

Sno-Isle Libraries

Board of Trustees – Committee of the Whole

Monday, August 16, 2021 5p.m.

Zoom webinar link: <https://sno-isle-org.zoom.us/j/86141615060>

Dial in: +1 253 215 8782 or +1 669 900 6833

Webinar ID: 861 4161 5060

Committee of the Whole Agenda

- 1) **Call to Order**
- 2) **Land Acknowledgement**
- 3) ***Approval of Agenda**
- 4) **2022 Sno-Isle Libraries budget discussion** – Executive Director Lois Langer Thompson and Finance and Facilities Director Gary Becker [Attachments 1-8](#)
- 5) ***Adjournment**

***Denotes Board of Trustees action item.**



Board of Trustees

Susan Kostick (President) • Kelli Smith (Vice President) • Rose Olson (Secretary)
Jennifer DePrey • Martin Munguia • Paul Ryan • Rose Olson • Rico Tessandore

Executive Director

Lois Langer Thompson

SNO-ISLE LIBRARIES

Budgeting Overview

Budget objective and roles

2022 budget objective

Set a budget that supports building our future together by financing our strategic goals and priorities.

Roles

Board of Trustees

The Board of Trustees is *accountable* for the budget as outlined in RCW 27 and the Sno-Isle Libraries Board of Trustees Bylaws.

RCW 27.12.150 Intercounty rural library districts—Tax levies.

Funds for the establishment and maintenance of the library service of the district shall be provided by the boards of county commissioners of the respective counties by means of an annual tax levy on the property in the district of not more than fifty cents per thousand dollars of assessed value per year. The tax levy in the several counties shall be at a uniform rate and shall be based on a budget to be compiled by the board of trustees of the intercounty rural library district who shall determine the uniform tax rate necessary and certify their determination to the respective boards of county commissioners.

RCW 27.12.210 Library trustees—Organization—Bylaws—Powers and duties.

(4) Submit annually to the legislative body a budget containing estimates in detail of the amount of money necessary for the library for the ensuing year; except that in a library district the board of library trustees shall prepare its budget, certify the same and deliver it to the board of county commissioners in ample time for it to make the tax levies for the purpose of the district;

Sno-Isle Libraries Board of Trustee Bylaws

- *Prepare its budget, certify the same, and deliver it to the board of county commissioners in ample time for it to make the tax levies for the purpose of the district;*

Library staff

Library staff is *responsible* for managing the budget process, preparing a budget proposal with guidance from the Board of Trustees, and submitting the approved levy rate and budget to the County.

