

DATE: October 23, 2023

TO: Boulder Public Library District Board of Trustees

FROM: David Farnan, Library Director

Jennifer Phares, Director of Administration

Subject: Second Reading of the 2024 Boulder Public Library District Recommended Budget

The recommended fiscal year 2024 Boulder Public Library District [BPLD] budget immediately follows the memo. It includes the following updates:

- **Sources:** the 2024 Grants line was adjusted, as requested by the Boulder Library Foundation, to include the dispersal of grant funds. The capital grant funds will be passed to the City of Boulder for the NoBo Library construction.
- **Other Uses:** Funds for a purchase of a transport vehicle was added to the 2024 Capital and One-Time Total. The 2024 Debt Service Total was adjusted to show the \$13 million reimbursement to the City of Boulder for 2023 operating costs, \$510,000 of capital grant funds for the NoBo Library construction, and a \$350,000 loan from the city General Fund to the Library Fund to replace the .333 mill property tax revenues that were not collected in 2023 with the establishment of the Boulder Public Library District.

I. SUMMARY

The recommended 2024 library district budget is \$38,619,172. The simplest explanation of this amount is that the inaugural 2024 budget shows nearly two full years of revenue and nearly two full years of operating expenses in one year. A portion of the budget [\$13M, or 34%] is debt service owed to the City of Boulder for funding the library's 2023 operating costs. The other portion of the budget [\$19.8M, or 51%] is projected operating expenditures for the first full year of library services without direct and indirect support from the City of Boulder.

II. LAST YEAR

In November of 2022, the voters approved of formation and funding for the Boulder Public Library District. While the district was "formed" in 2022, it was only after the City of Boulder had approved of the 2023 library budget. Between January and May of 2023, while Boulder City Council and the Boulder County Commissioners deliberated on appointing and ratifying the first Boulder Library District Board of Trustees, the library functioned for all intents and purposes as a city department.

In May of 2023, the first Board of Trustees was seated. One of their first actions was to approve of an \$18.5 million budget [the approximate amount of revenue anticipated to be earned in 2023.] Soon after, the Board of Trustees entered an interim agreement with the City of Boulder and agreed to allow library functions and operations to remain under City of Boulder guidance for the remainder of 2023 with a promise from the district to pay the city for costs incurred.

III. 2024

Boulder Public Library District anticipated revenue for 2024 is approximately \$22M. This is an 18.2% increase from 2023 Trustee approved district budget, and a 24% increase from the current actual

2023 revenues. Local property tax funding is anticipated to generate \$21,878,106. The remaining revenue is anticipated to be generated by “other” taxes, grants and revenue.

The defined goals of the library district in year one are:

1. Restore and expand hours, access, and service,
2. Take care of the library buildings,
3. Purchase more materials for reading and viewing,
4. Build out library administrative infrastructure,
5. Pay City of Boulder for 2023 library operating expenditures in full by 2nd quarter 2024.

Total capital, operating, and reserve expenditures budgeted for 2024 are \$21,996,337.

- Ongoing annual operating expenditures budgeted for 2024 are \$19,837,761. [90%]
- One-time capital expenditures budgeted for 2024 are \$1,315,000. [6%]
- A \$3,489,379 unencumbered carryover from 2023 + anticipated balance in 2024 of \$977,032 enable the district us to contribute to the General Reserve \$2M [10%] and \$2.5M in the Capital Fund for purchasing a facility for the Gunbarrel Branch Library.

IV. PERSONNEL

In 2024 personnel costs are projected at \$12,662,896. This is 58% of total budgeted expenditures. Personnel costs represent salaries and benefits including health, wellness and retirement contributions from the library. Approximately 20% of this \$12.6M total is health and wellness benefits. Approximately 14.78% of this total is the *required* Public Employer’s Retirement [PERA] pension contribution for employers.

There are currently 122.5 Full Time Equivalent [FTE] positions in the library. As of January 1, 2024 approximately 42 FTE for new positions will need to be hired. This is one of the most significant challenges and risks to meeting the district’s stated goals. In order to restore and expand services, open new buildings, and run the library, staff are critical. The library will not be able to hire all the new staff at once, but we are planning to aggressively pursue filling positions in the 1st and 2nd quarters of 2024. We anticipate being 90% staffed by July 2024.

