

**Jefferson County Public Library Board of Trustees**  
**Study Session**  
**September 14, 2023 – 5:30 pm**  
**Hybrid meeting held online via ZOOM**  
**and in-person in the Lakewood Library meeting room.**

**TOPICS:**

- South County Market Analysis Update
- Develop a New Concept in Philanthropy Strategy – Project Update

**Call to Order**

Kim Johnson, Chair, called the Study Session to order at 5:30 p.m.

**Other Trustees present:** Emelda Walker (Vice-Chair), Jill Fellman (Secretary), and Charles Jones.

**Trustees not present:** Pam Anderson, Jeanne Lomba and Charles Naumer.

**Staff present:** Donna Walker, Executive Director; Julianne Rist, Director of Public Services; Steve Chestnut, Director of Facilities and Construction Projects; Matt Griffin, Director of Business Strategy and Finance; Bernadette Berger, Director of Technology and Innovation; Lisa Smith, Director of People and Culture; Padma Polepeddi, Assistant Director of Public Services for Community Outreach; Lizzie Gall, Assistant Director of Public Services for Resources and Programs; Jessica Paulsen, Assistant Director of Public Services for Customer Experience; Amber Fisher, Executive Assistant, Office of the Executive Director; Katie O'Loughlin, Administrative Coordinator; and Joseph Grover, Technical Support Technician Senior.

There were additional Library staff members attending the meeting.

**South County Market Analysis Update**

Lizzie Gall, Assistant Director of Public Services for Resources and Programs addressed the Board and provided updated South County market analysis information.

2023 Major Project Deliverables

- Recommendation of new strategy
- Execute on new strategy
  - Create new messaging
  - **Strengthen confidence in our process and data**
  - Reinitiate Search

Agenda

- Library Service Areas (LSAs)

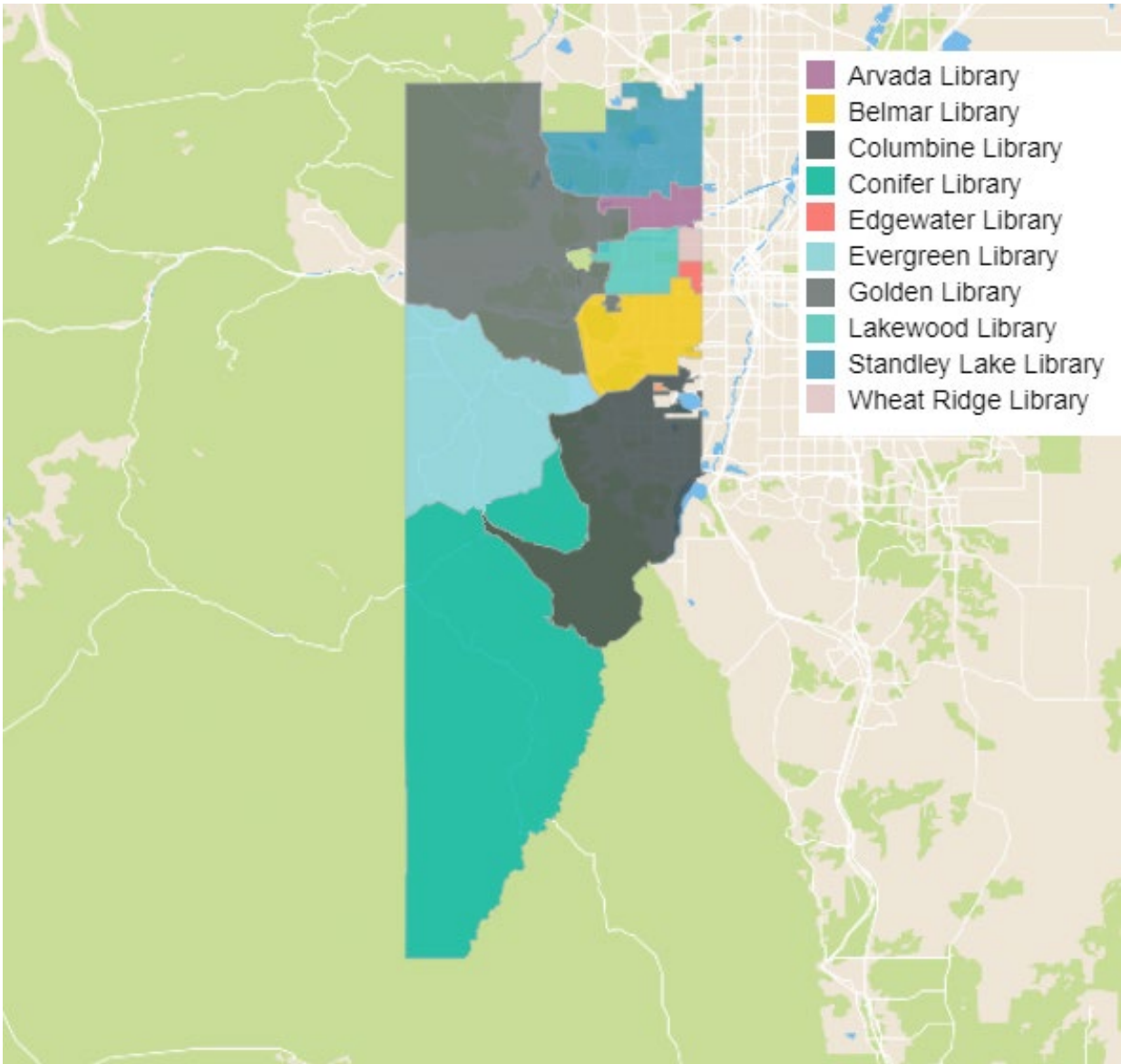
- Population Growth
- Demographics
- Market Engagement
- Discussion

### Library Service Areas (LSAs)

As a reminder, JCPL designates individual library service areas (LSAs) as where card holders live and the library they use based on the last active location and home location. This data is updated regularly. Tonight, JCPL will focus on the southern region of the County.