BUDGET TIMELINE

2021 TIMELINE FOR 2022 BUDGET

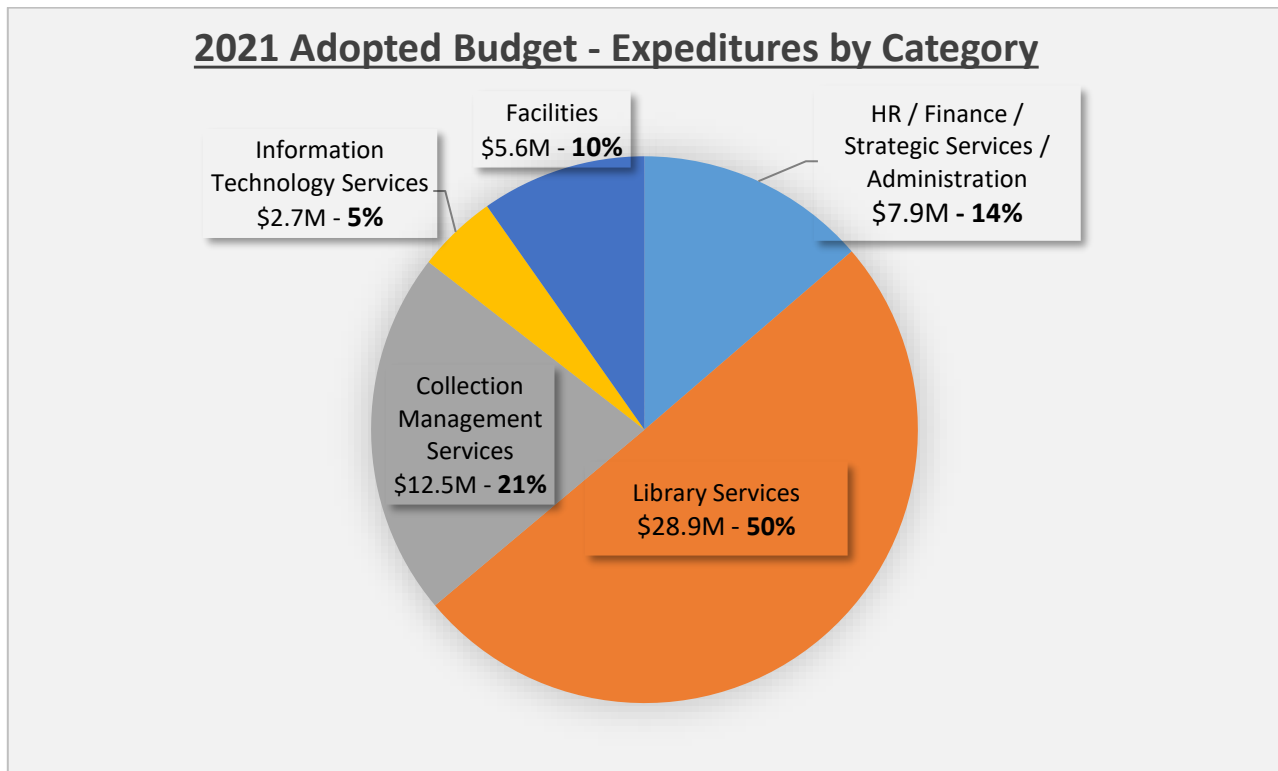
Timeline is subject to change.

July 7, 2021	<ul style="list-style-type: none"> Review timeline, budget discussion document, and Committee of the Whole agenda. 	Strategic Planning / Finance Committee.	Committee meeting.	Completed.
July 26, 2021	<ul style="list-style-type: none"> Committee presents plan to Board for review and input. 	Board of Trustees.	Regular Board meeting.	Completed.
August 16, 2021	<ul style="list-style-type: none"> 2022 budget discussion. 	Committee of the whole.	Committee meeting.	Underway.
September 20, 2021	<ul style="list-style-type: none"> 2022 budget discussion. 	Board of Trustees.	Regular Board meeting.	
October 2021 <i>Date TBD</i>	<ul style="list-style-type: none"> Committee review of preliminary 2022 budget proposal. 	Strategic Planning / Finance Committee.	Committee meeting.	
October 25, 2021	<ul style="list-style-type: none"> First review of 2022 budget. 	Board of Trustees.	Regular Board meeting.	
November 22, 2021	<ul style="list-style-type: none"> Final review of 2022 budget. Public hearing on levy. Approval of 2022 levy. Public meeting on 2022 budget. Approval of 2022 budget. 	Board of Trustees.	Regular Board meeting.	
November 30, 2021	<ul style="list-style-type: none"> 2022 budget submitted to County. 	Staff.	Due November 30, 2021.	
January 2022	<ul style="list-style-type: none"> Joint levy certification. 	Board of Trustees.	Special meeting.	

2021 ADOPTED BUDGET

STATUS UPDATE

In November 2020 the Board adopted the 2021 budget that consisted of total revenue of \$62.9 million, total operating expenditures of \$57.6 million (see chart below), and reserve allocations of \$5.3 million (\$4.8 million to the Levy Rate Stabilization Reserve, \$0.3 million to the Equipment Reserve, and \$0.2 million to the Vacation & Sick Pay Liability Reserve).



Actual Results versus Budget as of June 30, 2021

Through the first half of 2021 the Library's YTD financial results compare favorably to the full year 2021 budget. Specifically, revenue of \$34.1 million is at 54% of the full year budget and is favorable to budget by \$0.8 million. Expenditures of \$24.9 million are 43% of the full year budget and are \$3.9M favorable to budget.

