

**Boulder Library District Advisory Committee (LDAC)
October 28, 2021 6:00-9:00 p.m., Online**

Meeting Notes

Meeting Objectives:

- Build consensus recommendation on acceptable Mill Levy to ask for voter support
 - Build consensus recommendation on what the district should be: district boundaries (Update)
-

Public Comment Session – *Each speaker is allowed 2-3 minutes depending on how many people wish to speak.*

Community members present did not share during comment period.

Presentation: Cost of Library Services / Mill Rate Calculation

Why? / Problem (Slide 2, No recording)

- Obtain long-term sustainable funding for library services – a Master Plan goal - everything is more expensive, and revenues have not increased.
- A library district has dedicated property tax funding, and is governed by a board of trustees with a specific library focus; it would not be part of a large number of diverse municipal services and priorities.
- Funding would come from most library card holders in the area.
- In Colorado, library districts are a common tool to govern and fund libraries; very few municipal libraries remain.

History of district discussions

- A Library District has been discussed since the late 1980s.
- 2018 Master Plan process engaged more than 3,300 people to:
 - Understand what the community wanted from their library. There was significant desire for:
 - North Boulder (NoBo) Branch library
 - Canyon Theater activation
 - Gunbarrel Corner Library
 - Take care of what we have
 - Gather feedback on the community's preferred type of long-term funding.
 - Reach out to underserved, including the Latinx population (as one of the largest minorities in the area), unhoused, and others.
- Library Commission states in the 2018 Master Plan that a library district is the most fair and equitable long-term funding alternative.
- After a financial, governance, and legal analysis, the City Council directed that the LDAC be formed to recommend elements that would define a library district, including boundary, services and how to transition the library to a district. The LDAC recommendations will be considered by council for an intergovernmental agreement (IGA).
- After LDAC: City Council and Boulder County Board of Commissioners may create a library district by resolution, appoint a library district board of trustees, and draft and finalize an IGA defining the library district.

Comparison of a library district and a municipal library (Slide 3, recording begins)

- Library District
 - Sole focus is to provide library services
 - Has the ability to assess a voter-approved property tax but not any other tax
 - Has the ability to receive donations and assess fees
 - Governed by a Board of Trustees who determine mission and policies, set and oversee the budget, hire and evaluate the library director
- Municipal Library
 - One of the many services provided by the city.
 - City Council determines library mission and policies, balances many different budget priorities (including the library) based upon economic prosperity or decline, among many other things

Two approaches to establishing a library district (outlined in library law)

- **Resolution** – Government entities cooperatively create the library district, adopt resolutions to create it, appoint board of trustees (establishes/initiates a governance structure), and voters vote on property taxes to fund it. Benefit: the district is defined so that voters know what they are voting to fund.
- **Petition** – A person/organization gets 100 signatures, the voters vote on whether a library district will be established, government entities choose whether to be part of creating a district, then voters vote to fund it.
 - Petition process in 2019 done to motivate movement towards sustainable library funding – it was a “blunt instrument” to get council’s attention and move towards creating a district
 - *Concern:* The City could choose to opt out of the new library district (keep their own); this would leave a hole in the center of a proposed district area.
 - *Concern:* Details about how the library district would function would not be defined when voters vote to establish it, they would be worked out later.

Cost of Library Services

Master Plan Service Expansion level = \$20 million, 3.7 mills annually. For comparison, Maintain Services level = \$14 million, 2.7 mills – includes direct costs (staff, benefits, training, development, books, subscriptions, furniture, technology, etc.), indirect costs, i.e. Administrative Overhead/Cost Allocation (\$3.6 million - half is maintenance, a quarter is IT, the rest is communication, finance, legal).

