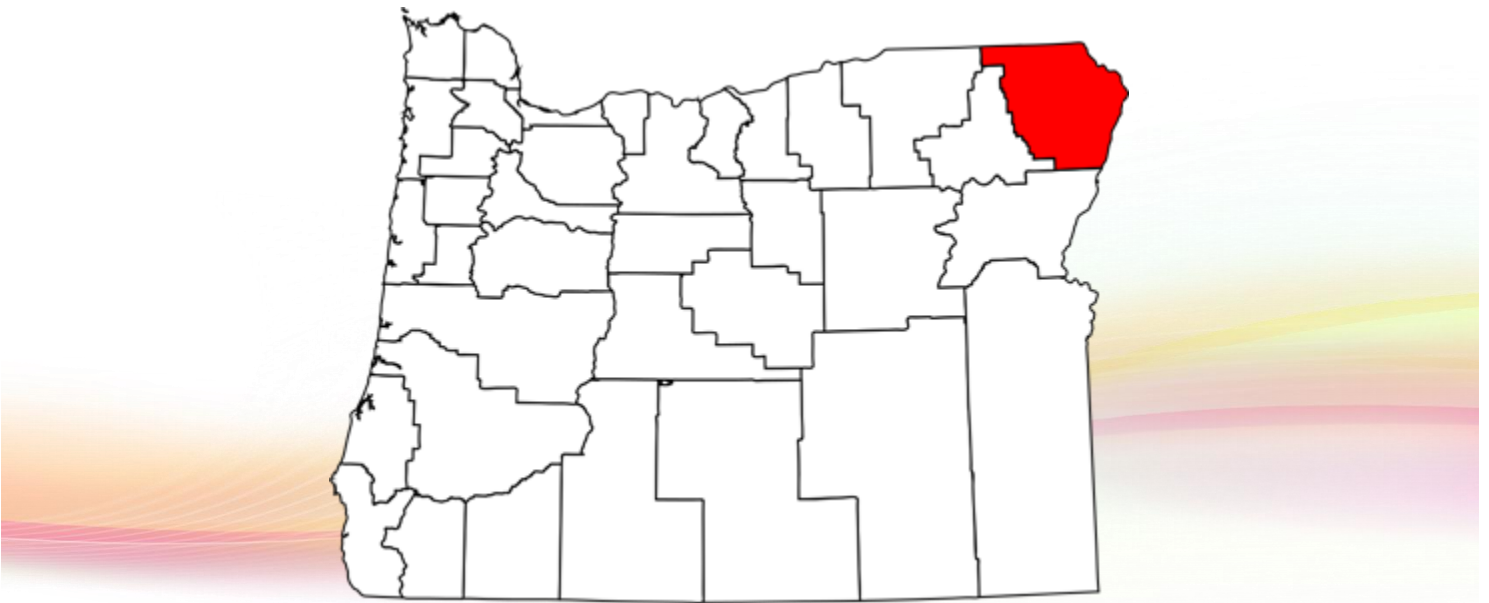


Economic Feasibility Report for a Wallowa County Library District

Ruth Metz Associates



November 3, 2017

ACKNOWLEDGEMENTS

This report was commissioned by the Wallowa Valley Library Foundation (Foundation). It was funded by a grant from the federal Library Services and Technology Act (LSTA) through the federal Institute for Museums and Libraries, and administered by the Oregon State Library.

Special thanks to the Foundation Chair, Autumn Wilburn, the Foundation, and the staff of the libraries for their cooperation and commitment of time to this effort; and to the Wallowa County Commission, the Wallowa County Assessor, Randy Wortman, the city councils of Enterprise, Joseph, Lostine, and Wallowa. Finally, thank you to those citizens of Wallowa County who engaged in this process and eloquently expressed the importance of libraries to the residents and communities in Wallowa County.

“Bad libraries only build collections. Good libraries build services (and a collection is only one of many). Great libraries build communities.” – R. David Lankes

TABLE OF CONTENTS

EXECUTIVE SUMMARY	5
Introduction	5
Background	5
The Problem	5
Consequences	6
Wallowa Valley Library Foundation	7
Proposal for a Library District	8
Boundaries of the Proposed District	8
Priorities for Library Services	8
District Funding Model	9
District Structural Model	10
Budget and Tax Rate	10
Conclusions	10
Recommendations	12
Preface	14
1.0 DESCRIPTION OF SERVICES AND FUNCTIONS TO BE PROVIDED	14
1.1 Community Vision and the Library	14
1.2 Key Library Service Roles	15
1.3 Library Service Plan Description and Specifications	16
2.0 RELATIONSHIPS BETWEEN THESE SERVICES AND FUNCTIONS AND OTHER EXISTING OR NEEDED GOVERNMENT SERVICES	19
2.1 Relationship of Library Services to Other Government Services	19
2.2 District Tax Rate	20
2.3 Compression	21
2.4 Political Considerations	22
2.41 District Structural Model	22
2.42 Local Control of Library Service Levels and Facilities	22
2.43 Facilities and Facility Costs	23
2.44 The Library Board	25
2.45 Voter Support	25
2.46 The Tax Rate	26
3.0 PROPOSED THREE-YEAR OPERATING BUDGET	26
3.1 Revenues	26
3.2 Expenses	27
3.3 Expenditures Narrative	27
3.31 Business Operations	27
3.32 Information Technology and Telecommunications	27
3.33 Library Resources	27
3.34 Equipment Maintenance and Repair	28
3.35 Personnel	28
3.36 Library Operating Costs	28
3.37 Contingency	28
3.38 Reserves	29
Exhibit A	32

EXECUTIVE SUMMARY

Introduction

This feasibility study is for the purpose of establishing whether or not a library district is possible, under what conditions, and at what tax rate. It includes a service plan that has been developed in concert with the Foundation and in consultation with the librarians of the county and cities and with residents that have attended public meetings for this purpose. This feasibility report is not prescriptive because the library board will be the authority for the district, should voters approve the ballot measure. However, the recommended tax rate for the district is based on structural and funding models that keep the tax rate as low as possible while maximizing services. Any library district board should be guided by the economic feasibility report in setting up and transitioning to the district.

Background

Wallowa County is the northeastern-most county in Oregon. With a population of 7,100 (2016), it is the fourth-from-last in population among the state's 36 counties. The total area of the county is 3,122 square miles including the 5.5 square mile Wallowa Lake. Population density is 2.2 inhabitants per square mile. Enterprise is the county seat. Enterprise, Joseph, Lostine, and Wallowa are the incorporated cities within the county.

Library services in the County are provided by the Wallowa County Library (County Library) with its main location in Enterprise and its outlets in Imnaha and Troy. The Enterprise Public Library, the Joseph Public Library, and the Wallowa Public Library are municipal libraries in the county. The County Library service area population is 3,255 (2016) while the cities' combined service populations total 3,845 (2016). The library personnel, less than 1 full time equated (FTE) per library, work together to coordinate and cooperate in providing library services to everyone in the County, regardless of jurisdictional boundaries.