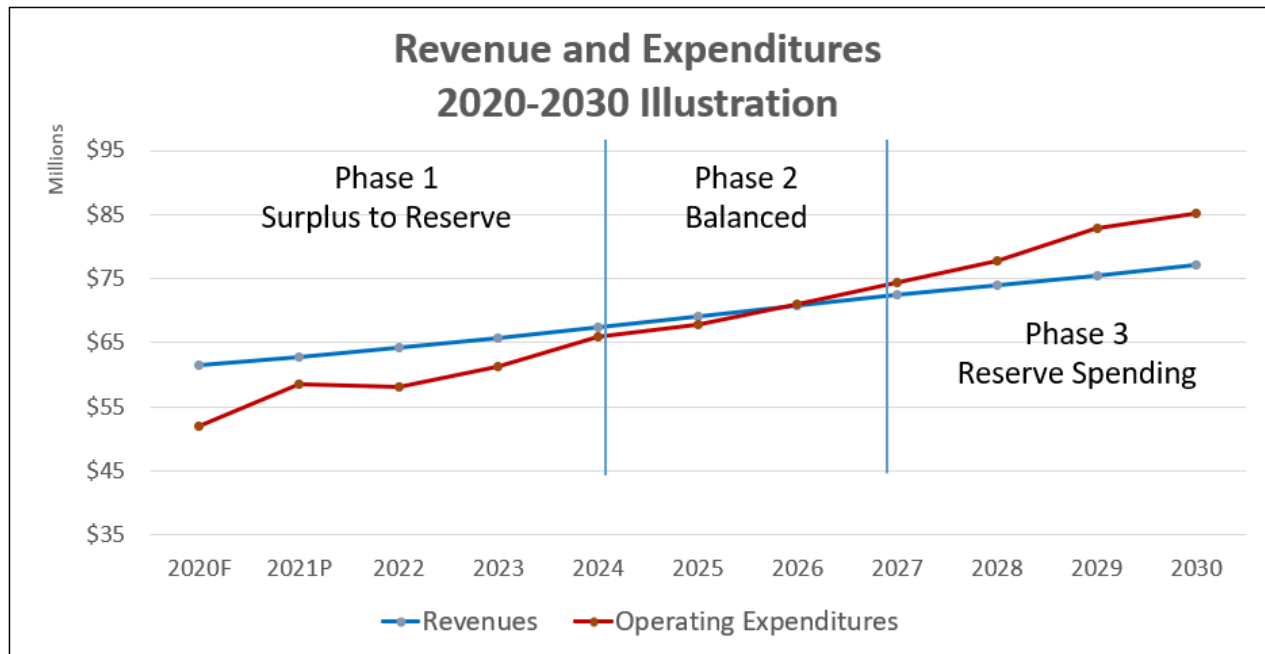
Overall, the surplus of revenues over expenses is \$9.2 million. This is better than the full year estimated surplus of \$5.3 million. The projected year end surplus is expected to be between \$8 million and \$12 million.

	2021 YTD Through Jun 30 (\$ Millions)			2021 Full Year	
	Actuals	Budget	Variance to Budget \$	FY Budget (\$ Millions)	YTD % of FY Budget
Total Revenue	34.1	33.3	0.8	62.9	54%
Total Expenditures	24.9	28.8	(3.9)	57.6	43%
Surplus	9.2	4.6	4.7	5.3	175%

FUNDING STRATEGY

REVENUES AND EXPENDITURES

The funding strategy utilizes a three-phase multi-year funding cycle. The Library is currently in phase 1, where more revenue is generated than is required to fund the current year's operations and budgeted surpluses are deposited into the Levy Stabilization Reserve Fund. In phase 2, revenues and expenditures are relatively balanced in the current budget year. In phase 3, surpluses from phase 1 are used to supplement the current years' revenues.

