



# West Richland

City Council Work Session

# Library Overview

February 2, 2016

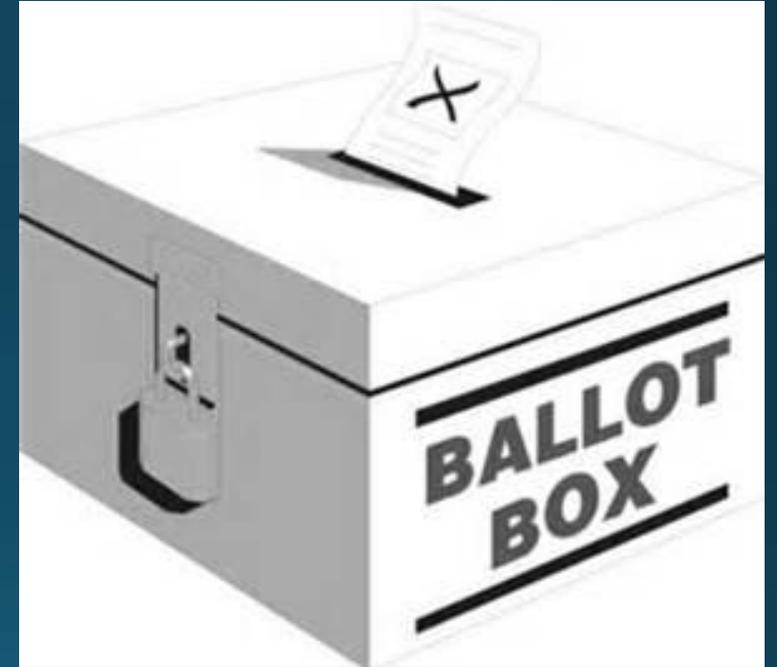
# West Richland Library Background

- City of West Richland has contracted with Mid-Columbia Library District (MCL) for many years
- West Richland branch is part of the Mid-Columbia Library System
- The City essentially leases the staff, collections, and equipment from MCL
- The City owns and maintains the building and grounds. These costs are paid by the City in addition to the contract fee paid to MCL.
- The West Richland branch not only serves West Richland residents, but also serves any resident of the MCL service area including residents of the surrounding unincorporated Benton County.



# 2003 Special Election

- In 2003, Proposition No. 1 was approved by West Richland voters which imposed a two and one half percent (2.5%) tax on natural gas, electric, and telephone utility consumption for citizens in West Richland in order to finance the West Richland library.



# Library Fund 121

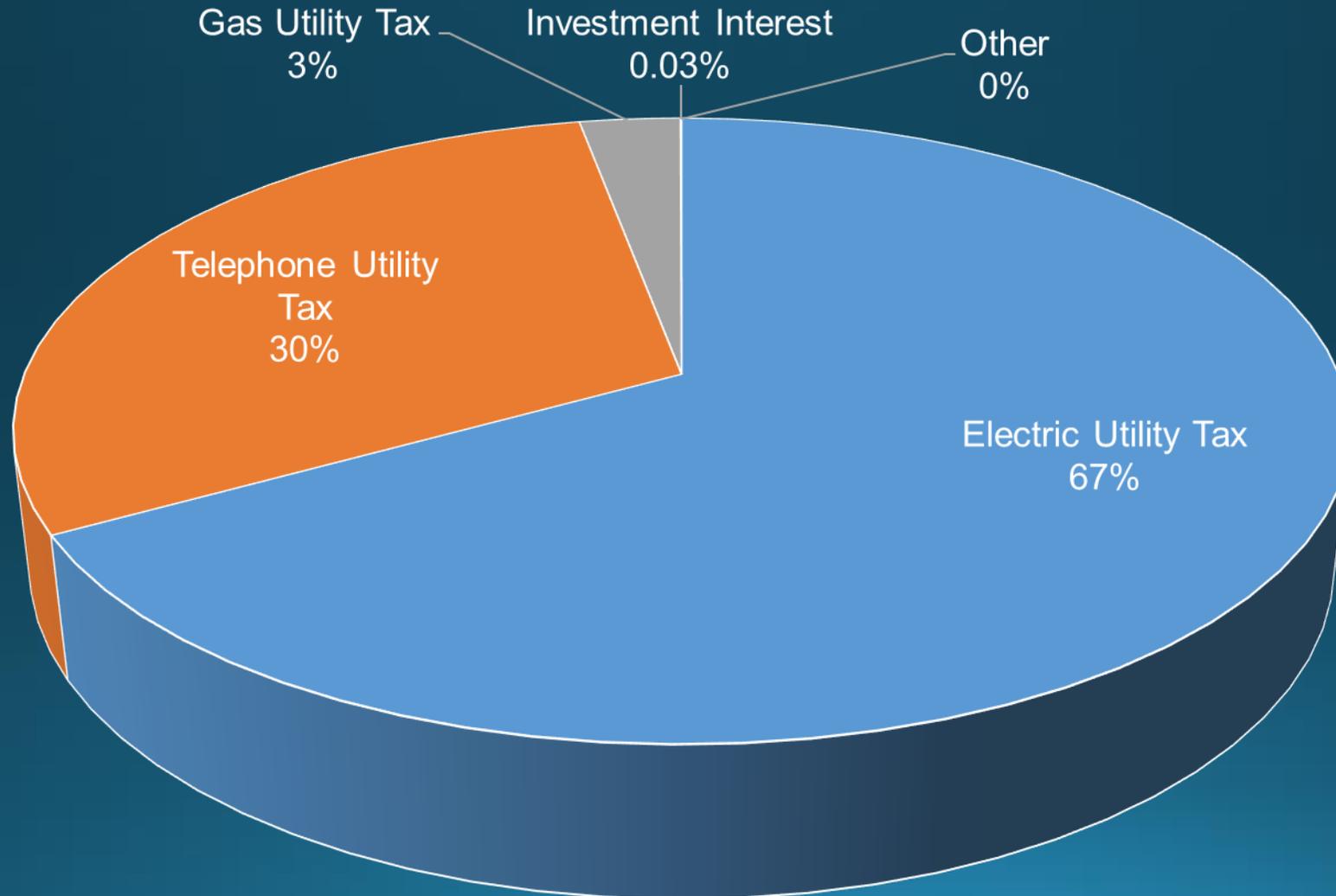
- Library revenues and expenses are accounted for in a special revenue fund called Library Fund 121