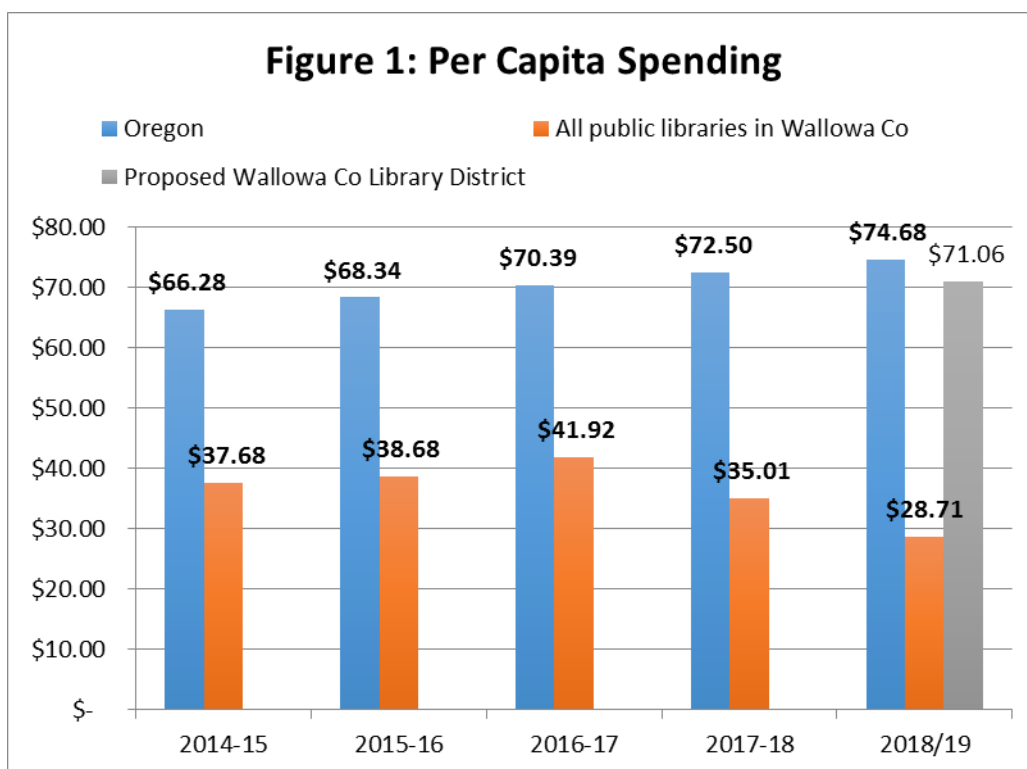
In the spring of 2017, the Wallowa Board of County Commissioners (BOC) announced that it would close the County Library due to funding shortfalls. The County Library is now operating on a reduced budget and schedule. Susan Roberts, the BOC Chair, has said that the County will keep the library operating at its reduced level until funding from a voter approved library district could be collected. Otherwise, the County Library will be fully shut down by June 2018. If voters approve a library district at the May 15, 2018 general election, funds can be collected starting in November 2018.

The Problem

The closure of the County Library is but one reason to propose a library district. The city libraries are also struggling due to low funding. The FY2017-18 combined operating budgets for all 4 of the public libraries is just 48% of the per

capita spending for public libraries in Oregon. The closure of the County Library in FY 2018-19 will further drop per capita spending for public libraries to 38% of state norms. Only the Enterprise Public Library comes close to per capita norms (93% of state norms); however, it also is struggling to meet the most basic level (called “essential”) *Standards for Oregon Public Libraries*.

The following chart shows what has happened and would happen to funding levels. Note that the per capita spending for public library services in Oregon is \$72.50 (FY2017-18). Cutting County Library funding in FY2017-18 has dropped per capita spending for all libraries combined to \$35.01 per capita. Completely defunding the County Library in FY2018-19 as planned will reduce per capita spending for public libraries in Wallowa County to \$28.71. This is a drastic and alarming reduction. Libraries are truly at a tipping point and action is needed now.



A countywide library district at a tax rate of \$0.65 would translate to a per capita of \$71.06 in FY 2018-19 and put library services on a sustainable basis and funding on a par in Wallowa County with Oregon (\$74.68).

Consequences

The BOC's imminent closure of the County Library will shut down the County Library facility at 207 NW Logan Street in Enterprise and as well as County Library service outlets in Imnaha and Troy. The County Library's largely grant-

funded literacy outreach programs to children and families (“Training Wheels” and “Up and Away” after-school program), as well as its “Deliver Me A Book” outreach program to seniors will all shut down.

The elimination of county library services will invariably undercut services to all of the people of the county, including residents of the cities. The County Library has been the main provider of early literacy, youth and family programs, and outreach to homebound, isolated, and remote residents throughout the County. The County’s general fund pays for general operating expenses; the County Library Director has leveraged these funds to obtain nearly \$1,000,000 in grants since 2000 for these programs.

The defunding of the County Library, which includes the elimination of the County Library Director who seeks out and acquires these grants, will result in the loss on average of over \$54,000¹ annually in state grants and non-government revenues secured through fund-raising by the County Library Director. These funds enable the excellent early literacy, after school program, and senior outreach programs that benefit the residents of the cities as well as the unincorporated county.

The closure of the County Library will further leave the 3,255 residents of the unincorporated county without tax- supported public library services. Most public libraries charge a per person fee for non-residents that recovers at least the per capita cost. Usually, their non-resident fees are based on the library’s per capita cost plus a premium. The capacity of the city libraries will be strained to serve these residents, if in fact, residents are willing to pay for a non-resident library card.

The public libraries in the County have worked very effectively to leverage resources, minimize duplication, and coordinate their efforts to provide as much as possible to everyone in the County. The closure of the County Library will put the libraries for the first time in a competitive framework where they will have to deny services to non-residents who cannot pay. Currently, all residents of the County have access to all of the libraries in the County and to the 81 libraries in the SAGE Consortium. This will not be true any longer for residents of the unincorporated County or to residents of cities not in the district boundaries.

Wallowa Valley Library Foundation

The citizen-based Wallowa Valley Library Foundation Board (Foundation) believes that a countywide library district with sufficient, stable funding is a long-term solution to providing sustainable library services throughout the County. Over the years, city and county library personnel have stretched their dollars by coordinating hours and services as well as by getting grants from various entities.

¹ This is the average of the last four fiscal years according to annual Wallowa County budget documents for library grants.

However, the funding level of the city libraries means they struggle to meet the essential level *Standards for Oregon Public Libraries*.

Proposal for a Library District

The Foundation believes that library services will be improved for everyone and sustainable for future generations with a countywide district in place, funded by a dedicated tax. Oregon Revised Statutes (ORS) Chapter 198 sets forth the process for establishing districts. An economic feasibility statement is required by the ORS. This document meets that requirement.

The BOC will formally start the process of putting a ballot measure before the voters, following the requirements of the ORS. The Foundation intends that the proposed library district will be on the May 15, 2018 ballot. If it is approved by the voting majority, taxes for the Wallowa County Library District could be collected starting November 2018 and the newly elected District Board, the County, and the cities could begin the library operational transition soon after the May 15th election.

Boundaries of the Proposed District

The Foundation commissioned this economic feasibility study which was first submitted to the Foundation on September 30, 2017. The boundaries of the district had not been formally established then but have since been formally defined. The proposed library district will include all of the County territory except for the city of Lostine. This report has been updated accordingly.