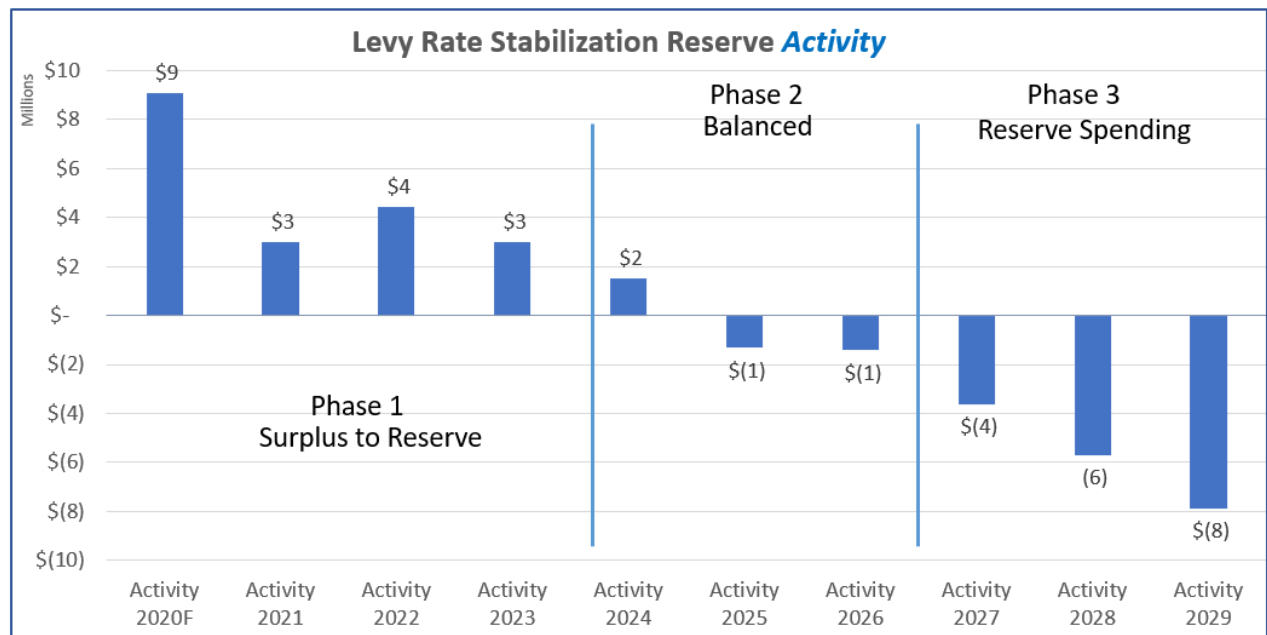
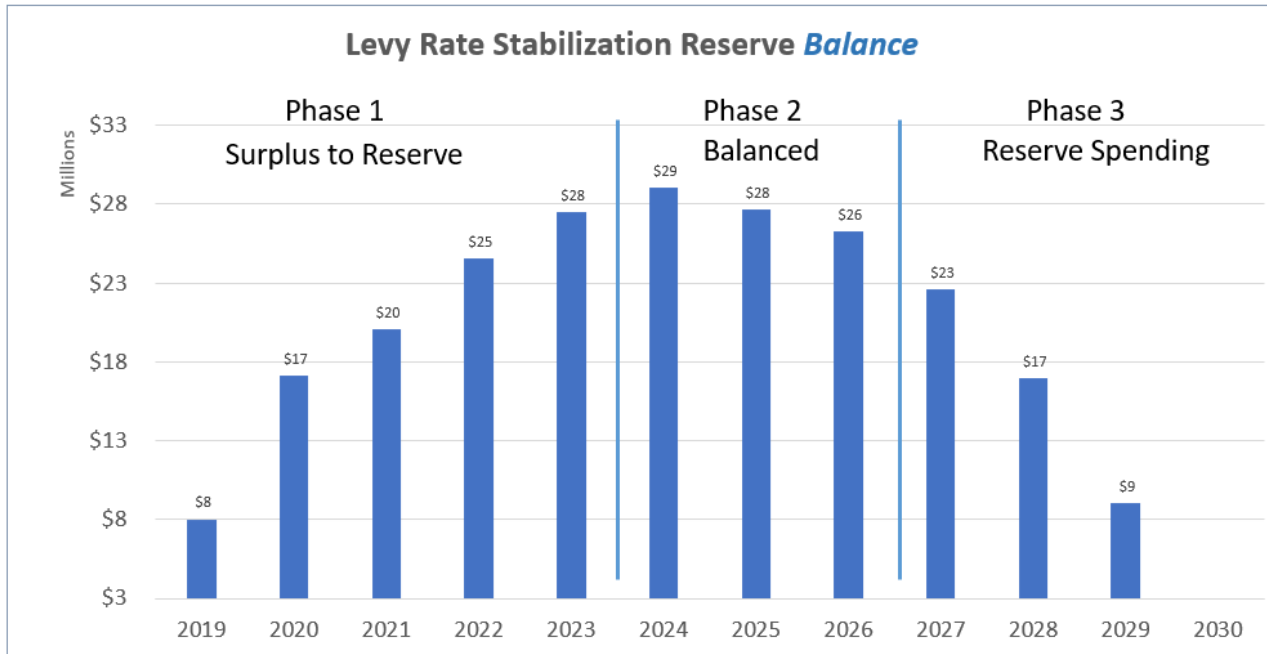


