As Jennifer and Bob are already aware, library commissioners often submit questions in writing to the chair and myself prior to the meeting. I had told Kady this was likely last week. They do not expect written responses. They expect that their written questions become part of the record of the meeting and also that their questions are verbally addressed [if possible] in the course of the meeting. I suspect I will get written questions from at least 1 more before the meeting.

Juana Gomez's questions are below.

David
find that one hundred electors can trigger an election.

I'm so sorry to have a conflict on Wednesday night.

Juana

On Friday, November 9, 2018, 5:00:12 PM MST, Seaton, Celia <SeatonC@boulderlibrary.org> wrote:

Good Afternoon, Commissioners –

Please find attached the packet (with memo enclosed) attached,

See you next Wednesday (Motomaki planned for dinner!)

Celia

Celia Seaton
Administrative Specialist II

City of Boulder
Library & Arts

O: 303.441.3106
seatonc@boulderlibrary.org

Boulder Public Library – Administration Office
1001 Arapahoe Ave. | Boulder, CO 80302
www.boulderlibrary.org
www.bouldercolorado.gov
Thanks for your thoughtful comments, Juana - very helpful.

Below are the library law provisions relevant to creating a district by petition. Note that the numbering within the statute is somewhat inconsistent (the result of amendments, I assume).

- J


(1) A municipal or county library may be established for a governmental unit either by the legislative body of said governmental unit on its own initiative, by adoption of a resolution or ordinance to that effect, or upon petition of one hundred registered electors residing in the proposed library's legal service area. A joint library may be established by the legislative bodies of two or more governmental units, and a library district by the legislative bodies of one or more governmental units, each proceeding to adopt a resolution or an ordinance to that effect. A library district may also be formed by petition of one hundred registered electors residing within the proposed library district addressed to the boards of county commissioners in each county in the proposed library district....

[Section (2) addresses creation by resolution or ordinance]

(3) If establishment of a county or municipal library or a library district is by petition of registered electors, the following procedures shall be followed:

(a) The petition shall set forth:

(I) A request for the establishment of the library;

(II) The name or names of the governmental unit or units establishing the library; (III) The name of the proposed library, and for a library district, the chosen name preceding the words "library district";

(IV) A general description of the legal service area of the proposed public library with such certainty as to enable a property owner to determine whether or not such property owner's property is within the proposed library's legal service area; and

(V) Specification of the mill levy to be imposed or other type and amount of funding and that the electors must approve any amount of tax levy not previously established by resolution or ordinance nor previously approved by the electors before the county or municipal library or library district can be established.

(b) Petitions shall be addressed to the legislative body of the county or municipality, or, in the case of a library district, to the boards of county commissioners of each county having territory within the legal service area of the proposed district.

(c)

(I) Except as otherwise provided in subparagraphs (II) and (III) of this paragraph (c), at the time of filing the petition for the establishment of a library district, a bond shall be filed with the county or counties sufficient to pay all expenses connected with the organization of the library district if such organization is not affected.

(II) Except as otherwise provided in subparagraph (III) of this paragraph (c), the board of county commissioners of each county having territory within the legal service area of the proposed library district may:
(A) Waive the bonding requirement; and

(B) With the consent of the board of trustees of an existing library, pay for the costs of the election for the proposed library district. If the legal service area of a proposed library district includes two or more counties, the costs of election for such library district to be paid by any county pursuant to this sub-subparagraph (B) shall not exceed a percentage of said costs equal to the percentage that the population of the county within the boundaries of the legal service area bears to the total population within the boundaries of such service area.

(III)

(A) Subject to the provisions of sub-subparagraphs (B) and (C) of this subparagraph (III), the board of county commissioners of each county having territory within the legal service area of the proposed library district shall pay no less than fifty percent of the costs of the election for such library district if the petition submitted pursuant to subsection (1) of this section contains signatures by registered electors residing in the proposed library district in an amount equal to at least five percent of the total number of votes cast in every precinct in the proposed library district for all candidates for the office of secretary of state at the previous general election.

(B) Payment of election costs for any library district shall not be required of any county under this subparagraph (III) more than once every four years.

(C) In the case where the legal service area of a proposed library district includes two or more counties, the costs of the election for the library district shall be paid on a prorated basis with each county within the boundaries of the proposed library's legal service area paying a percentage of said costs equal to the percentage that the population of the county within the boundaries of the library's legal service area bears to the total population of such service area.

(c.5) Notwithstanding any other provision of this section, the costs of the election of a proposed library district may be assumed by an existing library where the assumption of the costs has been approved by the board of trustees of said library.

(d) Upon receipt of such petition, the legislative body or bodies shall either establish the library by resolution or ordinance, in accordance with subsection (2) of this section, or shall submit the question of the establishment of a public library to a vote of the registered electors residing in the proposed library's legal service area in accordance with the following provisions:

(I) In the case of a municipal library, such election shall be held in accordance with article 10 of title 31, C.R.S., and section 20 of article X of the state constitution, and shall be held on the date of the state biennial general election, the first Tuesday in November in odd-numbered years, or the municipal regular election, whichever is earliest; except that such petition shall be filed at least ninety days before such election.

(II) In the case of a library district or county library, such election shall be held in accordance with articles 1 to 13 of title 1, C.R.S., and section 20 of article X of the state constitution, and shall be held on the date of the state biennial general election or the first Tuesday in November in odd-numbered years, whichever is earliest; except that such petition shall be filed at least ninety days before such election.

(III) Public hearings shall be conducted by such legislative body or bodies prior to an election and shall include a discussion of the purposes of the library to be formed and, where more than one governmental unit is involved, the powers, rights, obligations, and responsibilities, financial and otherwise, of each governmental unit.

(e) and (f) (Deleted by amendment, L. 97, p. 411, § 1, effective April 24, 1997.)

(g) If a majority of the electors voting on the question vote in favor of the establishment of a library, the legislative body of each establishing governmental unit shall forthwith establish such library and provide for
its financial support beginning on or before January 1 of the year following the election.

(h) Upon establishment of a library district, and after appointment of the library board of trustees, a written agreement between the legislative body of each participating governmental unit and the library board of trustees shall be effected within ninety days, which time frame may be extended by mutual agreement of the parties, and shall set forth fully the rights, obligations, and responsibilities, financial and otherwise, of all parties to the agreement, including provisions concerning:

(I) The transition from the library to a library district, such as ownership of the library's real and personal property, personnel, and the provision of administrative services during the transition;

(II) The method of trustee selection; and

(III) Such other necessary terms and conditions as may be determined by the parties. Microsoft Word - Colorado Library Law 8-5-09

(i) If organization of a library district is effected, the district shall reimburse the legislative bodies holding the election for expenses incurred in holding the election.

