bookmobile stop at a more central Catalina community location.
- **Dusenberry-River Library (District 1)** is located within 4 miles Murphy-Wilmot and Woods Memorial Libraries, occupies a retail condominium space owned by the County that could be sold to recover the investment.
- **Geasa-Marana Library (District 3)** is estimated to need \$700,000 worth of improvements to meet industry standards, is underutilized due to poor siting and occupies a former Sheriff's substation owned by the County. Nearby libraries include Wheeler Taft Abbett Sr. and Nanini. It is recommended that a Bookmobile stop at a more northern Marana community location.
- **Santa Rosa Library (District 2)** is located within 1-2 miles of the Joel D. Valdez Main Library and Sam Lena-South Tucson Library on the Drachman Elementary School, is located in a building poorly designed for library collections and programs. It is recommended that the Bookmobile stop at this location to support school age children.

Personnel

As a direct result of the recommendation to close 4 libraries and reduce Sunday operations, 16.5 FTE permanent and 6.75 FTE intermittent vacant and filled positions will be eliminated. The Library District currently has vacant positions at 23 other library locations where displaced employees can be reassigned. If there are further cuts to the budget, it may be necessary to lay off employees.

(Estimated savings included above in the closing libraries estimate)

Summary

The requested Library District property tax rate for Fiscal Year 2015/16 is \$0.49 per \$100 of assessed value which is an increase in revenue of \$4,401,222 over the Fiscal Year 2014/15 rate of \$0.43. This .06 increase in the tax rate is projected to provide \$39,031,311 in revenues that will be supplemented in part by a projected \$1,143,587 from fines, interest, grants and miscellaneous revenue. **The structural deficit created by the decision to lower the Library District Tax Rate in FY2008/09 would be corrected in Fiscal Year 2015/16.**

The Library District recommended budget is \$39,596,950. This will reduce the ending fund balance from a projected ending fund balance of \$3,778,588 at the end of Fiscal Year 2014/2015 to a projected \$3,121,152 ending fund balance at the end of Fiscal Year 2015/2016.

For FY 2015/16 the requested Library District operating budget of \$39.6M includes a tax rate of \$0.49 that is an increase of .06, to meet the expenses of the proposed budget. This increase does not account for .01 additional tax rate needed for each library that may be constructed with the passage of the proposed 2015 bond election.

Library District

Requested operating department expenditures, revenues and operating transfers

	FY 2014/15	FY 2015/16	Notes:
Operating Expenditures	37,202,853	39,596,950	<i>(FY 15/16 includes the Package A reductions)</i>
Operating Revenues	33,911,797	34,630,089	<i>(FY 15/16 without the .06 tax rate increase)</i>
Operating Transfers Out	879,592	91,797	<i>(FY 15/16 reduced by GLF CIP; FY14/15 reduced by MRN CIP)</i>

Significant changes in the requested FY 2015/16 budget versus the FY 2014/15 adopted budget

- Close four (4) libraries
Eliminating 16.5 FTE Permanent positions
Eliminating 6.75 FTE Intermittent positions \$1,560,000
- Close Sundays at eight (8) libraries \$ 171,000 *(10 libraries will remain open on Sundays)*
- Cancel Remodel of Miller-Golf Links Library \$ 145,000 *(Marana Library remodel cancelled in FY2014/15 (\$196,000))*

The requested Library District property tax rate for Fiscal Year 2015/16 is \$0.49 per \$100 of assessed value which is an increase of \$4,401,222 over the Fiscal Year 2014/15 rate of \$0.43. This tax rate is projected to provide \$39,031,311 in revenues that will be supplemented in part by a projected \$1,143,587 from fines, interest, grants and miscellaneous revenue. The structural deficit created by the lowering of the Library District Tax Rate in FY2008/09 would be corrected in Fiscal Year 2015/16. The Library District recommended budget is \$39,596,950. This will reduce the ending fund balance from a projected ending fund balance of \$3,778,588 at the end of Fiscal Year 2014/2015 to a projected \$3,121,152 ending fund balance at the end of Fiscal Year 2015/2016.

For FY 2015/16 the requested Library District operating budget of \$39.6M includes a tax rate of \$0.49 that is an increase of .06, to meet the expenses of the proposed budget. This increase does not account for .01 additional tax rate needed for each library that may be constructed with the passage of the proposed 2015 bond election.

