

*LIBRARY SERVICES  
BUDGETING FOR THE FUTURE  
The Budget Message for FY 2014-2015*

As a new Library Director, I have found the past seven months to be a time of great learning and discovery. I have worked to explore the communities the District serves, the staff that provide daily service to those communities, and the visions and goals of the Siuslaw Public Library District's Board of Directors. As we enter the coming fiscal year, I have worked to balance my new view of the District with the years of experience and knowledge embodied by the Directors, staff, and our many stakeholders.

With the District's past and future in mind, I have taken many of my cues when developing this budget from previous Siuslaw Public Library District budgets. I have been consistently conservative when calculating revenue and have incorporated increases for many services and supplies. Because the District is on year four of the strategic plan "Healthy, Wealthy, and Wise," a continuity of vision and goals is present in the budget. While keeping revenue projections low makes achieving a balanced budget more challenging, it should also keep the District financially stable as we encounter future challenges and opportunities.

Many of the changes you will notice in this year's budget are focused on maintaining and strengthening the Siuslaw Public Library District. I have budgeted money to begin implementing the recommended maintenance schedule prepared by HGE Architects. I have also budgeted monies for earthquake insurance to protect the Library District's assets and building. I strongly believe that investing smaller amounts now will allow us to protect the Library's financial and physical future. The Board and staff of the District have created a vibrant community space I hope to preserve for many generations to come.

In the coming year, I also expect some changes that will alter the budget for the 2015/2016 fiscal year. The loan we entered into through Oregon Pacific Bank to complete the Library District's building expansion will be paid off in July of 2015. This will represent nearly \$25,000 in revenue that can be redirected to other Library goals and priorities. In the next year, the Library District will also begin developing our next five year strategic plan. This will shape the District's spending for years to come. Finally, as I explore new vendors, take projects out to bid, and receive the results of the salary survey currently underway, I expect additional changes. In short, the proposed

2014-2015 budget is in many ways a preparation for the Siuslaw Public Library District's future.

Before examining the budget in greater detail, I would like to thank each of you for taking the time to participate as part of the Budget Committee. As a special district, the Siuslaw Public Library relies on volunteers in an unique way. Each year, we call on local citizens to speak on behalf of the entire community and examine District finances to ensure the organization is serving our community and fulfilling our mission. This process truly represents local governance at its best.

I would like also like to thank the staff of the Siuslaw Public Library District for their support, knowledge, and experience as I have developed this budget. As a new director, I have been lucky to work with staff with many decades of experience. This has informed and deepened my work with the annual budget more than I can say. Gayle Weiss provided her insight from hours spent reviewing budgets in previous years, and her excellent common sense. Linda Weight has hunted for the best deals and savings on technology and supplies so I had as much carryover as possible. Kevin Mittge was always ready to talk about which books, periodicals, and databases it made sense to buy. Mary Colgan-Bennetts was a strong voice for the circulation staff, and a champion of efficiency when serving patrons. Yvonne Pappagallo pulled bills, numbers, and files almost around the clock. All our staff demonstrated knowledge and shared experience I have found invaluable in developing this budget.

And now, allow me to present the details of the 2014/2015 proposed budget for the Siuslaw Public Library District.

### Revenue

For the past two years, the Siuslaw Public Library District budget has assumed a tax revenue growth rate of just 1%. This conservative rate has been borne out by the final figures in both years. As a result, I have made the same assumption when forecasting revenue in the proposed 2014/2015 budget. While this nearly flat growth rate makes budgeting a challenge, it also represents the current reality of our District.

Despite this slight increase in tax revenues, the Siuslaw Public Library District's overall resources are lower than in the 2013/2014 fiscal year. This is partly due to the amount spent over the year from the Estates and Reserve funds to secure the services of Steve Skidmore as an interim library director after his retirement, and to complete the Bromley Room remodel project. With the completion of the Bromley Room project, the District has also completed a number of grants earmarked for the remodel that are no longer reflected in the budget. Form LB-20 and the "2014/15 Permanent Tax Levy Rate Calculation" spreadsheet in your budget package show the calculations and

comparisons for this year's revenue with previous actual and adopted budgets.

### Personnel Services

The excellent news in this service area is that our overall budget for 2014-2015 has actually decreased \$10,092 from the 2013-2014 fiscal year.

The past fiscal year effected many changes for the Library District's personnel services. Adding three additional people to the Library's health insurance program was a large change in 2013. However, there has been one major adjustment that largely offset this increase – the change in the proposed PERS (Public Employee Retirement System) rate for employer contributions. Rather than the initially budgeted amount of 16.08%, the District's contribution was lowered to 12.27% for Tier 1 and Tier 2 employees, while newer employees are at a rate of 9.13%. This unexpected reduction made a huge difference in our budget over the past year.

