



To: Ms. Marty Robinson, CEO  
Mr. Matthew Carroll, Assistant CEO  
Ms. Jackie Griffin, Library Director

From: Andy Belknap, Regional Vice President  
Cathy Standiford, Senior Manager

Subject: Benchmarking Results

Date: September 23, 2010

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The purpose of this memorandum is to summarize the results of the independent benchmarking study Management Partners conducted. The purpose of the study was to compare and contrast the Ventura County Library System's central support and administrative costs with those of comparable public library service providers. This memorandum is organized into three sections.

- Benchmarking Process
- Benchmarking Results
- Conclusion

### **Benchmarking Process**

At the beginning of the review, Management Partners recommended comparison library jurisdictions which the County agreed to use as benchmarking peers. Criteria for selecting the comparison jurisdictions included population served, total circulation, number of branches, operating budget, and governance structure. Six peer agencies were identified because of similarities in governance structures and the fact that multiple cities and branches were operated by either a county or a county-wide joint powers agreement or memorandum of understanding. Management Partners used publicly available resources to obtain basic budget information as well as circulation statistics for each library system.

After initial contact with peer libraries was made by Ventura County, Management Partners interviewed budget staff from each to confirm information related to the costs of central library services, overhead costs, cost allocation methodologies, and service level formulas. The Sacramento County Library ultimately chose not to participate in the study and did not respond to Management Partners' inquiries.

Table 1 shows peer library systems, number of branches and population served.

**TABLE 1: PEER LIBRARY SYSTEMS, BRANCHES AND POPULATIONS SERVED**

County	Branches	Population
<b>Ventura</b>	<b>13</b>	<b>441,679</b>
Orange	30	1,551,555
San Mateo	12	281,246
Santa Clara	8	426,943
Santa Cruz	9	207,583
Sonoma	14	484,470

*California State Department of Finance; Library websites*

**Methodology**

Conducting benchmarking to analyze the Ventura County Library System (VCLS) against peer agencies is useful to determine how the VCLS is operating and to serve as a point of comparison. Although helpful, benchmarking data should be used carefully. Whenever data from individual library budgets is used for evaluation purposes some format and presentation differences may hamper valid comparisons. The following factors are important to consider when evaluating the value of data from peers:

- Every library system is unique and attempts to compare are always imprecise.
- Reporting standards, particularly with respect to the determination of overhead and central services costs and allocation methodologies, can vary greatly.
- The data are most useful for illuminating averages, the polar opposites from the average, and where the VCLS places on the scale.
- Benchmarking provides data to assist in the management decision making process; it is not meant to “grade” a library system or to create resource allocation formulas.
- The quantitative benchmarking completed in this analysis does not always identify process differences that can substantially impact resource needs.

Nevertheless, the data contains insights and explanations that will help in identifying peer and nominal levels for revenues, expenditures, circulation, population served per branch, materials expenditures, county overhead charges, and library central support services.

**Benchmarking Results**

**Governance Structures and Service Level Formulas**

All of the peer agencies studied except Orange County operate through a joint powers agreement (JPA) or similar vehicle between the county and cities participating in the library system. Although it does not have a memorandum of understanding or joint powers agreement governing the provision of library services, Orange County has a cooperative agreement concerning library facilities with each participating city. The Orange County Public Library system utilizes a Library Advisory Board made up of elected officials from each jurisdiction, a technical advisory committee including city managers from participating jurisdictions, and has a resource allocation formula for determining levels of service at each branch. These factors make Orange County’s arrangement functionally similar to the Ventura County Library System.

Most of the peer library systems utilize a formula to determine service levels at individual branches, as set forth in the JPA or other agreements. Orange and Santa Clara counties establish minimum levels of service based on a weighted combination of property tax contributions, population and circulation. San Mateo County’s service level formula is based entirely on population, with branches in cities with less than 10,000 people providing a minimum



of 40 hours of service per week and branches in cities with more than 10,000 people providing at least 60 hours per week. Neither Santa Cruz nor Sonoma counties have a specific formula on which minimum service levels are determined. Ventura County's baseline library branch hours are established in the memorandum of understanding with participating cities.

Operating Revenues and Expenditures

Table 2 shows FY 2010-2011 operating revenues and revenues per capita among the peer library systems. The VCLS has the lowest operating revenues of the peer systems and is well below the median on a per capita basis. Figure 1 shows the revenues per capita graphically. It should be noted that as a much larger system, Orange County enjoys certain economies of scale not available to Ventura.

