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# Douglas County Libraries

Budget 2012

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## Budget Message

### Budget 2012

*Mission: Douglas County Libraries is a passionate advocate for literacy and lifelong learning.*

*Vision: Through engagement, education and entertainment, Douglas County Libraries transforms lives and builds community.*

As noted last year, we knew there would be a dip in revenues for 2012-13. The recession resulted in a roughly 8.8% reduction in the library's annual income from property taxes. We are ready for it. Thoughtful staff reductions through attrition and other belt-tightening measures helped us avoid even a single layoff or reduction in hours. This is in sharp contrast to many other libraries in the region and nation. We can live within our means.

But we are also proposing dipping into our reserves for a strategic investment. While a combination of factors (primarily failed 2007 and 2008 elections and the recession) means that we do not have the resources to build a new physical branch, we are now ready to build a virtual or digital branch.

Last year we proposed to develop "prototype display technologies to browse electronic content," and to leverage "cloud technologies to free up staff time and expense." Those experiments were successful. At this writing, we have developed perhaps the first modern, integrated system available in the nation for public libraries for the management (acquisition, cataloging, and circulation) of digital media. This is the virtual infrastructure necessary to open a new 24/7 branch, enabling the instantaneous delivery over the Internet of digital content we own.

Our request for reserve money is to accomplish three things: first, to complete the interface fit-and-polish of our new system (\$200,000 of programming costs); second, to purchase and install a baker's dozen of big screen touch panels for the display of digital content (\$101,000); and finally, to purchase an "opening-day collection" of that content (\$500,000).

At this moment in history, there is great uncertainty about pricing models for eBooks, eMovies, and eMusic. The old paradigm seems broken; a new one has not yet emerged. While the number of commercially published works is relatively stable, self-published works – most of them now published electronically – have rocketed from 29,000 in 2004 to over 2.7 million in 2010. Meanwhile, the big six commercial publishers have unilaterally withdrawn their eBooks from the public library market. Four of the six won't sell to us on any terms. Two of them will only lease books through a third-party distributor, which no longer offers us our traditional 40-45% discount.

For the near future, we will continue to provide some of that content on the only terms we can: through various leasing agreements with such distributors as Overdrive and 3M. Over the long term, we are actively pursuing the purchase, with discounts, of materials from publishers. Such a strategy

is essential if we are to fulfill our role as an effective cooperative purchasing agent for the residents and citizens of Douglas County.

Our new system is more than simply a replication of the traditional model of library lending, however. It also represents the establishment of a publishing platform. By the end of next year, Douglas County Libraries will be the publisher, distributor, and perhaps even the bookseller (or pass-through to a bookseller) for new, locally-produced works. This step from content distributor to content creator is significant. I believe we are blazing a trail that many libraries will follow.

This strategic initiative is not our only effort. In 2011, Douglas County Libraries was once again ranked number one in the nation for communities of 250,000 to 500,000. Our well-honed procedures for getting more books, magazines, movies and music in people's homes – the promotion of literacy – will continue. So will our astonishing outreach to preschoolers through storytimes both in the library and in community day cares. So will our direct response to patron inquiries through reference librarians. So will our vital role as public meeting space for hundreds of civic, not-for-profit, and other groups, and as a resource for tackling countywide issues.

As we enter the second decade of the 21<sup>st</sup> century, Douglas County Libraries continues our tradition of innovation, of advocacy for literacy and lifelong learning, and of building stronger communities.

James LaRue  
Library Director  
November 15, 2011

## Description of Services

Douglas County Libraries serves a population of approximately 290,000 Douglas County residents at libraries in Castle Pines, Highlands Ranch, Lone Tree, Louviers, Parker, Castle Rock, Roxborough and online at [www.DouglasCountyLibraries.org](http://www.DouglasCountyLibraries.org). Services can be divided into the following broad categories:

### Circulation

Circulation consists of the provision of books, eBooks, periodicals, CDs, audios, videos and other library materials for lending use to the public. Circulation is more than eight million items annually. On a per capita basis this is among the highest public library uses in the nation. Our convenient and popular holds service accounts for approximately 14% of DCL's annual circulation.

### Online services

Virtual services continue to grow in breadth and use. The library's website has more visits than all of our brick-and-mortar buildings combined with more than 80,000 unique visitors each month. Downloadable materials now make up 2% of total circulation including music, books and audios. Access to full-text articles and information through databases continues to grow, especially among school-age children. We offer self-paced online learning programs on languages, computer programs and real-time resume help. Library staff assist with online chat and 24/7 homework help through AskColorado, an online service for research.

