

To: Ventura County Library Commission
From: Jackie Griffin, Library Director, Ventura County Library Service
Re: Modifying the Service Model for the Ventura County Library System

The Ventura County Library Commission has directed County Library staff to create possible new models for the operations of the library system. Commission staff was asked to discuss this matter with their respective city councils and to bring back ideas, concerns and issues to the VCL Commission meeting on Dec. 9, 2010.

Background

Prior to 1998 the Ventura County Library System (VCLS) was operated in a manner in which all library services were developed by the VCLS staff with oversight, policy creation and budget approval coming from the Ventura County Board of Supervisors.

In 1998 the Library faced a crisis. Finances were poor and cities were threatening to leave. The six member cities and the county came together to approve a new Memorandum of Understanding for the operation of the system. This MOU created a new budgeting model in which all property taxes raised in a city would be returned to that city ("return to source"). In addition, much of the county unincorporated area was divided into service areas. The library property tax from these areas was turned over to the proximate city library on the assumption that most of the people in that unincorporated area were being served by those city libraries. Expenses were apportioned by a formula that was created by dividing the number of materials checked out from a library by the amount of population in the service area.

The MOU also authorized the creation of a Ventura County Library Commission that would govern the library, create policies and authorize the budget. The Commission could only be overridden by a 4/5 vote of the Board of Supervisors. Also included in the MOU was the agreement that the MOU could only be modified by a unanimous vote of the Commission.

The new system was quite successful in holding the six cities and the county together to provide library service for 12 years. However, over time two significant events occurred. The first was that revenue did not grow to match the growth in expenses. More and more city libraries have been supplemented by unincorporated dollars outside of their service areas and by county general funds that have been dedicated to library service. As a result of this, the small libraries in the unincorporated areas have been budgeted at very low levels.

The second event was that the city of Camarillo decided to build a new and much larger library. This event, while excellent for the system as a whole and the city of Camarillo in particular, exposed a flaw in the MOU. The formula for apportioning expenses and the clause in the MOU that makes each city responsible for the additional costs of a new building punish growth in the library system. Camarillo was responsible for all the costs of an increased building. In addition, because of the attractiveness of the new building, Camarillo attracted new users to their library.

These users came not only from Camarillo but also from other parts of Ventura County. However, this caused a rise in Camarillo portion of the expenses of the system. Rather than be responsible for 22% of the system as they had been previously, they became responsible for 28% of system expenses.

In September, 2009, the Library Commission created a subcommittee made up of three members of the Commission, the city managers of each of the six cities and city and county staff to examine the MOU and the expense formula. Over the next several months, several different formulas were developed and discussed. However, none achieved a significantly different outcome and the need to achieve unanimity made any change unlikely.

In July, 2010, the City of Camarillo announced its intention to leave the Ventura County Library System and in October, 2010, the city council voted to enter into an agreement with a private company that operates libraries. At the same time the City of Ventura voted to begin discussing the future of library services in their city and indicated a desire to issue an RFP to look at the options for library service and to seek bids from agencies and companies interested in providing that service.

At the same time, County Library staff has been examining what would be best for the future of the library system. Over the past several years, city libraries have been underwritten increasingly by unincorporated dollars and by county general fund monies. Camarillo was receiving approximately \$447,000 and the City of Ventura has been receiving \$528,000 from these sources. Other libraries within the system are receiving up to 50% of their operating funds through dollars outside of their cities.

An unintended consequence of the MOU has been the costs of oversight and accounting. In order to provide oversight of the "return to source" method of funding, 187 individual book accounts have been created. Purchases of materials must be made on individual purchase orders. VCL runs a very low staff operation and the MOU has proved to be unintentionally staff intensive.

County staff has recommended that no attempt be made to bid for the opportunity to operate Ventura's libraries. There is a deep desire to retain Ventura (and Camarillo) within the system. The more members the library system has, the greater the shared resources and economies of scale increase. However, given that Ventura receives 25% of their operating funds from property taxes raised outside their city, there seems to be little logic in bidding for the opportunity to give them those funds.

During the last commission meeting, Kathy Long spoke as the representative for Ventura County. She acknowledged that with the departure of Camarillo the current MOU was no longer functional. She spoke to the county's desire to move ahead with the goal of creating excellent library service for the residents of Ventura County. She also indicated that the year of negotiating with Camarillo had been a year in which this goal had been stalled and expressed unwillingness on the part of the county to go through that process yet again. She invited all the willing cities to join

the county in creating a new system with the single goal of providing excellent library service.

County staff were directed to create possible new service models for library service to be presented at the Ventura County Library System Dec. 9, 2010 meeting.