- Cost to property owners in the district, annually
 - \$26 per \$100,000 of home value, or \$260 for a \$1 M residential property
 - \$104 per \$100,000 of commercial value, or \$1,040 for \$1 M of commercial property
- Cost of a Library District includes (in brief):
 - \$8.7 M operations
 - \$3.6 M administration
 - \$0.3 M budget gap due to COVID-19 pandemic
 - \$1 M for North Boulder library (NoBo) operations
 - \$2.3 M is deferred capital maintenance (annualized over 15 years)
 - \$1.1 M is savings into a reserve for future long-term large capital needs
 - \$4.1 M for expanded services operations and capital needs

LDAC Discussion – Questions and Comments

Deferred Maintenance (Slide 9)

- **Question:** \$2.3 M, will this amount complete all deferred maintenance?
Answer: \$1.3 M reflects the deferred maintenance needs spread annually over 15 years and \$1.1 M is to build a capital reserve for building maintenance annually over 15 year. In comparison to other CO library districts, it is a bit high due to the older age of the facilities. Also included, is the estimated life spans of capital technology needs (e.g., automatic materials handling unit) and replacement costs.
- **Comments:**
 - If deferred maintenance has been building up because the City has not been funding it, who should be responsible for it if a library district is established? Could we ask the City to transfer assets without deferred maintenance completed or funded?
 - Deferred maintenance costs are an equity issue, library patrons within the district proposed boundary should cover library costs, not only City taxpayers.
 - Deferred maintenance is a known challenge across the city. The city adopted a Facilities Master Plan that identified deferred maintenance as a \$55 M estimated cost for the City's 75 buildings (the library facilities' portion is \$2.3 M for 4 buildings).
 - Deferred capital maintenance is addressed in two ways: annually over 15 years, and building up a capital reserve fund.

Included in Costs/Budget (Slide 9)

- **Questions:** Does the current budget reflect a fully staffed library?
Answer: Yes. Currently, the library is almost fully staffed (short 5 Full Time Equivalent staff positions) based on the original 2020 budget.
- **Question:** Does the NoBo Branch Library budget estimate include current staffing?
Answer: Yes, currently there are 3 staff members who would transfer to the new location.
- **Question:** Was the \$3.6 M budget for administrative overhead based on City standards and will the number be more/less for the district?
Answer: We used current City standards (these will be reviewed in 2022 and may increase) to estimate \$3.6 M. We are confident about the budget; it is comparable to other library districts in Colorado. One anomaly, building/facility costs are higher than for other districts and higher than the City due to the age of the library buildings.
- **Question:** Costs do not include rent for a storefront Corner Library?
Answer: No, libraries are good at negotiating significantly reduced rent – low, \$1 per year, or free. Any capital costs for rental/corner libraries are for renovations to make the space appropriate for a library.
- **Question:** Is purchasing property, rather than renting, a possibility?
Answer: It is a decision the library district Board of Trustees would make when establishing a library in a new location.
- **Question:** What is included in the \$1M for activation of the Canyon Theater?
Answer: Capital expenses include upgrades (it hasn't been renovated since early 1990s), while the district budget accounts for staff for technical support the Theater. During the Master Plan process, the community communicated a desire for the Theater to be a communal meeting space – bands, movies, etc.

- *Question:* How is inflation of construction costs accounted for in the budget – they go up yearly?
Answer: Capital costs are estimated in the library district budget with a 3% annual increase. Most library capital costs are for renovations which have lower cost fluctuations than new construction.
- *Question:* Is digitization and archiving included in the Carnegie \$1 M budget?
Answer: Yes, it will help us get more digitization done (currently, we are only 30% done) and the capital budget would include archival storage.
- *Comment:* Property tax funding is a more stable revenue generation for the library than relying on sales tax (e.g., during the pandemic, people were buying less, so less revenue was generated for the City and the library).

Reserve Funds (Slide 11)

- *Question:* What are the laws or requirements for the size of the reserves and when/how reserves must be spent?
Answer: The law requires a minimum of 3% of operational budget be reserved for emergencies. The best-practice is to have a 15% operating reserve for emergencies.
- *Question:* What would the reserve funds be used for?
Answer: Reserves are for emergency events that stop/seriously decrease revenue (e.g., housing market collapse, economic depression). Reserves would pay for operations and/or pay off debts while operations are cut/decreased. A larger 15% reserve would help with longer term needs (e.g., pay staff to stay home for 3 months). With the proposed budget and mill levy, the district would not be able build up a 15% reserve for years, if ever.
- *Concern:* Taxpayers may not understand or want to fund a larger reserve.