- 10.5 FTE are for restoration of services cut in 2020 as a result of economic downturn brought on by the COVID-19 pandemic. BLDG 61, Collection Development, Resource Services, branch libraries and the Carnegie Library for Local History will restore staff and increase service levels.
- 14 FTE represent the build out of administrative infrastructure to facilitate hiring the human resource [3] facilities [6] and communications and engagement [4] staff necessary to accomplish district goals.
- 10 FTE are associated with the opening of the new NoBo library, including public service staff [7], IT [1], and programs [2] for the makerspace.
- 7.5 FTE represent a further expansion of services to support Literacy and Outreach, Youth Services and Programs and Events.

V. NON-PERSONNEL

2024 non-personnel costs are projected at \$7,174,865. This is roughly 33% of total budgeted expenditures. Non-personnel expenses include routine facilities maintenance, utilities, IT support and software, materials, communications, legal services, insurance, professional development, etc. Of this amount, \$2M [10%] is for routine maintenance of buildings and grounds and utility costs, and \$1.7M [8.5%] is for materials.

Materials expenditures increase by 61% to \$1.7M. People come to the library physically and virtually for books and media. So, even with the expansion of the population within the library boundaries from approximately 106,000 to 128,000 the library is able to increase the per capita expenditure of materials from \$9.86 to \$13.24 per person.

VI. CAPITAL

Known capital and one-time expenses represent 6% of anticipated expenditures in 2024. These funds are currently planned for space reconfiguration to accommodate new staff. BoulderReads staff will be moving to NoBo in May, and the space that staff currently occupies as well as some other spaces will be reconfigured to accommodate almost 30 new people at Main. In addition, \$750K in funds are allocated to directly address the facilities backlog.

VII. DEBT REPAYMENT

Repayment of debt to the City of Boulder in 2024 is projected at \$13,000,000.

APPENDIX A: Revised Boulder Public Library District 2024 Recommended Budget Highlights

APPENDIX B: 2023 – 2024 Budget Comparisons

APPENDIX C: 2023 City Cost Allocation for the Library

BOULDER PUBLIC LIBRARY DISTRICT 2024 BUDGET (Revised 10/20/2023 for Second Reading)

SOURCES	2023 BPLD Actuals			BPLD 2024	Notes
	2023 BPLD Budget	[projected]			
General Fund					
Property Tax Revenues	\$ 18,500,000	\$ 17,605,051		\$ 21,878,106	
Other taxes				\$ 3,053	
Grants		\$ -		\$ 641,634	2024 - State grant for collections, Gates grant for NoBo, BLF Program grants, and \$510,000 NoBo Capital to pass through to City.
Revenue				\$ 35,000	Booksale
Other revenue				\$ 5,000	
Carryover	\$ -	\$ -		\$ 16,489,379	
TOTAL REVENUE	\$ 18,500,000	\$ 17,605,051		\$ 39,052,172	
USES					
Personnel Budget					
Salaries				\$ 9,385,698	
Employee Benefits		\$ -		\$ 3,277,198	
Non-Personnel Budget					
Library Operations				\$ 808,463	
Administration	\$ 2,500,000	\$ 73,491		\$ 1,122,937	Admin and Communications
Collections				\$ 1,695,593	
IT		\$ 97,181		\$ 1,503,307	
Facilities				\$ 2,044,565	
Operating Total				\$ 19,837,761	
Other Uses					
Capital and One-Time Total		\$ 945,000		\$ 1,390,000	2023 - IT Infrastructure 2024 - Office reconfiguration, \$750K Maintenance backlog, \$75K Vehicle.
Debt Service Total		\$ -		\$ 13,865,000	Pay Back to City of Boulder: \$13 million 2023 operating, \$510,000 NoBo Capital, \$350,000 General Fund loan to Library Fund loan for 2023.
TOTAL EXPENDITURES	\$ 2,500,000	\$ 1,115,672		\$ 35,092,761	
Reserve Funds					
General Reserve	\$ 550,000	\$ 550,000		\$ 2,000,000	2024 = 8%
Capital Fund		\$ -		\$ 2,466,411	Gunbarrel - possible expense
Ending Fund Balance	\$ 16,000,000	\$ 16,489,379		\$ 3,959,411	

APPENDIX A. Revised Boulder Public Library District 2024 Recommended Budget Highlights

Revision: Reference to the ten-year plan to address the maintenance backlog was added to Section II. New Operating Infrastructure.

I. STAFFING

The library recommends two wage increases for staff in 2024 and increasing the professional development budget by 320% to \$250,000.