Proposals

Contracting Model

A contracting model would consist of a system in which the county provided all centralized services to the system such as Cataloging, IT Services, Payroll etc. Under this model, each city would be provided with a service cost to operate their building per hour. Calculations be made as to how much additional centralized services would be needed to support each library and cities would be charged for those services individually.

All unincorporated dollars and the county general fund contribution would be directed towards the libraries in the unincorporated areas and to create the underlying backbone of the system.

This model recreates the MOU that we are currently operating under with the exception that it takes a major portion of centralized costs out of the budget before the remaining funds are redistributed to the individual libraries and redirects the unincorporated dollars as well as the county general fund monies towards centralized services. A formula similar to the currently used "circ/pop" formula would be necessary.

The MOU sub-committee has spent much of the past year examining this proposal, and other variations, without being able to come to a resolution. The significant difference in this proposal would be that each city would be negotiating separately with the county and would be able to each year be able to decide what services they wish to support, add to or decline to support.

This would also create a situation in which the county would be trying to provide equivalent service across 12 libraries, five of which had separate contracts. For each contract period, the county would be seeking to establish pricing levels for each cost center. In addition, county staff would need to continue the intensive accounting and separate purchase orders etc. that create an additional cost and staffing burden under the current MOU.

Again, cities would be responsible for additional expenses created by new buildings or services.

Under this model, each city would be able to negotiate services and hours based on the individual city's financial support. Decisions on policy would be created by the Ventura County Board of Supervisors.

County Library System- Recommended Model

Under this model, the five member cities, if they chose to join, and the six unincorporated libraries would return to a county library model. All funds would be pooled (see attached proposed budget).

The county would guarantee that for the first year cities would operate at their current level of hours and services. In future years, services and hours would be decided on as part of the county budgeting process. Unincorporated dollars and county general fund contributions would be used to support all libraries as needed. Cities would not be asked for additional contributions although cities would be able to provide funds for support of additional services or hours at their local libraries as desired.

This model reflects the fact that the libraries in the system have not operated as separate entities for a very long time. Books and other materials flow throughout the system on a daily basis. Over 40,000 items a month are moved between libraries. Rather than 12 individual libraries, we have one large library with 12 outlets. Patrons access our libraries from our website 55,000 times each month to reserve books, use the databases and to find programs at libraries throughout the system. The actual amount of books and materials on shelves or the open hours at any one branch have much less impact on VCL users than does the totality of the system and the wide range of resources available throughout the system.

Ventura County Library System operates on a low amount of funding. The per capita spending at \$25.04 is considerably lower than the state wide mean of \$34.89. However, as a large system, serving 433,000, our staffing per capita is also substantially lower than the statewide average (4,436 per FTE versus the statewide average of 3,092). This may be directly attributed to VCL's ability to create economies of scale.

Earlier this year, the County CEO's office commissioned a study of the effectiveness and cost of operating VCL. This report showed clearly that not only is our budget much smaller than other libraries of similar size throughout the state, but our percentage of cost for centralized services such as administration, cataloging and IT services were lower than other libraries with greater budgets. Thus, VCL is able to return a greater proportion of our limited dollars to direct public service in our community libraries.

Over the past ten years, the VCL Memorandum of Understanding held the county libraries together through difficult times. However, that MOU has brought with it additional costs and the unintended consequence of punishing improvements to library service.

Over the last ten years, the various cities and the county have worked to achieve a level of trust and cooperation in providing library service to the cities and unincorporated county areas. Over the last year, the city and county have met many times to discuss the future of library service in Ventura County and there has been general agreement that the MOU has served its purpose and is no longer sustainable.

During these discussions, no mutually agreeable change to the MOU or its formula could be found that would improve the status of library service in Ventura County.

A county library system is designed to provide the most service possible with the dollars available. It creates economies of scale. It also reflects the ways that our communities are using our libraries. Our communities refer consistently to the ability to order books from other libraries and receive them in a timely way; the ability to access databases to provide information at any time regardless of the open hours at their local branches. They take their children to story-times where they are convenient or multiple times a week at multiple branches.

These are all services made possible by being part of a larger system. And, these services rely on county-wide support rather than “return to source funding”.

In the future, these types of shared resources will increase in value as our financial resources stay stagnant or decline. The MOU was designed to make sure that each community retained the dollars raised in those communities but that is not how our residents are using their local libraries.

No city within the Ventura County Library System is supporting its own city library solely through “return to source” property taxes. Each city is subsidized by both unincorporated area tax dollars and Ventura County General Funds.

In actuality, VCL is operating as a county library system. We pool our funds, our resources and our services. The public expects and enjoys the types of services available from the larger system. However, our governance system lessens the flexibility and increases the costs of oversight. Creating a true county library system would meet our present reality and our future needs.