**TABLE 2: TOTAL OPERATING REVENUES AND REVENUES PER CAPITA**

County	Revenues	Revenues per Capita
<b>Ventura</b>	<b>\$10,728,547</b>	<b>\$24.29</b>
Orange	\$41,627,688	\$26.83
San Mateo	\$19,063,787	\$67.78
Santa Clara	\$33,109,770	\$77.55
Santa Cruz	\$10,968,647	\$52.84
Sonoma	\$15,598,297	\$32.20
<b>Median</b>	<b>\$17,331,042</b>	<b>\$42.52</b>

**FIGURE 1: TOTAL OPERATING REVENUES PER CAPITA**

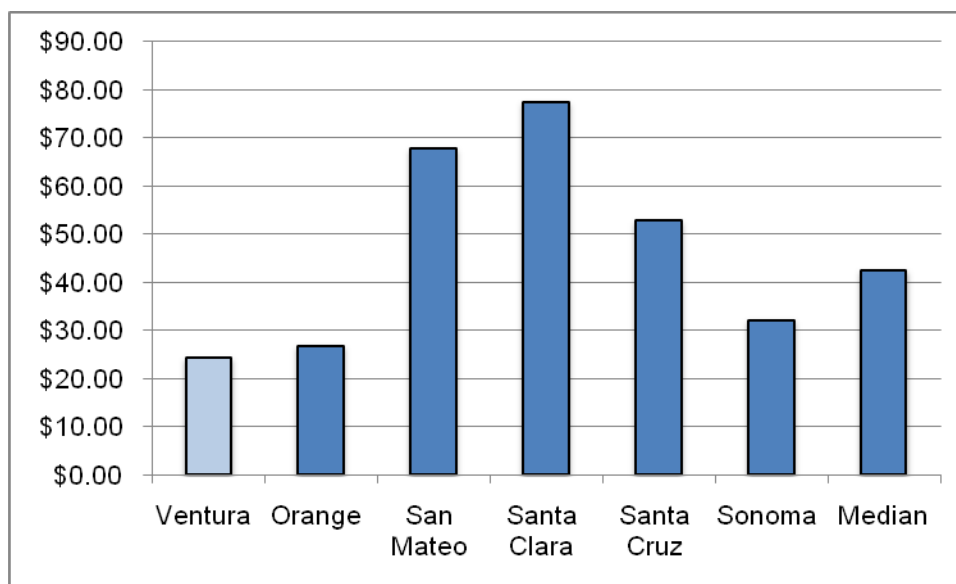


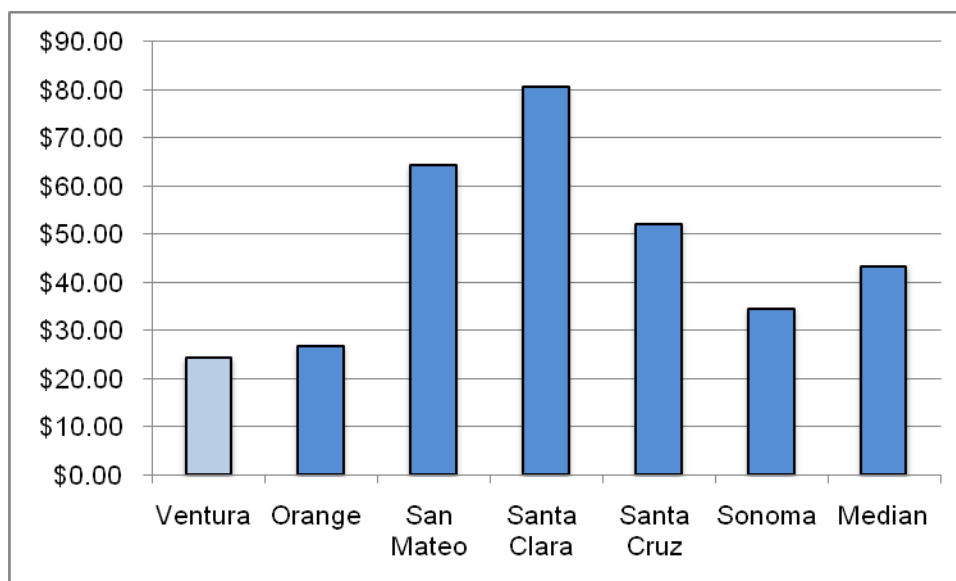
Table 3 shows total operating expenditures and expenditures per capita for each of the peer agencies for FY 2010-2011. For both operating revenues and operating expenditures on a per capita basis, the VCLS is significantly below median and is the lowest among peers. Expenditures for the Orange County Library System also are below median, but reflect the economies of scale realized by operating a larger regional library system. Expenditures per capita are represented graphically in Figure 2.