Pay Leveling

The Library made a policy decision to suspend performance evaluations and merit increases for 2023. In 2024, a new performance evaluation process will be developed which will not be tied to pay increases. To replace the 2023 city merit increases, the library proposes offering current standard staff who accept positions with the District, a “pay-leveling” increase. The goal of “pay leveling” is to increase the average annual salary to \$65,000 by offering the same dollar amount to every person. Reaching this goal may require another adjustment in 2025. Employees will receive the increase in the job offers made by the District, effective Jan. 1, 2024.

\$335,955 is included in the 2024 recommended budget for pay leveling. Approximately, 89 staff members will receive this increase.

Minimum Wage Increase

To align with the City of Boulder’s 2024 budget proposal to increase the City’s minimum wage to \$22.44, the Library is proposing raising its minimum wage to \$22.45. After the pay leveling increase is applied to standard staff wages, those staff members whose wage is less than \$22.45 will be increased to this new BPLD minimum wage. Approximately, 19 standard staff members will receive this increase. The annual cost for these 19 staff members is \$40,639.

Substitute staff whose wage is below this minimum will also receive an increase. Approximately, 34 substitute staff members will receive an increase to their wage. The substitute worker pool is increasing from 27 to 34 staff members in October 2023 to ensure service coverage during the upcoming holiday season. The Library recommends an increase to the substitute budget of 57% which is \$253,000 to accommodate the addition of new substitute jobs in programs and events and literacy and outreach and to support increased public hours at the Reynolds Library, the Carnegie Library for Local History and the North Boulder Library.

II. NEW OPERATING INFRASTRUCTURE

In 2024, the Library will hire new staff positions for facilities, human resources, finance, IT and communications. Non-personnel costs are estimated to increase for technology and software, asset and liability insurance, legal consulting, and facilities maintenance. The facilities cost are grouped and separate from the other new operating costs.

Estimated New Personnel Wages

	Personnel	Base Wages + 35% for benefits
Human Resources	3	\$356,875
Finance	1	\$93,320
Communications	3	\$356,875
IT	5	\$577,135
TOTAL	18	\$1,384,205

Estimated Non-Personnel Costs for New Functions

	One-Time	Ongoing
Finance and Human Resources Information Systems	\$70,000	\$96,000
Reconfiguration of office spaces to accommodate new staff	\$500,000	\$0
IT infrastructure	\$875,000	\$465,000
Legal	\$0	\$40,000
Insurance	\$0	TBD
TOTAL	\$1.45 million	\$601,000

Facilities and Maintenance

A primary goal in the 2018 Library Master Plan is to “Take care of what we have” in terms of Library facilities and assets. To do this, the Library has a plan to address the \$9 to \$11 million maintenance backlog during the next ten years. The 2024 Recommended budget includes six new facilities and maintenance personnel at a cost of \$486,878. Non-personnel costs including grounds maintenance, building maintenance, custodial services at an estimated ongoing cost of \$1,082,784.

III. NORTH BOULDER LIBRARY OPERATING

The North Boulder Library is slated to open in late spring 2024. Currently, there are three staff members who operate the NoBo Corner Library. The following new staff will be hired to operate the branch library.

	Personnel	Base Wages + 35% for benefits
Public Services	7	\$584,161
IT	1	\$107,318
Programs and Events	2	\$214,637
TOTAL	10	\$916,116

Non-personnel budget for operating this library are included under administration, facilities, programs and events, and the collection services budgets.

IV. LITERACY AND OUTREACH STRATEGIC PLAN IMPLEMENTATION

The Literacy and Outreach Strategic Plan is scheduled to be complete in December 2023. In anticipation of expanding the literacy and outreach team, the Library recommends hiring two more personnel at an estimated cost of \$230,188.

V. RESTORATION AND EXPANSION OF SERVICES

Additional personnel are recommended to restore and expand service levels in several areas.

	Personnel	Base Wages + 35% for benefits	Purpose
Branch Services*	4	\$415,793	Restore public hours on Mondays at Reynolds Library. Increase Librarian and manager support.
Youth Services	1	\$208,568	Increase Librarian support. Add youth internship program.
Public Services**	4	\$390,657	Public desk coverage. Training coordination and increased manager support.
Programs and Events	5	\$729,507	Increase program coordination. Restore makerspace program and add manager support.
Carnegie Library for Local History	2	\$230,188	Increase Archivist and management support. Resume public hours.
Total	16	\$1,974,713	

*Does not include NoBo library.

**Does not include any Branch Services.

Collection Services

The Library is proposing a 61% increase in the materials acquisitions budget to \$1,695,593 and three new staff be hired an estimated cost of \$321,956.