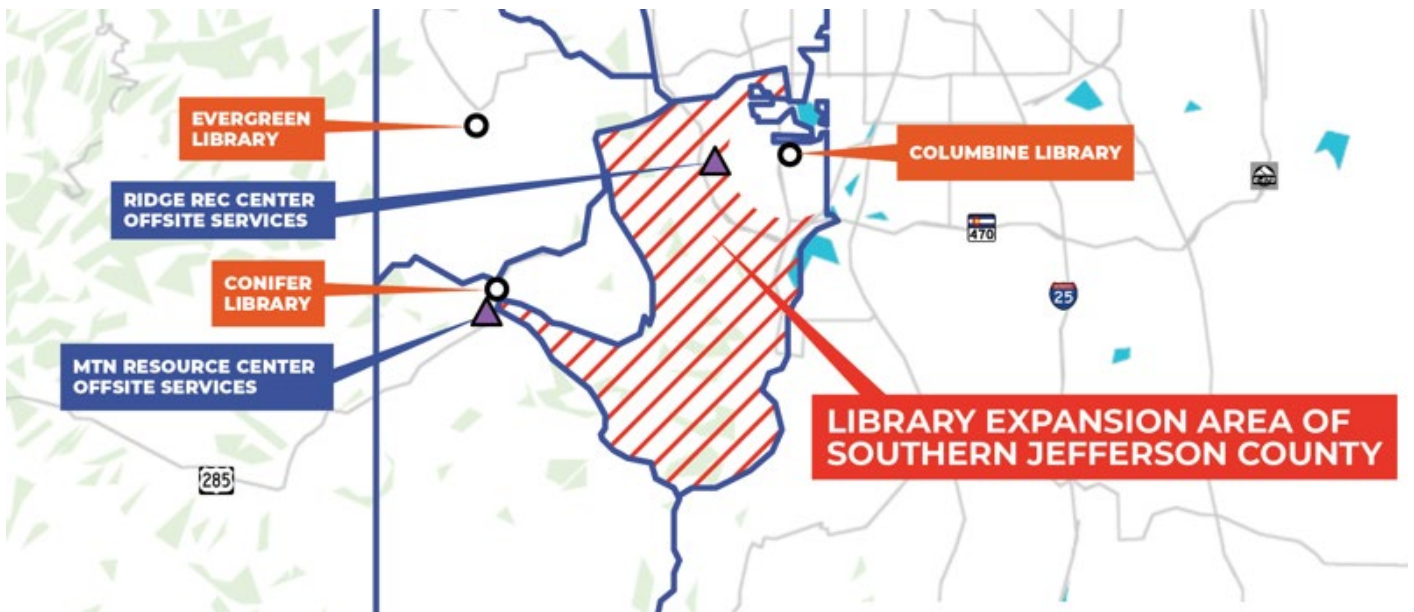
The following map shows where card holders live and the library that they use.

- Based on census tracts
- Based on patron's last active location
- Based on home location



South County Expansion Area

The following map shows the current service points in the southern part of the County.



### New South County LSA and New Columbine LSA

As JCPL opens the new location we anticipate splitting the current south county LSA into two LSAs, South County LSA and Columbine LSA. Since our LSAs are driven by data on actual patron use, we will not know for certain until we see patron use in the new South County location when it opens. The following map indicates where we anticipate those areas will break out. This is a big change – 2 LSAs rather than 1 service area in this region.

## New South County LSA



## New Columbine LSA



Source: Census tracts from Savannah 5/2/2023, map data from Demographics Now 5/3/2023