**TABLE 3: PEER COMPARISON OF OPERATING EXPENDITURES AND EXPENDITURES PER CAPITA**

County	Expenditures	Expenditures per Capita
<b>Ventura</b>	<b>\$10,728,547</b>	<b>\$24.29</b>
Orange	\$41,627,688	\$26.83
San Mateo	\$18,130,042	\$64.46
Santa Clara	\$34,431,842	\$80.65
Santa Cruz	\$10,830,421	\$52.17
Sonoma	\$16,744,429	\$34.62
<b>Median</b>	<b>\$17,452,236</b>	<b>\$43.30</b>

**FIGURE 2: PEER COMPARISON OF OPERATING EXPENDITURES PER CAPITA**



Population Served, Circulation, and Materials Expenditures

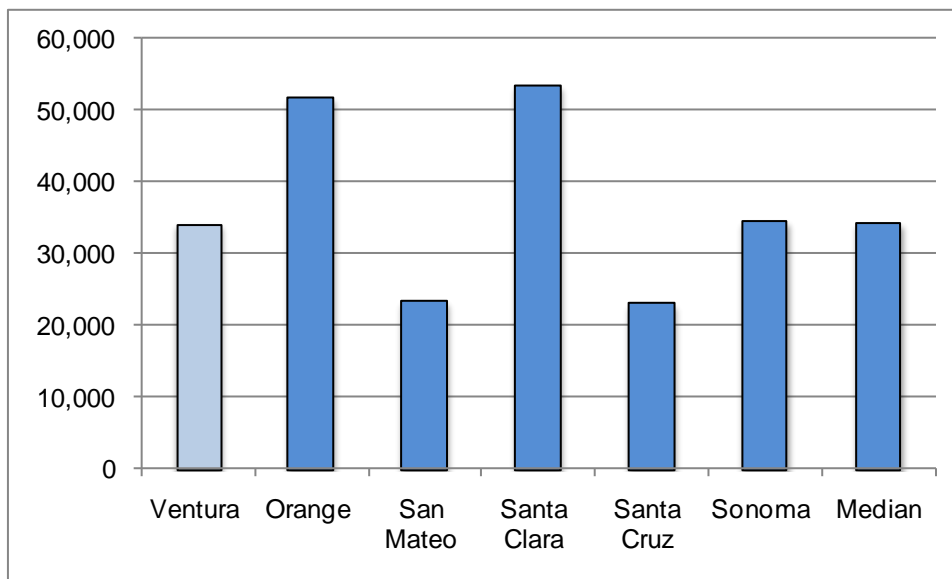
Table 4 provides a comparison of population served per branch. The VCLS is slightly below the median; library systems in San Mateo and Santa Cruz counties also are below median. Figure 3 presents this information graphically.

**TABLE 4: PEER COMPARISON OF POPULATION SERVED PER BRANCH**

County	Population per Branch
<b>Ventura</b>	<b>33,975</b>
Orange	51,719
San Mateo	23,437
Santa Clara	53,368
Santa Cruz	23,065
Sonoma	34,605
<b>Median</b>	<b>34,290</b>



**FIGURE 3: PEER COMPARISON OF POPULATION SERVED PER BRANCH**



Circulation measures the extent to which patrons are checking out books and using other materials. Table 5 shows that circulation per capita in the VCLS is well below the median and is the lowest of the systems studied. Circulation is highly correlated with funding, because the size and age of the materials collection is dependent on resources, and these are factors that drive circulation. Santa Clara County's circulation per capita is significantly higher than any of the peer agencies. When circulation per capita was recalculated without Santa Clara County's data, the median declined slightly, to 6.75.

