

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
The Seattle Public Library	Chris Ruffini / 233-5109 Jan Oscherwitz / 684-8510	Lisa Gaccione / 684-5339

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to regular property taxes; providing for the submission to the qualified electors of the City at an election to be held on August 6, 2019, a proposition to lift the limit on regular property taxes under chapter 84.55 RCW and authorize the City to levy additional taxes for up to seven years for the purpose of sustaining investments in Library operating hours, collections, technology, and maintenance while expanding access to opportunity through additional hours, Library materials, and technology and undertaking seismic retrofits of three Library facilities; authorizing creation of a new fund; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation:

The Seattle Public Library is one of the city's most intensively used and valued community resources. The 2018 Library Programs and Services Assessment showed that 2 in 3 Seattle residents had used the Library's programs and services within the last six months. In 2018, there were more than 5.2 million in-person visits to Library facilities and more than 12 million visits to the Library's website and catalogue. From the Library's collection of 2.3 million items, patrons checked out 8 million physical items and accessed nearly 4 million digital items such as e-books, e-audiobooks and streaming media. Patrons used Library computers or Wi-Fi sessions more than 2.5 million times. Patrons made 750,000 requests for information assistance; and more than 300,000 people attended 10,000 classes, events and activities.

In 2012, voters overwhelmingly approved the City's first operating levy to support the Library. The 2012 Library Levy was put before voters in response to budget reductions over several years, including a nearly \$5.0 million reduction proposed by the City in 2013 in response to financial constraints from the Great Recession. To avoid further degradation to Library service levels, restore some recently reduced hours, preserve investments made in Library facilities through the Libraries for All capital program, and stabilize operating and capital funding, Seattle voters authorized a seven-year, \$123 million dollar property tax levy. The 2012 Levy focused on four spending programs: Open Hours and Access; Collections; Technology, and Maintenance. It also provided funding to offset the nearly \$5.0 million cut in the General Fund in the Library's 2013 Adopted Budget, reduced as a result of expected financial constraints from the Great Recession. The 2012 Library Levy expires at the end of 2019.

The proposed ordinance would submit a \$213,300,000 seven-year Library Levy ("Levy") package to the voters of Seattle for their approval on August 6, 2019. The proposed Levy would be raised under the provisions of RCW 84.55.050, which allows a city to obtain voter approval to exceed the "lid" on regular property taxes for any purposes. The 2018 Library Programs and

Services Assessment, which helped guide the development of the proposed Levy, showed residents supported a continuation of the spending programs introduced as part of the 2012 Library Levy. Therefore, Levy proceeds would continue to support the following four categories of library services for the period January 2020-December 2026:

1) Open Hours and Access - \$67.5 million (annual average - \$9.6 million)

Major program elements include \$61.7 million to sustain funding for operating hours added as part of the 2012 Library Levy. These 2012 levy adds included: elimination of an annual one-week system-wide closure; additional Sunday hours at 15 branches; additional Friday hours at six branches; additional morning and evening hours at two branches; additional hours for security and facilities maintenance due to increased operating hours, including two security officers added in 2019 with one-time General Fund resources; additional hours to provide access to Library resources outside Library facilities; and preservation of hours that otherwise would have been reduced as a result of expected 2013 General Fund cuts due to the Great Recession. The 2019 Levy also includes \$5.8 million in new funding to support morning and evening hours at three additional branches as well as moving four additional branches to seven-days-a-week operations by adding Friday hours. The program also includes one additional operating hour on Sundays at all 26 branches at no incremental cost.

2) Collections - \$58.2 million (annual average - \$8.3 million)

Major program elements include \$45.3 million to sustain funding for collection investments added as part of the 2012 Library Levy: increased access to popular materials through acquisition of more copies and programs such as Peak Picks; increased breadth and depth of the physical collection, with an emphasis on acquisition of materials in world languages and materials by and of interest to underrepresented communities; increased access to local history resources through curation and digitization; expansion of digital collections, including acquisition of emerging formats such as e-audiobooks, streaming services and online training resources; collection staffing support; continued investment in innovative approaches to collection distribution and fulfillment, such as Floating Collections; and preservation of collection investments that otherwise would have been reduced as a result of expected 2013 General Fund cuts due to the Great Recession. The 2019 Levy also includes \$8.0 million in new funding to support fine-free access to the Library's collections, eliminating a barrier that disproportionately impacts low-income patrons; and \$5.0 million in new funding to support patrons' shift to use of higher-cost digital materials.