On Sat, Nov 10, 2018 at 6:25 AM <juana@lawrenceandgomez.com> wrote:

Hi, David and Joni,

Regarding GKB's Executive Summary:

1) It would help with clarity if on the tables the heading Service Level would read (or be noted on a footnote) Tax, Mill Level, or % of Sales Tax needed to attain Service Level.

2) I am confused by Table 5. Does it pertain to Scenario #5 only?

3) Is there a way to quantify or at least note the relief to the General Fund and City allocated tax on Scenarios and Tables 6, 7, and 8? Such as: Note- The City's budget would be relieved of $6 million in 2020, $6.5 in 2021, etc.

4) For ease of reference, could those last three scenarios be labeled 6, 7, 8?

5) Not part of this study, but do we know how the increases in property taxes impact low income housing? Do they get any breaks? Or will those rents increase by $10 or $20 a month?

6) On pg. 14 of our packet under IGA 2) a) "Any conveyance by donation or sale and personal property used to provide library services." Shouldn't that sentence also include "lease"? I know the document refers to leasing later, but this sentence could be a show-stopper for some council members.

7) In "Establishing the District by Petition..." I would like to know where in the laws we can find that one hundred electors can trigger an election.

I'm so sorry to have a conflict on Wednesday night.

I'll see you this afternoon.

Juana
Good Afternoon, Commissioners –

Please find attached the packet (with memo enclosed) attached,

See you next Wednesday (Motonaki planned for dinner!)

Celia

Celia Seaton
Administrative Specialist II

https://bouldercolorado.gov/links/fetch/32010

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seatonc@boulderlibrary.org

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David, can we get access to the financial analyses underlying this memo? I am having great difficulty making sense of this analysis. Tables 3-8 don't appear to reflect an apples-to-apples analysis of costs. I really can’t make sense of this financial analysis without understanding the underlying assumptions made in these tables, and there is (disappointingly) nothing provided in the memo.

Here’s a summary of my major issues:

Table 2 establishes the base case: an analysis of library funding needs based on the 3 service levels outlined in the master plan. However, the analysis omits ~ $3.4 million per year in “cost allocation” (see Table 1). The City's cost allocation system reflects costs for ongoing administrative overhead, including “finance, HR, IT, communications, building repair and renovation costs, etc.” (bottom of page 5). Table 3, footnote 3 (“GAP includes both operating and capital outlay expenses”) is misleading. The service levels outlined in the 2018 Master Plan do NOT include the large backlog of deferred maintenance costs present for library facilities, so capital funding needs are understated in Table 3. As you know, resources were not availability to update the library’s 2009 facilities plan during the master planning process, and an update to the library’s facilities’ master plan appears as a future work plan item. Since Table 3 is based on Master Plan definitions, I suspect that “the base” in Table 2-3 does not include costs associated with the library’s substantial backlog of deferred maintenance on facilities. If my understanding is correct, then the true cost of operating the library system is not reflected in the costs show for any of the options analyzed under the municipal governance model.

I believe that the consultants calculated an updated cost for deferred maintenance in library facilities - can you please share that number?

As an aside, the City has been struggling to find a way to address its backlog of deferred maintenance going back at least 30 years (to my tenure ion Planning Board). When the cost allocation system was instituted some 25 years ago, Facilities and Assets Maintenance was created to address both ongoing maintenance and the already substantial backlog of deferred maintenance in City facilities. Revenues generated through cost allocation have been adequate to fund basic ongoing maintenance, but insufficient to address the backlog. In 2011, the City adopted a "Capital Investment Strategy" to address long-standing capital needs for facilities funded through the general fund. While that strategy has managed to address some high priority needs, the backlog of deferred maintenance is still substantial - and growing. Library facilities are all more than 25 years old (Reynolds just turned 50) and every facility has a backlog of needs ranging from small repairs to small-mid sized capital projects. By failing to include the deferred maintenance backlog in the base, this analysis assumes that the status quo continues. Without new sources of funding, the library’s deferred maintenance needs will continue to be unaddressed (along with the rest of the deferred maintenance needs in the city's portfolio.)

None of the Municipal library scenarios include the current .333 mills dedicated to the library. (See Table 3, footnote 2). This means that Tables 4 and 5 do not reflect the full property tax paid by owners under the municipal scenarios, understating property tax impacts relative to the district scenarios.

Scenarios 4 & 5 mill levy
2.62 mills 3.150 mills 3.330
+ .333 mills
2.953 mills 3.483 mills 3.663 mills
My head really starts to spin when I get to Table 6, which reflects the "property tax impacts for City of Boulder Boundary" in the district governance model. This section of the memo does not discuss the "base" used to analyze the district scenarios (Tables 6-8). Based on the difference in mill levies shown in Table 5 vs. Table 6, I can only include that a different scenario for base costs is used in the district scenarios.

Table 5 presumably reflects costs to taxpayers under municipal scenario 4 ("property tax only to fund total library costs"). [See Juana's question about to which scenario Table 5 applies.]

Table 6 reflects costs under a district governance model using City of Boulder boundaries. Since both scenarios are based on the same taxing boundary and funding method (using property taxes to fully fund the library), the mill levy should be identical (or nearly so) - if we are using the same base. Yet Table 6 identifies a markedly higher mill levy, even with the existing .333 mills factored in.

Table 6 mill levy
3.850 mills  4.380 mills  4.560 mills

Since the mill levy projection in Table 6 is markedly higher than the mill levy identified in the municipal scenarios, I can only assume that the district scenarios are using a different base case - without disclosing the differences in the base case.

What accounts for the difference in base between these scenarios?

Do the district scenarios include administrative overhead costs? What is the cost estimate for administrative overhead under the district scenarios? How does it compare to the "cost allocation" costs described in the municipal scenarios?

Do the district scenarios include costs to address the backlog in deferred maintenance?

I believe that the financial analysis identifies a number for the full cost of operating the library system over 15 years - can you please share that information?

That takes me through Page 11. I'll let you know if I have other questions.

- Joni
David, I asked Matt to take a look at the memo, and he hasn't been able to get past Table 1.

1. Where does the $3.38 million "cost allocation" number come from?

The 2019 budget sheet for library and arts reflects a $475,221 charge for "interdepartmental" charges, and a $240,074 charge for FAM, for a total of $715,295. What additional charges does the $3.38 million include?

We took a look at Open Space's budget for comparison. As a dedicated fund, OSMP pays full cost allocation and it's cost allocation charge for 2019 is $2,090,102 - substantially less than the $3.38 million attributed to the library.

I would expect that budget size and number of staff would have some effect on the cost allocation model.

Note that OSMP's 2019 budget is $29,640,763 with 128.4 FTE.
The Library & Arts 2019 budget is $10,634,281 with 77.50 FTE.

2. Do the capital outlay numbers in table 1 reflect the library's maintenance backlog? If so, I assume that the annual costs reflect some assumptions about the order in which facility backlog needs would be addressed? It would be helpful to see those assumptions, and (as noted above) to see the total estimated cost to address the library's deferred maintenance backlog.