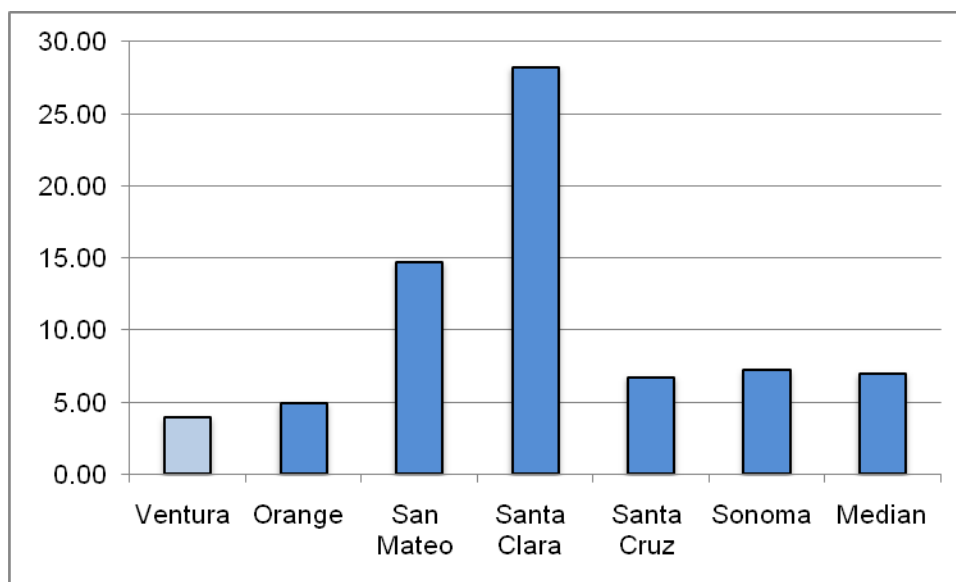
Santa Clara library staff reported that the JPA's investment in an automated self check-out system has contributed to increased circulation, and allows them to support a relatively high population per branch with fewer additional staff. Figure 4 graphically shows circulation per capita.

**TABLE 5: PEER COMPARISON OF CIRCULATION PER CAPITA**

County	Circulation per Capita
<b>Ventura</b>	<b>3.94</b>
Orange	4.92
San Mateo	14.74
Santa Clara	28.26
Santa Cruz	6.75
Sonoma	7.22
<b>Median</b>	<b>6.98</b>



**FIGURE 4: PEER COMPARISON OF CIRCULATION PER CAPITA**



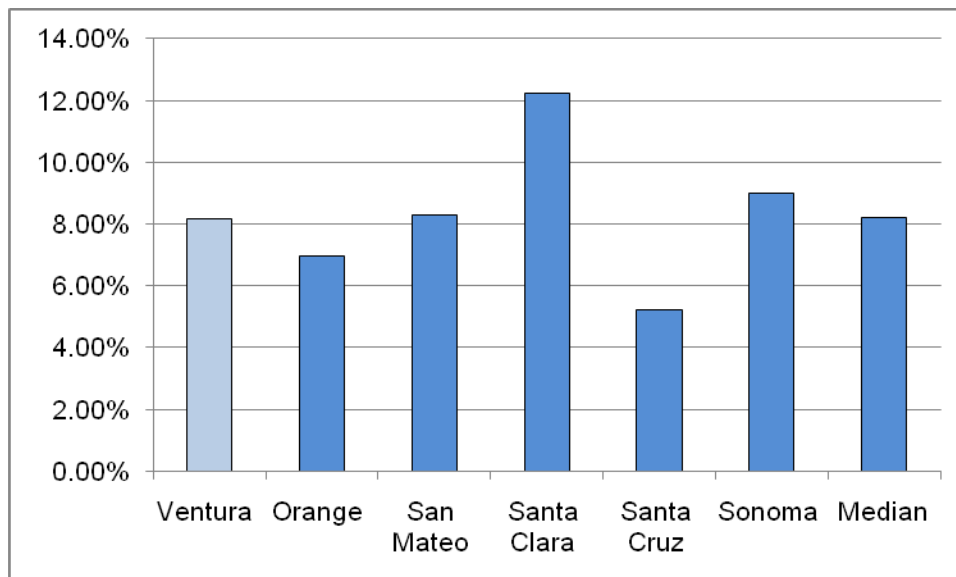
As noted above, a library system’s materials budget affects circulation because regularly investing in a variety of current materials and books that the public wants to access increases demand for library services. As revenues for library operations decline, materials budgets may be cut to preserve staffing to keep branches open. Table 6 below shows materials expenditures as well as materials expenditures as a percentage of operating expenditures. Although the VCLS is below the median for materials expenditures, Santa Cruz County spends even less on books and materials per year. When measured as a percentage of total operating expenditures, the VCLS is slightly below median. Figure 5 shows materials expenditures as a percentage of operating expenditures graphically.