As prescribed by law, the procedure for defining the boundaries of the proposed district involved asking the local jurisdictions in August 2017, including the county commission and the city councils of Enterprise, Joseph, Lostine, and Wallowa, to pass a resolution to include their jurisdictions in the boundaries of the proposed district.

Subsequently, the city councils of Enterprise, Joseph, and Wallowa have passed resolutions to be in the boundaries of the proposed district. By a margin of 3 to 2, the City Council of Lostine voted against inclusion of the city in the proposed district boundaries on October 11, 2017. The County has indicated its willingness to be in the boundaries of the district and will initiate the measure on November 6, 2017 for the May 15, 2018 general election ballot.

Priorities for Library Services

Residents think the library should emphasize four primary roles and that the future elected board should direct the district resources accordingly. The service plan and budget for the proposed library district is based on these priorities:

1. Help children learn to read and succeed through early literacy services and programs.
2. Help families by providing learning and leisure resources and activities.
3. Help residents learn about and use 21st-century technology to access the information they need to further their education, career, and business opportunities, as well as to connect with their community.
4. Help build a resilient, resourceful community by connecting residents with information resources, each other, and community partners.

The residents of the County want the libraries to be more accessible with increased, convenient hours including weekends. They also want the library to serve working adults, restore and expand early literacy and outreach programs, and provide programs that help youth succeed in school.

District Funding Model

One of the main objectives of this study is to determine what the lowest possible tax rate would be in order to reliably and sustainably provide library services throughout Wallowa County. The recommended tax rate is possible only if the cities and the county agree to allow their library assets to be a part of the district.

The several well-situated libraries are in Enterprise, Joseph, and Wallowa, with outlets in Imnaha and Troy, all have different situations: some are owned, others are using space provided by the jurisdiction or another jurisdiction. They are in different stages of condition. The facilities aspect of the future district needs to be worked through, first by an ad hoc committee and later by the district board if the district is approved.

The County and the cities would provide the facilities including existing collections, furniture, shelving, and equipment while the district tax will operate and pay for the services: personnel, future collections, and operations as described in the proposed budget in Appendix A.

Cooperation amongst the libraries is exceptionally high already and the staff has coordinated services to get high value for the dollar. The assets of the existing libraries are essential to the success of the proposed library district. To make this the viable, sustainable library district that it can be, the future library district board will need to work with the cities and county. All of these partners are taking a leap of faith in creating the district, all have a vested interest in its success, and all stand to be able to provide efficient, effective, and sustainable library services to the residents of the district.

District Structural Model

The most efficient structural model is a consolidated library district. That is, the libraries together comprise one system, with current locations where the city libraries are in Enterprise, Joseph, and Wallowa.

The location of the County Library in Enterprise might or might not remain due to possible structural and environmental problems. However, the library district will need a staging area for the types of collections and services that are the County Library's strengths: early childhood language and literacy, programs for youth and adults, and outreach services. Outlets such as those in Imnaha and Troy could expand or contract to meet changing needs over time.

Administrative functions performed by all of the libraries are consolidated and duplication of effort eliminated wherever possible: interlibrary loan, annual reports, procurement, and similar routine functions. District functions that would have been provided by local governments in each jurisdiction are consolidated as well: payroll, accounting, human resources, insurance, and so forth.

The cities and the County, and the schools in Troy and Imnaha, respectively, would provide the facility for the library operation or outlet. The Library District would operate the library and outlet with its funds.

Budget and Tax Rate

ORS requires a three-year budget as part of the economic feasibility analysis. A detailed three-year estimated budget is in Exhibit A at the end of this report. The budget is based on providing the above-listed services. Based on these funding and structural models, the estimated budget for the district in its first year, FY2018/19, is \$497,106.

A district tax of \$0.65 per \$1,000 of assessed valuation would operate these libraries and service outlets as a system, increase hours and staffing, and provide the services known to be needed and wanted by residents. The service and staffing plan would enable more residents to know of and to directly benefit from library services.

Without the cooperation of the cities that have opted to be in the boundaries of the proposed library district and without a consolidated district structure, the proposed tax rate of \$0.65/\$1,000 is insufficient.

Conclusions

The closure of the County Library puts the well-being of all library services in the Wallowa County at a tipping point. The funding level of public libraries in the county overall falls far below per capita funding for libraries in Oregon. The result

is that hours of service are very limited and staffing levels are extremely low, thereby limiting the libraries' reach to individuals and families that are in need of services. The closure of the County Library will undercut services to all of the people of the County. It will erode already spare per capita funding for library services.

Library services are vital to the well-being of residents and the quality of life in Wallowa County now and for future generations. With sufficient, stable funding, the libraries in the county could benefit all county residents and their communities. It is well-documented that public libraries contribute to a thriving economy and are part of the educational infrastructure of communities.

This economic feasibility study looked at a countywide district as a long-term solution to achieving sustainable services into the future. A county-wide Wallowa County Library District is feasible at a property tax rate of \$0.65/\$1000 assessed valuation provided that:

1. The Library Board utilizes the consolidated district model on which the estimated budget and tax rate is based.
2. The property tax revenues in the proposed district continue to increase by at least 3% per year. This increase will help offset the rising cost of services and materials.
3. The future library board builds the estimated fund balance each year and the reserve funds to help offset the rising cost of services and materials. Working with friends of the library groups, the Foundation, and other partners will be necessary to grow the revenues of the library district.
4. The future library board and management in collaboration with the Foundation and other partners, raises additional funds through endowments, donations, gifts, grants, events, and standard fees to offset expenses and increase reserves for future years.
5. Library management reduces and centralizes duplicative functions across the libraries in the district.
6. Cities and the County share responsibility for the success of the library district by taking care of the physical building and property they own and purpose for library services, including maintenance, repairs, landscaping, and some utilities, without charge to the district. The proposed district and cities would set down their respective responsibilities for the physical location in memoranda of understanding (MOUs).
7. The future library board and library management have the skill set to capably manage the revenues and expenditures as an independent district.

With these provisos, the future library board could provide sustainable, stable library services at a tax rate of \$0.65/\$1,000 of assessed valuation. A library district in Wallowa County would:

1. Provide stable funding for a library service plan that includes operating 6 locations throughout the county a combined total of 166 hours per week.
2. Put control of the library with an independent elected board whose purpose is exclusively to provide library services.
3. Provide stable funding that cannot be usurped for other purposes.

Recommendations

Like good schools, public libraries are an incentive for businesses and families to locate and to stay in the communities of the County. The libraries support educational achievement, economic development, and a better quality of life than would otherwise be possible.

1. Present a library district measure to the voters of the proposed district, including all of Wallowa County, except Lostine, at the earliest possible general election, at a tax rate of at least \$0.65/thousand of assessed valuation. This tax rate will support a unified library district provided that cities and the county allow the district to use the library facilities of their jurisdictions.
2. Form an ad hoc committee made up of representatives from the city councils of Enterprise, Joseph, and Wallowa, the Wallowa County Commission, and the Foundation to study and understand the facilities issues including:
 - A. The status of the library facilities and plans for the facilities in each jurisdiction. This includes mobile units.
 - B. The environmental condition of collections and contents of the County Library and suitability for use.
 - C. The specifics of intergovernmental agreements of other library systems that use this model.
 - D. The costs of facilities operation, maintenance, repair, insurance, with the objective of clarifying exact costs and projected costs for each library.