# Library Revenue Sources – 2015 Actuals

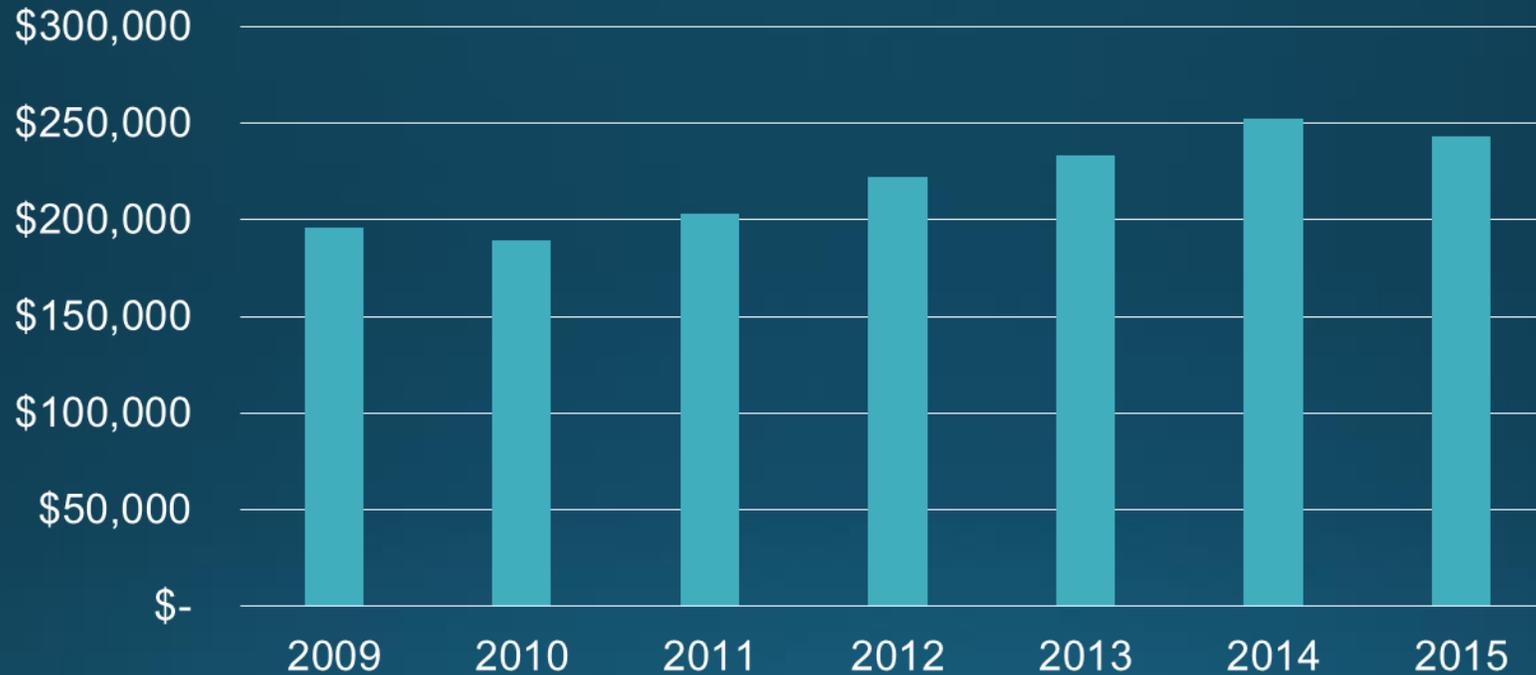
Where does the money come from?