Thanks - J

---

On Sat, Nov 10, 2018 at 1:47 PM joni teter <joniteter@gmail.com> wrote:

David, can we get access to the financial analyses underlying this memo? I am having great difficulty making sense of this analysis. Tables 3-8 don't appear to reflect an apples-to-apples analysis of costs. I really can't make sense of this financial analysis without understanding the underlying assumptions made in these tables, and there is (disappointingly) nothing provided in the memo.

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Table 3, footnote 3 ("GAP includes both operating and capital outlay expenses") is misleading. The service levels outlined in the 2018 Master Plan do NOT include the large backlog of deferred maintenance costs present for library facilities, so capital funding needs are understated in Table 3. As you know, resources were not availability to update the library’s 2009 facilities plan during the master planning process, and an update to the library’s facilities’ master plan appears as a future work plan item. Since Table 3 is based on Master Plan definitions, I suspect that “the base” in Table 2-3 does not include costs associated with the library’s substantial backlog of deferred maintenance on facilities. If my understanding is correct, then the true cost of operating the library system is not reflected in the costs show for any of the options analyzed under the municipal governance model.

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That takes me through Page 11. I'll let you know if I have other questions.
- Joni
David, I noticed that the assessed values for properties within the various service areas used by Baum (slide 23) are different than the values on the map created by the GIS folks (slide 22). It would be helpful to clarify the discrepancies (and check to see if there are other differences on any maps we are using.)

Thanks - J

On Tue, Nov 13, 2018 at 11:52 AM Farnan, David <FarnanD@boulderlibrary.org> wrote:

Dear Commissioners –

Please find attached a draft of this Wednesday’s presentation. It is still subject to change. Our consultants GKBaum and the Finance department will be working on it today and tomorrow morning, but it does outline the basic assumptions used in the financial model and provide $ amounts. Please let me know if you have any questions.

David
David, can you ask the consultants to do a couple of other calculations for tonight's meeting? It would be helpful to know how much Boulder city taxpayers are paying for library services today on a per household basis. I realize that may not be possible to calculate because it’s a mix of sales and property taxes. But if there’s anyway to provide an approximation, that would be helpful.

Can we calculate the cost per household of the .333 mills? Tables 6-8 show us what Boulder city residents would be paying for library services today, if the costs were entirely paid through property taxes. It would be helpful to know how much property taxes would be increased for Boulder city tax payers: calculations in Tables 6-8, minus the value of .333 mills on a per household/commercial value basis.

Thanks - J
I am sorry to raise this, but I have two more head-hurting questions from the financial analysis:

How much does it cost to operate the library at the service expansion level?

Is this the number was used to calculate the impacts to taxpayers?

As an aside: please make sure that all of the slides in the presentation are numbered, so there is an easy way to reference them.

Here's my problem.

Last night, we determined that the cost to operate the library at the service expansion level was just over $15 million. This number was derived by looking at Table 1/Slide "Sustainable Municipal Funding Scenarios: Total Cost 2020-2024." The Service Expansion level for 2020 is calculated at $21.3 million, including capital outlay ($5 million for NoBo construction, plus some something else since the "maintain" level of capital expenditure is lower than the other two levels). Subtracting capital costs from total costs yields a little over $15 million for operating costs, we were told.

However, the pie chart slide states that the current cost to operate the library is $13.4 million (based on 2019 budget, maintain service levels). Table 2/Slide 18 ("Sustainable Municipal Funding Scenarios: Funding the Gap in 2020") shows the gap for service expansion to be $4,477,233.

\[
\begin{align*}
\text{Current Cost} & = \text{Operating Costs} + \text{Gap} \\
$13,400,000 & + \$4,477,233 \\
\text{Total} & = \$18,177,233
\end{align*}
\]

You see my confusion.

I apologize for not bringing this up last night - something was niggling at me about these numbers but I couldn't put my finger on it. Processing numbers and technical analyses do not come naturally to me - it is a learned skill. In addition, I am a naturally a crockpot when it comes to mental "cooking:" I do best when things have a chance to percolate in my brain overnight (in contrast my husband the "microwave"). This is one of the reasons I keep stressing how important it is to have full disclosure of all the numbers for Council in the packet - I suspect most of them are more like me than Matt.

Thanks - Joni
Thanks. One more thing - not something that needs to be addressed for the Council study session.

You mentioned that Baum has also calculated tax impact based on the median residential value (in addition to the $850K and $1 million values). Down the road, I think we will want to be able to show the median number - and possibly even a number based on below median value - to avoid the impression that the analysis is only focusing on wealthy households.

Talk soon - Joni

On Thu, Nov 15, 2018 at 7:50 AM Farnan, David <FarnanD@boulderlibrary.org> wrote:

Thank you Joni. I will get this question off to Baum this morning.

David

-------- Original message --------
From: joni teter <joniteter@gmail.com>
Date: 11/15/18 7:07 AM (GMT-07:00)
To: BPL-COM <BPL-COM@boulderlibrary.org>
Subject: total cost to operate the library

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Thanks - Joni
Library Financial Analysis

City of Boulder

GEORGE K. BAUM & COMPANY | 1400 Wewatta Street, Suite 800 | Denver, CO 80202
• **Background** – Kady Doelling, Executive Budget Officer

• **Library Financial Analysis** – Robyn Moore & Matthew Dempsey, George K. Baum & Company
  – Key assumptions
  – Cost estimates and funding scenarios
  – Tax impact analysis for sustainable library funding for each scenario and service level
  – Council questions and discussion

• **District Formation & Governance** – David Gehr, Chief Deputy City Attorney
  – Council questions and discussion
Background: Master Plan vs. Where We Are Now

**Master Plan Process**

- **2016 - 2017**: Public outreach and development of master plan goals
- **June 6, 2018**: Library Commission endorsed draft master plan
- **July 24, 2018**: City Council study session on draft master plan
- **August 16, 2018**: Planning Board endorsed draft master plan
- **September 4, 2018**: City Council accepted draft master plan
- **November 27, 2018**: Obtain City Council direction on sustainable funding for the library
  - Library financial analysis and sustainable funding options
  - Information on library district governance and structure
Background: Master Plan Service Levels

Maintain Service Levels
- Primary goal: maintain service level and quality
- Continue to make the most of existing resources
- Essential operational changes that require limited funding to accomplish

Examples:
- Staffing reduction reinstatements
- Additional staff, operating and maintenance expenses to maintain current service levels
- Main library north building renovation feasibility study and modest reconfigurations
- Support funding of the facilities maintenance backlog
Meet Community Demand

- *Primary goal: service or capital improvements when additional funding is available*
- Strategically enhance existing programs, begin new alternative programs
- Address unaccomplished 2007 Library Master Plan vision plan goals
- Initiate other strategic changes that require additional operating or capital funding