### Population Growth

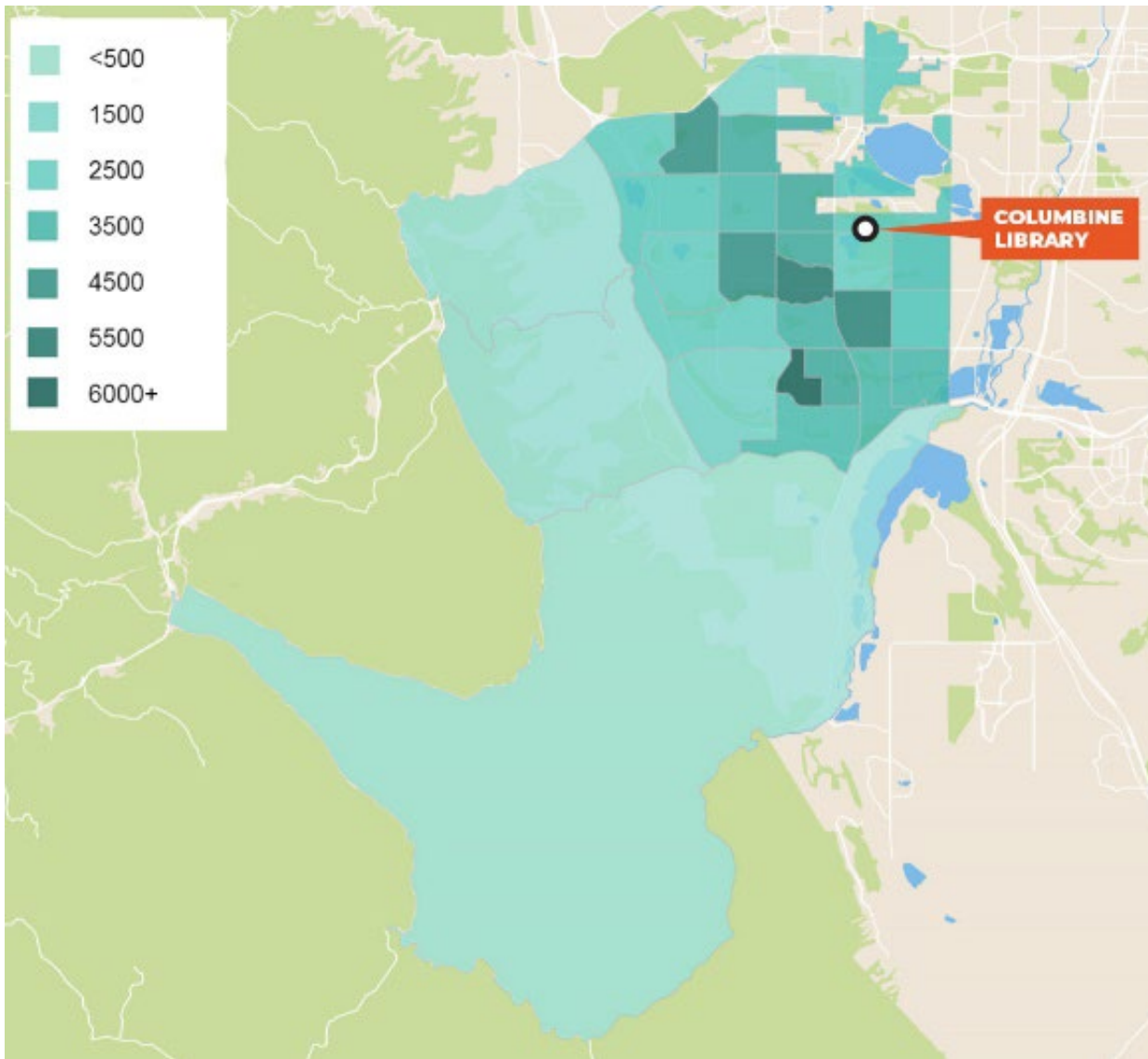
Looking back at our public space per capita target and the original Facility Master Plan (FMP) as well as the 2022 update to the FMP, that target was identified as 0.5-0.6 square feet library space per capita. That target is for the full region, Northern Zone, Central Zone and Southern Zone.

### Public Service Space in the Southern Region

Right now JCPL is under the target at about 0.25 square feet per capita. JCPL is building toward that need with a 40,000 square foot destination library in the New South County LSA.

### Population Density

Population density is a helpful metric. Data from the current Columbine LSA shows the density is concentrated along and outside the C470 travel routes. On the following map, the darker shading indicates the denser the population.



The Southern region is growing slightly faster than the County overall. We expect to see 8.6% population growth in the New Columbine LSA and 9.8% population growth in the New South County LSA. Jefferson County as a whole expects 7% growth in population. The population is

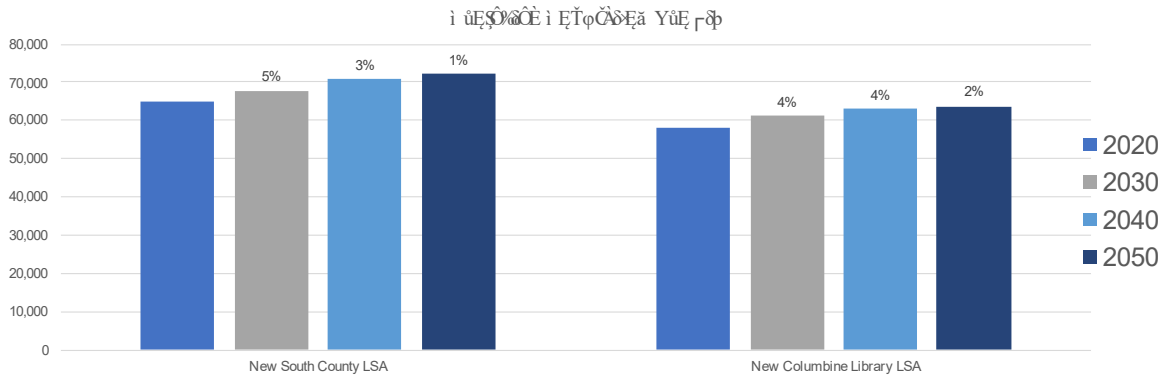
Population Growth 2020 – 2050

In context with our target, the new building would give 0.55 square feet library space per capital for the New South County LSA and 0.47 square feet library space per capita in the New Columbine LSA.