Total Revenues Collected \$363,449



# Library Revenue Sources

Electric Utility Tax ~ Library Fund

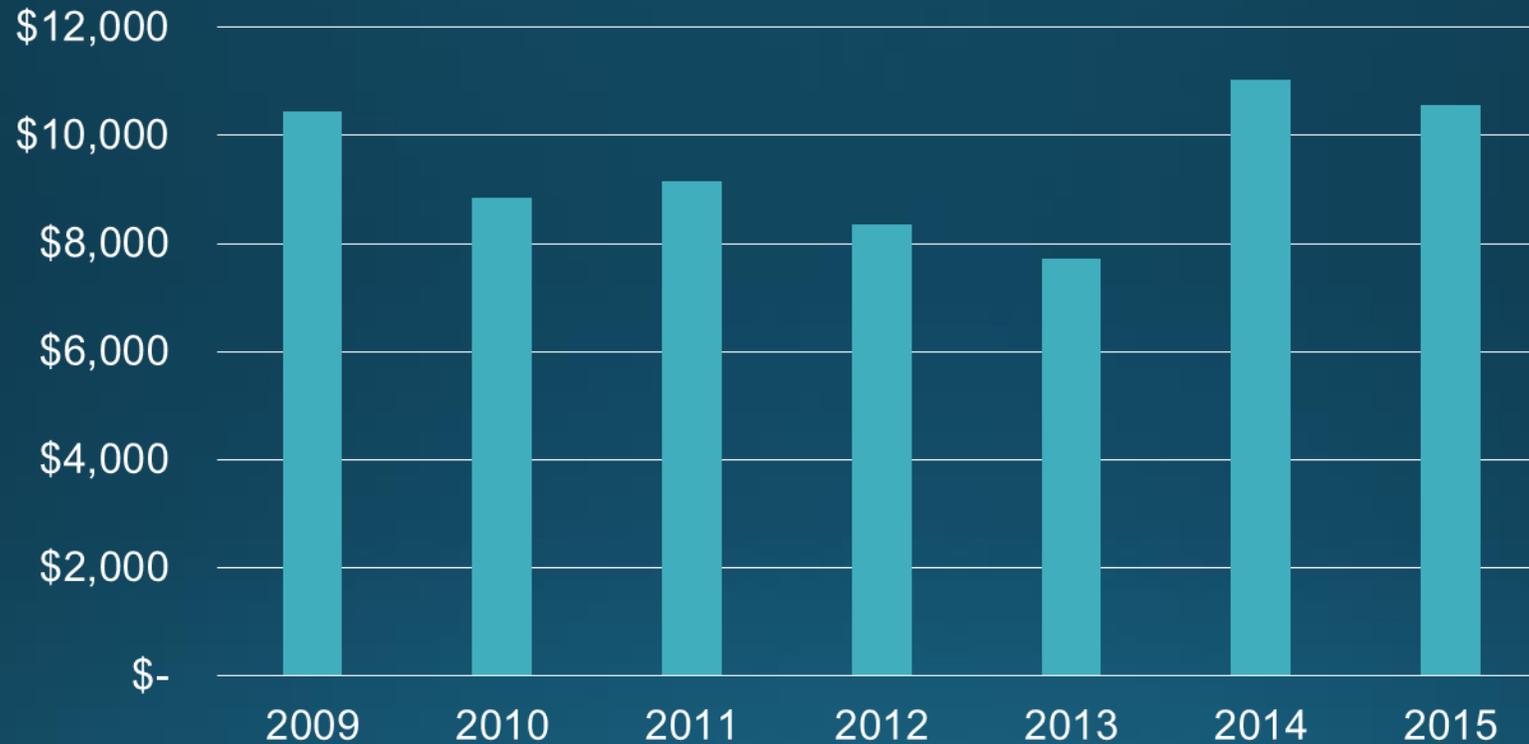


Note: 2015 experienced a 3.6% decline in electric utility revenue compared to the prior year due to mild winter.