An intergovernmental agreement cannot be made before the district exists. However, knowledge and understanding can be gained as a pathway to laying out an arrangement that jurisdictions could support and that the district budget and tax rate would also support. This would be the goal of the committee. Begin to form the committee in November 2017 and begin meeting as soon as possible, but not later than mid-January 2018.

With capable agenda planning and leadership, the committee should be able to complete its charge in 3 meetings of about 2 hours each. The product of these meetings should be a statement that clarifies the standing of each committee representative on the matter of supporting the library district and the desirable specifications of an intergovernmental agreement between the proposed library district and the local governments.

+++++

Preface

Oregon state law (ORS 198.749) requires an economic feasibility analysis and statement before putting a district measure on the ballot. The law requires that the economic feasibility statement contain the following:

1. A description of the services and functions to be performed or provided by the proposed district;
2. An analysis of the relationships between those services and functions and other existing or needed government services;
3. A proposed first-year line item operating budget and a projected third-year line item operating budget for the new district that demonstrates its economic feasibility.

This document constitutes the economic feasibility report for the establishment of a Wallowa County Library District. The report is organized in three parts, consistent with the three requirements listed in the preceding paragraph.

1.0 DESCRIPTION OF SERVICES AND FUNCTIONS TO BE PROVIDED

In the proposed library district, the citizens want the library to be open more hours and through outreach programs to increase its reach to the 7,100 residents of Wallowa County.

1.1 Community Vision and the Library

The residents of the proposed library district envision a future for their communities that is hopeful, economically thriving, and offers a quality of life that makes living in the county worthwhile. They believe that the library is fundamental to achieving this future.

In an ongoing survey² of residents, virtually 100% of respondents agree or strongly agree with the following values pertaining to the presence of a library in their communities:

- Just having the library in our community signals that we are a community that cares about learning, thinking, and growing.
- The public library provides good value for the dollar.
- The library is an anchor for the community.

² The Library Foundation has made a 1-page survey available throughout the County, with copies handed out at public meetings, local government meetings, and at the libraries.

- The library is open to all and neutral ground.
- The Library is a bridge to technology.
- The library breaks people's isolation by providing a place to be and outreach to people who can't make it to the library.
- The library makes our community more livable.

The residents envision libraries that are welcoming, attractive, and functional “community centers” that engage the community with its collections, services, programs, and events. Residents have 24/7 virtual access to the library and the resources of the Internet and they can get one-on-one help learning to use their technology devices for information and to interface with the library.

A qualified, well-trained, and dedicated staff is committed to making the library an integral part of the community and a vehicle for improving the quality of life. The library collection features books, from popular to classical, electronic databases, and all forms of media. The library's web presence provides local content and is also a portal to the global information market. Interlibrary services give residents economical and quick access to collections throughout the region and the world.

1.2 Key Library Service Roles

Residents also weighed in on the roles of the library³. These are the primary roles the Library should play, according to residents.

1. Help children learn to read and succeed through early literacy services and programs
2. Help families by providing learning and leisure resources and activities
3. Help residents learn about and use 21st-century technology to access the information they need to further their education, career, and business opportunities, as well as to connect with their community.
4. Help build a resilient, resourceful community by connecting residents with information resources, each other, and community partners.

Based on community input, the service plan of the proposed district should be directed toward these four primary roles.

³ Large, 36x48 inch posters list suggested roles of the library garnered from the Library Foundation and County residents that have attended and continue to attend public meetings about the County Library closure, the city council meetings regarding the boundaries of a library district, and the public meetings of the Library Foundation and stakeholders. Individuals weigh in with dots that indicate their preferences. These large posters have and continue to make their way through the communities and the libraries.

1.3 Library Service Plan Description and Specifications

All people residing in the proposed Wallowa Valley Library District will be able to have public library services from 6 locations and hours of service will increase from the current 88 per week across the county to 166. Staffing will increase to open these additional hours and to provide early language development and literacy programs for children and families. These programs help account for the exceptional school success of youth in Wallowa County.

Likewise, programs for the adults that make up 46% of the population will be added, including formal and informal online literacy and technology help and coaching. With the increase of staffing, staff training, and the consolidation and centralization of back-of-house functions, the staff will be able to help more residents connect to resources, people, and organizations that help people live and improve their daily lives.

A. Locations and Hours per Week

The budget is based on offering services in 6 locations, for the following hours. Convenient hours can be added, including evenings and weekends. Currently, only Joseph and Troy are open on Saturday.

Enterprise	Joseph	Wallowa	Imnaha	Troy	County
50	30	30	8	8	40

B. Staffing Plan

A total of 6.40 FTE full and part-time staff (from 3.44 FTE pre-county cut-backs) enables operations from six locations, increases hours to 166, and increases the ratio of staff to residents from .48 to .90 per thousand residents. An on-call bank supports the outreach and technology services of the libraries and enables coverage to keep libraries open when regular staff are on leave for illness and vacation. The staffing plan consists of:

Figure 2: Position Title	Hours/
Library District Director	40.00
Library Program and Grants Specialist	40.00
Administrative Assistant	30.00
Library Assistant Enterprise	30.00
Library Assistant Joseph	30.00
Library Assistant Wallowa	30.00
Library Clerk On-Call Bank	40.00
Library Clerk Troy	8.00
Library Clerk Imnaha	8.00

C. Library Materials

- Maintain and build the collection of books, periodicals, newspapers, audiovisual, digital, and electronic resources.
- Expand access to books and other materials through interlibrary loan, reciprocal borrowing, and interlibrary delivery.
- Provide online access to the customer accounts and online resources, 24 hours a day, seven days a week (24/7) through an excellent library web portal.

D. Programs and Outreach

- Weekly early childhood literacy services and programs.
- Class visits and other services to support K-12 student achievement.
- Outreach services targeted to teens, adults, seniors, and special populations such as the visually impaired and other “at-risk” populations.
- Educational materials and supplies for early literacy programming.

E. Other Library and District Operations

District-wide web portal, wireless technology, computer management software, self-serve technology, and basic library equipment, including public computers. Telephone and internet, staff and board training and volunteer recognition. Business services including attorney, insurance, audit, accounting, payroll, etc.

F. Facilities

Cities and the County share responsibility for the success of the library district by taking care of the physical building and property they own and purpose for library services, including maintenance, repairs, landscaping, and some utilities, without charge to the district. The proposed district and cities would set down their respective responsibilities for the physical location in memoranda of understanding (MOUs) or intergovernmental agreement.

The facilities circumstances are different for each local government:

1. Enterprise owns and takes great pride in its library and the Library Director has worked hard to raise funds for capital improvements. The facility meets certain accessibility and space standards that the other libraries do not.
2. The Joseph Public Library is in the City Hall building, a facility that is undergoing planning for expansion. Will that continue to be available to the district and where would the district place a library in Joseph if it becomes displaced?