# Population Growth 2020-2050

## New South County LSA

## New Columbine LSA



Source: Demographics Now 5/3/2023

# Population Growth 2020-2050

	NEW SOUTH COUNTY LSA	NEW COLUMBINE LSA
2020	65,000	58,200
2030	67,800	61,300
2040	70,800	63,100
2050	72,100	63,700

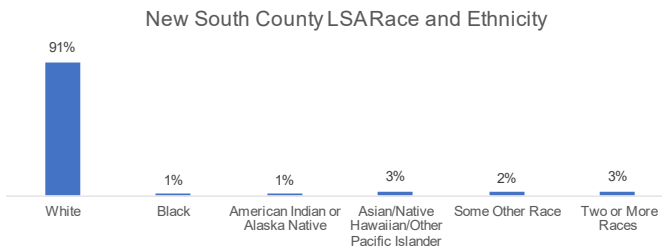
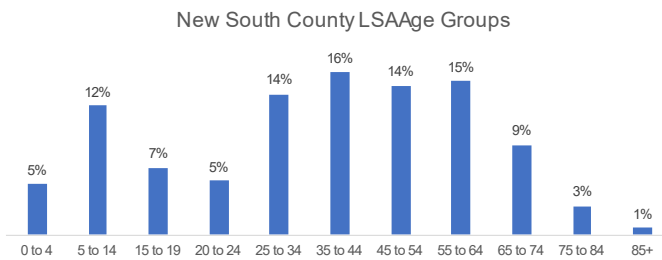


Source: Demographics Now 5/3/2023

Demographics – New South County LSA

Pulling out pieces that are unique to this part of the County and what is standard, shows the South County region with the highest number of households with children under 18. It is a population self-identified as 91% white with 3% of the population self-identified as Asian/Native Hawaiian/Other Pacific Islander. 10.1% of the population self-identified as Hispanic. 8.2% of the current Columbine LSA population speaks a language other than English at home, the JCPL median is 9.2. The trends are under the average for poverty and unemployment.

## New South County LSA- 2022



Population Below the Poverty Level	3.6%
Median Household Income	\$107,688
Unemployment Rate	2.8%
Hispanic	10.1%

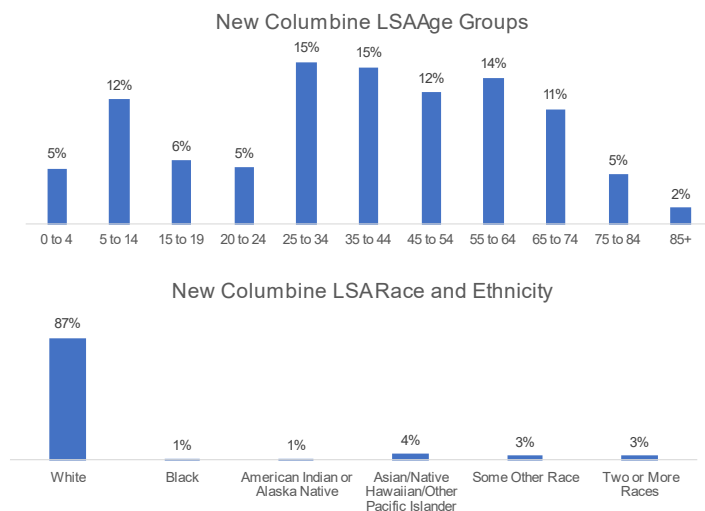
Source: Demographics Now 5/15/2023

Demographics – New Columbine LSA

Demographics for the New Columbine LSA are similar to New South County. We still see a high number of children under 18. One difference is that 87% of the population self-identified as white. Also, there is a slightly higher number of individuals living below poverty level and unemployed. 12.7% of the population self-identified as Hispanic.



# New Columbine LSA- 2022



Population Below the Poverty Level	4.0%
Median Household Income	\$103,746
Unemployment Rate	3.1%
Hispanic	12.7%

Source: Demographics Nov 6/15/2023

## Market Engagement

Market engagement calculates the Library's active reach throughout the community. It is the percentage of households in the Library Service Area (LSA) that have at least one active library card.

- 37.90% is the median across all JCPL locations
- 41.64% is the current engagement at Columbine Library

What this data point shows is that there is an exciting opportunity for JCPL to bring people back. 100,000 people live in the region who do not have a library card. There is incredible growth opportunity in the region to impact our system level success levels.

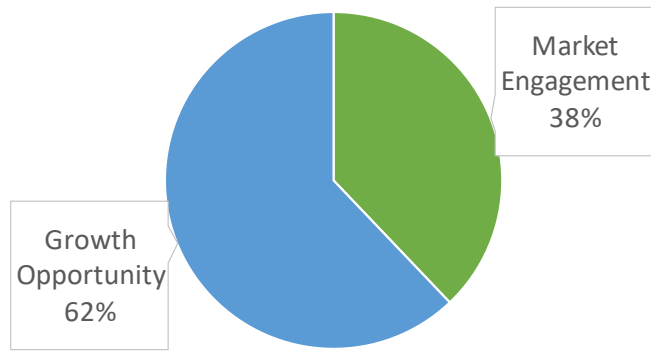
Current data:

- Active customers: 27,500, out of about 125,000. Approximately 100,000 individuals that do not have a card we can bring back.
- Active households: 21,300 out of about 50,000 households. Approximately 40,000 households as opportunity to grow.

