

Long Term Revenue Committee Minutes

Jan. 27, 2015

Prepared by Susan Foley

Members present: Janine Perry, Maylon Rice, Jack Butt, George Faucette and Dan Ferritor.

Staff present: David Johnson, Stephen Davis and Susan Foley.

Dan Holtmeyer with the Arkansas Democrat Gazette was also present.

David welcomed the committee and convened the meeting at 3:05 in the Fayetteville Public Library (FPL) Staff training room. He welcomed Dan Ferritor, former FPL Board of Trustee, as the newest member.

David shared the staff research on fee comparison with benchmark libraries: Bentonville, Central Arkansas Library System (CALs), Champaign, IL, Bloomington, IL, Iowa City and Ames, IA and Boulder, CO. Dan asked how often the staff reviews fines and fees. David reported typically every 2 years, but the staff had a raging debate at the last manager's meeting over equipment fees and whether to ask patrons for a credit card in order to circulate the items. It was stated that patrons must be in good standing to be able to check-out materials or equipment.

Stephen says receivables of \$325,000 are currently outstanding from patrons. David states if patrons will bring the materials back, he will waive the late fee. Maylon mentioned Siloam Springs library recently had an uproar over whether to have a collection agency get involved for receivables. Stephen says receivables per year are around \$75,000 and our library value calculation of all library materials is \$17 million, making receivables less than .5% of the library's total value.

*The table below provides current receivables detail that was not available for the meeting:*

<i>Material</i>	<i>Dollar Value</i>	<i>Number of Items</i>
<i>Blu-ray</i>	<i>2,678.82</i>	<i>112</i>
<i>Books</i>	<i>31,595.50</i>	<i>1,777</i>
<i>Book on CD</i>	<i>1,409.85</i>	<i>27</i>
<i>Book on Tape</i>	<i>35.97</i>	<i>3</i>
<i>Children's Kits</i>	<i>539.94</i>	<i>11</i>
<i>DVD</i>	<i>19,791.31</i>	<i>1,140</i>
<i>DVD Player</i>	<i>578.97</i>	<i>3</i>
<i>Game CD</i>	<i>25</i>	<i>1</i>
<i>Laptop</i>	<i>3,668.99</i>	<i>6</i>
<i>Magazines</i>	<i>85</i>	<i>17</i>
<i>Music CD</i>	<i>2,828.86</i>	<i>201</i>
<i>Playaway</i>	<i>139.98</i>	<i>2</i>
<i>Puzzle</i>	<i>76.99</i>	<i>5</i>
<i>RNR Blu-Ray</i>	<i>674.00</i>	<i>32</i>
<i>RNR DVD</i>	<i>6,835.52</i>	<i>372</i>
<i>Serial</i>	<i>33.95</i>	<i>1</i>
<i>Total</i>	<i>70,998.65</i>	<i>3,710</i>

David mentioned that an overdue fee of \$5 will forbid the patron from any further check-out. Stephen reported that we employ several techniques to retrieve fines and materials from a collection agency to the City Prosecuting Atty. Jack thinks we may need to lose less and charge more to shrink the gap. He thinks we should consider raising fees because we are not charging patrons for using the library, only for abusing the library. Maylon commented that the library could charge \$5 for borrowing privileges per patron. David says the library has 77,000 patrons.

Stephen stated that Circulation staff ran numbers to see what FPL would gain if we raised rates and he will distribute to the committee at the next meeting. Maylon discussed the room rental fee and David mentioned that will start Feb. 1, we will begin checking out the meeting room use. Dan wants the librarians to make sure that fees match our market, not benchmarks. George thinks the benchmarks matter since the committee is charged with defining the future for potential income. Maylon reminded the group that that they are to look under each rock in these early meetings so nothing is not under consideration. Janine asked to hear more about the gap to understand the issue for the past 5 years.

Stephen says we reduced the budget by \$502,000 and they were not necessarily cuts, but reduction in resources. Maintenance was reduced by \$99,000, book purchases reduced by \$77,000 and \$23,000 in contract services. How big is the gap, Janine asks?

Stephen says we have had the same staff numbers for 10 years, the building is showing wear and tear and materials took a big hit in the 2015 budget. If we want to maintain 2014 standards, we would need another \$316,000 (with inflation factored in). Janine says that helps her understand where the gaps are located now that Stephen explained the spreadsheet. She suggests that we need to get the library to the 2015 level on successive years. George asked when fees were last raised and David reported it was last changed in 2010. Dan remembers the change was to be more punitive, rather than raising more income.

The City has given FPL its spending projections through 2019. Maylon reported on 2 millage elections in the state last year - one passed and one failed. Local charitable foundations have changed their focus for funding so that FPL does not qualify any longer. Janine asked if our goal is to only raise \$316,000, then we may only want to raise DVD fines only.