# Library Revenue Sources

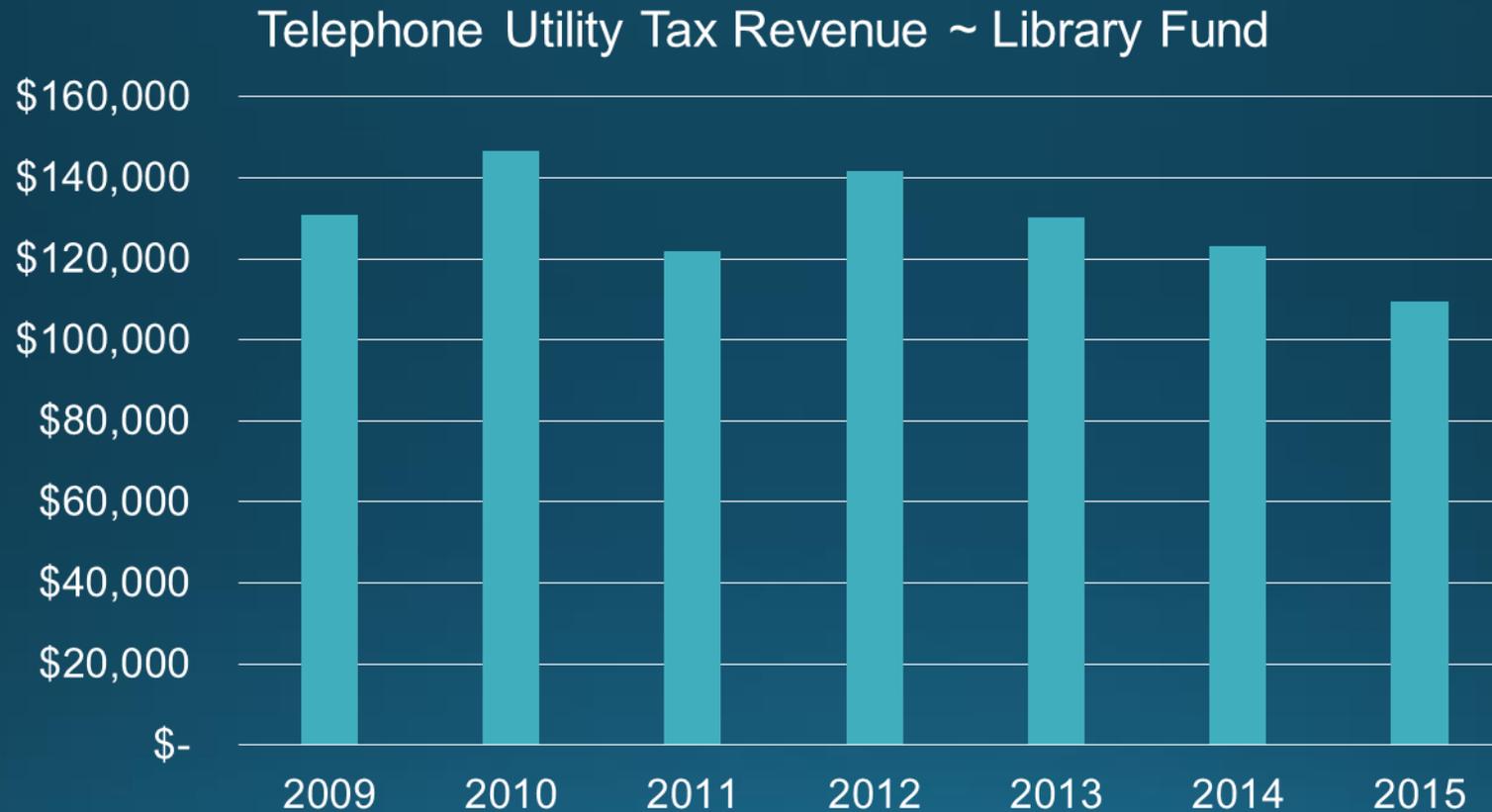
Gas Utility Tax Revenue ~ Library Fund



Note: 2015 experienced a 4% decline in gas utility tax revenue compared to the prior year.



# Library Revenue Sources



Note: Telephone utility tax revenues declined 11% in 2015 compared to 2014.