3. The Wallowa Public Library is owned by the City but will the facility meet norms of a future intergovernmental agreement between the district and the City?
4. The County has alluded to replacing its facility in Enterprise due to suspected structural and environmental problems with the building. Mold is suspected in the building and if this is the case, the collections could also be affected. The County will need to make a policy decision about the facility, collection, and its other contents. It has been reported that the present County library will be taken down and replaced with modular or a leased facility. Clearly, the situation is different in every jurisdiction and this needs to be talked through as soon as possible.
5. County library outlets in Imnaha and Troy are in host school facilities and the County plans to auction off the delivery van that once was used in outreach services by the library. Deliveries are now made by contract providers.

2.0 RELATIONSHIPS BETWEEN THESE SERVICES AND FUNCTIONS AND OTHER EXISTING OR NEEDED GOVERNMENT SERVICES

2.1 Relationship of Library Services to Other Government Services

As previously stated in the introduction to this report, funding for the Wallowa County Library is being phased out and the library will close by June 30, 2018. The permanent closure of the County Library will hurt all county residents and negatively impact the city libraries. It will deprive the unincorporated county residents of tax-supported public library service, something that is provided to the residents of nearly every city and county in Oregon. Further, it will deprive the County of state and federal funding access that can support library service for children and the general public. Residents would have to pay for these services from the city libraries or go without.

“There is a strong connection between all the libraries. Every library in Wallowa County is staffed with less than 1 FTE. We lean heavily on one another to create a system that meets the needs of our patrons. It is very informal and completely dependent on library personnel.”

Denine Rautenstrauch, Library Director, Enterprise, from “Costs and Benefits of Public Library Services in Wallowa County”, 2016

The city libraries have been bolstered by the services that have been uniquely provided by the County Library. For their city residents, and with their limited budgets, they have come to rely on the County Library as the main service provider of early childhood and family literacy programs and services to homebound and isolated residents of the cities and the County.

The County and city libraries have developed an extraordinarily strong network of interlibrary cooperation and coordination, thereby leveraging tax dollars immeasurably. The County Library Director, Susie Polumsky, has made early literacy and outreach programs possible through her fund-raising. Since 2000, she has raised just under a million dollars for library services, better than a 1-to-1 ratio of return on the taxpayers’ dollars for the County library over the same period. Taking the County Library out of the equation will undo the base of cooperation and coordination that has prevailed and interject a competitive environment of those that have and those that have not.

Residents of the County and the cities are worried about a diminution of the services that make life in the cities and the County livable. One resident of Enterprise lamented that the closure of the County library is the “last nail in the coffin” of livability.

While the high school graduation rate is first among all Oregon counties, third-grade math proficiency is second from last. Youth are at risk according to key

health, welfare, and financial indicators⁴, including parental unemployment. These conditions threaten the economic development of the County, the educational achievement of the children and youth, the economic potential of individuals and families, and the desirability of Wallowa County as a place to live.

The public library is increasingly the community place where residents can access the online world using the libraries' computers and have the help of library staff. Almost all transactions with state and federal agencies must be conducted online. Many residents of the county do not have computers and other tech tools and need help from trained library staff in web-based resources. They are searching online, taking classes on line, and preparing resumes, all on public computers at their local libraries. Without these options, residents are left behind in information literacy. Residents have said the library should make it a priority to help residents learn about and use 21st century technology to connect to the online world.

It is well established that public libraries play a pivotal role in economic development by assisting individuals of all ages and socio-economic status in their personal, educational, work, career, and business development. The footnoted bibliography includes reference and links to 19 state, regional, and local studies conducted between 1999 and 2015, documenting the economic contribution of public libraries.⁵ They conclude that public libraries contribute to economic development in four major ways:

- the direct staff jobs at public libraries
- jobs generated by non-payroll library expenditures
- jobs that result from people that serve the public library workforce in their professional and private lives,
- and jobs generated by visitor spending

2.2 District Tax Rate

The library district proponents will ask voters to fund library services at a rate of 65 cents per thousand dollars of assessed valuation. If approved by voters at the May 15, 2018 general election, the County Assessor's office will collect the tax beginning November 2018 for the fiscal year that begins July 1, 2018. The newly elected Library Board can begin to commit the expected revenues, by prior arrangement with the County and the cities effective July 1, 2018. The cities that fund their libraries and the County will need to cooperate through the transition, to bridge the gap between the beginning of the fiscal year and the collection of the new tax by the County.

⁴ Children First for Oregon, 2016 Status of Oregon's Children and Families, Wallowa County, p. 61 (<https://www.cffo.org/wp-content/uploads/2017/09/2016-County-Data-Book.pdf>)

⁵ <https://dpi.wi.gov/pld/data-reports/economic-impact>

The amount of revenue generated will vary according to the assessed property value: as assessed value increases, decreases, or remains flat, so will the revenue generated by the permanent rate. Economic conditions will affect the gross revenue generated for the library district. Various other factors will affect the net receipts, such as any urban renewal districts, non-profit housing, new construction growth, and real market values.

Figure 3 below is a property tax index for a 65-cent tax rate. It shows the tax due on assessed property values ranging from \$75,000 to \$250,000. For example, the tax due of a property with the assessed value (not market value which is significantly higher) of \$75,000 would be \$48.75. The 65-cent rate stays the same, permanently. The assessed value of property is variable, with annual increases averaging around 2.9%. The tax would be due annually.

Figure 3: Tax Due Index

Taxed Value (Assessed Value)	Property Tax (65 Cents)
\$75,000	\$48.75
\$100,000	\$65.00
\$150,000	\$97.50
\$200,000	\$130.00
\$250,000	\$162.50

Randy Wortman, County Assessor, has estimated that the average assessed value is \$75,226 for residential properties with structures; at a rate of \$0.65/\$1000, the tax due would be \$48.89. The median (half of the properties are below this assessed value and half are above it) for residential properties with structures is \$65,463. The average and median varies according to the type of property: residential with structures or on bare land, commercial, industrial, rural tract, resource, recreational, or utility.

2.3 Compression

A library district would compete for property tax levy money with other non-school governments. Oregon's Constitution limits a non-school government's ability to levy taxes. The constitution requires all non-school governments with levy authority to share a maximum of \$10.00 per \$1,000.00 of each unit of property's real market value.⁶ County, city, fire district and other special district taxing authority over a unit of property may total a large portion of the \$10.00 limit. All permanent tax rate authority has priority over local option rate authority.

The constitutional limit can cause a proportional "compression" of all co-existing non-school governments' statutory levy authority for a unit of property. The total

⁶ Or. Const., Art. XI, Sec.11(11)(b)

of all permanent rates and all local option rates levied against a unit of property is determined. If the total is less than the \$10.00 per \$1,000.00 cap, then all taxes are collected. If the sum is more than \$10.00 per \$1,000.00, then all local option levies are reduced proportionally to get under the cap.

Information from the County Assessor suggests that in all areas of the County there is “room under the cap” for the permanent property tax rate being considered for the proposed library district. This means that the total permanent tax rates against units of property will not equal or be greater than \$10.00. The City of Enterprise, however, is concerned that there may not be enough room under the cap to accommodate other City priorities, such as a future fire district or recreational district.

2.4 Political Considerations

There are several political considerations to take into account in forming the proposed library district.