Stephen mentioned that any money not spent at previous yearends have been transferred to savings, but have not had those extra monies in the last 2 years.

Dan says it would be very hard to "sell" a millage to the public without showing the community what bang they get for their buck and not shoring up the budget both. George agrees and they both thought our fees needed work, for the good of the community. Maylon says it's tough to talk about a millage to the public, but if it's necessary, we need to talk about it. David mentioned Arsaga's rent is only a month to month basis since their lease expired more than three years ago.

Janine asks if the committee could see fee increase projections prepared by staff so the committee can see a full basket of options. Stephen says he can work on that for the next committee meeting. Maylon mentioned North Little Rock Public Library's problems - not

enough \$ in their budget, a new mayor, etc. George thinks we should look at a reduction in library's operating 64 hours/week to realize greater savings. Stephen says the library could close on Sunday's since the building has to be closed at least in a 4 hour block for any significant utility savings. Dan says we have to look at a more holistic approach for both reductions and increases. Stephen reports we will put together a spreadsheet to close the gap. It may be a painful conversation in public though, but Dan thinks it is a good conversation to have.

Jack asks is there a simple summary why the library has stripped its usefulness (*spending outstripped revenue*) of the budget? Maylon says our circulation, our materials, our patrons' numbers have all increased. David says property tax - our 1 mil is not growing and city transfer is not keeping pace with inflation. George says the public needs to be made aware. Maylon thinks they city may eventually stop transferring monies if another mayor is elected and he thinks we need to get ahead of that decision. Stephen says property assessments went down in 2008 and 2009 and that effected millage the library receives. George says they assess every 3 years on all property and Fayetteville has had less new commercial growth than other NWA cities.

Jack says one alternative is that the city could raise property millage or sales tax – both would require a citywide vote. They could decide to give the library a larger city millage and Stephen says the cap is 5 mils. There is no sunset on library millage. David asks should we distance the library or closer align the library to the City of Fayetteville Administration? The last millage campaign failed, but Dan says the previous mayor turned off voters and we lost by a very small margin. The library got tied into millage savings going to police and fire which confused the voters.

Janine called for a re-cap. Our cardholders are around 77,000 and twice the use of materials. Use is up and all other income is flat, counting inflation. City Ops transfer is flat. Fees and other misc. fees are declining or flat. We have been hanging on and can't keep operating at this level. Dan says that's the definition; we are overspending.

*Material added after meeting:*

*Millage for the City of Fayetteville and Fayetteville School District are applied to properties in different boundaries: i. e. The Mall area is in the city boundary but not in the Fayetteville School District boundary.*

*FPL can have up-to 5 mils for operations plus up-to 3 mils for capital. These library mils require voter approval. FPL currently uses 1 mil for operations so we have the potential for an additional 4 mils for operations plus 3 mils for capital. The City of Fayetteville has 5 discretionary mils that can be levied on an annual basis by the City Council. The City of Fayetteville is levying 1.3 mils for 2015.*

Jack stated it seems like a simple concept. We either cut programs and/or hours or raise revenue. George says we need to present this to the community. Some of this will make a zero sum gain. David says this is the harsh reality. Dan hates to see the building take the hit on the budget reductions because this building is the community's investment and 'a deep hole to climb out of once you have made that decision to cut the facilities' budget.

The Jones Center endowment was discussed since their endowment's fund kept going down and the Trust could not take care of needs without reducing staff and charging fees.

Stephen agreed to the following homework:

1. What would it take to close the gap if we raised fees and reduced programs? Maylon suggests we look at age brackets.
2. Jack asks if we can figure a "return on investment" (ROI) for programs to see which ones are most effective?
3. George wants to see how much payroll and utility costs have been in the last 10 years. Stephen says we conducted a 2013 salary survey and it amounted to a 4% increase 4-5 below and 2-3 above. Stephen says mandatory minimum wage of \$8.50 rate will impact us and we have 68 staff, only 10 below the min.

David asks that the group elect a chairperson. George made a motion for Janine to take on that job. Jack seconded the motion. The vote was unanimous.

The next meetings will be on the following dates, all in the staff training room:

**Tues., February 10, 2-3pm**

**Tues., February 24, 3-4:30pm**

**The next meetings will be March 10, March 24th and March 31 will be from 3-4:30.** George will be gone on March 10 meeting.

Maylon asked that David invite the Mayor to the next meeting. Stephen says he will invite the new assessor also.

Judge Beaumont's hearing on the City Hospital property is March 4 and now involves the library. David asked the committee to add that date to their calendar.

The meeting concluded at 4:45pm.