Source: 2021 Budget document. **Included here for illustration purposes only.** Updated 10-year graph will be presented with proposed budget in October.

FUNDING STRATEGY

LEVY RATE STABILIZATION RESERVE BALANCE AND ACTIVITY

Budgeted surpluses are deposited into the Levy Stabilization Reserve Fund in phase 1. In phase 2, revenues and expenditures are relatively balanced in the current budget year. In phase 3, surpluses from phase 1 are used to supplement the current years' revenues.



Source: 2021 Budget document. **Included here for illustration purposes only.** Updated 10-year graph will be presented with proposed budget in October.

IMPACT OF THE PANDEMIC

LIBRARY USE AND BUDGET

Circulation

Year	Total items	Physical	Digital
2019	7,418,279	4,974,723	2,443,556
2020*	5,569,998	2,256,433	3,313,565
2021 (Jan-Jul)	3,721,746	1,660,361	2,061,385

*Includes 1.3 million items checked out contact-free in 2020.

Library usage

Year	In-person visits	Online programs / attendance	Remote printing # of pages
2019	3,205,622	n/a	2,846,133
2020	670,114 (Jan-Mar 13)	1,455 programs 23,058 attendees (Apr-Dec)	1,568,257 (Jan-Mar 13 / Aug 25-Dec)
2021 (Jan-Jul)	707,977	1,072 programs 31,983 attendees	961,535

Library usage

Year	Wi-Fi sessions	Laptop checkouts
2019	2,438,551	17,063 (in-library only)
2020	1,309,293	5,725 (in-library/take home + hotspots)
2021 (Jan-Jul)	939,780	6,608 (in-library/take home + hotspots)

Budget & Actual Financial Results

Year	Category	Budget	Actual	Difference
2019	Revenue:	\$59.9 Million (M)	\$60.5 M	\$ 0.6 M
	Expenditures:	\$53.4 M	\$50.7 M	(\$2.7 M)
	Surplus:	\$ 6.5 M	\$ 9.8 M	\$ 3.3 M
2020	Revenue:	\$61.6 M	\$61.7 M	\$ 0.1 M
	Expenditures:	\$56.4 M	\$50.9 M	(\$5.5 M)
	Surplus:	\$ 5.2 M	\$ 10.8 M	\$ 5.6 M
2021 Year-to-Date (Jan-Jun)	Revenue:	\$33.4 M	\$34.2 M	\$ 0.8 M
	Expenditures:	\$28.8 M	\$24.9 M	(\$3.9 M)
	Surplus:	\$ 4.6 M	\$ 9.3 M	\$ 4.7 M
2021 Full Year (estimate)	Revenue:	\$62.9 M	Estimate: \$63 M to \$65 M	Estimate: \$ 0 M to \$2 M
	Expenditures:	\$57.6 M	\$54 M to \$56 M	(\$ 2 M to \$ 4 M)
	Surplus:	\$ 5.3 M	\$ 7 M to \$11 M	\$ 2 M to \$ 6 M