Examples:

- North Boulder branch library (NoBo)
- Expanded youth programs at all branches
- Additional materials budget
- Additional staffing for NoBo and throughout system to meet demand
Background: Master Plan Service Levels

Expansion

- Primary goal: Service expansion by way of new programs, services and facilities
- Expansion opportunities identified from community input that were not included in the previous Master Plan

Examples:

- Gunbarrel Corner Library
- Additional staffing for Gunbarrel Corner Library and outreach programs
- Canyon Theater activation pilot program
Analysis of Library Funding Needs

- **September-October 2018**: Council approved the following budget additions:
  - $380,000 to meet "maintain service level" master plan needs for 2019
  - $5,000 to reinstate the library's work study program
  - $126,000 in funding from reallocating special events salary

- **October 2018**: City contracts with George K. Baum & Company to complete financial analysis
Background: Total Library Costs (2019)

2019 Approved Budget (blue): $9.7M
2019 Total Cost (blue + red): $13.4M
Library Financial Analysis Section

Robyn Moore & Matthew Dempsey
George K. Baum & Company

Robyn Moore
Executive Vice President
Colorado Public Finance

Matthew Dempsey
Vice President
Colorado Public Finance
Purpose and Goals of Financial Analysis

- Compile all current operating and capital costs and key assumptions going forward

- Evaluate funding requirements
  - Maintain Service Levels
  - Meet Community Demand
  - Service Expansion

- Municipal Library Scenarios
  - Evaluate funding options
  - Determine tax levels required to fund scenarios

- District Library Scenarios
  - Evaluate funding options
  - Determine tax levels required to fund scenarios
Key Assumptions

- Service Costs
  - Operating
  - Cost Allocation
  - Capital Outlay

- Growth Rates and Fund Balance
  - Revenue and expense

- Possible Library District Service Areas and Assessed Values

- Additional Library Materials Cost for Library District
Key Assumptions: Service Costs

Operating
- Included personnel and non-personnel recurring costs
  - Inflated personnel and non-personnel costs separately
- Recurring costs reflect the library service levels

Cost Allocation
- Model begins in 2019 with the 2018 estimates for cost allocation from the General Fund
Key Assumptions: Service Costs

Capital Outlay

Capital and Maintenance Backlog
  – $780,000 annually from 2020-2024 to account for $3.9 million backlog

Annual Capital and Maintenance Expenses
  – Average of $670,000 from 2019-2033

North Boulder Branch Library
  – $5.0 million of construction costs from 2019-2023 funded by Community, Culture, Safety Tax
  – $1.7 million of development costs in 2020 funded by Development Excise Tax

Major Library Renovations
  – $2.5 million in 2024
  – $5.0 million in 2029

Materials Handling Machine Replacement
  – $1.3 million in 2024

Gunbarrel Corner Library (Only in Master Plan Service Expansion scenarios)
  – $468,000 in 2024

Additional Corner Library (Only in library district expanded boundary scenarios)
  – $486,000 in 2024
Growth Rates

- **Revenues**
  - Property Tax – Assessed Value:
    - 5.0% in tax years 2020 and 2022 (aligns with City’s budget model)
    - 4.0% in reassessment years thereafter
  - Sales & Use Tax – Taxable Sales:
    - Aligned with City’s budget model from 2019-2024 (1.00% - 1.75%)
    - 2.0% annually after 2025

- **Expenses**
  - Personnel: 3.0% annually
  - Non-Personnel/Capital Outlay: 1.0% annually

Reserves/Fund Balance

- Municipal Library: Aligned with city’s fund balance goals (20%)
- Library District: 20% fund balance
Key Assumptions: Service Areas for District Scenarios

City of Boulder
   – All properties within the City

City of Boulder Planning Area (BVCP)
   – All properties within the City
   – Boulder Valley Comprehensive Plan Area

Expanded Boundary
   – All properties within the City
   – Boulder Valley Comprehensive Plan Area
   – Several voting precincts within Boulder County including portions of Niwot as well as the mountain communities west of the City
Key Assumptions: Additional Library Materials

• Analysis assumes that if the library service area increases in a Library District, additional library materials costs are required.

• Additional library materials costs due to increased user base
  – Library materials budget goal in the Master Plan is $14 per capita
  – Costs grow each year from 2019-2024 until $14 per capita is achieved

• Additional one-time library construction cost (only in Expanded Boundary scenarios)
  – $486,000 in 2024
Funding Requirements for Master Plan and GAP Analysis

- Maintain Service Levels
- Meet Community Demand
- Service Expansion
Sustainable Municipal Funding Scenarios: Total Cost 2020-2024

Note: Includes capital outlay for North Boulder branch library in 2020-2021
The table below shows the **additional budget needs** by service level to **fund the GAP** (2020 requirements vs the 2019 budget):

<table>
<thead>
<tr>
<th>Service Levels</th>
<th>Maintain Service Levels</th>
<th>Incremental increase to Meet Community Demand</th>
<th>Meet Community Demand</th>
<th>Incremental increase for Service Expansion</th>
<th>Service Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Ongoing Operating Budget Needs</td>
<td>$243,582</td>
<td>$1,468,477</td>
<td>$1,712,059</td>
<td>$125,000</td>
<td>$1,837,059</td>
</tr>
<tr>
<td>New Capital Outlay Identified in Master Plan</td>
<td>$173,417</td>
<td>$1,321,030</td>
<td>$1,494,447</td>
<td>$102,010</td>
<td>$1,596,457</td>
</tr>
<tr>
<td>Facilities Backlog, Replacement and Soft Costs</td>
<td>$1,043,717</td>
<td>-</td>
<td>$1,043,717</td>
<td>-</td>
<td>$1,043,717</td>
</tr>
<tr>
<td>Total Unfunded in 2020</td>
<td>$1,460,716</td>
<td>$2,789,507</td>
<td>$4,250,223</td>
<td>$227,010</td>
<td>$4,477,233</td>
</tr>
</tbody>
</table>