Main Library Café

After a nine-month trial period the owner of Tonantzin Casa de Café requested termination of the café lease effective Sept. 27, 2023. In 2024, the Library will consider new options for café service. A recommended budget of \$125,000 will be included in the proposed budget for personnel and non-personnel costs.

VI. MAIN LIBRARY CANYON THEATER PILOT

The Library recommends piloting community activation of the Main Library Canyon Theater to support offering the theater for community groups to use free of charge. Two new staff positions will be hired at the estimated cost of \$186,641.

VII. GUNBARREL LIBRARY FACILITY

A capital appropriation between \$2.5 million is included in the recommended budget for the purchase of a library facility in Gunbarrel.

APPENDIX B: 2023-2024 LIBRARY BUDGET COMPARISON

SOURCES	Revised City Library		Variance compared to City		Notes
	2023	BPLD 2024	2023	% Change compared to City 2023	
General Fund	\$ 10,378,897	\$ -			
Property Tax Revenues	\$ 1,410,920	\$ 21,878,106			
Grants and other revenues	\$ 430,855	\$ 251,687			2024 - State grant for collections and Gates grant for NoBo.
Carryover	\$ -	\$ 16,489,379			
Total	\$ 12,220,672	\$ 38,619,172			

USES	Revised City Library		Variance compared to City		Notes
	2023* Including Distributed Cost	BPLD 2024	2023	% Change compared to City 2023	
Combined Operating Budget. Personnel and Non-Personnel. [City Budget includes Internal Cost Allocation distributed by Department)					
Administration	\$ 2,469,547	\$ 1,786,534	\$ (683,013)	-28%	Inc. Council, Clerk, City Mgr, Gen Gove, City Attny, HR, Finance,
Archive	\$ 255,738	\$ 434,160	\$ 178,422	70%	Carnegie
Collection Services	\$ 1,824,019	\$ 2,619,749	\$ 795,730	44%	
Communications and Marketing	\$ 297,105	\$ 425,021	\$ 127,916	43%	
Literacy and Outreach	\$ 637,135	\$ 932,359	\$ 295,224	46%	
Facilities	\$ 1,947,191	\$ 2,720,911	\$ 773,720	40%	
IT	\$ 2,105,947	\$ 2,237,308	\$ 131,361	6%	
Programs and Events	\$ 1,156,493	\$ 1,707,592	\$ 551,099	48%	
Public Services	\$ 2,994,328	\$ 4,144,682	\$ 1,150,354	38%	
Substitutes and Interns	\$ 161,432	\$ 253,000	\$ 91,568	57%	
Employee Benefits	\$ 1,544,273	\$ 3,420,000	\$ 1,875,727	121%	
TOTAL OPERATIONS	\$ 15,393,208	\$ 20,681,316	\$ 5,288,108	34%	
CAPITAL & ONE-TIME EXPENSE	\$ 5,480,371	\$ 2,125,000	(\$3,355,371)	-61%	City expenses for completion of NoBo. District costs for IT infrastructure, Main space remodel, Maintenance backlog
TOTAL EXPENSE	\$ 20,873,579	22,806,316	\$ 1,932,737	9%	

NOTE: The Personnel and Non-Personnel costs associated with the District operating expenses in 2024 are approximations and do not represent the most refined model in the 2024 Budget Doc.

NOTE 2: In an attempt to compare City Costs and Library District Costs, ALL Internal Cost Allocation Funds were incorporated under Non-Personnel Expenses.

NOTE 3: The cost comparison for Operating Totals is the best comparison we have in terms of increased expenses.

NOTE 4: While some of the internal cost allocation certainly represents Personnel - it does NOT represent Personnel engaged in direct library service related work.

NOTE 5: One can compare "apples to apples" in some areas; for instance, Administration costs & IT costs. It would appear that the storyline of "efficiencies of scale" are NOT applicable.

*Revised approved budget as of 10/4/2023

APPENDIX C: CITY COST ALLOCATION 2023

Cost Allocation Area	Total City Cost Allocation
Building and Equipment Appreciation	\$ -
City Clerk	\$ 5,187
City Council	\$ 53,986
City Manager	\$ 122,613
Facilities	\$ 1,418,668
Communication and Engagement	\$ 250,105
General Government	\$ 33,524
City Attorney	\$ 96,725
Human Resources	\$ 214,515
Finance	\$ 133,665
Information Technology	\$ 747,872
Property and Casualty Insurance	\$ 58,383
City Facilities Trash	\$ 7,184
Fundwide/Citywide	\$ 40,167
Workers Compensation Insurance	\$ 1,708
Total Cost Allocation	\$ 3,184,302