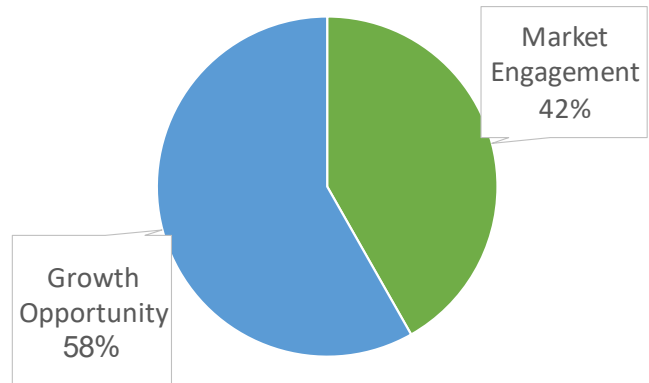
# Market Engagement



### All JCPL Locations



### Current Columbine



The Chair expressed appreciation for the information and noted that it is remarkable how much opportunity there is for the Library in South County. It is a higher use area already, and taking into consideration that the Columbine Library is not convenient for a lot of people in that region, it is striking how many more people could be served with this new location.

The Executive Director noted that she wanted the Board to see a broader overview. The leadership team completed a deep data dive and reviewed much more content. It is anticipated that JCPL will share more of that data with the community council for understanding of the clear need for library services in that area.

### **Develop a New Concept in Philanthropy Strategy – Project Update**

The Executive Director addressed the Board and provided an update on the Develop a New Concept in Philanthropy Strategy project. In the five years served in the role as executive director of JCPL – September 2018-September 2023 - the Library Board of Trustees has indicated an expectation that JCPL make better progress in increasing private funds raised for capital projects with an emphasis on grant-writing and major gifts exceeding \$25,000.

To meet these expectations, JCPL has had a critical project to develop a new concept in philanthropy strategy since 2020. The purpose of this project is to create and implement a new approach to philanthropy to increase the amount of private funds raised for JCPL. This

approach is intended to support Library capital projects and reduce the burden on our taxpayers.

The project update for this study session will provide information on the outcomes of our activities, progress towards our purpose, offer the opportunity for fuller discussion on current status, and to seek Trustee consensus on proposed next steps.

### Topics

- Background of Fundraising Partnership
- Summary of Key Activities and Results
- Net Financial Benefit of Partnership
- Next Steps with Timeline

### **Fundraising Partnership with JCLF**

The Executive Director was advised by the Chair that it would be useful to share some basic information for Trustees about our fundraising partnership with Jefferson County Library Foundation (JCLF) to provide context for newer Trustees about this project.

- Jefferson County Library Foundation is a separate legal entity from the Library.
- It operates with its own executive director under the direction of the Foundation Board of Directors.
- It is a 501c3
- It has a purpose to assist the Library by raising funds and being an advocate for the Library.
- Foundation staff are not employees of the Library.
- The Foundation manages three endowments, the most substantial of which is a donor-restricted endowment held by the Colorado Gives Foundation (formerly Community First Foundation) in an amount of about \$700k.

JCPL and the Foundation are operating under an agreement that was drafted in 2016 and signed in 2017. The major elements of that agreement are:

- JCPL provides an annual request for funding to the Foundation.
- The Foundation provides funds to the Library.
- The Library provides our deaccessioned materials to the Foundation for them to sell or dispose of at their discretion – these materials are not included in the in-kind calculation to the Foundation.
- Both JCPL and the Foundation can receive donations on behalf of the Library per donor intent.

We amended this agreement in 2021 with the main change being that the Library representatives, the executive director and the trustee liaison, became advisory members of the Foundation Board rather than being full members who vote.

### Summary of JCPL Key Activities - Sept 2018-Sept 2023

The key activities undertaken by JCPL in philanthropy development with our fundraising partner over the past five years can be categorized in three general areas.

- Relationship Building
- Financial Evaluations
- Strategic Project Work

#### Relationship Building

The first key activity and results to share is around relationship building – which is where we started in 2018-2019 with something called Working Groups. These working groups entailed multiple discussions with members from each Board and staff from each entity with the intent to improve the partnership, individual relationships, and create a new agreement.

- Working Groups
- Ongoing relationship building
- Moderate improvement in working relationship
- New agreements drafted but not implemented; 2021 amendment
- JCPL representatives no longer included in JCLF Board fundamental conversations and decisions
- JCPL influence on fundraising strategy is minimal

There was also ongoing relationship building through regular meetings with the Foundation executive director, the Foundation Board, and Library executive director and Library Board. The Library chairs and trustee liaisons played crucial roles in this activity over these five years. We also held annual joint meetings between both Boards. This year we met with JCPL and JCLF leadership rather than the full Boards.

One outcome from these relationship building activities is that the working relationship has moderate improvement. Another result from these efforts were two different drafts of new agreements that did not move forward and one amendment that did.

An expected outcome of the 2021 amendment was that Library representatives would not be voting members of the Board. An unexpected outcome is that Library representatives are no longer included in JCLF Board fundamental conversations and decision-making including budgeting, fundraising strategy, and strategic planning. The Foundation Board started holding “executive sessions,” strategic planning meetings, parts or whole of their Board meetings, and email chains that do not include JCPL representatives. An example of the impact was evidenced last month when Library representatives learned for the first time about the new Foundation bookstore in Belmar in the Library’s public meeting. In November 2021, the Board’s liaison to the Foundation and the Library Executive Director were asked to leave the Foundation’s strategic planning meeting.

