

**Jefferson County Public Library Board of Trustees**  
**Study Session**  
**June 13, 2019 – 5:30 pm**  
**Administration Conference Room**

**TOPICS:**

- Proposal for JCPL to go Fine Free
- Financial Review
- 2020 Operating & 5 Year Capital Improvement Plan
  - 5 & 10 Year Financial Plan
- Midwest Tape Renewal Contract

**Call to Order**

The Study Session was called to order at 5:33 p.m. by Charles Naumer, Chair.

**Other Trustees present:** Kim Johnson (Vice-Chair), Pam Anderson (Secretary), Deborah Deal, Brian DeLaet and Jeanne Lomba.

**Trustees not present:** John Bodnar

**Staff present:** Donna Walker, Executive Director; Julianne Rist, Director of Libraries; Steve Chestnut, Director of Facilities and Construction Projects; Bernadette Berger, Director of Information Technology; Barbara Long, Assistant Director of Finance and Budget; Rebecca Winning, Director of Strategy and Engagement; Sandie Coutts, Director of People and Culture; Padma Polepeddi, Assistant Director of Library Programs and Services; Jessica Paulsen, Public Services Manager; Debi Mikash, Collection Services Manager; and Amber Fisher, Executive Assistant, Office of the Executive Director.

**Proposal for JCPL to go Fine Free**

Donna Walker, Executive Director, advised the Board that a detailed memo is included in their information packets about expanding fine free beyond children's materials and that Julianne Rist, Director of Libraries, has a presentation to go over some of the highlights of the memo and answer any questions the Board may have about the recommendation.

Julianne addressed the Board and presented the Library's recommendation to eliminate overdue fines on library materials. Nationwide, many libraries have, or are in the process of, eliminating overdue fines, including 20 libraries and library systems in Colorado. JCPL would be late adopters. Fines are a barrier to library use. Removing fines reduces barriers to resources and support, increases library use and would support JCPL's stated strategic initiatives. JCPL is recommending the removal of

overdue fines on materials returned after the due date. However, Patrons will still be charged for lost and damaged material

Many libraries report no significant change to hold times after implementing fine free. Salt Lake City did report longer hold times, but they also had 10% more unique borrowers in the same period, to which much of the hold time increase was attributed. When High Plains Library District removed fines in 2015, children's circulation rose 16% in 18 months and 95% of all materials were returned within one week of the due date. Salt Lake City Public Library removed fines in 2017. Their circulation rose 16% after one year and 26,000 new cardholders were added.

Loss of fines revenue of \$257,000, or 0.6% of total budgeted revenue, is included in the proposed 2020 budget, and reflected in the five and 10-year financial plans. There are 11,000 patrons (7%) who have checked out material in the last year and their accounts are blocked because they owe more than \$10.00 in overdue fines or other charges. There are 113,701 patrons who have a fine amount on their record as of May 30, 2019.

Staff will have increased time to provide other patron services that would have otherwise been spent on fines. Going fine free creates better service for all our patrons but especially to those patrons who utilize multiple area library systems. Many of our neighboring libraries are already fines free. When JCPL went fine free on children's materials, checkouts of materials intended for use by children increased 5% year over year from 2017 to 2018. We attribute some of that increase to removing overdue fines on those materials.

JCPL staff recommend eliminating overdue fines on library materials in order to increase the access to and use of our libraries and to support our strategic initiative to eliminate barriers to physical materials, as well as live up to our core values of innovation, accountability, and excellence. The Board was provided with quotes from patrons in appreciation of the decision to removal fines on children's materials and asking why JCPL has not expanded fine free to other material.

In response to questions, the Board was advised that:

- Items are considered lost and marked on the patron's account if the item is not returned three weeks after the due date.
- The Library is aware that "we can't go back" and reinstitute fines in the future if JCPL falls on hard times.
- The Library will monitor activity much like it did with the removal of fines on children's materials and does not anticipate aberrant patron behavior compared to the patron behavior of other library systems who went fine free.
- The rollout of going fine free would be much like the rollout JCPL did for fine free children's materials.
- The recommendation is for JCPL to go fine free in January 2020.