Library District

Major programs and related services provided by the department

- 27 libraries across Pima County
- Outlying areas of the county are served by libraries in Ajo, Arivaca, Catalina, Green Valley and the Towns of Marana, Oro Valley and Sahuarita
- 6 million visitors annually
 - 7 million items borrowed (Books, DVDs, Music, and more)
 - 12 million library catalog searches
 - 3 million computer sessions
 - 406,000 library cardholders
- Library branches connect with the community
 - School visits, neighborhood associations, community groups
 - Outreach events, partnerships with local agencies
- Programs and Services
 - Print Collections: Books, Magazines, Newspapers (1.3 million items)
 - Ask a Librarian and Infoline
 - Digital Media: eBooks, eMagazines, eAudiobooks and Streaming Content
 - Homework Assistance (online and in person tutors)
 - Award Winning Library Nurse Program
 - Job Help & Career Exploration
 - Online Research Databases and Educational Software
 - Seed Library
 - Bookmobile, Books By Mail, Books on Wheels, Book Bike and Deposit Collections throughout the county

Library District

Major programs and related services provided by the department

■ Literacy and Early Childhood Education Activities

- Storytimes
 - 105,000 kids and families
- Family Read Aloud Nights
 - 3,000 families
- Summer Reading
 - 33,000 participants of all ages
- ReadStrong
 - 1,900 students
- Ready to Read
 - 500 caregivers
- Homework Help Online
 - 49,400 students
- English Language Acquisition
 - 16,500 adults
- GED Preparation
 - 6,250 teens and adults

■ Job Help

- Drop-in sessions at over 15 branches
- One-on-one appointments
 - Career exploration
 - Resume review
- Instructors available during all drop-in sessions
- Interviewing practice
 - Videotaping available
- Community information

■ Business and Non-Profit Support

- Research and assistance for all business sizes
- Drop-in sessions for self-employment assistance
- Online Databases designed for business support
 - ReferenceUSA
 - Business Plans Handbook
 - Gale Business Insights/Essentials
- Drop-in grants & non-profit assistance

■ Entrepreneurial/Innovation

- Idea + Space
- Catalyst Café Series

■ Youth Career Development

- Employment of summer youth workers
- College Information
 - Regional College Access Center/MEC
- "101" Media Spaces
 - CreateIT
 - Technology classes
 - Work experience
 - Mentorship

■ Connections

- Pima County One Stop
- Pima County Health Department
- Literacy Connects
- Make Way for Books
- Pima Community College

Library District

Major costs of providing programs and related services by the department

	FY 2014/15	FY 2015/16
■ Personnel	19,520,001	18,874,373
■ Materials	4,966,750	5,102,000
■ Supplies	2,534,369	2,600,337
■ Utilities	2,483,200	2,230,700
■ Building R & M	1,858,400	2,164,400
■ IT	1,095,000	4,464,619
■ County Overhead	4,032,733	3,554,521
■ Security	712,400	606,000
Total	37,202,853	39,596,950
CIP	1,075,592	91,797

Major Challenges

- Impact on communities now served by the four (4) libraries identified for closure
- Structural deficit over time a direct result of lowering of Library District tax rate in FY2008/09
- Increased cost of library materials outpacing revenue
- Cost of technology greatly exceeds prior fiscal year
- Operating costs for 27 libraries and 1 bookmobile exceeds revenue
- Aging library facilities disproportionately impacts maintenance and operations costs

Library District

Major departmental budget issues the department is facing in FY 2015/16

- Fixing the structural deficit requires an additional Library District tax rate of .06, an increase from 0.43 to 0.49 per \$100 A/V = \$4,401,222
- Replenishing fund balance to approximately 10 percent of A/V = \$3,100,000 in reduced expenditures
- Replacement of technology: hardware, software upgrade and addition of storage = \$3,455,000
- Maintaining facilities = \$2,200,000
- Maintaining collections of books, e-resources and online subscriptions = \$5,102,000
- Staffing 27 libraries open 5-7 days per week = \$19,500,000

Discussion of any requests for supplemental funding over and above the base budget amount

- No supplemental funding requested

Library District

Discussion of various issues related to FY 2015/16 budgets administered by the department including Main Operating Budget, Special Program Budgets, Grants Program Budgets, Capital Improvement Program Budgets and Internal Service Funds Budgets.

■ **eRate Reimbursement Helps Defray Costs**

Federal eRate reimbursement regulations were significantly revised in 2015. The new regulations will afford the Library District nearly \$2 Million in reimbursement allowances over 5 years beginning in 2015. The Library District may only apply for these reimbursements if monies are spent on qualifying technologies, broadband, fiber, WiFi, etc.

■ **Limited Funding for CIP projects**

Two CIP projects were cancelled to balance the FY2015/16 Library District Budget. The Geasa-Marana Library was to have been improved in FY2014/15 and Miller-Golf Links Library in FY2015/16. The District has invested over \$1M in the last 2 years to replace furnishings, flooring, paint and lighting and to increase security equipment. District libraries are heavily used by residents of the county and will continue to require routine maintenance and improvements.