Another result of these relationship building activities is that that JCPL still has minimal influence on the Foundation's fundraising strategy.

### Financial Evaluation

Another key activity during this time has been financial evaluation of this partnership which includes analysis and reporting of return on investment which began in 2018 as a way to establish the financial benefit to JCPL of this partnership.

One result of this activity was that JCPL began monthly reporting on the ratio of JCPL in-kind contributions to the Foundation compared to the Foundation's cash funding to the Library. A financial support to financial support ratio so that taxpayer dollars are not supporting an outside entity. As a tax-supported government agency the Library cannot donate taxpayer dollars. The Library has to receive a perceived value, a net benefit for its in kind contribution. An outcome of our financial evaluation is that the Library Board is informed monthly of the ratio of tax dollars supporting the Foundation (in-kind) against the cash received by the Library from the Foundation. This basic ratio provides information needed by the Trustees and Library staff for assessment of how it is meeting its fiduciary responsibility to the taxpayers in relationship to this partnership.

The question of net financial benefit to the Library compared to JCLF expenses is one that the Board has shown interest in understanding more completely so that the Board can assess the financial value of this partnership.

### Strategic Project Work

Another key activity undertaken by JCPL in these 5 years has been and is our strategic project work. In 2020 we launched a strategic project around philanthropy development, a project which continues into 2023. We brought in several outside consultants for a variety of work.

Results of this work included:

- A report on *Securing Private Funds to Supplement Public Investments* for Board education on fundraising practices in general and in relation to our current partnership.
- A *Fundraising Benchmarks* report for Board understanding of practices, structures, and peer benchmarks in fundraising that informs us about the potential for increased fundraising and a variety of infrastructures used by other public libraries.
- A books sale analysis that determined the Foundation ROI was a good value to our taxpayers for these materials which are purchased with their money.
- A grant prospecting report that researched hundreds of grantors which was used as the basis for the JCPL Fundraising Plan.
- A capital grant application template currently being piloted for the Evergreen Redesign Project.

In 2022 and 2023 we added JCPL staffing resources to support meeting the deliverables of this project including adding an essential function in fundraising to the communications director role and hiring a full time community engagement coordinator.

A summary of the results of this strategic project work are that trustees and Library staff are better educated and informed about fundraising principles and practices and about many options available to us for different ways to approach fundraising and our partnership with the Foundation.

A deliverable of the project, which is to create a new agreement with new roles and responsibilities, has been unsuccessful.

The outcome of our adding staffing resources and creating a fundraising plan has been mixed. JCPL did take the lead in securing some grants over these 5 years but overall, there is no material difference in total funds raised for JCPL by JCLF.

This is a summary of the key activities undertaken by JCPL to try and increase funds raised through philanthropy.

#### Net Benefit

The following chart shows the total revenue to JCPL from the Foundation from 2018 – 2023. The total revenue from the JCLF line shows us that the funds raised for JCPL by JCLF range from just over \$100k to just over \$200k during this time span.

The Net Benefit line shows that the net benefit to JCPL after we deduct the in-kind expenses which are paid for by tax dollars ranges from just over \$10k in 2023 to just over \$150k in 2021.

The 2023 Net financial Benefit to the Library of this partnership is the closest this ratio has been, a 1:1 in 5 years.

The Executive Director noted that the in-kind from JCPL does not include the deaccessioned materials. The in-kind from the Library include things like rent for their office space and warehouse, utilities, delivery services, and janitorial which are hard costs to the Library. It also includes soft costs like staff time excluding the Executive Director's time.

<b>FOUNDATION (JCLF)</b>							
<b>Payments to JCPL By Type</b>							
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED
		2018	2019	2020	2021	2022	2023
		YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec
	Grant Revenue	\$ 63,100	\$ 70,000	\$ 45,572	\$ 44,674	\$ 39,100	\$ 3,000
	Donor Revenue	97,935	68,090	78,285	116,938	20,874	30,181
	Corporate Revenue	23,460	7,810	17,800	4,575	35,158	12,228
	Government Revenue	6,100	1,310	2,000	1,200	1,400	16,482
	Book Sale Revenue	29,271	30,847	16,053	31,384	35,362	41,140
	Endowment Revenue	763	760	780	796	-	-
	Paid Directly to Recipient	-	-	3,700	27,100	-	-
	<b>Total Revenue from JCLF</b>	<b>\$ 220,628</b>	<b>\$ 178,817</b>	<b>\$ 164,190</b>	<b>\$ 226,666</b>	<b>\$ 131,894</b>	<b>\$ 103,032</b>
	<b>Expense: JCPL In-Kind</b>	<b>(85,920)</b>	<b>(79,990)</b>	<b>(75,940)</b>	<b>(75,440)</b>	<b>(86,783)</b>	<b>(89,170)</b>
	<b>Net Benefit</b>	<b>\$ 134,708</b>	<b>\$ 98,827</b>	<b>\$ 88,250</b>	<b>\$ 151,226</b>	<b>\$ 45,111</b>	<b>\$ 13,862</b>
	<b>ROI Ratio</b>	<b>2.57</b>	<b>2.24</b>	<b>2.16</b>	<b>3.00</b>	<b>1.52</b>	<b>1.16</b>