- There are approximately 113,000 blocked patron accounts, which represents approximately one third of the patron base.
- Revenue from fines does not appear on the books until they are received.
- If JCPL goes fine free, all fines would be written off as of January 1, 2020. Fees for lost or damaged items would remain in patron accounts.
- JCPL does not anticipate an impact on holds. Research data indicates that 95% of items are returned within one week of the due date, which is also the current return rate with fines.
- Research did not show any “hybrid” approaches. The only way libraries have implemented fine free programs is based on category (like children’s materials) not on high or low demand materials.
- All public services staff handle fines as part of their work. There are no staff specifically dedicated to fines management. The only anticipated impact on staff is that they will have more time to provide other services to patrons (reader’s advisory, research, etc.). JCPL is not expecting any reallocation of staff.
- JCPL has a system in place to notify patrons when materials are coming due and when they are overdue. There are many messaging models available to use. (For example, one local library system has a message “be a hero – someone else is waiting for the item you have”).

The Executive Director noted that a few years ago, revenue from fines was a much bigger number. Library systems were seeing fines revenue plateau and start to go down. In addition, e-materials have affected fines revenue. The balance between how much time and cost is required to manage fines and how much revenue is generated has made fine free a good choice for libraries across the country.

### **Financial Review**

There were no questions regarding the financials that were presented at the May Board meeting.

### **2020 Operating & 5 Year Capital Improvement Plan**

Barbara Long, Assistant Director of Finance and Budget, addressed the Board and presented the 2020 proposed budget. Proposed 2020 budget assumptions include; property tax revenue based on the most current estimates of assessed value and 4.5 mills; increase in salary cost estimated at 3%; health insurance cost increase is estimated at 10%. Additionally, the minimum wage increase to \$12/hour affected salaries and the cost of services.

Budgeted revenue for 2020 incorporates the projected impact of eliminating library fines for all patrons. In 2018, JCPL eliminated fines on children’s materials and the 2020 budget expands this initiative to all household members. The projected decrease in revenue is around \$257,000.

Highlights of the proposed budget are the continued phased implementation of the staffing plan, improving services in underserved areas (South County and Alternative Services), and addressing the library’s strategic priorities including the implementation of fine free. The Library is taking a measured approach to staffing.

The 5 and 10 year financial model is based on 4.5 mills and a 5% valuation increase. Capital investments reflect the priorities identified by the Board of Trustees and a phased implementation of the staffing plan and facility master plan.

<b>5 &amp; 10 Year Plan Summary</b>	<b>Actual 2018</b>	<b>Projected Actuals 2019</b>	<b>Proposed Budget 2020</b>	<b>Projected Budget 2021</b>	<b>Projected Budget 2022</b>	<b>Projected Budget 2023</b>
<b>Revenue</b>	<b>38,397,172</b>	<b>43,495,954</b>	<b>47,240,459</b>	<b>47,356,793</b>	<b>49,689,788</b>	<b>49,705,108</b>
Operating Expense	32,096,436	35,036,912	38,276,684	40,419,670	43,641,007	43,566,824
Debt Service	1,486,667	1,448,432	1,410,421	621,818	621,944	621,744
Capital Investment	3,448,761	9,508,664	10,122,000	8,889,000	4,442,000	2,136,000
<b>Total Uses of Funds</b>	<b>37,031,864</b>	<b>45,994,008</b>	<b>49,809,105</b>	<b>49,930,488</b>	<b>48,704,951</b>	<b>46,324,568</b>
<b>Change to Fund Balance</b>	<b>1,365,308</b>	<b>(2,498,054)</b>	<b>(2,568,646)</b>	<b>(2,573,695)</b>	<b>984,837</b>	<b>3,380,540</b>