# Library Funding Challenge

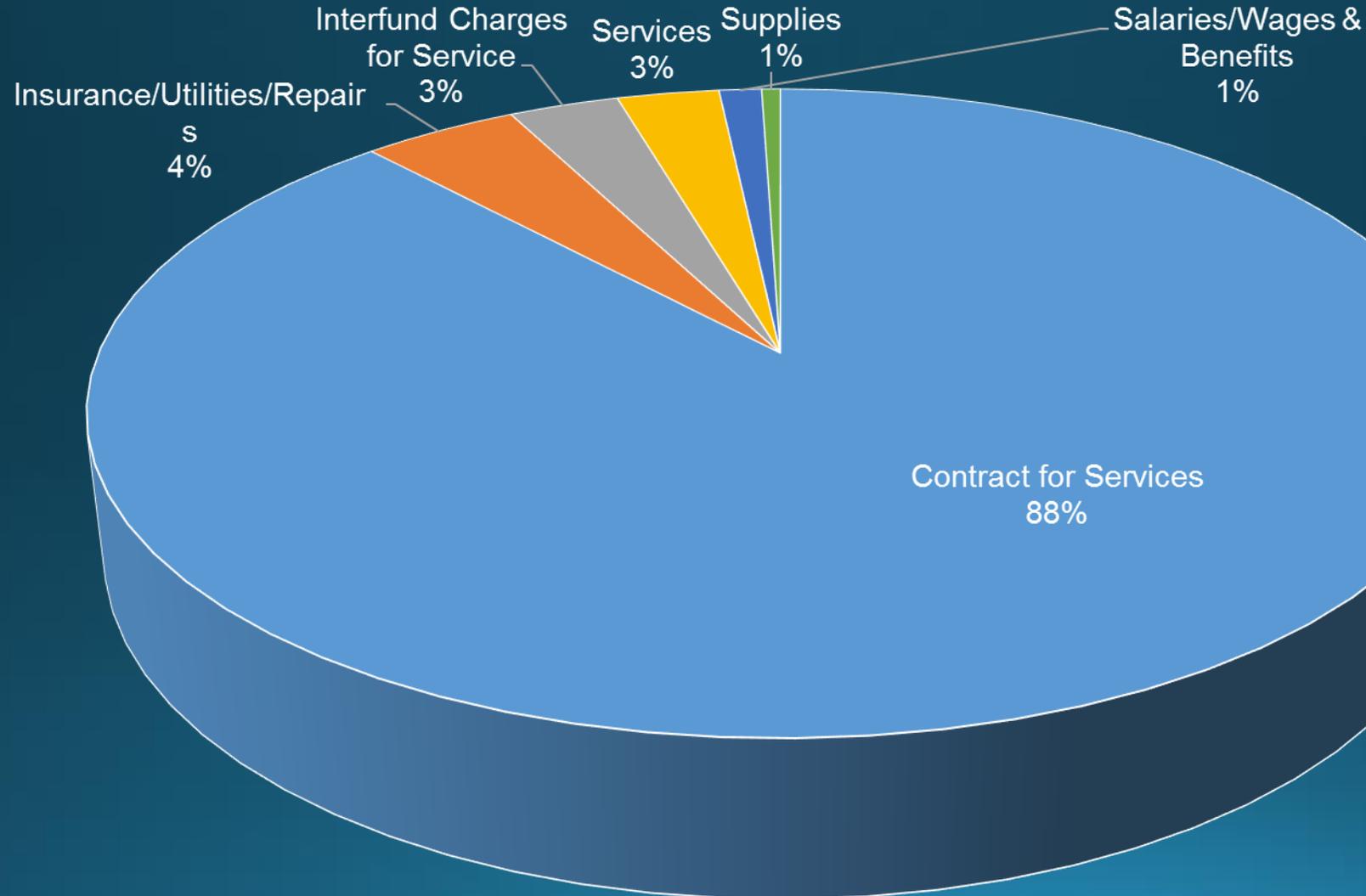
- Revenue collected from the 2.5% telephone utility tax has been significantly declining since 2011 by over 25%
  - Increasing number of telephone customers eliminating their land line
  - Expansion of non-taxable data services by cellular phone service providers



# Library Expenditures – 2015 Budget

Where does the money go?

2015 Total Budgeted Expenditures \$432,267



# Library Expenditures

Library Fund 121

City of West Richland	2015 Budget Est.
Library Contract Fee	\$380,672
Library Building & Maintenance	<u>\$51,595</u>
<b>Total</b>	<b>\$432,267</b>