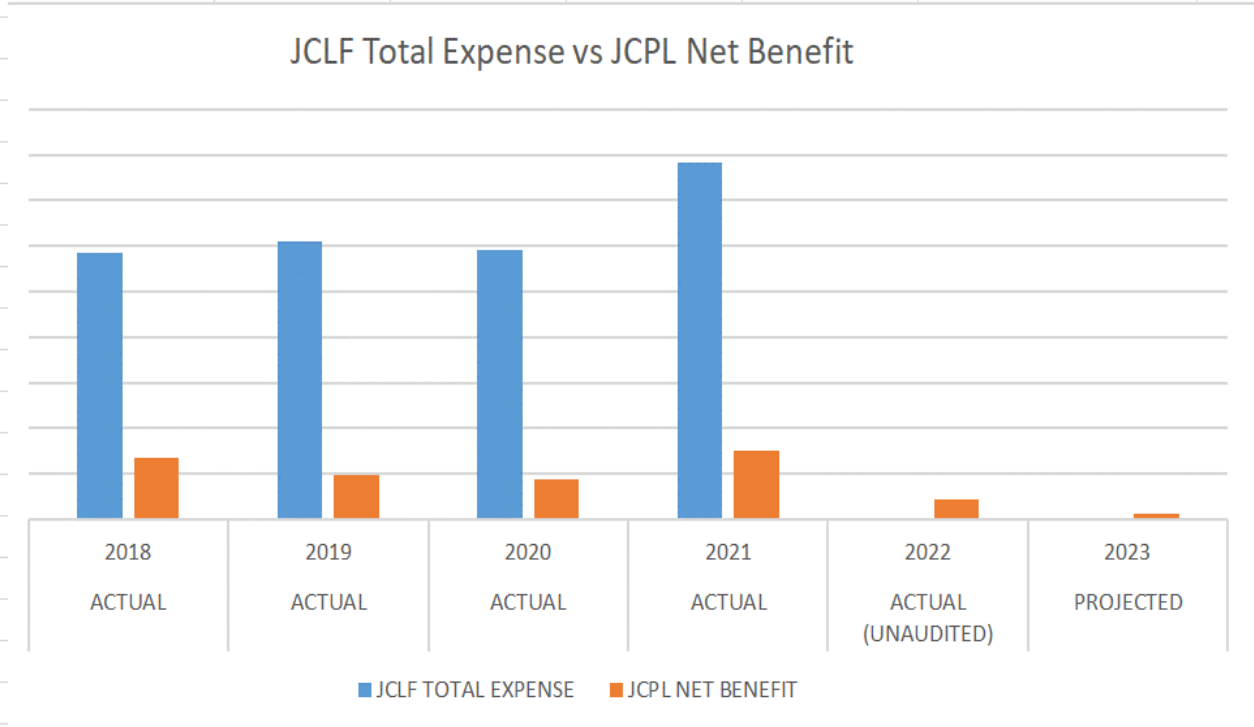
### JCLF Expenses vs. JCPL Net Benefit

The following chart contains the information we have from the Foundation’s audited financials through 2021 which is public information. 2022 financials are not publicly available yet. Their 2023 budget is also not public information.

The following chart shows a comparison between these two measures. The blue bar indicates JCLF total annual expense. The orange bar shows the Library net financial benefit from that spending. One finding from the publicly available data is that the net financial benefit to JCPL remains in the same range (orange bar) while foundation expenses increase (blue bar). Another finding is something that fundraising consultants sometimes refer to as “upside down.” Put another way, for most fundraising partnerships, the orange bar is higher than the blue bar by a multiple.

In 2021 both JCLF expenses and funding to JCPL increased but each increased for a different reason. JCLF expenses increased due to opening the bookstore in the Colorado Mills Mall. The funding to the library increased due to a onetime donation of \$100k from a major donor for the Belmar Outdoor Learning Environment.

SUMMARY						
*UNAUDITED	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL (UNAUDITED)	PROJECTED
	2018	2019	2020	2021	2022	2023
JCLF TOTAL EXPENSE	\$ 585,175	\$ 610,080	\$ 591,393	\$ 783,426		
JCPL NET BENEFIT	\$ 134,708	\$ 98,827	\$ 88,250	\$ 151,226	\$ 45,111	\$ 13,862



In the past the Library Board has indicated dissatisfaction with this level of net benefit which is why our project to create a new concept in philanthropy development strategy continues and is one of the reasons why the Library is bringing this depth of information forward to this board.

Based on the summary of these key activities and their results, and this financial analysis of the net benefit to the library of this partnership, the Executive Director would like board direction and consensus on the proposed next steps for this project.

Next Steps - Recommendation for Board Consensus

The recommendation for the next step is for the Library to engage a fundraising consultant to recommend a course of action based on options already researched and reported on by outside consultants, conversations we've had with other fundraising professionals, and based on the unique conditions in Jefferson County. The Executive Director recommended this step as an immediate action the Library would take now and noted that the scope of work has been developed.