### Community Gathering Space

The library serves as a key community gathering place. We are open more than 20,000 hours per year and welcome nearly two million visitors annually at our seven locations. Our public computers and wireless access offer a comfortable environment in which to work, study, stay up with current events, or keep in touch with friends. Our meeting rooms are a popular destination for civic groups, non-profits, and organizations of all kinds. Most of our libraries offer small meeting rooms that double as office space, tutoring classrooms, or just a quiet place to contemplate or meet friends.

### Reader's Advisory Services

Douglas County Libraries places a strong emphasis on encouraging life-long reading habits. Staff members train and focus on making book recommendations for people of all ages. Our staff collaborates with patrons to determine their likes and dislikes and recommend a good read. Through conversations, displays and promotion of reading, Douglas County booklovers are introduced to new authors and experiences. Many staff have advanced skills in recommending suitable reading level materials for young people. From picture books to early readers, to research and recreational reading, staff recommend the appropriate books to advance and challenge young readers. The library also hosts a number of book clubs for young readers to critically explore stories and discuss their meanings in their lives.

### Storytime

We offer more than 3,000 storytimes that reach more than 150,000 attendees each year. Staff trained in preparing children to read stress narrative, vocabulary, rhyming and song in a fun and interactive

environment that enlivens minds and introduces young people, their parents and their caregivers to the joy of reading. The early literacy skills that children learn in storytime help them translate words to images, develop their brains and nurture the cognitive, emotional and social skills they need to develop the habits of life-long learners. Our Book Start, Cuddle Up and Read and Spellbinder programs utilize staff and volunteers to read and tell stories at day cares, hospitals and elementary schools in Douglas County. These storytime programs reach nearly 50,000 young people outside of DCL buildings each year.

### Reference Services

Our youth and adult staff members provide informational and research assistance to thousands of patrons each year. Through in-person interviews, phone requests, instant messaging, email and community interviews, our staff respond to requests for information in a timely fashion with well-researched answers. Our collection of current and in-depth reference materials supplements staff efforts and supports the community's interest in pursuing answers on their own. Our BizInfo program has dedicated staff and resources trained to support the needs of entrepreneurs and small businesses with timely market analysis, in-depth research and business start-up plans.

### Programming

Library programming addresses a variety of interests and is designed to meet the needs of all age groups. Our spring and summer reading programs have more than 20,000 participants annually. In addition to storytimes, children's programs use a wide variety of techniques and activities to allow young children to explore new ideas and develop advanced skills. From pairing teens with young readers, to group reading comprehension competitions, to fun hands-on science experiments, young people have many opportunities to advance their skills in a safe environment. Teen programs engage young people in creative activities such as writing, photography, games and fashion. Adults benefit from programming which includes adult literacy, GED and ESL programs, local economic development and financial literacy. Job seekers benefit from programs designed to improve their skills. Author events give patrons the opportunity to mingle with writers, celebrate reading, and hear authors read from their latest works.

### Community Engagement

Douglas County Libraries is a strong community partner. Our professional staff engage their communities by attending civic and community meetings, serving on local boards, and working with community and educational groups to better understand the unique issues each community faces. Our school liaisons stay in regular communication with schools in our communities. As we build partnerships with each school, we promote library services and programs. This service offers each school a contact at their local library. School liaisons play a crucial role increasing the library's visibility and usefulness for teachers and children.

### Collections

Our process for selecting materials for our collections is a three-pronged process which includes centralized collection development, input from staff and use of materials requests by patrons. Online materials requests allow patron-driven purchases and borrowing from other libraries. We received

more than 20,000 patron requests last year. Of that number, 50% of the requests were fulfilled by interlibrary loan.

### Volunteers

Hundreds of volunteers contribute a total of more than 25,000 hours of time annually to support activities and operations in the library. Opportunities to work with adult learners, book sales, shelving, reading to children and seniors, and preservation of local history make our volunteer services a vibrant program designed to provide job skills, personal growth and community involvement.

## **Key Features of the 2012 Budget**

### Revenues:

DCL's funding comes chiefly from real and personal property taxes and vehicle registration taxes, with additional funding from fines, contributions and grants, interest, programming fees and other miscellaneous income.