**TABLE 6: PEER COMPARISON OF MATERIALS EXPENDITURES AND AS A PERCENTAGE OF OPERATING EXPENDITURES**

County	Materials Expenditures	Percent of Operating Expenditures
<b>Ventura</b>	<b>\$874,939</b>	<b>8.16%</b>
Orange	\$2,901,507	6.97%
San Mateo	\$1,500,000	8.27%
Santa Clara	\$4,210,500	12.23%
Santa Cruz	\$567,000	5.24%
Sonoma	\$1,506,300	8.98%
<b>Median</b>	<b>\$1,503,150</b>	<b>8.21%</b>



**FIGURE 5: PEER COMPARISON OF MATERIALS EXPENDITURES AND AS A PERCENTAGE OF OPERATING EXPENDITURES**



**Staffing**

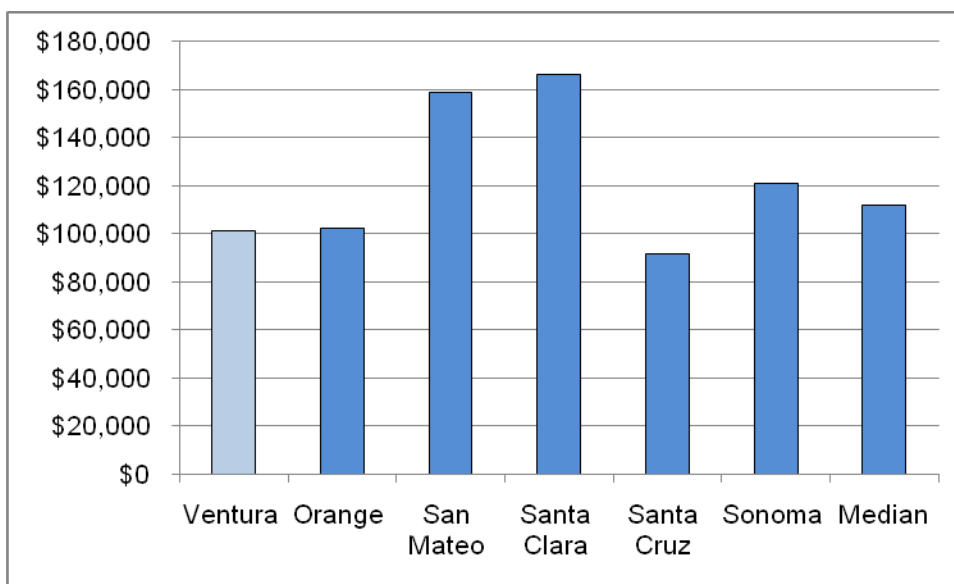
Staff provide a variety of functions which enable the library to serve the public. These include helping to locate materials, responding to reference and informational requests and facilitating the materials check-in and checkout processes. Table 7 below compares full-time equivalent (FTE) staffing as well as the operating expense per FTE. Of the agencies studied VCLS has the lowest number of staff and is below the median for operating expense per FTE. Santa Cruz County has more total FTEs but a lower operating expense per FTE. Figure 6 shows a comparison of operating expense per FTE graphically.

**TABLE 7: PEER COMPARISON OF STAFFING AND OPERATING EXPENSE PER FTE**

County	Staffing (FTE)	Operating Expense per FTE
<b>Ventura</b>	<b>106.16</b>	<b>\$101,060</b>
Orange	407.00	\$102,279
San Mateo	114.20	\$158,757
Santa Clara	207.25	\$166,137
Santa Cruz	118.00	\$91,783
Sonoma	138.32	\$121,273
<b>Median</b>	<b>128.16</b>	<b>\$111,776</b>



**FIGURE 6: PEER COMPARISON OPERATING EXPENSE PER FTE**



County Overhead and Library Central Services Costs

County overhead charges are intended to recover costs associated with internal county support that benefits the library system, such as legal counsel, personnel, payroll, and central accounting.