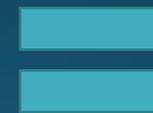
# Library Expenditures

## Library Contract Fee Calculation for 2015

City of West Richland's  
Assessed Valuation  
\$1,008,958,750/\$1,000



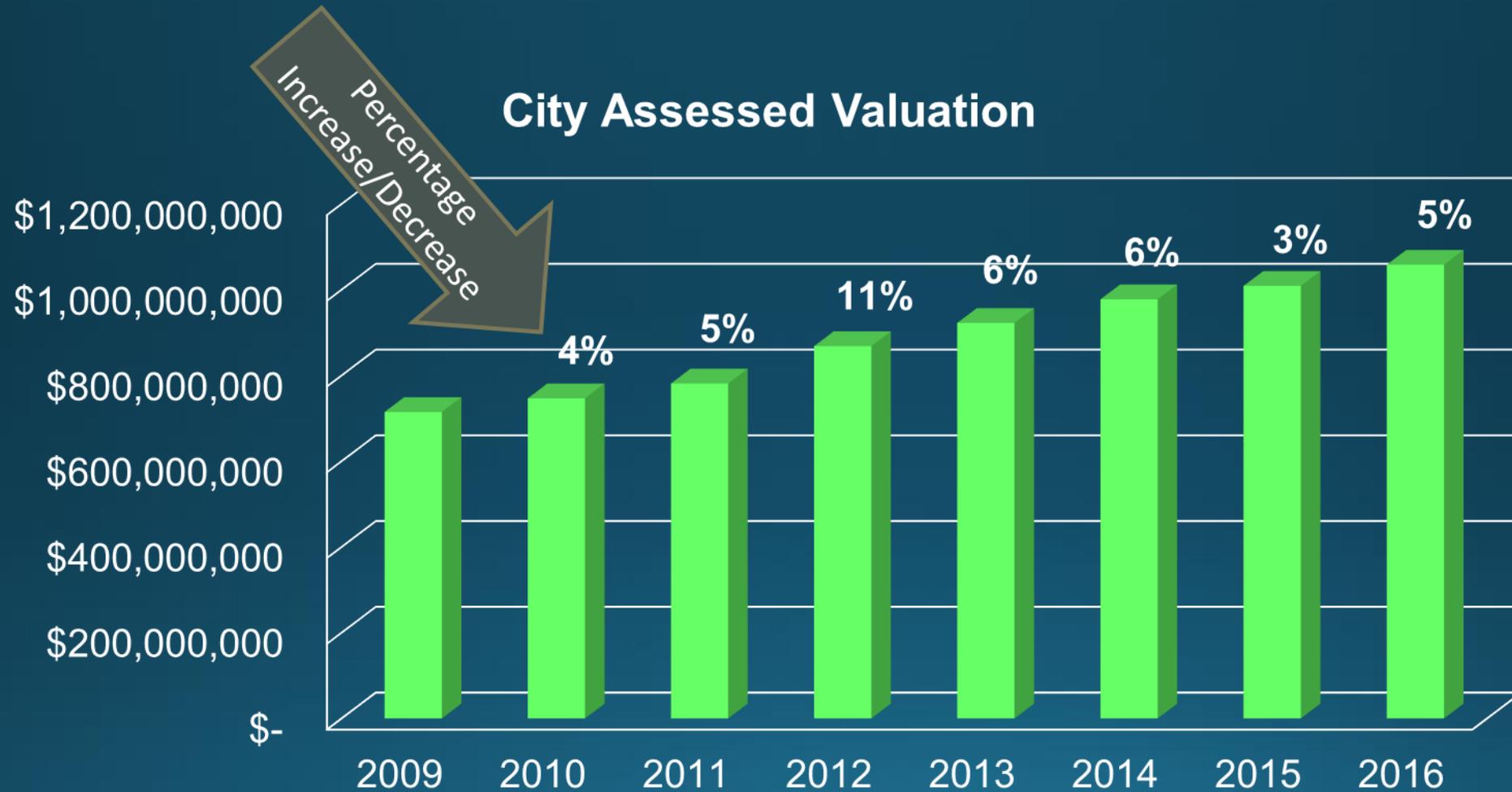
MCL's Levy  
Rate  
\$0.37281980



\$376,159.80

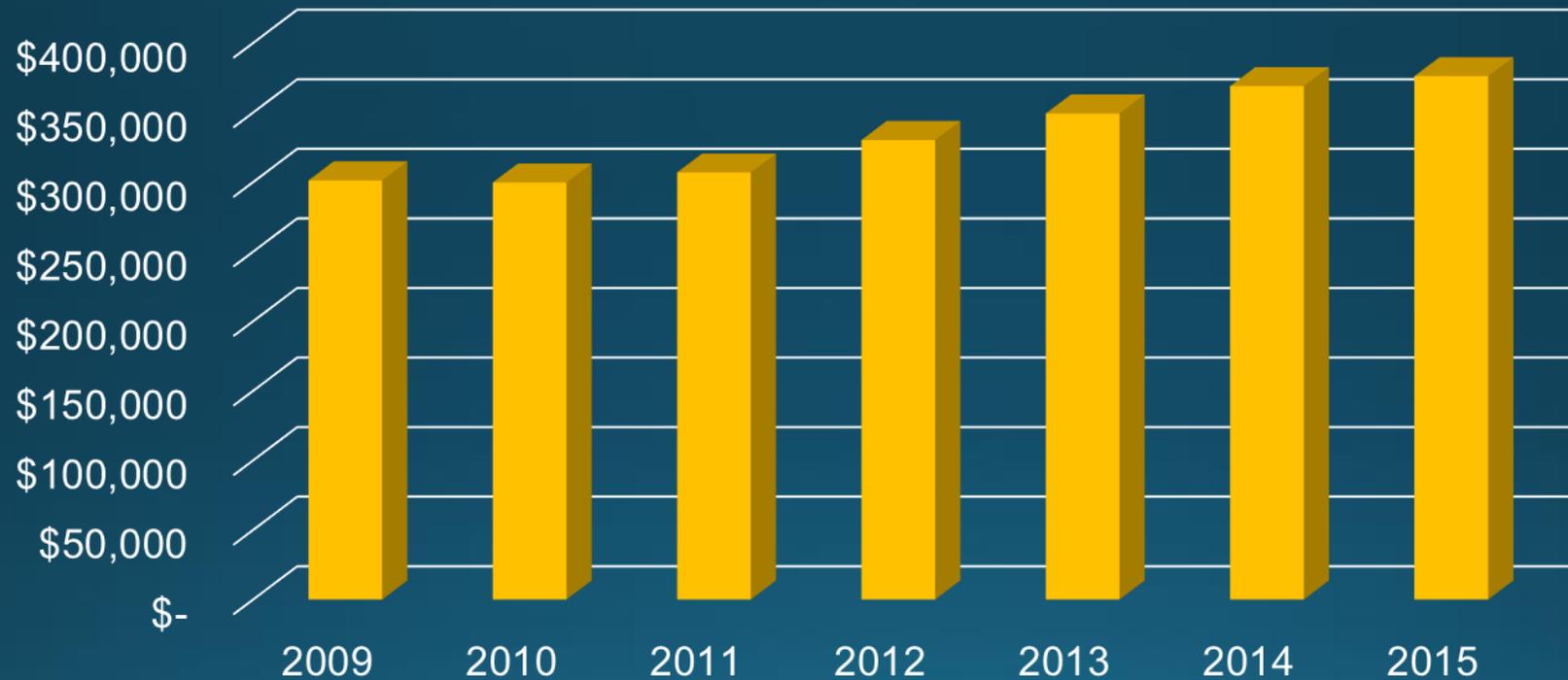


# Library Expenditures



# Library Expenditures

## Library Contract Fee Paid to MCL



Note: Contract fee has increased 5% annually on average over the past 5 years



# Library Fund Expenditures

MCL 2015 Budget for West Richland Branch	
Direct Expenditures	\$277,305
Public Services	\$162,977
Administrative Services	<u>\$55,266</u>
<b>Total</b>	<b>\$495,548</b>
	
<b>City of West Richland Contract Fee</b>	<b>\$376,160</b>
<b>Unincorporated Benton County</b>	<b>\$119,388</b>

# Library Funding Challenge

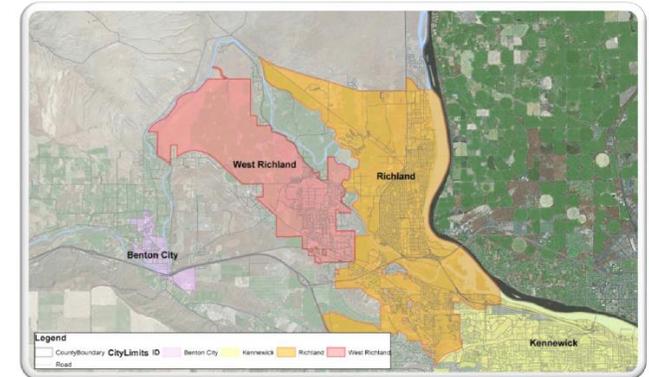
- To balance the library fund budget, the City has had to make cuts to maintenance and capital expenses at the library facility and utilize reserves.



# Library Funding Challenge

- In an effort to examine and analyze all of the options available for library services, the City worked with Ruth Metz Associates to conduct a library services options study

## Library Services Options for the City of West Richland



Prepared by Ruth Metz Associates for the City of West Richland, WA

June 2015



# Library Funding Challenge

- Library Options Study:
  - The most viable options for library services other than MCL is contracting with the City of Richland or with LSSI, Inc. Cost differences for operating the WR branch are significant among the District and alternative providers with MCL the least expensive option of the three.

	MCL	Richland	LSSI, Inc.
City Contract Fee	\$376,160	\$410,829	\$436,160

Note: Estimated collection and equipment costs for Richland is \$543,000. These costs are included in the LSSI, Inc contract fee above which is estimated to be \$60,000 a year.



# The Contract with MCL

- In 2015, the City successfully negotiated a new library contract with MCL that provides additional services to WR residents at no additional cost
  - Expanded hours of service at the WR branch (49 hours Monday – Sunday)
  - MLIS-degreed manager to oversee the day to day activities
  - Remodel of the WR branch if the contract is extended another three years. A remodel of the WR Library would be similar to the remodel of the Prosser Library which was well received by their community.
- Current contract commenced on January 1, 2016 and will expire on December 31, 2018. There is an option to extend the contract another 3 years.