Note: **Does not include cost allocation which is $3.38 million in 2019; that amount is assumed to be covered by the General Fund.**
The table below shows the **additional budget needs** by service level to fund the GAP (2019 as the base year compared to each year 2020-2024) and **possible funding sources**.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maintain Service Levels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dollar Cost ($)</td>
<td>$1,460,716</td>
<td>$1,857,862</td>
<td>$2,320,043</td>
<td>$3,275,954</td>
<td>$7,494,338</td>
</tr>
<tr>
<td>Property Tax (Mills)</td>
<td>0.379</td>
<td>0.483</td>
<td>0.574</td>
<td>0.810</td>
<td>1.782</td>
</tr>
<tr>
<td>Sales Tax Rate (%)</td>
<td>0.039%</td>
<td>0.048%</td>
<td>0.060%</td>
<td>0.083%</td>
<td>0.186%</td>
</tr>
<tr>
<td><strong>Meet Community Demand</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dollar Cost ($)</td>
<td>$4,250,223</td>
<td>$3,709,622</td>
<td>$4,242,952</td>
<td>$5,247,445</td>
<td>$9,515,777</td>
</tr>
<tr>
<td>Property Tax (Mills)</td>
<td>1.104</td>
<td>0.963</td>
<td>1.049</td>
<td>1.298</td>
<td>2.263</td>
</tr>
<tr>
<td>Sales Tax Rate (%)</td>
<td>0.113%</td>
<td>0.097%</td>
<td>0.109%</td>
<td>0.132%</td>
<td>0.236%</td>
</tr>
<tr>
<td><strong>Service Expansion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dollar Cost ($)</td>
<td>$4,477,233</td>
<td>$4,575,950</td>
<td>$5,196,972</td>
<td>$5,970,808</td>
<td>$10,258,782</td>
</tr>
<tr>
<td>Property Tax (Mills)</td>
<td>1.163</td>
<td>1.188</td>
<td>1.285</td>
<td>1.477</td>
<td>2.440</td>
</tr>
<tr>
<td>Sales Tax Rate (%)</td>
<td>0.119%</td>
<td>0.119%</td>
<td>0.133%</td>
<td>0.151%</td>
<td>0.254%</td>
</tr>
</tbody>
</table>

Note: Does not include cost allocation which is $3.38 million in 2019; that amount is assumed to be covered by the General Fund.
Library Service Area

The map and Assessed Valuations on the following two slides serve as a basis for the tax impact analysis.

Modifications to these service area boundaries could change the mill levy required for sustainable library funding.
## Key Assumptions: Library Service Area Assessed Values

<table>
<thead>
<tr>
<th></th>
<th>City of Boulder Service Area</th>
<th>BVCP Outside City Limits</th>
<th>BVCP Service Area</th>
<th>Outside BVCP Area</th>
<th>Expanded Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td>109,775</td>
<td>19,761</td>
<td>129,536</td>
<td>31,759</td>
<td>161,295</td>
</tr>
<tr>
<td><strong>Residential Assessed Value</strong></td>
<td>$1,776,917,940</td>
<td>$400,194,382(^1)</td>
<td>$2,176,112,322</td>
<td>$279,643,529(^1)</td>
<td>$2,455,755,861</td>
</tr>
<tr>
<td><strong>Non-Residential Assessed Value</strong></td>
<td>$1,891,116,139</td>
<td>$283,217,830(^1)</td>
<td>$2,174,333,969</td>
<td>$58,460,454(^1)</td>
<td>$2,232,794,423</td>
</tr>
<tr>
<td><strong>Total Assessed Valuation</strong></td>
<td>$3,667,034,079</td>
<td>$683,412,212(^1)</td>
<td>$4,350,446,291</td>
<td>$338,103,983(^1)</td>
<td>$4,688,560,274</td>
</tr>
<tr>
<td><strong>Revenue Generated by 1 mill</strong></td>
<td>$3,667,034</td>
<td>$683,412</td>
<td>$4,350,446</td>
<td>$338,104</td>
<td>$4,688,550</td>
</tr>
<tr>
<td><strong>Revenue Generated by 0.10% Sales Tax</strong></td>
<td>$3,662,650</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(1) Assessed value estimated based on Boulder County Assessor data for properties within the boundaries of BVCP and the expanded area.
Municipal Library Scenarios

- Funding Options
- Taxes Needed For Sustainable Library Funding
## Municipal Library – Funding the Gap (2020-2024 Summary)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Revenue Source</th>
<th>Service Level</th>
<th>Impact/Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Maintain Service Levels</td>
<td>Meet Community Demand</td>
</tr>
</tbody>
</table>
| #1       | No tax increase ($ average cost 2020-2024) | City must reallocate $3.3 million from other services in General Fund | City must reallocate $5.4 million from other services in General Fund | City must reallocate $6.1 million from other services in General Fund | • Reallocate from other GF services  
• This amount would fund the average “GAP” from 2020-2024 |
| #2       | Dedicate tax rate (reallocation from existing General Fund or new) | 0.806 Mills or 0.083% sales tax | 1.336 Mills or 0.137% sales tax | 1.511 Mills or 0.155% sales tax | • If reallocation – same $ amount and impacts as Scenario #1 above and reduces GF revenue diversity  
• Charter change required for Meet & Expansion levels  
• This amount would fund the average “GAP” from 2020-2024 |

**Notes:**
- All scenarios assume that Library Fund 0.333 mill levy is maintained.
- Municipal Library Scenarios do not include cost allocation which is $3.38 million in 2019; that amount would be covered by the General Fund.
- GAP includes both operating and capital outlay expenses.
## Municipal Library – Additional New Taxes for Total Direct Library Costs Only

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Revenue Source</th>
<th>Service Level</th>
<th>Impact/Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Maintain Service Levels</td>
<td>Meet Community Demand</td>
</tr>
<tr>
<td>#3</td>
<td>Sales Tax Only (%)</td>
<td>0.275%</td>
<td>0.325%</td>
</tr>
<tr>
<td>#4</td>
<td>Property Tax Only (Mills)</td>
<td>2.620 mills</td>
<td>3.150 mills</td>
</tr>
<tr>
<td>#5</td>
<td>Sales and Property Tax Combination&lt;br&gt;Sales Tax (%)</td>
<td>0.150%</td>
<td>0.150%</td>
</tr>
<tr>
<td></td>
<td>Property Tax (Mills)</td>
<td>1.160 mills</td>
<td>1.690 mills</td>
</tr>
</tbody>
</table>

Notes:
- All scenarios assume that 0.333 mill Library Fund Mill Levy is maintained.
- Municipal library scenarios do not include cost allocation which is $3.38 million in 2019; that amount is assumed to be covered by the General Fund.
- All scenarios assume a dedicated municipal library fund would have a 20% fund balance goal.
The table below shows property tax increase for the Property Tax Scenario (Scenario #4 on the prior slide):

<table>
<thead>
<tr>
<th>Service Levels</th>
<th>Maintain Service Levels</th>
<th>Meet Community Demand</th>
<th>Service Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax (Mills)</td>
<td>2.620 mills</td>
<td>3.150 mills</td>
<td>3.330 mills</td>
</tr>
</tbody>
</table>

**Residential Property Tax Increase**

| Annual Property Tax on $850K Home ($1) | $160 | $193 | $204 |
| Annual Property Tax on $1 million Home ($1) | $189 | $227 | $240 |

**Commercial Property Tax Increase**

| Annual Property Tax on $1 million market value | $760 | $914 | $966 |

(1) Property tax impacts exclude the Library Fund 0.333 mill levy.