The VCLS and all but one of the library systems use the same federal standards (specified in OMB-87) to calculate overhead. At \$515,995, Ventura County’s overhead charges to the library system for FY 2010-11 are at the median. However, unlike most other county library systems studied, Ventura County has an established policy of full cost recovery, which is reflected in the amount collected as a percentage of operating expenditures. Sonoma County previously charged overhead to recover 50% of its costs; this amount was increased to reflect 100% cost recovery for FY 2010-11. In Santa Cruz County, overhead support such as accounting and risk management is provided by the City of Santa Cruz, which does not charge overhead to the JPA.

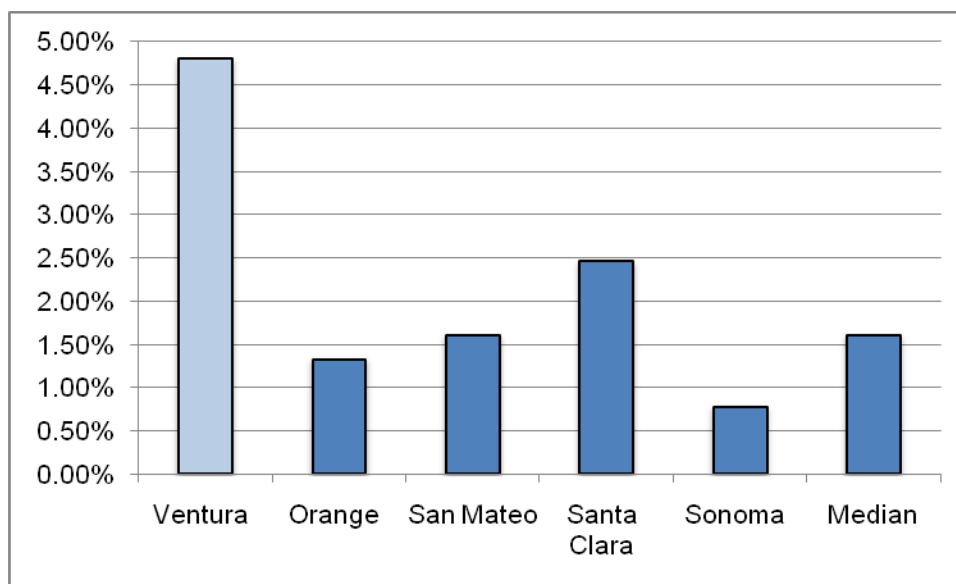
Table 8 below shows the peer comparison of county overhead charges for FY 2010-11, and as a percentage of operating expenditures. Figure 7 graphically shows county overhead as a percentage of library system operating expenditures.

**TABLE 8: COUNTY OVERHEAD CHARGES AND AS A PERCENTAGE OF OPERATING EXPENDITURES**

County	Overhead	% of Operating Expenditures
<b>Ventura</b>	<b>\$515,995</b>	<b>4.81%</b>
Orange	\$551,986	1.33%
San Mateo	\$291,364	1.61%
Santa Clara	\$848,607	2.46%
Santa Cruz	\$0	n/a
Sonoma	\$131,116	0.78%
<b>Median</b>	<b>\$515,995</b>	<b>1.61%</b>



**FIGURE 7: COUNTY OVERHEAD CHARGES AND AS A PERCENTAGE OF OPERATING EXPENDITURES**



*Note: Santa Cruz County does not charge overhead costs to JPA*

Although Ventura County’s overhead as a percentage of library operating expenditures is higher than median for the reasons stated above, Ventura County is the only county studied that contributes significant general fund revenue to support library operations. In fact, the amount of this annual general fund contribution exceeds the amount of County overhead collected by approximately \$85,000. In comparison, Santa Clara County contributes a fixed amount of \$51,000 in general funds for library operations, but will collect \$848,607 in overhead from the library this fiscal year. Orange County has periodically contributed general fund money for small, capital projects at some library branches, but not to support ongoing operations. Table 9 provides a peer comparison of county general fund support to the library system.