Understand of Cost/Budget

- *Question:* What would the mill levy be if the district boundary was the City only?
Answer: If the district was the City boundary and provided the Address Community Demand service level, it would require approximately 4.65 mills (the draft district boundary requires 3.7 mills to fund the Expanded services level).
- *Question:* (Slide 28) The mill levy was different for the 2019 presentation for the City Council.
Answer: The mill levy is adjusted for increases in assessed property values – property values increased, and the mill levy needed decreased (while still generating the same amount of revenues).
- *Question:* What is the median home value in Boulder?
Answer: The median assessed home value was \$630,000, recently it increased to \$850,000 therefore, the cost of a library district for a median home in the City of Boulder would be approximately \$222 a year.
- *Question:* If we removed a Niwot library from district services, would the mill levy override be less or stay the same 3.7 mills?
Answer: Removing the Niwot library would not change the revenue need; the library district would still need to be 3.7 mills. Niwot property tax revenue would cover the cost of a Niwot library – cost neutral.

Disposition of previous library revenue

- *Question:* If a district is established, how much General Fund revenue (vs. sales tax revenue) would be freed-up to reallocate?
Answer: If a district is established, the City would have roughly \$7 M available in the General Fund to reallocate (funds from sales tax, general property tax and fees), and \$1.4 M from the .333 mill/library fund.

- *Question:* Could council approve a tax credit for the previous library revenue?
Answer: City Council will need to work through a process to gather data and decide what to do with the revenue.
- *Comments*
 - The current .333 mill city property tax dedicated to the library could be repealed, but the repeal would have to go to the voters because it is in the city charter.
 - LDAC needs to move forward and build agreement on what the library will be and how it will be transferred without knowing the disposition of current library funds (City Council will not be able to decide this until they decide what the library will be).
 - It is challenging and frustrating to recommend a mill levy and services without knowing how the current library funds will be reallocated.

Other

- *Question:* Is the City Council on the same page about what the taxation would be, there has been conflicting messages/rumors?
Answer: Over the last 3-4 years, staff has spent a lot of time with council discussing the funding options (keep it city funded or start a district).
- *Question:* What are the legal requirements for library districts about transparency?
Answer: The district is required to submit an annual budget report to the City Council. In a Library Commission benchmark study on Colorado library districts, many library districts provide monthly reports. It will be easy to see how Library District funds are spent
- *Question:* How does the increase in rental costs impact staff and the ability to ensure a livable wage?
Answer: City struggles with the challenge of staff salaries compared to Boulder rent. Currently, most library staff do not live within the proposed library district.
- *Concern:* Library cost estimate does not account for a wage enough for staff to live in Boulder. Entry level library positions are \$17.42 per hour (\$5 more than Lafayette).
 - **ACTION:** Provide data on average rent for Boulder compared with staff salaries.
- *Comment:* It is important to reach out to all minorities, economically disadvantaged, and underserved, not just the largest minority (Latinx). We need to be inclusive of all underserved, including African Americans and American Indian communities as well.
- The Master Plan process reached out to all underserved, broadly. Libraries are the great equalizer, providing a safe place where anyone can come.

LDAC Agreement Building – Current member observations at this time

- Comfortable with the data, conversation, and recommendations so far.
- Still percolating on all the information; the budget seems appropriate, based on the data and community input over the last few years.
- The budget amount was well thought out with a lot of due diligence to get to that amount.
- Comfortable with the mill rate but concerned it may be too conservative.
- Concerned it is too conservative but there is a political reality of what voters can support.
- The question is whether voters will approve it; for commercial properties, property tax is not equitable and much more for them than residential.
- Concerned we don't know voter appetite for the mill levy override, particularly depending on economic recovery at the time of the vote.
 - There was a poll done by the city in 2019 that showed 50% supported the \$26 per \$100k tax increase for a library.

