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Budget 2017



# Douglas County Libraries Budget Message 2017

*Mission: Douglas County Libraries is a passionate advocate for literacy and lifelong learning.*

*Vision: Through engagement, education and entertainment, Douglas County Libraries transforms lives and builds community.*

At the end of this year and as a foundation for the next, it is fitting and proper to express thankfulness for a community that has made solid investments in its library, a board whose fiscal acumen has enabled us to thrive, and staff whose creativity and hard work resulted in the opening of three new libraries in a single year — and that's on top of the learning activities and events for thousands and a memorable evening with a great author read by the millions.

If I were to create a word constellation describing our library's work in 2016, it would include building, transforming and renewal. We're not finished with those tasks, but 2017's focus will shift toward sustainability.

2017 is the first full year we'll have living with a mortgage. We thoughtfully sought financing to make necessary capital improvements that translate to community impact. The 2017 budget makes the first large-scale payment toward that 15-year commitment.

The 2017 budget sustains our journey of crafting a premium and personal library experience. The budget supports numerous technology and facilities infrastructure and maintenance projects. Full-scale renovations are in the works for our Roxborough and Louviers libraries. We are working to conclude the acquisition of property adjacent to our Castle Rock library in preparation for enlarging and renovating that library in the next few years. In 2017, we will pursue community input and design services for both that Castle Rock project and coming renovations for our Highlands Ranch library. The 2017 budget sets aside resources for a long overdue replacement of flooring at our Castle Rock library. Flooring replacement requires moving and shifting library shelving, so we'll take advantage of that labor need and replace our shelving with contemporary counterparts.

Our library materials budget remains the largest per capita in the region. Our patrons tell us that a premium, personal library is one with a fresh collection poised to satisfy their demands.

Collections, facilities and technology are library necessities and worthy of consistent budget commitment. However, our greatest need is to sustain a talented, committed staff. This year, our Human Resources team determined that our wages were not keeping pace with the marketplace. The 2017 budget takes meaningful steps to rectify inequities and get us on track toward recruiting and retaining top-tier talent.

The 2017 budget sustains our work of building bright futures for early childhood education while requiring us to accept the next level of that strategy — working with seniors in their own life

transition. In 2016, we augmented staff as part of our library renewal and building program. In 2017, our goal is to maintain discipline in our staffing budget. We will make some slight changes, particularly in support of our Events and Hospitality department. Our overall goal is to sustain a smaller, well-paid team.

In 2017 we'll continue honing several meaningful concepts that debuted in 2016. With a full year's experience in our new libraries, we'll be able to adapt and make thoughtful changes. The work plan for 2017 completes our capital master plan so that by 2018 we can begin setting aside resources for the next decade's library and a sustained impact on literacy and lifelong learning.

Robert Pasicznyuk  
Library Director  
December 6, 2016

# Douglas County Libraries

## 2017 Budget

### Description of Services

Douglas County Libraries serves a population of approximately 315,000 Douglas County residents at libraries in Castle Pines, Castle Rock, Highlands Ranch, Lone Tree, Louviers, Parker, Roxborough and online at DCL.org. Services can be divided into the following broad categories:

#### Circulation

Circulation consists of the provision of books, e-books, periodicals, CDs, audios, videos and other library materials for lending use to the public. Circulation is just under 8 million items annually. This continues to be in the top 10 of libraries with our budget on a per capita basis. Our convenient and popular holds service accounts for approximately 13% of Douglas County Libraries' annual circulation.

#### Online Services

Virtual services continue to grow in breadth and use. Annually, we have over 1.5 million visits to our website. Downloadable materials now make up 8.3% of total circulation, including music, books and audios. Access to full-text articles and information through databases continues to grow, especially among school-aged children. We offer self-paced online learning programs on languages and computer software, and real-time homework and resume help.

#### Community Gathering Space

The library serves as a key community gathering place. We are open more than 20,000 hours per year and welcome nearly 2 million visitors annually at our seven locations. Our public computers and wireless access offer a comfortable environment in which to work, study, stay up with current events, or keep in touch with friends. Our meeting rooms are a popular destination for civic groups, nonprofits, and organizations of all kinds. Most of our libraries offer small meeting rooms that double as office space, tutoring classrooms, or just a quiet place to contemplate or meet friends.