Note: Municipal library scenarios do not include cost allocation which is $3.38 million in 2019; that amount is assumed to be covered by the General Fund.
District Library Scenarios

- Funding Options
- Taxes Needed For Sustainable Library Funding
The table below shows options for funding a library district at each service level for three service area scenarios:

<table>
<thead>
<tr>
<th>Service Areas</th>
<th>Service Levels</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maintain Service Levels</td>
<td>Meet Community Demand</td>
<td>Service Expansion</td>
</tr>
<tr>
<td>City of Boulder Boundary</td>
<td>3.850 mills(^1)</td>
<td>4.380 mills(^1)</td>
<td>4.560 mills(^1)</td>
</tr>
<tr>
<td>BVCP Boundary(^2)</td>
<td>3.290 mills(^1)</td>
<td>6.730 mills(^1)</td>
<td>3.880 mills(^1)</td>
</tr>
<tr>
<td>Expanded Boundary(^2,3)</td>
<td>3.110 mills(^1)</td>
<td>3.520 mills(^1)</td>
<td>3.660 mills(^1)</td>
</tr>
</tbody>
</table>

(1) All scenarios assume that 0.333 mill Library Fund Mill Levy is not maintained.
(2) BVCP and expanded areas scenarios assume additional library materials costs of $14 per capita.
(3) Expanded areas scenarios assume additional corner library expenses of $486 thousand in 2024.
(4) If the Library District was required to purchase the library facilities, the mill levy would increase by approximately 0.60 mills in the City of Boulder Boundary service area, 0.51 mills in the BVCP boundary service area, and 0.47 mills in the Expanded boundary service area.
(5) Includes cost allocation beginning in 2020 in an amount of $3.45 million.
(6) All scenarios assume a 20% fund balance goal.
The table below shows property tax impacts for the City of Boulder Boundary Scenarios:

<table>
<thead>
<tr>
<th>Service Levels</th>
<th>Meet Community Demand</th>
<th>Service Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Levels (Mills)</td>
<td>3.850</td>
<td>4.390</td>
</tr>
<tr>
<td>Property Tax ($/mills)</td>
<td>$236</td>
<td>$268</td>
</tr>
<tr>
<td>Residential Property Tax Increase ($/m)</td>
<td>$279</td>
<td>$328</td>
</tr>
<tr>
<td>Commercial Property Tax Increase ($/m)</td>
<td>$277</td>
<td>$1,270</td>
</tr>
<tr>
<td>Annual Property Tax on $1 million market value ($/m)</td>
<td>$1,117</td>
<td></td>
</tr>
</tbody>
</table>

Library District (City of Boulder Boundary)
The table below shows property tax impacts for the BVCP Boundary service area:

<table>
<thead>
<tr>
<th></th>
<th>Service Levels</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maintain Service Levels</td>
<td>Meet Community Demand</td>
<td>Service Expansion</td>
</tr>
<tr>
<td>Property Tax (Mills)</td>
<td>3.290 mills</td>
<td>3.730 mills</td>
<td>3.880 mills</td>
</tr>
</tbody>
</table>

**Residential Property Tax Increase**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Library Tax on $850K Home ($)</td>
<td>$201</td>
<td>$228</td>
<td>$237</td>
</tr>
<tr>
<td>Library Tax on $1 million Home ($)</td>
<td>$237</td>
<td>$269</td>
<td>$279</td>
</tr>
</tbody>
</table>

**Commercial Property Tax Increase**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Property Tax on $1 million market value</td>
<td>$954</td>
<td>$1,082</td>
<td>$1,125</td>
</tr>
</tbody>
</table>
Library District (Expanded Boundary)

The table below shows property tax impacts for the Expanded Boundary Scenarios:

<table>
<thead>
<tr>
<th>Service Levels</th>
<th>Maintain Service Levels</th>
<th>Meet Community Demand</th>
<th>Service Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax (Mills)</td>
<td>3.110 mills</td>
<td>3.520 mills</td>
<td>3.660 mills</td>
</tr>
</tbody>
</table>

**Residential Property Tax Increase**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Library Tax on $850K Home ($)</td>
<td>$190</td>
<td>$215</td>
<td>$224</td>
</tr>
<tr>
<td>Library Tax on $1 million Home ($)</td>
<td>$224</td>
<td>$253</td>
<td>$264</td>
</tr>
</tbody>
</table>

**Commercial Property Tax Increase**

| Annual Property Tax on $1 million market value | $902 | $1,021 | $1,061 |

Note: Includes capital and operating expenses for an additional corner library.
Reductions in City Funding Requirements in District Scenario

The tables below show the reductions in City funding requirements if a Library District is formed within the City boundaries:

### 5-year Total or Avg Tax Rate

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget</td>
<td>$8.90M</td>
<td>$9.10M</td>
<td>$9.31M</td>
<td>$9.53M</td>
<td>$9.75M</td>
<td>$46.59M</td>
</tr>
<tr>
<td>Facilities Capital</td>
<td>$0.38M</td>
<td>$0.39M</td>
<td>$0.40M</td>
<td>$0.41M</td>
<td>$0.42M</td>
<td>$1.99M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$9.28M</td>
<td>$9.49M</td>
<td>$9.71M</td>
<td>$9.94M</td>
<td>$10.16M</td>
<td>$48.58M</td>
</tr>
</tbody>
</table>

### 10-year Total or Avg Tax Rate

<table>
<thead>
<tr>
<th></th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget</td>
<td>$9.97M</td>
<td>$10.20M</td>
<td>$10.44M</td>
<td>$10.68M</td>
<td>$10.92M</td>
<td>$98.80M</td>
</tr>
<tr>
<td>Facilities Capital</td>
<td>$0.43M</td>
<td>$0.44M</td>
<td>$0.45M</td>
<td>$0.46M</td>
<td>$0.47M</td>
<td>$4.22M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$10.40M</td>
<td>$10.64M</td>
<td>$10.88M</td>
<td>$11.13M</td>
<td>$11.39M</td>
<td>$103.02M</td>
</tr>
</tbody>
</table>
End of Financial Analysis

Does council have questions about the financial analysis and scenarios?
• If council agrees with funding the library at the master plan level, do council members prefer what financing option should be used?

• Should staff move forward with supporting the placement of a ballot question in 2019 that would create a library district with boundaries that would be the Boulder Valley Comprehensive Plan (BVCP), or the expanded boundaries that the BVCP or boundaries that would include Niwot and portions of the mountain communities west of the city?

• If a district is the option preferred by council for staff to work on, does council approve staff working on an Intergovernmental Agreement (IGA) in the upcoming months? Staff will return to council to update them on progress on the IGA.