2.41 District Structural Model

The most efficient structural model is a consolidated library district. That is, the libraries together comprise one system, with locations where the city libraries are in Enterprise, Joseph, and Wallowa. The 3-year budget for the proposed district, and thus the recommended tax rate, is based on the district being operated as a consolidated district.

Administrative functions performed by all of the libraries are consolidated and duplication of effort eliminated wherever possible: interlibrary loan, annual reports, procurement, and similar routine functions. District functions that would have been provided by local governments in each jurisdiction are consolidated as well: payroll, accounting, human resources, insurance, and so forth.

The cities and the County, the schools in Troy and Imnaha, respectively, would provide the facility for the library operation or outlet. The Library District would operate the library and outlet with its funds.

2.42 Local Control of Library Service Levels and Facilities

One of the main objectives of this study is to determine what the lowest possible tax rate would be in order to reliably and sustainably provide library services throughout Wallowa County. The recommended tax rate is possible only if the cities and the county agree to allow their library assets to be a part of the district.

The assets of the existing libraries are essential to the success of the proposed library district. To make this the viable, sustainable library district that it can be, the future library district board will need to work with the cities and county.

In this library district model, the County Library and its outlets in Imnaha and Troy, and the city libraries of Enterprise, Joseph, and Wallowa have the facilities to house operations, and the collections, furnishings and equipment to launch the proposed library district. The district tax will provide funds for the operation of the district and library services.

The location of the County Library in Enterprise might or might not remain due to possible structural and environmental problems. However, the library district will need a staging area for the types of collections and services that are the County Library's strengths: early childhood language and literacy, programs for youth and adults, and outreach services. Outlets such as those in Imnaha and Troy could expand or contract to meet changing needs over time.

Every jurisdiction understandably will be concerned about the loss of control over their city library and what will happen to service levels under the authority of a library district board. All of these partners are taking a leap of faith in creating the district, all have a vested interest in its success, and all stand to be able to provide efficient, effective, and sustainable library services to the residents of the district.

2.43 Facilities and Facility Costs

As previously noted, the proposed library district tax rate is predicated on a collaboration between the district and the county and the cities with respect to library facilities. This is not unprecedented amongst library systems: Tillamook County has such an arrangement and examples of the library system's intergovernmental agreements are in the hands of the Foundation as examples to be studied.

In this case, the budget and tax rate is predicated on the county and the cities providing the library facilities, collections, and equipment without charge to the district. The county and cities would provide adequate space, whether owned or leased, facility repair and maintenance, grounds upkeep, and property and liability insurance as well as funding for capital improvements or expansions.

The library district would pay for annual operations: personnel salaries and benefits, library materials, and other operational expenses that are included in the 3-year budget, including janitorial and telecommunications. As noted elsewhere in this report, personnel salaries, wages, and fringe benefits, including workmen's compensation insurance, would be the responsibility of the library district board.

The details of this arrangement should be set forth in memoranda of understanding between the district and the local governments. This could be

updated annually as the district board and the cities and county gain experience with the actuality of district revenues, operations, and expenditures.

The budget estimates for the district regarding janitorial and telecommunications are based on the following line items and expenditures in the FY2017-18 budgets of the cities and county:

Figure 4: Basis for Janitorial and Telecommunications Cost Analysis

2017/18 Adopted Budgets	Janitorial fee to GF	Janitorial Srvs	Janitorial Total	Telephone	Telecom m	Utilities-Telephone /Internet	Total Telecommunication
County Library Budget--GF	500			2100			
County Library-Grants							
City of Enterprise		2700				4700	
City of Joseph						960	
City of Wallowa (2016-17 Budgeted)				720	2170		
Total	500	2700	3200	2820	2170	5660	10650
Proposed district budget			6500				16000

Power and sanitation utility costs, specifically those included in the cities and county FY2017-18 budget documents, are not included in the proposed library district budget. To include those that are in the FY2017/18 cities and county budgets would add at least 1.38 cents to the tax rate. Further, it is not known if these associated expenditures are typical or even complete.

Figure 5: Basis for Power and Sanitation Utility Costs Analysis

2017/18 Adopted Budgets	Utilities	Electricity	Utilities-Power	Fuel and Heating	Solid Waste Fees	Total Power/Heat	Total operating for facilities
County Library Budget--GF	2100						
County Library-Grants							
City of Enterprise			2200	4000	200		
City of Joseph							
City of Wallowa (2016-17 Budgeted)		1400		600			
Total	2100	1400	2200	4600	200	10500	24350
Proposed district budget						0	
Additional tax rate in cents to include this						1.382743	

At least initially, the cities and county should be responsible for the power and sanitation utility costs. Once the district operations are established, the district

board, cities, and county could revisit the memoranda of understanding, taking into account actual expenditures of the local governments as well as how actual revenues and expenses for the district are playing out.

The district board ultimately has the legal authority and must retain the flexibility and the ingenuity to place facilities where they will most effectively and affordably serve the district residents even as current facilities and locations change over time. The number of facilities and the manner in which services are provided are ultimately decisions of the district board.

2.44 The Library Board

Any future library district board would be elected by the voters and they would be residents of the library district. The leadership of the district would be from amongst the residents of the district. This should help reassure cities that are concerned about future service levels.

It is incumbent upon everyone with a stake in the future of the library to recruit excellent board prospects who care about libraries and their continuation. An at-large board (rather than zones) offers the best potential to get the best board members, regardless of where they reside in the county.

The governing authority for the proposed district will be a five-member Library Board, elected from a slate of candidates on the library district ballot title. It is important that these candidates have the skills and ability to launch and govern a new library district as well as have credibility with voters.

This means that district proponents and civic leaders must work diligently over the next several months to clarify the desirable qualities of the new library district and ensure a strong slate of candidates. The skills, abilities, and credibility of the first library board are a more urgent matter than where they live in the County. It should be an at-large board.

2.45 Voter Support

It is important to emphasize to voters that keeping libraries open is urgent. Voting for the tax keeps the libraries open for children, families, and those seeking employment and retraining. Voting for the library district puts control of the library and its funding in the hands of voters. Creating a library district that is independent of the county government and that is governed by a board elected by the voters, ensures stable funding for the long-term expressly for the library. The approval of a library district establishes a base of funding while locking in the tax rate. A base of funding is leverage with other forms of support, including volunteers, philanthropy, and grants.

2.46 The Tax Rate

The tax rate is based on the cost of a modest service plan, yet one that allows for services to be substantially improved in hours and locations, staffing, collections, and programs throughout the County. The budget for these services is well within norms associated with other rural library districts in Oregon. The tax which is dedicated to library services and administered by an elected board will improve and stabilize library services throughout the County. It is a necessary and forward-thinking countermeasure to the erosion of library funding that has occurred in the County. For the cities, it frees up most of the resources allocated to their libraries; the exception is that the cities and County will still own their facilities and will be responsible for their maintenance. It is important to inform voters of these facts and to emphasize that the tax rate cannot be increased.

3.0 PROPOSED THREE-YEAR OPERATING BUDGET

3.1 Revenues

The revenue estimates are based on assessed values provided by the County Assessor's office and a conservative annual growth estimate of 3%. The following Figure 6 below shows a summary of revenues by source for each of 3 years.