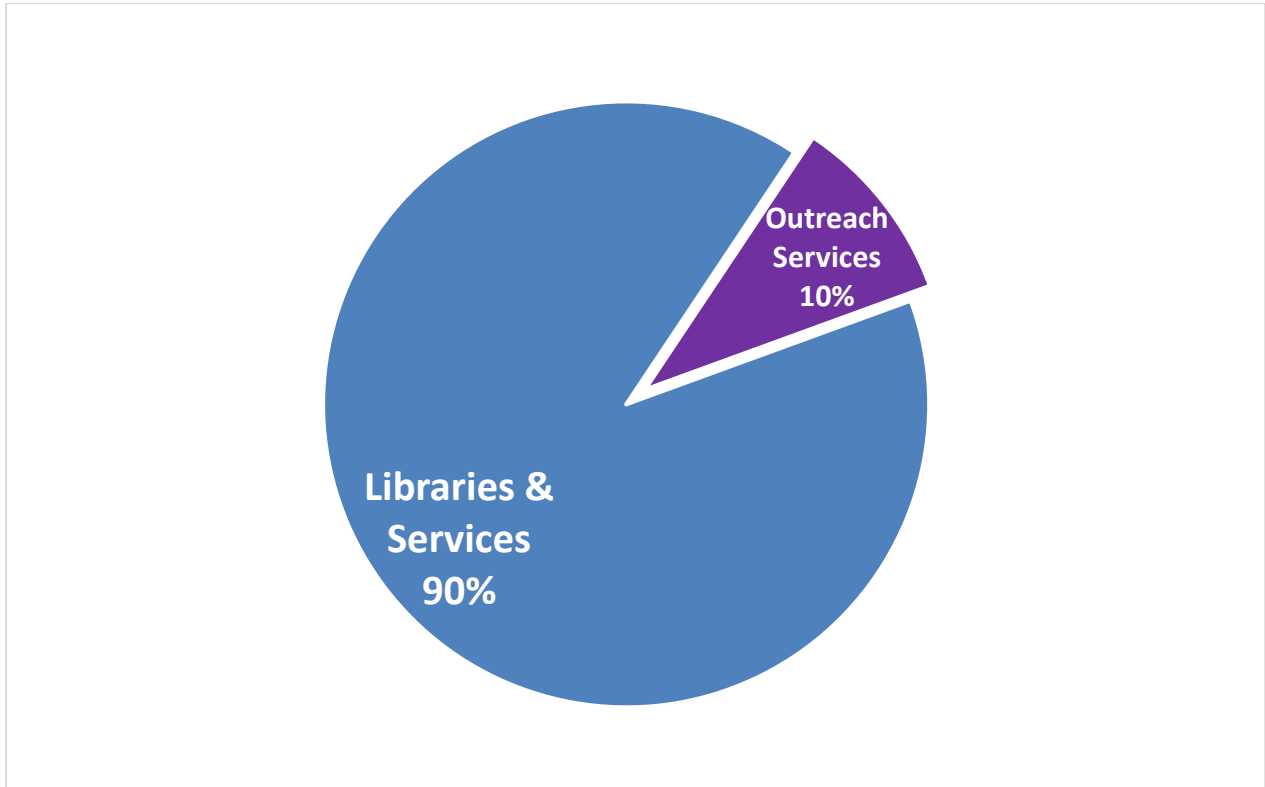
<b>5 &amp; 10 Year Plan Summary</b>	<b>Actual 2018</b>	<b>Projected Actuals 2019</b>	<b>Proposed Budget 2020</b>	<b>Projected Budget 2021</b>	<b>Projected Budget 2022</b>	<b>Projected Budget 2023</b>
<b>Beginning Fund Balance</b>	<b>18,164,235</b>	<b>19,529,543</b>	<b>17,031,489</b>	<b>14,462,842</b>	<b>11,889,147</b>	<b>12,873,984</b>
Total Sources	38,397,172	43,495,954	47,240,459	47,356,793	49,689,788	49,705,108
Total Uses	37,031,864	45,994,008	49,809,105	49,930,488	48,704,951	46,324,568
<b>Ending Fund Balance</b>	<b>19,529,543</b>	<b>17,031,489</b>	<b>14,462,842</b>	<b>11,889,147</b>	<b>12,873,984</b>	<b>16,254,524</b>
Minimum Fund Balance	9,599,293	10,873,989	11,810,115	11,839,198	12,422,447	12,426,277
Maximum Fund Balance	19,198,586	21,747,977	23,620,230	23,678,397	24,844,894	24,852,554
<b>Fund Balance Over Min</b>	<b>9,930,250</b>	<b>6,157,500</b>	<b>2,652,727</b>	<b>49,949</b>	<b>451,537</b>	<b>3,828,247</b>

The Library’s capital projects in the 2020 budget and 5 year Capital Improvement Plan (CIP) reflect the community’s priority of improving services in underserved areas with development of the South County Library and funding for Alternative Services. Funding

for Annual Repair and Maintenance (ARM) allows the Library to take care of existing buildings and update the IT infrastructure that patrons and staff rely on.