Assessed property valuations in Douglas County declined 8.4% to \$4.501 billion for 2012 from \$4.915 billion for 2011. Assessed valuations for 2010 were \$4.878 billion. The voter-approved mill levy remains unchanged at 4 mills for 2010 through 2012. Taking into account the abatement levy, the total mill levy is 4.040 for 2012, 4.034 mills for 2011 and 4.016 mills for 2010.

Consistent with the decline in the assessed property valuation, DCL's property-related tax revenues are expected to decline to \$18.120 million for 2012 from \$19.870 million forecast for 2011. Property tax revenues were \$19.494 million during 2010.

Vehicle registration taxes for 2012 are budgeted at \$1.278 million, versus \$1.300 million forecast for 2011. Actual vehicle registration taxes were \$1.336 million in 2010.

Fines and other income are budgeted at \$0.935 million for 2012 compared to \$0.862 million forecast for 2011 and \$0.887 million actual in 2010. The increase in other income in 2012 is primarily due to higher interest earnings on excess cash reserves.

### Expenditures

Total expenditures are budgeted for \$21.052 million for 2012, which includes \$0.952 of one-time and ongoing costs for the purchase of eContent and to complete the infrastructure to support a digital branch. These costs include:

<b>Digital Branch Start-Up Costs</b>	<b>Ongoing</b>	<b>One-Time</b>	<b>Total</b>
Distributor hosting fees	\$12,000		
Legal fees	20,000		
Server fees	26,500		
eReader application	30,000		
eContent librarian	63,000		
Digital content displays		\$101,000	
Programming & consulting costs		200,000	
eContent		500,000	
<b>Total</b>	<b>\$151,500</b>	<b>\$801,000</b>	<b>\$952,500</b>

Excluding the digital branch start-up costs, total operating expenditures for 2012 are budgeted for \$20.100 million, an increase of \$0.879 million compared to \$19.220 million forecast for 2011 and actual operating expenditures of \$18.979 million for 2010. The increase in 2012 operating expenditures is primarily attributable to higher personnel costs and increases in eMedia, television and print marketing, partially offset by decreased capital spending as described below.

As a percentage of total revenues, total expenditures are 103.5% for 2012, 87.2% forecast for 2011 and 87.4% for 2010. With the decline in the 2012 assessed property valuations in Douglas County and the expenditures associated with the digital branch start-up, cash reserves of \$0.720 million, or approximately 2.8% of cash reserves, will be used in 2012 to fund a portion of the digital branch start-up costs. The capacity to set aside additional reserves for major new building projects is limited going forward, without generation of new revenues or reductions in current operating expenditures.

#### Personnel

Personnel costs, at 61.0% of total revenues, represent the most significant aspect of the budget. Salaries and benefits are expected to increase by 6.4% to \$12.402 million during 2012 compared to \$11.657 million forecast for 2011. Actual personnel costs were \$11.988 million during 2010.

The increase in 2012 personnel costs is primarily attributable to staff vacancies that were open for a significant portion of 2011 and are expected to be filled by early 2012, the addition of three salaried headcount, one of which is attributable to the digital branch start-up, a 3% average merit increase and a 10% increase in health care costs.

The decline in personnel costs from 2010 to 2011 is attributable to various cost containment measures to limit personnel cost increases which included hiring freezes, staff restructuring, use of time-saving technologies, and the retraining and redeployment of existing staff.

#### Library Materials

Library materials, including books, periodicals, eBooks, CDs, audiocassettes, videos, electronic databases, subscriptions, etc. are budgeted for \$3.774 million for 2012, which includes \$0.500 million for the initial investment in the digital branch eContent. Excluding the initial eContent purchase, the 2012 library materials budget is \$3.274 million compared to projected costs of \$3.380 million for 2011 and \$3.279 million spent on library materials in 2010.

Overall the materials budget for 2012 is 18.6% of total revenues and represents a significant commitment by DCL to continually provide updated and relevant materials and resources to Douglas County residents.

#### Facilities

DCL owns or leases 129,000 square feet of library space. Facility costs are budgeted for \$1.010 million for 2012 compared to expected costs of \$0.882 million for 2011 and actual costs of \$0.939 million in 2010. Changes in these costs are affected by non-recurring maintenance projects, scheduled rent increases on leased properties, and increases in insurance and utility rates and other costs.

#### Technology and Support Services

The technological infrastructure costs of DCL consist of licensing and maintenance agreements for computer software and hardware, subscription services for technological support in processing and cataloging books, telephone and telecommunications costs, and various other computer and technical support costs of the library.