Other changes will make an impact in the coming year. As a new Library Director I was hired at a lower rate of pay than was previously budgeted for the Director position. I will also be entering PERS as an Oregon Public Service Retirement Plan (OPSRP) member rather than as a Tier 1 or Tier 2 employee, meaning a lowered contribution from the District. The amount budgeted for the Library Director search and relocation was not completely spent, and will not need funding in the coming fiscal year. Our current medical insurance provider, Citycounty Insurance Services (CIS), instituted a relatively low increase of just 5% for the coming year's insurance rates. All of this has mitigated the sharp increases in the Personnel Services budget common in recent years.

Despite some savings, for the fourth year in a row, the 2014/2015 proposed staff salary adjustment reflects only a cost-of-living adjustment and no step salary increase. The past practice for the staff salary schedule has been to give a cost-of-living adjustment, based on the rate of inflation, plus a 1.5% step increase for good performance. This is also the policy currently reflected in the Siuslaw Public Library District Employee Manual. However, with nearly flat revenues from property taxes, and the addition of three staff members to the Library's medical insurance plan, step increases remain out of reach this year.

The increase in the Consumer Price Index for 2013 in the Portland/Salem Metropolitan Statistical Area (MSA), the closest MSA to our area, averaged 2.5% over the past twelve months. The 2014/2015 proposed budget, therefore, reflects a proposed increase of 2.5% for all employees. PERS and FICA calculations in the proposed budget reflect this increase.

Over the coming year and years, I expect personnel will be the budget and the service

area that changes most. In the shorter term, the District has undertaken a salary survey to be completed this summer that should provide more insight into our staff compensation rates and practices. Changes to health insurance will also take place that may assist the Library. As healthcare.gov becomes a viable option for Oregon businesses, and as the District's current insurance carrier Citycounty Insurance Services (CIS) calibrates insurance rates to better reflect claims, the coming year will provide the District with more insurance options and more information. Additionally, beginning in January of 2015, a current Library employee will be opting for cash rather than insurance.

Like many libraries, we also face the retirement of many employees in the coming few years. Thoughtful succession planning and retaining important institutional knowledge will be vital to navigating this period, as will the maintenance of competitive wages and benefits to attract the best potential library employees in the future.

#### Materials and Services

Along with the other libraries participating in the Lane Council of Libraries, the Siuslaw Public Library District has made the choice to move to a new model for the online catalog patrons use to access our collection. Led by Springfield Public Library, we will be making the migration to a remote server to host our catalog and patron data. This change will allow our patrons and staff to take advantage of new services, including an incorporation of our databases and e-book collection into our catalog. The additional \$2,000 required has been incorporated into budget line 27, "Sirsi/Dynix Fees." Another increase of \$2,500 has been budgeted for our use of shared software programs that was not reflected in the 2013-2014 Budget.

The other major addition in this budget service area is earthquake insurance. Because of our location on the Cascadia Subduction Zone, I believe this coverage is important to preserve our beautiful space and assets. The \$2,300 increase in the insurance line will ensure the Library's renovated space is appropriately protected in the event of a catastrophic event.

#### Capital

The overall budget for library materials has been increased by 1.26% for the 2014-2015 fiscal year. I believe this increase is important to maintain the high quality of the Library collection, and to keep pace with the increasing cost of print materials. The collection budgets have also been adjusted to better reflect current needs, with less money budgeted for the purchase of reference books and periodicals, but more for large print, children's materials, audiovisual materials, and adult books.

The strong demand for Library technology and self-service circulation is reflected in an

increase of \$1,000 for computer purchases and \$2,000 for a second self-checkout station. In the past year, more than 20% of item checked out through the self-service station, and this number continues to grow. The demand for updated technology in the public internet area likewise remains high. Providing more funding to technology will keep the Siuslaw Public Library current, responsive, and flexible in meeting the technology needs of our patrons.

Finally, the capital budget includes \$4,752 to fund Building Maintenance for the Siuslaw Public Library District. The successful completion of the Library expansion will best be honored by maintaining the building's functionality and integrity in the coming years. Most vitally, repairs to the Library's cupola will help protect the Library roof, while a carpet cleaning in our heavily used public space will help protect a valuable asset while increasing the environment we provide patrons. Small investments each year will help maintain everything this community has built.

Developing my first annual budget for the Siuslaw Public Library has been a true learning experience. I have been pleased by the general strength of our financial position, and the room for growth in coming years. I believe the Siuslaw Public Library District owes much to the strong support of the community we serve, the leadership of our Board of Directors and Budget Committee, and the experience and knowledge of our staff, both current and retired. Thank you for this opportunity and for what I hope will be many years of budgeting and growth to come.

Meg Spencer  
Siuslaw Public Library Director & Budget Officer  
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