Next, the Executive Director recommended that JCPL and Board leadership communicate with JCLF Board leadership to explain what is expected in a partnership; offer them their options; and offer the opportunity to move forward together. JCPL will offer the Foundation a Book Sales Service Agreement with a minimum return identified by the Library for these taxpayer assets. This agreement has already been approved by the County Attorney's Office. We have not presented it to JCLF because it would require a new or amended agreement and they have indicated a lack of desire to participate in a new agreement.

Starting in January 2024, the Executive Director recommends that the Library fully operationalize the best option for JCPL with Board consensus and close out the project by the end of Q2 2024.

In response to questions, the Board was advised that:

- Examples of in-kind items JCPL provides to the Foundation include paying the lease on some of their space, utilities and janitorial services. Those are some of the hard costs to the Library. Soft costs are staff time from graphics, facilities or technology. They don't write us a check for the in-kind items. The Library doesn't charge for the Executive Director's time.
- The consultants were hired and paid by JCPL. The Foundation participated in the first consultant report on benchmarking research. For the book sale analysis, the Foundation refused to participate. The reports from the consultants have been brought forward in public meetings. Additionally, during Foundation Board meetings the Executive Director has reported on the philanthropy project and that the purpose of the project is to raise more funds for the Library.
- Deaccessioned materials the Library provides to JCLF are approximately 100,000 items per year with a value of almost .50 an item or roughly \$50,000. The book sale analysis indicated this is more than what the Library would get back from a different vendor and was a good value to the Library. The percentage coming back to the Library is typically about 10%. After a book sale, the Foundation executive director reports the gross and net and that funds a lot of the Foundation's operation.
- The net benefit after deducting the in-kind ranges from \$10,000 to just over \$150,000 in 2021 and does not include the value of the deaccessioned materials.
- Under the current agreement with the Foundation, the Library brings forward a funding request every year and asks for multiples of what the Foundation commits to. Most recently, the Foundation committed to \$100,000. The funding request from the Library is based on the strategic plan and includes tiers of priorities the Library thinks they can fund. The 1<sup>st</sup> tier is over \$200,000. For example, the new bookmobile was an excellent fundraising opportunity, however, the Foundation's response was that they could not possibly raise that much money.
- The information brought forward tonight is here's how much it costs to run the Foundation and here's the financial net benefit the Library receives.
- The programming is done by Library staff.

- The 2021 amendment to the current agreement includes an automatic renewal. There is a termination clause.
- The Library anticipates having the recommendation from the consultant by mid-November and will bring that option to the Board. That is when we will see the changes and what kind of agreement that would be. We want to understand all the implications and how that partnership might change so we don't lose our friends. The Library values the volunteers and understands that the Trustees did not sign up to be fundraisers and did not hire the Library's Executive Director to be a fundraiser.

The Chair advised the Board that Trustee Naumer shared his thoughts on the topic. He believes a vendor agreement is the most appropriate way to approach the deaccessioned materials. He shared that he is personally not a fan of a memorandum of understanding and strongly recommends that a separate vendor agreement is the best option and to make sure it is in line with the market rate. He is very excited about immediately moving forward with a consultant to give guidance on the huge range of options and bringing that consultant in to start moving forward. He also asked that we not lose sight of the endowment.

The Chair noted that in 2020, when the Foundation opened the first storefront in Colorado Mills, the Library Board unanimously voted on a motion to inform the Jefferson County Library Foundation (JCLF) that the Library Board did not consider the JCLF storefront operation to be a support to the Library and now JCLF has decided to open another storefront. The Chair asked the Foundation Executive Director how much their contribution to the Library would increase and did not receive a specific answer. Another item to note is that when the Library remodeled the Belmar Library, we built a storefront for the Foundation, and they haven't used it because they can't staff it. We would have designed the Belmar Library differently had we known the Foundation would not use it. Their decision to open another storefront is very challenging, not only because they kept that information from our liaison and our Executive Director, but because we have already advised them that we don't agree with that direction.

The Chair also noted that the 2022 ROI (return on investment) is 1:1.5, but that is only counting the in-kind. It would be good to know what that ROI is if we add the value of the books, which are taxpayer assets. The Foundation's 990s are interesting in terms of the percentage of expenses going to programming, administration and fundraising. As noted, programming is done by Library staff. The chair noted that she doesn't agree with the percentages they are allocating. As we continue to talk about the Foundation's value as a bookseller, we have to look at it in total. The Library Board has agreed that we believe there is more philanthropy opportunity in the County, and we are not making much progress with our fundraising partner.

The Foundation is not operating in the red, their gross revenue covers their expenses. They are not drawing from the endowment or adding to it. They took money out of the endowment to start another one.

The Chair asked the Board that based on the information provided, can the Board reach consensus on the Executive Director's proposed next steps. The Library Board indicated consensus to move forward with the Executive Director's recommendation.

The Chair noted that she supports the timeline and direction. She recommended that the Library address the value of the books, and hard and soft in-kind items. It is important that the Foundation hears us and that we value the partnership and the volunteers specific to that relationship. We have a responsibility to do right by the taxpayers and develop a productive relationship that best serves the residents of Jefferson County. The Board has given the Library Executive Director permission to do this work and recognizes that it is an operational decision, and that it was reasonable to ask the Board for consensus.

### **ADJOURNMENT**

The Study Session was adjourned at 6:55 p.m.

A handwritten signature in cursive script that reads "Jill C. Fellman".

Jill Fellman, Secretary