Figure 6 – Revenues

BUDGET: COUNTYWIDE LIBRARY DISTRICT INCLUDING UNINCORPORATED COUNTY and ALL CITIES except Lostine	FY2018/19	FY2019/20	FY2020/21
Proposed District assessed value	\$748,952,578	\$ 771,421,155	\$794,563,790
REVENUE ESTIMATE			
Library district current year collection	\$ 486,381	\$ 500,972	\$ 516,002
Library district prior year due		\$ 15,043	\$ 15,494
interest on annual revenues	\$ 2,432	\$ 2,580	\$ 2,657
interest on reserves		\$ 140	\$ 243
E-rate discount	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Total Base Revenues	\$ 490,313	\$ 520,235	\$ 535,896

In addition to the tax revenues, the library district will have other revenues from interest, overdue fines, and certain fees such as from photocopying, and grants and gifts. These have not been factored into revenues because doing so would presume certain district board policy positions, such as whether or not to charge fines and fees.

Grants and philanthropic giving typically are earmarked by the grantor for specific purposes. Therefore, the revenue estimate includes no grant revenues as these would be offset by grant expenses. Philanthropic gifts would generally be made

to the Library Foundation and included it its budget. Such funds would be transferred to the library district budget at such time as it is needed for the intended purpose.

As much as possible, the year-ending fund-balance and revenues from interest and fines and fees should be carried forward to insure sufficient revenues in succeeding years. This is important because, as previously noted, the tax rate cannot be increased.

Building a healthy fund balance is a “must”. Not only must the Library Board build a reserve for future years, it must also raise additional funds to keep pace with the likely increases in the costs associated with on-going operations. It is important to continue to partner with other organizations in the county and to raise and leverage resources in an entrepreneurial spirit.

3.2 Expenses

The baseline budget, FY 2018-19, (see Exhibit A) establishes that the library district could operate the specified service plan on a tax rate of \$0.65/thousand plus its additional revenues.

3.3 Expenditures Narrative

The following narrative briefly describes what is included in these general fund categories. As previously noted, Exhibit A is a line item budget for the first 3 years of operation.

3.31 Business Operations

This category includes those business functions that any district requires in order to operate: accounting, attorney, audit, banking fees, payroll and other HR services, and insurance. The library district may also need to contract for professional, technical, security, courier, and other business services. Custodial services are also in this category.

3.32 Information Technology and Telecommunications

The backbone of library customer accounts and inventory is the SAGE integrated library system (ILS). The libraries all participate in SAGE. The budget includes the cost of this system. It also includes Internet costs and computer software, hardware, and peripherals for the business of the library.

3.33 Library Resources

Library resources include books, periodical and newspaper subscriptions, audiovisual items, and electronic databases. Audiovisual materials include books on tape, CDs, DVDs, and other such items. An example of an electronic database is *ChiltonDIY.com*, a searchable database of the well-known Chilton

auto repair manuals. An example of an online service is Tutor.com, which provides live on-line homework help.

3.34 Equipment Maintenance and Repair

The budget allocates funds to equipment maintenance contracts, provides an allocation for small equipment replacement, and allocates funds for the annual replacement of a portion of the library's computers. It assumes a 3-4 year replacement schedule for the public computers (see reserve funds explanation below).

This account includes funding for large equipment purchases, such as a telephone system and accounting/human resources system. The library will gradually add standard equipment such as an LCD projector at each facility. It will also selectively add technology for efficiency: for instance, self-serve checkout machines and computer and print management software.

Note that the budget does not include facility maintenance as it will be necessary for the cities and county to provide facilities while the proposed district will provide for operations.

3.35 Personnel

As previously noted, a total of 6.40 FTE full and part-time staff (from 3.44 FTE pre-county cut-backs) enables operations from six locations, increases hours to 166, and increases the ratio of staff to residents from .48 to .90 per thousand residents. For the purposes of this report, salaries and wages are based on averages derived from an analysis of comparable rural library districts. The estimate for personnel includes a fringe benefit factor of 38% for full-time staff. Fringe benefits would be determined by the district board and by law. They typically include payroll taxes, health and retirement, and workman's compensation insurance. Actual wages, salaries, and benefits are a matter for the library district's governing board.

3.36 Library Operating Costs

This category includes dues and memberships, outreach and promotional materials, postage and freight, registration and tuition, supplies, training, travel expenses, vehicle expenses, and miscellaneous operating expenses. Unexpended funds, as in all other categories, would become part of the year-end fund balance and could be carried forward into the succeeding year's budget and/or allocated to the reserve funds.

3.37 Contingency

This category includes an operating contingency line item to provide the board with a margin of discretionary flexibility and for unforeseen expenses. Any

unexpended amount would become part of the ending fund balance and would carry forward into the succeeding year, to build the reserves.

3.38 Reserves

This category shows the estimated savings reserve in years 1, 2, and 3 and this will have to be carried forward and purposefully developed by the library board in the first three years and thereafter. The district tax revenues alone, with their limited growth potential, will not keep pace with likely increased costs of library operations. For instance, even as it exercises fiscal restraint, the library board will not be able to control energy, telecommunications, and other operating costs and these are likely to outstrip annual tax revenue growth. This is typical for any entity. The budget takes this into account, but the library board should be conservative and exercise caution as it ramps up its service plan.

The cumulative fund balance should total \$108,000 by the end of the third fiscal year, according to the budget, or about 25% of the annual operating budget. Once the reserve fund has grown sufficient to provide a substantial fund-balance for cash flow and projected annual operating budgets, the board can begin to allocate some of these reserves for designated purposes. Libraries typically designate reserves for technology replacement, capital improvement, and facility replacement.

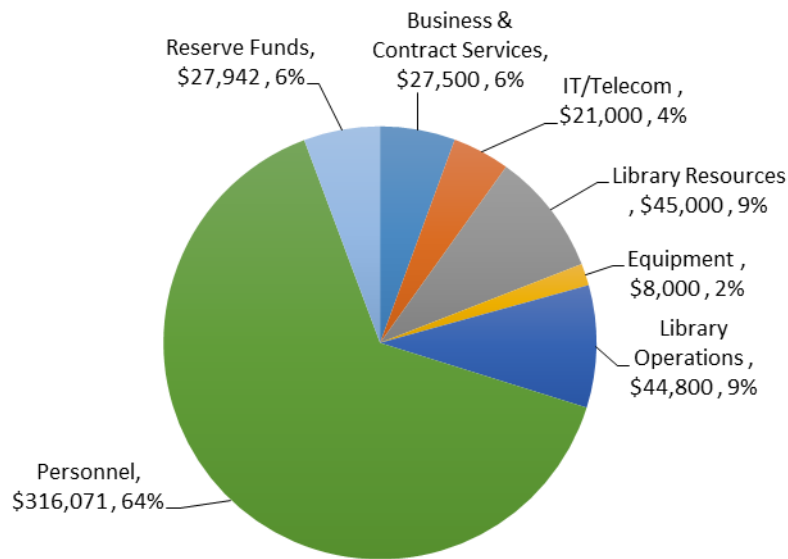
The libraries use staff computers, public access computers, and various other equipment and peripherals that make the information technology work. The library board will need to build this fund for the scheduled, periodic replacement of essential library equipment and technology.