#### Reader's Advisory Services

Douglas County Libraries places a strong emphasis on encouraging lifelong reading habits. Staff members train and focus on making book recommendations for people of all ages. Our staff collaborates with patrons to determine their likes and dislikes and recommend good reads. Through conversations, displays, events and promotion of reading, Douglas County book lovers are introduced to new authors and experiences. Many staff have advanced skills in recommending suitable reading level materials for young people. From picture books to early readers, to research and recreational reading, staff recommend the appropriate books to advance and challenge young readers. The library also hosts a number of book clubs for young readers to critically explore stories and discuss their meanings in their lives.

### Storytime

We offer more than 4,011 children's programs that reach more than 120,046 attendees each year. Storytime attendance alone accounted for 95,875 kids and adults. Staff trained in preparing children to read stress narrative, vocabulary, rhyming and song in a fun and interactive environment that enlivens minds and introduces young people, their parents, and their caregivers to the joy of reading. The early literacy skills that children learn in Storytime help them translate words to images, develop their brains, and nurture the cognitive, emotional and social skills they need to develop the habits of lifelong learners. Our Book Start and Cuddle Up & Read programs utilize staff and volunteers to read and tell stories at day care centers, hospitals and elementary schools in Douglas County. These Storytime programs reach nearly 51,847 young people outside of Douglas County Libraries buildings each year.

### Reference Services

Our youth and adult staff members provide informational and research assistance to thousands of patrons each year. Through in-person interviews, phone requests, instant messaging, email and community interviews, our staff respond to requests for information in a timely fashion with well-researched answers. Our collection of current and in-depth reference materials supplements staff efforts and supports the community's interest in pursuing answers on their own. Our BizInfo program has dedicated staff and resources trained to support the needs of entrepreneurs and small businesses with timely market analysis, in-depth research, and business startup plans.

### Programming

Library programming addresses a variety of interests and is designed to meet the needs of all age groups. Our summer reading programs reach nearly 14,000 participants annually. In addition to Storytimes, children's programs use a wide variety of techniques and activities to allow young children to explore new ideas and develop advanced skills. From pairing teens with young readers, to group reading comprehension competitions, to fun hands-on science experiments, young people have many opportunities to advance their skills in a safe environment. Teen programs engage young people in creative activities, such as writing, photography, games and fashion. Adults benefit from programming that includes adult literacy, High School Equivalency (HSE) and English as a Second Language (ESL) programs, local economic development, and financial literacy. Job seekers benefit from programs designed to improve their skills. Author events give patrons the opportunity to mingle with writers, celebrate reading, and hear authors read from their latest works.

### Community Engagement

Douglas County Libraries is a strong community partner. Our professional staff engage their communities by attending civic and community meetings, serving on local boards, and working with community and educational groups to better understand the unique issues each community faces. Our school liaisons stay in regular communication with schools in our communities. As we build partnerships with each school, we promote library services and programs. School liaisons play a crucial role, increasing the library's visibility and usefulness for teachers and children.

## Collections

Our process for selecting materials for our collections is three-pronged, and includes centralized collection development, input from staff, and use of materials requests by patrons. Online materials requests allow patron-driven purchases and borrowing from other libraries. We received more than 18,000 patron requests last year. Of those, nearly 50% were fulfilled by interlibrary loan.

## Douglas County History Research Center

The Douglas County History Research Center (DCHRC) collects and preserves the history of Douglas County in order to provide historical research resources to the public. We answer more than 1,700 reference transactions per year, and conduct public programs in the library as well as for historical societies and schools. The DCHRC website supports more than 16,000 visits per year.

## Volunteers

Hundreds of volunteers contribute a total of more than 37,000 hours annually to support activities and operations in the library. Opportunities to work with adult learners and help with book sales, shelving, reading to children and seniors, and preservation of local history make our volunteer services a vibrant program designed to provide job skills, personal growth, and community involvement.