STRATEGIC GOALS

IMPACT ON 2022 BUDGET – DISCUSSION DOCUMENT

Enhance library services – expenditures	2022 work	2022 budget impact
Collection strategy.	Strategy development.	No impact.
Digital experience.	Expand services / access.	Potential increase.
Service strategy.	Expand services.	Increase.
Community partnerships and local friends.	Building partnerships.	No impact.
Create inspiring spaces – expenditures		
Capital framework and plan.	Complete and implement framework.	Increase.
Building maintenance and operations.	Increase budget for maintenance.	Increase.
Optimize funding – revenue		
Foundation support	Increase donations.	Increase.
Operating budget	Levy increase.	Increase.
Supplemental funding	Potential to be determined.	Potential increase.
Invest in our people and organization – expenditures		
Equity / Diversity / Inclusion.	Expand services.	Increase.
Communication and Marketing.	Expand services.	Increase.
Staff experience and staffing strategy	Strategy development and implementation.	Increase.
Data strategy.	Strategy development.	Potential increase.
Technology.	Maintain services.	No impact.

Four key priorities: Staff experience, Customer experience, EDI, and Capital.

Overview of one-time or ongoing funding support.

- Anniversary and market adjustment.
- Customer experience survey.
- Diversity audit.
- Services in partnership with diverse communities.
- Expansion of emerging services: express lockers, digital access, and emerging services.
- Ongoing EDI training for staff.
- Capital planning.
- Building upgrades and maintenance.
- Legacy system upgrades.
- Consultants for subject matter expertise: HR, Communication and Marketing, EDI.

Reserve Funds

Overview and 2022 Preliminary Recommendation

Type Reserve Fund	2020 YE Balance	2021 Budget plus Allocation	2021 YE Balance (Projected)	2022 Budget plus Allocation
Emergency	\$ 10,000,000		\$ 10,000,000	
Self-insurance	\$ 850,000	\$ 150,000	\$ 1,000,000	
Levy Rate Stabilization	\$ 10,073,116	\$ 4,779,800	\$ 14,852,916	
Unemployment Compensation	\$ 40,000		\$ 40,000	
Vacation & Sick Pay Liability	\$ 1,400,000	\$ 200,000 + \$ 600,000	\$ 2,200,000	
Building	\$ 3,500,000	\$ 5,750,000	\$ 9,250,000	
Equipment	\$ 1,400,000	\$ 300,000	\$ 1,700,000	\$ 300,000
Land Acquisition	\$ 2,198,018		\$ 2,198,018	
Budget Reserve Fund Balance	\$ 29,461,134	\$ 11,779,800	\$ 41,240,934	
Undesignated (<i>unbudgeted</i>)	\$ 6,500,000	(\$ 6,500,000)	\$ 0	
Total Reserve Fund Balance	\$ 35,961,134	\$ 5,279,800	\$ 41,240,934	

Fund Sufficiency

Of the eight reserve funds listed, the Board has set sufficiency targets on three fund balances to meet policy objectives. Aside from the Emergency, Self-Insurance, and Vacation & Sick Leave Liability reserve funds, all other reserve fund balances are at the Board's discretion. The following table reflects sufficiency estimates before and after adopting the undesignated fund allocation recommendation.

Type Reserve Fund	Policy Target/Objective	2021
Emergency	60-90 days of operating expense (<i>excluding materials</i>).	72.1 days
Self-Insurance	16 weeks of program expenditures.	20.1wks
Vacation & Sick Pay Liability	At least 60% of the year-end Vacation & Sick Pay liability.	80%