• Does council support conducting polling?
Appendix: City Cost Allocation

- Sales Tax Revenues
- Property Tax Revenues
- Other Revenues

Cost Allocation

- Internal Services (HR, Finance, IT, Facilities, Legal, Communications)

- Dedicated Sales Tax Revenues
- Dedicated Property Tax Revenues
- Other Dedicated Revenues (e.g.: Utility Rates)

GENERAL FUND

DEDICATED CITY FUNDS
The tables below show the reductions in City funding requirements if a Library District was formed within the City boundaries:

<table>
<thead>
<tr>
<th>Maintain</th>
<th>Reduction in City Funding¹</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>5-year $ Total or Avg Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reduction in Property Tax (Mills)²</td>
<td>2.713 mills</td>
<td>2.816 mills</td>
<td>2.824 mills</td>
<td>3.062 mills</td>
<td>3.912 mills</td>
<td>3.065 mills</td>
</tr>
<tr>
<td></td>
<td>Reduction in Sales Tax (%)²</td>
<td>0.277%</td>
<td>0.283%</td>
<td>0.290%</td>
<td>0.309%</td>
<td>0.388%</td>
<td>0.309%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maintain</th>
<th>Reduction in City Funding¹</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>10-year $ Total or Avg Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$11,930,290</td>
<td>$11,341,771</td>
<td>$11,592,053</td>
<td>$11,847,985</td>
<td>$17,688,039</td>
<td>$124,924,555</td>
</tr>
<tr>
<td></td>
<td>Reduction in Property Tax (Mills)²</td>
<td>2.865 mills</td>
<td>2.723 mills</td>
<td>2.676 mills</td>
<td>2.736 mills</td>
<td>3.927 mills</td>
<td>3.025 mills</td>
</tr>
<tr>
<td></td>
<td>Reduction in Sales Tax (%)²</td>
<td>0.290%</td>
<td>0.270%</td>
<td>0.271%</td>
<td>0.271%</td>
<td>0.397%</td>
<td>0.305%</td>
</tr>
</tbody>
</table>

(1) Does not include current City cost allocation paid by the general fund.
(2) Assumes same property tax and taxable sales growth projections used in the library analysis.
## Appendix: Capital Outlay

<table>
<thead>
<tr>
<th>Projects</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital and Maintenance Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and Maintenance Backlog Expenditures</td>
<td>778,049</td>
<td>778,049</td>
<td>778,049</td>
<td>778,049</td>
<td>778,049</td>
</tr>
<tr>
<td>Capital and Maintenance Expenditures</td>
<td>40,472</td>
<td>233,046</td>
<td>423,777</td>
<td>962,144</td>
<td>287,500</td>
</tr>
<tr>
<td>Capital and Maintenance Soft Costs</td>
<td>204,630</td>
<td>252,774</td>
<td>300,457</td>
<td>435,048</td>
<td>266,387</td>
</tr>
<tr>
<td>Total Capital and Maintenance Expenditures</td>
<td>1,023,151</td>
<td>1,263,869</td>
<td>1,502,283</td>
<td>2,175,241</td>
<td>1,331,936</td>
</tr>
<tr>
<td>Other Capital Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials Handling Machine(1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,300,000</td>
</tr>
<tr>
<td>North Boulder Branch Library(2)</td>
<td>2,652,941</td>
<td>1,175,882</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>North Boulder Branch Library Development Costs(2)</td>
<td>1,700,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Additional Corner Library</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Major Library Renovation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Total Other Capital Expenditures</td>
<td>4,352,941</td>
<td>1,175,882</td>
<td>-</td>
<td>-</td>
<td>3,800,000</td>
</tr>
<tr>
<td>Total Capital Outlay (uninflated)(1)</td>
<td>5,376,092</td>
<td>2,439,751</td>
<td>1,502,283</td>
<td>2,175,241</td>
<td>5,131,936</td>
</tr>
<tr>
<td>Capital Outlay Inflation</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Total Capital Outlay (inflated)(2)</td>
<td>5,396,658</td>
<td>2,478,047</td>
<td>1,563,281</td>
<td>2,286,201</td>
<td>5,447,654</td>
</tr>
</tbody>
</table>

(1) Assumes automated materials handling system is replaced after 10 years.
(2) Costs for North Boulder Branch Library are not inflated.
## Appendix: 5-year Expense Projections for City Boundary Scenarios

<table>
<thead>
<tr>
<th>Municipal Library</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain</td>
<td>Programs and Services(^1)</td>
<td>$9,230,027</td>
<td>$9,542,142</td>
<td>$9,743,207</td>
<td>$9,976,198</td>
</tr>
<tr>
<td></td>
<td>Capital Outlay(^2)</td>
<td>$1,217,134</td>
<td>$1,302,165</td>
<td>$1,563,281</td>
<td>$2,286,201</td>
</tr>
<tr>
<td></td>
<td><strong>Total Expenses</strong></td>
<td><strong>$10,447,161</strong></td>
<td><strong>$10,844,307</strong></td>
<td><strong>$11,306,488</strong></td>
<td><strong>$12,262,399</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Library District</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain</td>
<td>Programs and Services</td>
<td>$12,834,300</td>
<td>$13,277,060</td>
<td>$13,611,388</td>
<td>$13,980,311</td>
</tr>
<tr>
<td></td>
<td>Capital Outlay(^2)</td>
<td>$1,217,134</td>
<td>$1,302,165</td>
<td>$1,563,281</td>
<td>$2,286,201</td>
</tr>
<tr>
<td></td>
<td><strong>Total Expenses</strong></td>
<td><strong>$14,051,434</strong></td>
<td><strong>$14,579,225</strong></td>
<td><strong>$15,174,670</strong></td>
<td><strong>$16,266,511</strong></td>
</tr>
</tbody>
</table>

(1) Only includes new additional cost allocation associated with each service level.

(2) Excludes $5.0 million of funded capital expenses for the Northern Boulder Library construction and $1.7 million of funded expenses for the Northern Boulder Library development.
Appendix: City of Boulder Sales Tax Rates

City of Boulder Sales Tax Rates
(2019-2035)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2022</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>1.79%</td>
<td>1.79%</td>
<td>1.79%</td>
<td>1.64%</td>
<td>1.79%</td>
<td>1.91%</td>
</tr>
<tr>
<td>Community Culture &amp; Safety</td>
<td>0.75%</td>
<td>0.75%</td>
<td>0.75%</td>
<td>0.75%</td>
<td>0.60%</td>
<td>0.60%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>0.75%</td>
<td>0.75%</td>
<td>0.75%</td>
<td>0.75%</td>
<td>0.75%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Total Tax Rate</td>
<td>3.86%</td>
<td>3.71%</td>
<td>3.41%</td>
<td>3.26%</td>
<td>3.26%</td>
<td>3.26%</td>
</tr>
</tbody>
</table>
General Fund Budget

$157,904,814

- Public Safety: $59,227, 37%
  - Police: 23%
  - Fire: 13%
  - Municipal Court: 1%
- Internal Services: $25,692, 16%
- Citywide: 5%
  - Innovation & Technology: 5%
  - Finance: 3%
  - Human Resources: 3%
- Transportation: <1%
- Development: <1%
- Library & Arts: $8,504, 5%
- Human Services: $8,290, 5%
- Transfers Out: $8,730, 6%
- Energy Strategy: $8,834, 6%
- General Governance: $20,940, 13%
- PHS: $2,754, 2%
- Parks & Recreation: $4,475, 3%
- Support Services: 5%
- Community Vitality: $2,442, 2%
[Note to Commissioners: Some of the questions and issues identified in this memo may be addressed in Wednesday's presentation.]