## Key Features of the 2017 Budget

	2015 Actual	2016 Forecast	2017 Budget
<b>REVENUES</b>			
Property taxes	\$21,004,402	\$ 24,283,616	<b>\$24,835,676</b>
Contributions/grants	409,377	193,906	<b>288,020</b>
Charges for Services	633,202	643,540	<b>786,434</b>
Interest income	195,064	277,147	<b>225,000</b>
<b>Total revenues</b>	<b>\$22,242,045</b>	<b>\$25,398,209</b>	<b>\$26,135,130</b>
<b>EXPENDITURES</b>			
Salaries, Wages & Benefits	\$13,833,368	\$14,497,904	<b>\$15,094,422</b>
Library Materials	3,554,623	3,132,869	<b>3,495,800</b>
Facility	1,130,874	1,168,194	<b>1,525,968</b>
Technology & Support Services	1,071,145	1,481,380	<b>1,402,407</b>
Programs and Outreach	617,049	702,256	<b>741,945</b>
Administration	1,053,381	1,078,979	<b>1,322,125</b>
Interest Expense	74,205	834,800	<b>2,009,800</b>
Capital Expenditures	146,432	904,575	<b>1,238,390</b>
<b>Total operating expenditures</b>	<b>21,481,077</b>	<b>23,800,957</b>	<b>26,830,857</b>
<b>EXCESS OF REVENUES OVER (UNDER) OPERATING EXPENDITURES</b>	<b>\$760,968</b>	<b>\$1,597,252</b>	<b>(\$695,727)</b>
<b>NON-OPERATING REVENUES (EXPENDITURES):</b>			
Lease Purchase Financing	\$23,225,902		
Debt Issuance Cost	(\$220,633)		
Castle Rock Property Acquisition		(\$25,000)	<b>(\$2,601,500)</b>
Lease Revenue			<b>\$175,675</b>
Operating Expenses			<b>(\$420,932)</b>
Construction in Progress	(\$14,032,509)	(\$19,765,311)	<b>(\$1,518,753)</b>
Proceeds on Sale of Property		\$3,674,051	
<b>TOTAL NON-OPERATING REVENUES (EXPENDITURES):</b>	<b>\$8,972,760</b>	<b>(\$16,116,260)</b>	<b>(\$4,365,510)</b>
<b>EXCESS OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENDITURES</b>	<b>\$9,733,728</b>	<b>(\$14,519,008)</b>	<b>(\$5,061,237)</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$25,670,601</b>	<b>\$35,404,328</b>	<b>\$20,885,320</b>
<b>ENDING FUND BALANCE</b>	<b>\$35,404,328</b>	<b>\$20,885,320</b>	<b>\$15,824,083</b>

Budget has been prepared using the modified accrual basis of accounting.

### Revenues

Douglas County Libraries' funding comes chiefly from real and personal property taxes and vehicle registration taxes, with additional funding from fines, contributions and grants, interest, programming fees, and other miscellaneous income.

Assessed property valuations in Douglas County increased 1.8% to \$5.686 billion for 2017, from \$5.588 billion for 2016. Assessed valuations for 2015 were \$4.777 billion. The voter-approved mill levy remains unchanged at 4 mills for 2015 through 2017. Taking into account the abatement levy, the total mill levy is 4.016 for 2017, 4.035 for 2016, and 4.041 mills for 2015.

Consistent with the increase in the assessed property valuation, Douglas County Libraries' property-related tax revenues are expected to increase to \$22.836 million for 2017, from \$22.389 million forecast for 2016. Property tax revenues were \$19.303 million during 2015.

Vehicle registration taxes for 2017 are budgeted at \$2.000 million, versus \$1.895 million forecast for 2016. Actual vehicle registration taxes were \$1.700 million in 2015.

Other income is budgeted at \$1.299 million for 2017, compared to \$1.115 million forecast for 2016 and \$1.238 million actual in 2015. The 2017 budget for Charges for Services includes a fine increase from \$0.10 to \$0.20 per day to bring the Douglas County Libraries fee structure up to the amount charged by other libraries across the Front Range.

#### Operating Expenditures

2017 budgeted expenditures for normal recurring operations are \$25.592 million, compared to \$22.896 million forecast for 2016 and actual operating expenditures of \$21.335 million for 2015. The increase of \$2.696 million in 2017 operating expenditures is primarily attributable to \$1.175 million for the first full year of mortgage interest expense, \$0.597 million for higher salaries and wages, and \$0.358 million for higher facilities costs to maintain the three new larger branches in Castle Pines, Lone Tree, and Parker.