The proposed budget for 2020 also includes continued investment in books and materials, library programming and other services with the goal of balancing growth and enhancements to library services with long-term financial sustainability.

#### Investment in Outreach Services



#### 2020 Capital Investments

Annual Replacement Plan & On-Going Projects	
ARM-01 Capital Maintenance	\$ 250,000
ARM-02 Furniture & Equipment	36,000
ARM-03 Computer 5-year Replacement Plan	180,000
ARM-04 Book Sorter Replacement	300,000
ARM-05 IT Infrastructure Replacement	370,000
Alternative Services	450,000
<b>Total ARM</b>	<b>\$ 1,586,000</b>
Capital Projects	
19-03 South County Library	4,000,000
20-01 Arvada HVAC Control Upgrade	140,000
20-02 Golden Library	4,396,000
<b>Total Capital Projects</b>	<b>\$ 8,536,000</b>
<b>Total Capital Improvement Plan</b>	<b>\$ 10,122,000</b>

The Library will ask the Board to authorize the Executive Director to submit the 2020 budget to the Board of County Commissioners at the June 20, 2019 Library Board meeting and have the Chair sign the budget cover letter.

In response to questions, the Board was advised that:

- The estimated 10% health insurance cost increase is the employer cost
- The County is required to do a cost allocation study – that has to be good enough for the federal and state governments and based on actual transactions. The Library is getting the same allocation as other County departments, there is not that room for manipulation as there was in the past.
- Investment in Outreach Services is about the same amount as operating one of the larger libraries like Belmar or Columbine.
- One adjustment was made for the South County project – the contingency was increased from 5% to 10% as requested by the Board.
- The 2020 proposed budget does not reflect carry over capital projects. At this time of year, the Library does not know if there will be carry over.
- There was some carry over from 2018 to 2019 that was requested by the Library and approved by the Board earlier this year.
- The South County project is budgeted over two years to reflect a more realistic approach to planning this type of project.
- The Library will provide more detail on the 2020 FTE positions being added; information on the number of FTE that were cut and information on how the fund balance was utilized during the recession (2009, 2010 and 2011).

The Chair noted that he had some suggestion on the budget cover letter that he will send to the Executive Director.

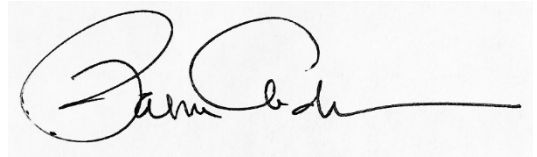
### **Midwest Tape Renewal Contract**

Julianne Rist introduced the topic and provided information on the renewal for the MidWest Tape contract. In 2016, the library entered into an RFP process to ensure we were receiving the best value for materials and processing, as well as streamlining our workflow by using a primary vendor for audiovisual material. In July of 2016, the Board of Trustees authorized Jefferson County Public Library to make MidWest Tape our primary vendor for media, DVDs, CDs and Audiobooks. The approved contract allows us to renew it annually for four additional years. The first and second renewal of this contract was in 2017 and 2018. MidWest Tape continues to provide us with a quality product and the services outlined in our original RFP. There is a not to exceed amount of \$3,000,000 which is the same amount approved in 2018. At the Board meeting on June 20, the Library will request that the Board of Trustees approve the third renewal of this contract, and authorize the Executive Director to sign the renewal. In response to a question, the Board was advised that this contract is for physical materials, not e-materials.

Trustee Deal asked what was going on with the Foundation MOU. Trustee Deal was advised that this topic was not on the agenda for this meeting and that it may be addressed under emerging issues at the Board meeting next week.

**ADJOURNMENT**

The Study Session was adjourned at 6:28 p.m.

A handwritten signature in black ink, appearing to read "Pam Anderson", is centered on the page. The signature is written in a cursive style with a long horizontal line extending to the right.

Pam Anderson, Secretary