■ **Regional Libraries**

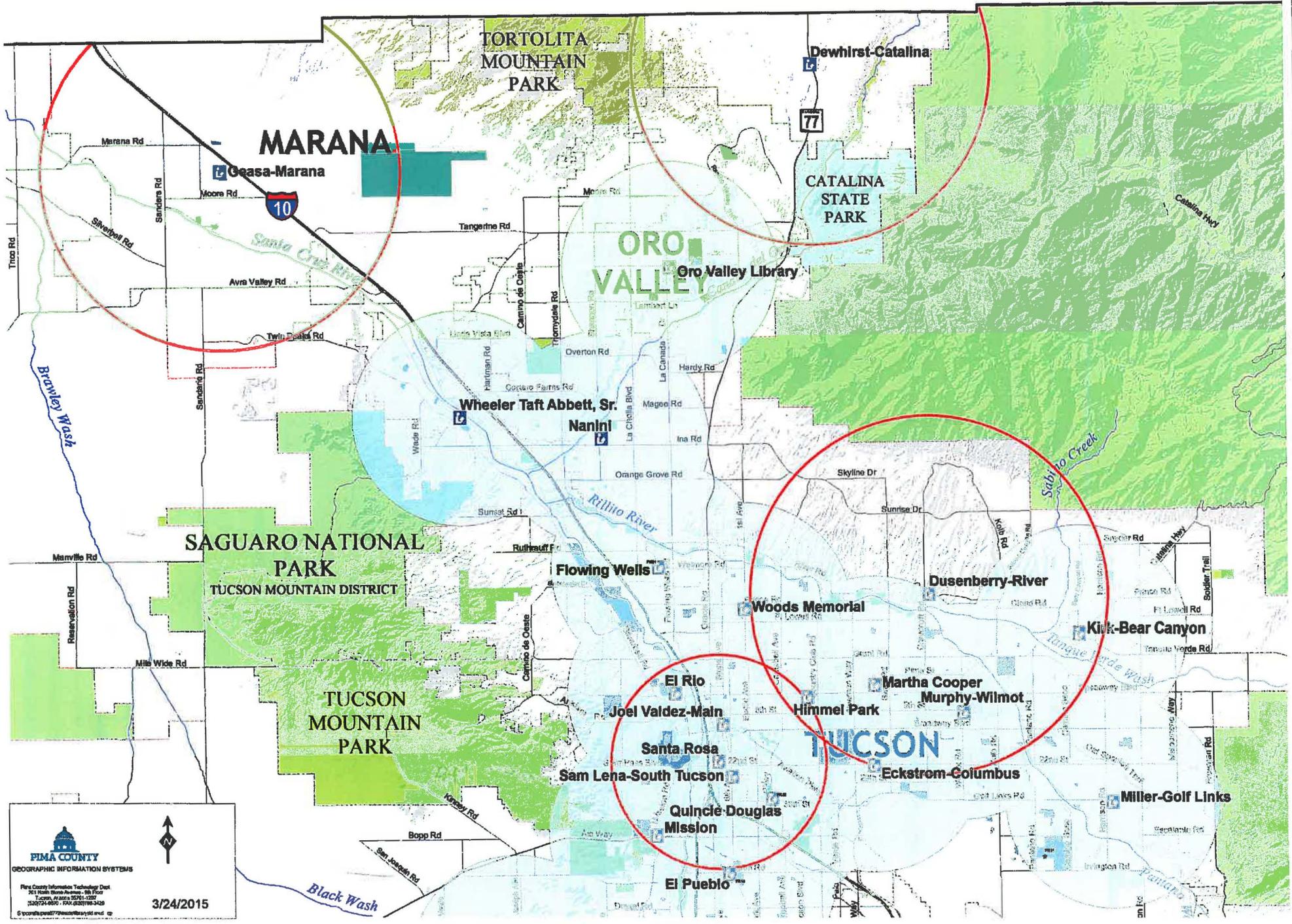
Since the Library's inception, a neighborhood library model was adopted - numerous, smaller libraries were opened. Over time the District grew to include five (5) cities and the unincorporated county and larger, more regional libraries were constructed. With the introduction of online resources, collections are now shared throughout the District. While transportation continues to be a challenge for some neighborhoods, many residents can and do travel to one or more branch libraries for programs and services. A regional library solution will reduce overall operating expenses.

■ **Significant Overhead and Technology Charges**

The Library District serves as a community resource for Internet access for many residents seeking jobs, growing businesses, exploring new careers and homework help. Nearly 15% of the Library's collections are available exclusively online. Demand for reliable Internet and WiFi in the last few years has outpaced our ability to provide. The ITD Technology Lease program establishes a solid solution to hardware and software replacement as well as much needed online storage. Library District network infrastructure must be redesigned so that public computers and WiFi users no longer compete with critical staff functions such as circulation, reference and cataloging.

■ **Staffing Challenges**

The full impact of a series of budget cuts may result in the elimination of 23 FTE vacant and filled positions, closing of 4 libraries and a reduction of more than 10% of the books and materials budget. Highly trained and experienced librarians and other staff have and will continue to leave for higher paying positions elsewhere. This is the most significant reduction in library services that the Pima County Public Library has experienced. At a time when illiteracy and high school dropout rates are in the double digits and unemployment is below national standards, our libraries serve a critical role assisting residents of our communities with their educational, job and career goals.





PIMA COUNTY

 GEOGRAPHIC INFORMATION SYSTEMS

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