- **ACTION:** Provide the results of this poll.
- Frustrated that LDAC needs to bifurcate discussions on their recommendation on mill levy override and the discussion on the disposition of current library funding (what will happen to the old library revenue) - reallocation, tax decrease, etc.; we should be discussing both new revenue and disposition of existing library revenue – these are tightly linked.
- *Question:* What is LDAC's end result?
Answer: The LDAC's final product will be a list of recommendations on key elements of a library district: boundary, services list, the resulting mill levy/revenue generation needed, and how assets will be transferred.

DISCUSSION: What we want – Boundary

Presentation (Slide 36, boundary map; Recording 2:09:14)

- Boundary was adjusted/contracted in six places to incorporate properties that are eligible to be annexed into Superior, Louisville, Lafayette, Longmont, Nederland, or in Gilpin or Jefferson Counties' areas of influence.

Discussion

- *Concern:* These adjustments do not follow voting precinct boundaries; the county strongly desired the library boundaries follow voting precincts.
- *Concern:* Voting precincts change over time, today's precinct lines may not be tomorrow's.
 - The changes do ensure the proposed library district doesn't overlap with other cities' areas of influence/growth areas.
 - **ACTION:** Talk with both the Boulder County clerk and land use department about these areas and their desire to stick to precinct boundaries and the affiliation those residents have to the surrounding cities.
- The City Council asked for precinct 39 to be added, now considering removing it
 - *Question:* How many card holders are there in precinct 39?
Answer: Most or all of the 20 houses have library card holders.
- Longmont was considering starting a library district, including Niwot.
ACTIONS:
 - Confirm if Longmont is considering a library district, and if so, are they including Niwot.
 - Provide data on how many properties would be removed if the six areas presented are removed from the district boundary.

Next Steps

Next meetings

- November 8 (M) – Disposition of assets (buildings and land)
- November 29 (M)
- December 8 (W)

Actions

- Provide 2019 polling data on support for a library tax increase
- Confirm with Boulder County clerk and land use department, about aligning to voting precincts and the proposed six areas to remove from the boundary.

- Provide data on how many properties would be removed if the six areas presented are removed from the district boundary.
- Confirm with Longmont if they are considering establishing a library district, and if yes, if they are including Niwot.

APPENDIX A: Attendees

LCAC MEMBERS

	Name		Name
X	Alicia Seidle	X	Joanna Rosenblum
X	Annette Dula	X	Joni Teter
X	Cara Schenkel	X	Kevin Miller
X	Chip	X	Michelle Denae Garcia-Morrissey
X	Deborah Read Fowler		Miho Shida
X	Jane Sykes Wilson	X	Peter Pollock

* Informed of absence

Boulder Public Library (BPL), City of Boulder (COB), Contractors

Organization	Staff
BPL	David Farnan, Jennifer Phares
COB	Chris Meschuk, Janet Michels, David Gehr (legal consultant)
Facilitator	Jody Erikson, JSE Associates

Public/Others

Name – Organization or Interest group		
Michael Mason		

APPENDIX B: Agenda

Boulder Library District Advisory Committee (LDAC) October 28, 2021, 6:00-9:00pm, Virtual Agenda

Meeting Objectives:

- Build consensus recommendation on what the District should be: District Boundaries (Update)
 - Build consensus recommendation on acceptable Mill Levy override to ask for voter support
-

6:00 Welcome, agenda overview

6:05 Public Comment Session – If interested in speaking please sign up with staff before the meeting starts (name, community, topic to comment on). Each speaker will be allowed 2-3 minutes depending on how many people wish to speak.

6:20 LDAC Member introductions

6:30 DISCUSSION: Mill Levy amount

- Presentation: Mill Levy / Cost
 - Library District – why, and resolution process
 - Mill Levy ask/#/\$ and basics – Library District amount based on boundary and services
 - Cost drivers – boundary, services, maintenance costs, etc.
- Discussion: What is the right Mill Levy amount?

8:30 DISCUSSION: What we want – Boundary

- Discuss eight properties identified by a member

OUTCOME: Agreement on a recommended boundary (or data necessary to make a recommendation)

8:50 Next Steps

- Next meetings
 - November 8 (M) – Asset transfer (buildings, etc.)
 - November 29 (M)
- Actions decided during the meeting

9:00 Adjourn