The budget for 2012 technology and support services is \$1.494 million, which includes \$0.256 million in digital branch start-up costs. Excluding these start-up costs, the 2012 budget for technology and support services is \$1.239 million compared to \$1.097 million expected for 2011 and \$0.943 million actual for 2010. The increase in 2012 technology and support services costs is primarily attributable to higher software costs.

#### Programs and Outreach

Program and outreach costs include expenses associated with program presentations, workshops and reading programs sponsored by DCL. These include presenter fees, logs and prizes for reading programs, community sponsorships, as well as the underlying printing, graphic design, public relations and advertising costs associated with providing programs and promoting library services.

Programming and outreach spending is budgeted for \$0.574 million in 2012 compared to \$0.314 million forecast for 2011 and \$0.230 million actual in 2010. The increase in 2012 budget is primarily attributable to increases in eMedia, television and print marketing.

#### Administration

Costs incurred in management functions of DCL, including human resources, facilities, contracts administration, financial controls and reporting to appropriate governing agencies are reported as administration.

Total administration expenses are budgeted for \$1.253 million for 2012, compared to \$1.009 million forecast for 2011. Administration expenses were \$1.048 million in 2010. The increase in the 2012 administration budget is primarily attributable to higher training costs, and one-time space planning, record storage and other district-wide projects.

## Capital Expenditures

Capital expenditures are budgeted for \$0.544 million for 2012, which includes \$0.101 million for digital content display panels related to the digital branch start-up. Excluding the digital branch start-up costs, 2012 capital spending is budgeted at \$0.443 million in 2012 compared to \$0.881 million forecast for 2011 and \$0.553 million actual in 2010.

Major capital expenditures during 2012 include the purchase of new self-check machines, and the replacement of heating, ventilation and air conditioning units at three branches.

The 2011 capital expenditures include a new phone system, computer and sorter equipment, as well as various facility modifications and improvements at the branch libraries.

	2010 Actual	2011 Forecast	2012 Budget	Variance vs Forecast	
				\$	%
<b>REVENUES</b>					
Property taxes	\$19,494,511	\$19,869,771	\$18,119,712	(1,750,059)	-8.8%
Vehicle registration taxes	1,336,482	1,300,000	1,278,000	(22,000)	-1.7%
Fines	529,480	527,058	530,000	2,942	0.6%
Other income	357,769	334,761	405,000	70,239	21.0%
<b>Total revenues</b>	<b>21,718,242</b>	<b>22,031,590</b>	<b>20,332,712</b>	<b>(1,698,878)</b>	<b>-7.7%</b>
<b>EXPENDITURES</b>					
Personnel services	11,988,233	11,656,596	12,402,323	745,727	6.4%
<i>% of revenues</i>	55.2%	52.9%	61.0%		
Library Materials	3,278,697	3,380,298	3,774,490	394,192	11.7%
<i>% of revenues</i>	15.1%	15.3%	18.6%		
Facility	938,903	881,817	1,010,506	128,689	14.6%
<i>% of revenues</i>	4.3%	4.0%	5.0%		
Technology and Support Services	942,688	1,097,090	1,493,855	396,765	36.2%
<i>% of revenues</i>	4.3%	5.0%	7.3%		
Programs and outreach	229,623	314,243	574,101	259,858	82.7%
<i>% of revenues</i>	1.1%	1.4%	2.8%		
Administration	1,048,483	1,008,795	1,252,918	244,123	24.2%
<i>% of revenues</i>	4.8%	4.6%	6.2%		
Capital expenditures	552,833	881,459	544,100	(337,359)	-38.3%
<i>% of revenues</i>	2.5%	4.0%	2.7%		
<b>Total operating expenditures</b>	<b>18,979,460</b>	<b>19,220,298</b>	<b>21,052,293</b>	<b>1,831,995</b>	<b>9.5%</b>
<i>% of revenues</i>	87.4%	87.2%	103.5%		
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,738,782</b>	<b>2,811,292</b>	<b>(719,581)</b>		
<b>BEGINNING FUND BALANCE</b>	<b>18,989,476</b>	<b>21,728,257</b>	<b>24,539,549</b>		
<b>ENDING FUND BALANCE</b>	<b>\$21,728,258</b>	<b>\$24,539,549</b>	<b>\$23,819,968</b>		

Budget has been prepared using the modified accrual basis of accounting.