# Library Fund Forecast

Growing gap between revenues and cost of library services



Note: Data reflects 5YR actual average 2010-2014

# Library Fund Forecast

## Revenues

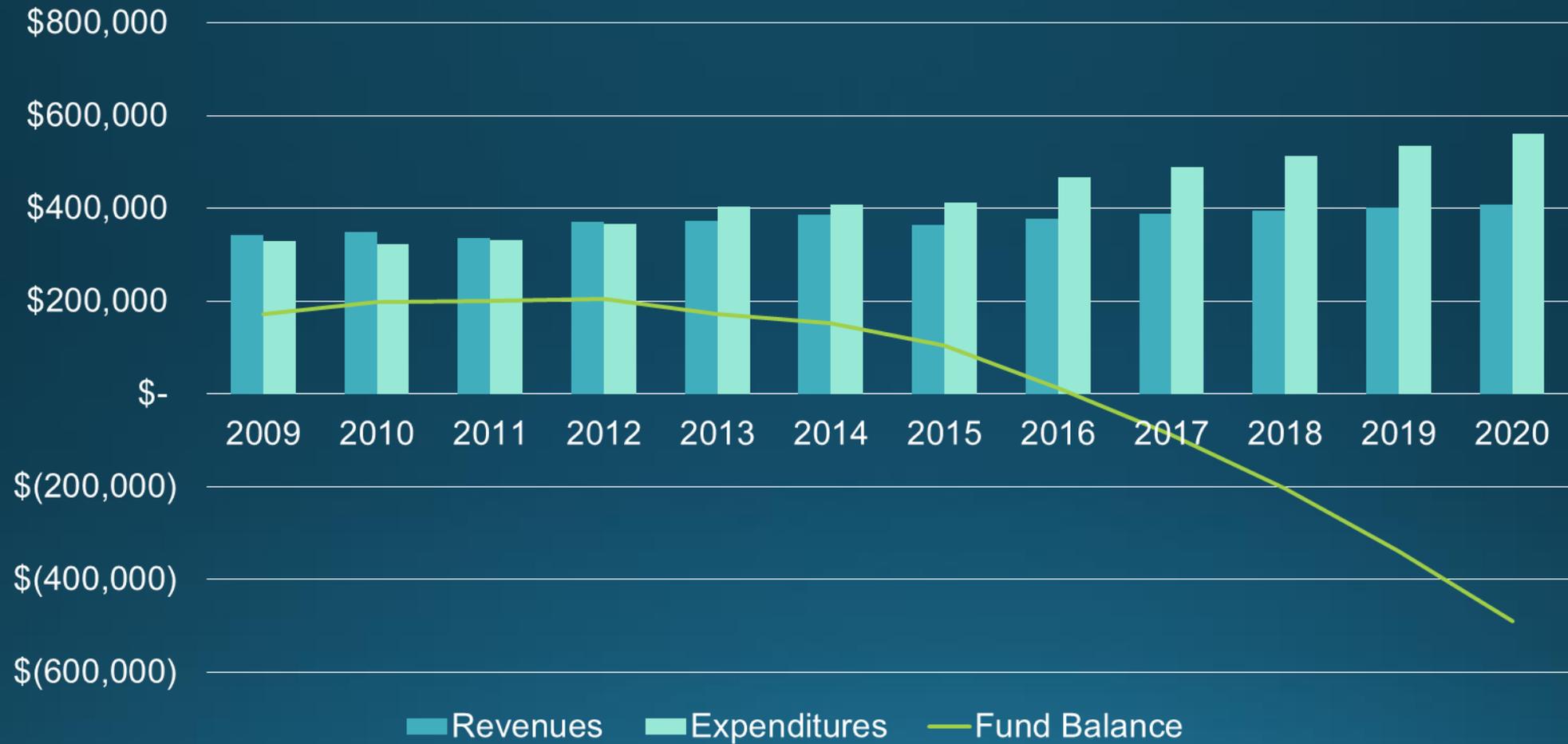
- Gas Utility Tax
  - Anticipated to remain relatively flat with 1.5% growth per year
- Telephone Utility Tax
  - Anticipated to decline on average 6% per year
- Electric Utility Tax
  - Based on mild winter
  - Anticipated to increase 4% each year, projection includes a 7.7% Benton REA rate increase beginning in May 2016.

# Library Fund Forecast

## Expenditures

- Anticipate 5% annual increase in MCL contract cost in outer years
- Building and maintenance expenditures based on current budget using trend analysis
- Does not include capital expenses for library facility

# Library Fund Forecast



# Next Steps

- Formation of Library Blue Ribbon Committee ~ February 2016
  - Committee purpose ~ To evaluate the library funding challenges, make a recommendation to the Mayor and assist communicating with our citizenry.



# Next Steps

- Library Building and Site Assessment ~ March/April 2016
  - Assess overall physical condition of the building/site
  - Identify significant defects, deficiencies and items of deferred maintenance
  - Develop ten-year reserve estimate of costs for major capital improvements



# Next Steps

- Spring of 2016 ~ Council Work Session
  - Review and Discuss Library Blue Ribbon Committee Recommendation
  - Financial Forecast Update
  - Review and Discuss Options