#### Personnel

Personnel costs, at 57.0% of total revenues, represent the most significant aspect of the budget. Salaries and benefits are expected to increase by 4.1% to \$15.094 million during 2017, compared to \$14.498 million forecast for 2016. Actual personnel costs were \$13.833 million during 2015.

The increase in 2017 personnel costs of \$0.597 million is primarily attributable to the added headcount at the new libraries in Castle Pines, Lone Tree and Parker, implementation of the overtime regulations of the Fair Labor Standards Act (FLSA), anticipated merit increases, and added headcount in support of the District's events and hospitality initiative.

#### Library Materials

Library materials, including books, periodicals, e-books, CDs, audios, videos, electronic databases, subscriptions, etc., are budgeted for \$3.496 million for 2017, compared with \$3.133 million forecast for 2016 and actual spending of \$3.555 million in 2015.

The materials budget for 2017 is 13.3% of total revenues and represents a significant commitment by Douglas County Libraries to continually provide updated, relevant materials and resources to Douglas County residents.



## Facilities

Douglas County Libraries currently owns or leases 175,472 square feet of library space, an increase from 125,579 square feet, due to the new and larger branches in Castle Pines, Lone Tree, and Parker. Changes in facility spending are affected by maintenance projects, scheduled rent increases on leased properties, and increases in insurance, utility rates and other costs. Facility costs are budgeted for \$1.526 million in 2017 compared to expected costs of \$1.168 million for 2016 and actual costs of \$1.131 million in 2015. The \$0.358 million increase in the 2017 budget is attributed to additional square footage to maintain and efforts to increase the District's standards for level of care.

## Technology and Support Services

The technological infrastructure costs of Douglas County Libraries consist of licensing and maintenance agreements for computer software and hardware, subscription services for technological support in processing and cataloging books, telephone and telecommunications costs, and various other computer and technical support costs of the library.

The budget for 2017 technology and support services is \$1.402 million, compared to \$1.481 million forecast for 2016 and \$1.071 million actual for 2015.

## Programs and Outreach

Program and outreach costs include expenses associated with program presentations, workshops and reading programs sponsored by Douglas County Libraries. These include presenter fees, prizes for reading programs, and community sponsorships, as well as the underlying printing, graphic design, public relations and advertising costs associated with providing programs and promoting library services.

Programming and outreach spending is budgeted for \$0.742 million in 2017, compared to \$0.702 million forecast for 2016 and \$0.617 million actual in 2015.

## Administration

Costs incurred in management functions of Douglas County Libraries, including human resources, facilities, contracts administration, financial controls, and reporting to the public and appropriate governing agencies are reported as administration.

Total administration expenses are budgeted for \$1.322 million for 2017, compared to \$1.079 million forecast for 2016. Actual administration expenses were \$1.053 million in 2015. The change in the 2017 administration budget is primarily attributable to service-provider fees related to payroll and the annual audit, training-related expenses, fees payable to the county treasurer due to the increased property tax revenues, and office supplies and equipment.

## Capital Expenditures

Capital expenditures are budgeted for \$5.359 million for 2017, compared to \$20.670 million forecast for 2016 and actual capital spending of \$14.179 million in 2015. Capital spending in 2016

and 2015 was primarily attributed to construction of the new libraries in Castle Pines, Lone Tree, and Parker.

The \$5.359 million budget for 2017 includes \$2.602 for the acquisition of property adjacent to our Castle Rock library; \$0.475 million to complete construction efforts at the new libraries in Castle Pines, Lone Tree, and Parker; \$0.429 million for the replacement of out-of-warranty staff laptops and personal computers; \$0.416 million to replace the carpet and shelving at the Philip S. Miller branch; \$0.400 million for design services for anticipated renovations at the Castle Rock and Highlands Ranch branches; and \$0.273 million and \$0.080 million for renovations at the Roxborough and Louviers branches, respectively.

With the acquisition of property adjacent to the Castle Rock branch and the eventual expansion and renovation of the facility, the District intends to centralize administration, storage and facilities spaces. The property is currently under lease to multiple retail tenants. Accordingly, the 2017 budget includes \$0.176 million for lease revenue from existing tenants and \$0.421 million for operating expenses such as management fees, facility costs, and insurance.