**TABLE 9: COUNTY GENERAL FUND CONTRIBUTIONS TO LIBRARY OPERATING REVENUES**

County	Amount
<b>Ventura</b>	<b>\$600,000</b>
Orange	\$0
San Mateo	\$0
Santa Clara	\$51,000
Santa Cruz	\$0
Sonoma	\$0

The costs associated with library central services are calculated by totaling expenditures for administration, technology and automation services, and other expenses not attributable to specific branches, such as liability insurance. Table 10 below shows the cost of library central services as a percentage of ongoing operating expenses for the peer agencies. Figure 8 presents this information graphically.

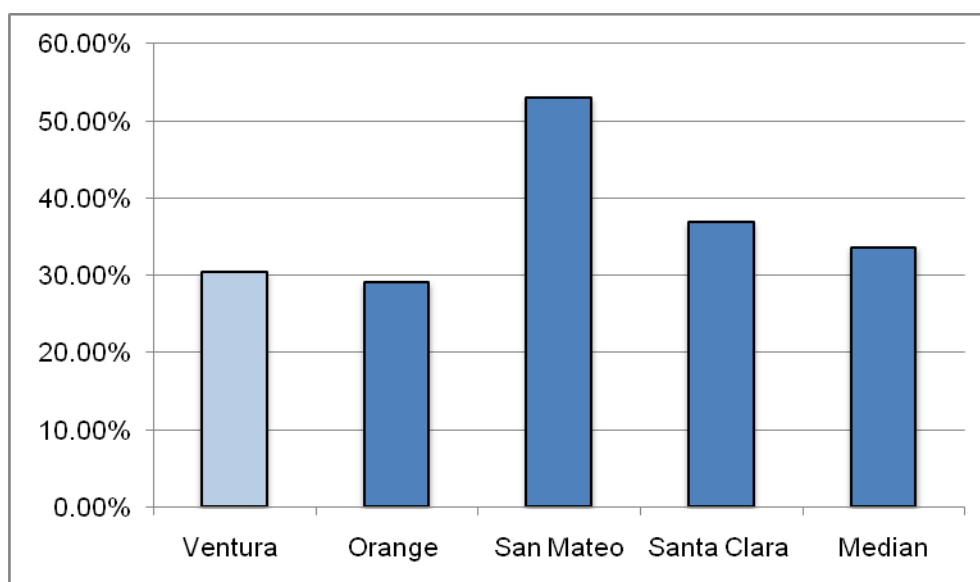
Santa Cruz County and Sonoma County library systems could not provide a breakdown of such costs because of limitations in their financial reporting systems. Central service costs for the VCLS are below the median for peer agencies and are higher only than Orange County which, as reported previously, enjoys economies of scale due to its size.



**TABLE 10: LIBRARY CENTRAL SERVICES COSTS AS A PERCENTAGE OF OPERATING EXPENDITURES**

County	Library Central Services Expenditures	Library Central Services as a Percent of Operating Expenditures
<b>Ventura</b>	<b>\$3,259,932</b>	<b>30.39%</b>
Orange	\$12,116,899	29.11%
San Mateo	\$9,618,063	53.05%
Santa Clara	\$12,688,955	36.85%
Santa Cruz	n/a	n/a
Sonoma	n/a	n/a
<b>Median</b>	<b>\$10,867,481</b>	<b>33.62%</b>

**FIGURE 8: LIBRARY CENTRAL SERVICES COSTS AS A PERCENT OF OPERATING EXPENDITURES**



*Santa Cruz County and Sonoma County Library JPAs do not calculate overhead costs; costs are not allocated to specific branches or jurisdictions within the system*

## Conclusion

The benchmarking results provide points of comparison between the Ventura County Library System and the peer library systems studied. In general, the VCLS is lowest in per capita revenues, per capita expenses, number of FTEs and circulation per capita served. Ventura is below median for library support services per capita and ranks only above Orange County, which enjoys greater economies of scale associated with a larger library system. Although Ventura’s full-cost recovery policy results in the highest county overhead charge as a percentage of library operating expenditures, Ventura is the only county to allocate significant general fund revenue to support library operations. In fact, the amount of support provided exceeds the amount of county overhead charged by approximately \$85,000 per year.



The benchmarking results indicate that Ventura County's library system operates with a relatively low level of resources. Spending in all aspects of operations from central services to costs per employee, and overall spending per capita is relatively low compared to the other peers, undoubtedly due to this lack of revenues. Ventura does stand out in several ways by virtue of the fact that it practices full cost recovery with regard to general county overhead costs (a prudent business practice) and because it invests a significant amount of general fund revenues for library operations.