It is possible that in the future the library board will need to purchase furniture or equipment or lease, purchase, or even build and maintain a facility or facilities. As the district gets its footing, it may be necessary or desirable to lease space(s) for library services. Building the reserves is of paramount importance, first and foremost for the annual operations of the libraries but also for the development of the library district.

At some point, it may be mutually desirable for the district and one or more cities to negotiate a purchase of an existing facility. No one can know at this time how circumstances will change. The important thing is to build on what is now in place; the proposed tax rate, wisely used, will enable the on-going operations of public libraries in the district on a par with those services received by most Oregonians.

Figure 7 below shows how the estimated expenditure budget would be allocated by category.

**Figure 7: Wallowa County Library District
Year-one Expenditure Budget by Category,
FY2018/19**



In Conclusion

The closure of the County Library is but one reason to propose a library district. The city libraries are also struggling due to low funding. Library services are at a tipping point in Wallowa County and they can be restored and rejuvenated with a permanent, dedicated tax rate. The voters of the district can determine whether or not libraries will survive in Wallowa County.

Library services are vital to the well-being of residents and the quality of life in Wallowa County now and for future generations. Public libraries are part of the educational undergirding of the County and therefore vital to the livability and the economic well-being of every resident and every community in Wallowa County.

A library district funded at \$0.65/thousand dollars of assessed valuation is the right amount to revitalize and sustain library services in Wallowa County. The recommended tax rate is enough only if the cities and the county agree to allow their library assets to be a part of the district and if the district is organized as a consolidated system.

Every jurisdiction understandably will be concerned about the loss of control over their city library and what will happen to service levels under the authority of a library district board. All of these partners are taking a leap of faith in creating the district, all have a vested interest in its success, and all stand to be able to provide efficient, effective, and sustainable library services to the residents of the district. To make this the viable, sustainable library district that it can be, the future library district board will need to work with the cities and county while providing the critical leadership for library development in Wallowa County.

Exhibit A

BUDGET: COUNTYWIDE LIBRARY DISTRICT INCLUDING UNINCORPORATED COUNTY and ALL CITIES except Lostine		FY2018/19	FY2019/20	FY2020/21
Proposed District assessed value		\$748,952,578	\$ 771,421,155	\$794,563,790
REVENUE ESTIMATE				
Library district current year collection		\$ 486,381	\$ 500,972	\$ 516,002
Library district prior year due			\$ 15,043	\$ 15,494
interest on annual revenues		\$ 2,432	\$ 2,580	\$ 2,657
interest on reserves			\$ 140	\$ 243
E-rate discount		\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Total Base Revenues		\$ 490,313	\$ 520,235	\$ 535,896
OPERATING EXPENDITURE BUDGET				
District Operations		FY20018/19	FY2019/20	FY2020/21
Business Services				
Accounting		\$ 3,000	\$ 3,090	\$ 3,183
Attorney		\$ 2,000	\$ 2,000	\$ 2,000
Audit		\$ 4,000	\$ 4,120	\$ 4,244
Banking fees		\$ 500	\$ 515	\$ 530
Human Resources/EAP/Emp Asmt		\$ 2,000	\$ 2,000	\$ 2,000
Insurance Premiums (general liability)		\$ 5,000	\$ 5,150	\$ 5,305
Business Services		\$ 16,500	\$ 16,875	\$ 17,261
Contract Services				
Professional and Technical (District responsibilities, IT)		\$ 5,000	\$ 5,000	\$ 5,000
Janitorial Services		\$ 6,000	\$ 6,300	\$ 6,615
Contract Services		\$ 11,000	\$ 11,300	\$ 11,615
Business & Contract Services		\$ 27,500	\$ 28,175	\$ 28,876
Information Technology and Telecommunications				
Information Technology				
SageCat, LEO, Library2Go		\$ 11,000	\$ 11,330	\$ 11,897
Computer Software, hardware, peripherals		\$ 5,000	\$ 5,000	\$ 5,000
Telecommunications				
Telephone and Internet		\$ 5,000	\$ 5,150	\$ 5,408
IT/Telecom		\$ 21,000	\$ 21,480	\$ 22,304
Library Resources				
Books, Periodicals, Audiovisual. DVDs		\$ 40,000	\$ 41,200	\$ 42,436
Data Base Subscriptions (State Library: Gale, Ready to Learn)		\$ 5,000	\$ 5,150	\$ 5,305
Computer Software (EBSCO Host, Tutor.com, etc)				
Library Resources		\$ 45,000	\$ 46,350	\$ 47,741

Equipment Maintenance and Replacement				
	Maintenance Agreements (copiers, and future equipment)	\$ 3,000	\$ 3,090	\$ 3,183
	Small equipment replacement	\$ 2,000	\$ 2,000	\$ 2,000
	Equipment replacement	\$ 3,000	\$ 3,000	\$ 3,000
	Equipment	\$ 8,000	\$ 8,090	\$ 8,183
Library Operations				
	Institutional Dues and Memberships (Oregon Library Association)	\$ 1,500	\$ 1,500	\$ 1,500
	Outreach, Programming, and Promotional			
	Direct mail semi-annual calendar, etc.	\$ 4,000	\$ 4,120	\$ 4,326
	Programming Support	\$ 8,000	\$ 8,000	\$ 8,000
	Educational Supplies	\$ 4,400	\$ 4,000	\$ 4,000
	Postage/Freight	\$ 2,000	\$ 2,040	\$ 2,081
	Registration, tuition (e.g. OLA, PLA, Staff and Board)	\$ 3,200	\$ 3,200	\$ 3,200
	Supplies			
	Volunteer/ staff recognition (Foundation-funded)			
	Library supplies (patron cards, etc.)		\$ 500	\$ 500
	Office Supplies	\$ 2,500	\$ 2,500	\$ 2,500
	Photocopy Paper	\$ 1,800	\$ 1,890	\$ 1,985
	Printer Supplies	\$ 1,600	\$ 1,680	\$ 1,764
	Printing Services (bookmarks, etc)	\$ 2,100	\$ 2,000	\$ 2,000
	Training	\$ 4,000	\$ 4,000	\$ 4,000
	Travel Expenses	\$ 2,200	\$ 2,222	\$ 2,244
	Vehicle O&M (Mileage)	\$ 2,500	\$ 2,500	\$ 2,500
	Miscellaneous operating expenses	\$ 5,000	\$ 5,000	
	Library Operations	\$ 44,800	\$ 45,152	\$ 40,600
	Personnel	\$ 316,071	\$ 322,392	\$ 328,840
	Operating Contingency cashflow and unforeseen	\$ 10,000	\$ 5,000	-
	RESERVE FUNDS	\$ 27,942	\$ 48,596	\$ 59,353
	TOTAL ALL OPERATIONS	\$ 462,371	\$ 471,639	\$ 476,543
	GRAND TOTAL OPERATIONS AND RESERVE FUNDS	\$ 490,313	\$ 520,235	\$ 535,896
	Projected Revenue Comparison	\$ 490,313	\$ 520,235	\$ 535,896
Facilities	NOTE: Facilities Assumes MOUs w/ Cities/County to Provide Facilities & Related Expenses (Maintenance, repairs, power and sanitation utilities, property and liability insurance)			