To: Mayor and Members of Council

City Manager

From: Boulder Public Library Commission

Date: November 13, 2018

Our thanks to Council members and the City Manager for your continued support of the library. From our conversations with each of you we know that you recognize the library’s value as an essential community institution, and that you sincerely want to solve the library’s funding problem.

You have the dubious honor to be the third City Council briefed on the library’s ongoing financial needs and available funding options. In two previous study sessions, one in 1997 and another in 2010, Council dutifully reviewed similar findings, heard from this Commission, and took no action. We are hopeful that this time the community will see a different result. After 25 years of benign neglect, you have the opportunity to make a lasting impact by finally putting the library on a path to long term financial sustainability.

A. Comments and questions about the data and analysis presented in the November 9, 2018 version of the “Financial Analysis memo and presentation for the November 27, 2018 City Council Study Session.”

There are four key questions to address in finding a long-term sustainable funding solution for our library:

1. What does it cost to run the library?

2. What options are available to fund those costs?

3. What are the relative impacts to taxpayers under different funding scenarios?

4. What are the relative impacts and benefits to the library and the city’s budget under different funding scenarios?

We appreciate the work GK Baum has done in developing the background data and analysis for this memo. However, we are disappointed to note that the scenarios and tables presented in the memo do not present commensurate comparisons of either base costs or impacts to taxpayers.

The true cost of running the library system is the sum of three components:

Costs to deliver programs and services. The recently adopted master plan establishes a framework to determine the costs of program and service delivery over the next five years.

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1 reviewed by the Library Commission at a special meeting on November 14, 2018.
Administrative costs necessary to operate the library system. This category includes communications/marketing; legal services; finance’ risk management/insurance; payroll administration; human resources; staff support to Commission & Council; IT; and ongoing facilities maintenance. The memo titles this category as “cost allocation” and assigns a cost of $3.38 million to this category (based on the 2019 budget).

Costs to address the substantial backlog of deferred maintenance in library facilities. Funding for the facilities backlog is as an annual cost, with Large repairs and small capital projects spread out over [15?] years. Although the numbers are not disclosed in the memo, it is our understanding that the 2019 cost for deferred maintenance is $6.8 million, and that costs will rise about $1 million/per year thereafter. The library’s portion of deferred maintenance is 25% of the City’s total. [Is this correct?]

[Note: The financial analysis identifies a number for the full cost of operating the library system over 15 years - we have asked for that number to be disclosed.]

The “municipal governance” scenarios do not reflect the “true cost” of running the library because they exclude administrative costs (i.e. the $3.38 million in “cost allocation” noted in Table 2). Administrative costs ARE included in the “district governance” scenarios, a fact that is not disclosed in the memo. Removing administrative costs from the municipal scenarios understates the dollars needed by the city to run the library and is equal to about one mill of property tax.

The rationale offered in the memo is that administrative costs would continue to be paid by the city’s general fund. But these are actual costs of running a library—whether they are currently distributed across property taxes, or sales taxes, or fees doesn’t matter: taxpayers pay them. For an equivalent comparison, the true costs of running the library should be the same in all scenarios.

In addition, when addressing impacts to taxpayers, “municipal governance” scenarios #4 & #5 exclude the current dedicated .333 mill levy collected for library services (or assume that it continues). Again, an equivalent comparison of impacts to taxpayers should include all property taxes paid and not just new assessments.

These problems are most clearly seen by comparing Municipal Scenario 4 / Table 5 and District Scenario 1 / Table 6. These scenarios should be identical: both address fully funding the library through dedicated property taxes assessed only against City of Boulder taxpayers. In both scenarios the taxing boundaries are identical. By failing to include administrative costs and the current .333 mill, Table 5 substantially understates both revenues needed and taxpayer impact.

B. Library Commission Recommendations to Council

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2 Moreover, the question of whether to fund administrative costs through the general fund or through cost allocation from a dedicated fund is a policy decision for Council.

3 Please reference Table 4 on Page 8 of the memo.
As stated in our forward to the 2018 Library Master Plan, this Commission believes that the community is best served by funding the library through dedicated property tax assessed within taxing boundaries that provide a better match alignment between the library’s user base and its funding base. More than half the majority of libraries in the state of Colorado have achieved this more equitable approach to funding by forming library districts. The Library Commission believes that this offers the most sustainable approach for long term library funding.

From an equitable perspective, we would never recommend that city of Boulder residents alone bear the cost of running the library in a district. Fully 1/3rd of active Boulder library users reside outside of city limits. Relative impacts to city of Boulder residents alone versus taxpayers in a broader district can be clearly seen by comparing Table 6 and Table 8. A district is also advantageous for people outside the City limits because it offers them the opportunity of direct representation and accountability.

Expanding the library's funding base also allows the library to better serve all of its patrons. Taxes assessed solely within the city of Boulder at the level of “Maintain Service” [see Table 6, line 1, column 1] would only yield funds sufficient to maintain the status quo. This means no operating costs for the new North Boulder branch, nor equalizing library hours, nor opening a corner library in Gunbarrel. In a district based on the “expanded boundary” (scenario 3 on page 11) the library could achieve the Master Plan’s “service expansion” goals at a cost of 0.2 mills less per household for Boulder taxpayers, and still have dollars in hand to address the increased service demands associated with a broader population base.

Funding the master plan at the vision/expansion level will cost City of Boulder residents roughly 20% more per household than a district model which matches the user base and funding base. It’s simple math: if you broaden the funding base by including 50,000 more library users you decrease the price that individual homeowners pay.

Finally, we would note that establishing a library district could provide some relief to our oversubscribed city budget, freeing up annual revenues currently used for the library for other purposes—around $6.7 million in general fund revenues and approximately $1.7 million in property taxes.

The library commission believes that the decision about how to best fund the library is ultimately up to the community. Six of the eight options before you require an election, so we anticipate a library funding election in 2019 or 2020. Polling is an essential step in planning for an election. We therefore request that council authorize the library to fund a poll aimed at gauging support for library funding, using monies from the library reserve to fund the effort.

Thank you for your willingness to tackle this challenging issue – and for your support of our wonderful library system.