3) Technology - \$29.4 million (annual average - \$4.2 million)

Major program elements include \$16.2 million to sustain funding for technology investments added as part of the 2012 Library Levy: replace and upgrade technology equipment at the end of its useful life, such as routers, servers, cabling, computers, printers, copiers, scanners and audiovisual equipment; provide and support internet access devices for use within our buildings and for check-out, such as laptops, tablets and mobile hotspots; maintain and keep current the SPL.org website, including ongoing ADA and language accessibility as well as device compatibility. The 2019 Levy also includes funding for two major technology system upgrades, each costing \$4.0 million. The first is to replace or upgrade the Library's primary business platform which manages materials procurement, manual and automated check-in and self-checkout processes, and provides a discovery layer

for patrons to access and explore Library resources from any digital device 24 hours a day. The second is to upgrade aging technology infrastructure responsible for providing high-speed public internet access at the Central Library and all 26 branches, to accommodate patrons growing bandwidth use through personal devices and growth in availability as well as availability and consumption of more bandwidth-intensive materials. The program also includes \$5.3 million to sustain the Library's technology and digital equity investments currently funded by cable franchise fee revenues. Cable franchise fee revenue supports the Library's general computing environment, including desktops, software and printers. It also supports the SPL HotSpot program, digital literacy classes, and equipment purchases. Cable franchise fee revenue has been decreasing and is no longer a sustainable revenue source to support these important Library programs.

4) Maintenance - \$55.7 million (annual average - \$8.0 million)

Major program elements include \$12.9 million to sustain investments in regular and preventative maintenance added as part of the 2012 Library Levy in order to preserve clean, safe and welcoming environments in some of the most heavily used public buildings in the City, including additional custodial support for the Central Library and 26 branch locations; increased window washing as well as increased carpet and upholstery cleaning. Program elements also include \$29.2 million to sustain investments in major maintenance added as part of the 2012 Library Levy, which includes necessary maintenance for basic building components such as roofs, floors, finishes, HVAC and mechanical systems in the Library's 27 locations. The 2019 Levy also includes \$13.8 million in additional funding to undertake seismic retrofits to reduce the risk of injury and loss of life during an earthquake at three Library locations identified as high-risk in a 2016 survey conducted by the Seattle Department of Construction and Inspection of unreinforced masonry buildings in Seattle.

It is also anticipated that 1- 2% of Levy proceeds will be spent on administrative costs over the course of the 7-year Levy, including \$200,000 for a study to examine the future role of Library programs and services. This funding will be used to support implementation and accountability measures for Levy programs and annual reporting to the public on Levy outcomes.

Levy Investments by Category*

Levy Category	Seven Year Cost (in millions)			Annual Cost	
	Baseline Renewal	+ Additional Investment	= 2019 Levy	Average per Year (Millions)	Estimated Annual Cost to Median Household
Open Hours and Access	\$ 61.7	\$ 5.8	\$ 67.5	\$ 9.6	\$ 26.87
Collections	\$ 45.3	\$ 12.9	\$ 58.2	\$ 8.3	\$ 23.19
Technology	\$ 16.2	\$ 13.2	\$ 29.4	\$ 4.2	\$ 11.72
Maintenance	\$ 41.9	\$ 13.8	\$ 55.7	\$ 8.0	\$ 22.16
Administration	\$ 2.2	\$ 0.2	\$ 2.4	\$ 0.3	\$ 0.98
Total	\$ 167.4	\$ 45.9	\$ 213.3	\$ 30.47	\$ 84.92

Proposed Seven-Year Financial Plan

Levy Category	2020	2021	2022	2023	2024	2025	2026	Total
Revenue								

Assessed Property Tax	\$ 29.6	\$ 29.9	\$ 30.2	\$ 30.5	\$ 30.8	\$ 31.1	\$ 31.4	\$213.3
Less Under Collection	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (1.2)
Interest Income	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.1	\$ 0.1	\$ 0.0	\$ 0.9
2012 Levy Offset	\$ 0.3	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.3
Total Revenue	\$ 29.3	\$ 30.2	\$ 30.5	\$ 30.6	\$ 30.9	\$ 31.2	\$ 31.4	\$213.3
Expenditures								
Open Hours and Access	\$ 8.6	\$ 8.9	\$ 9.2	\$ 9.6	\$ 10.0	\$ 10.4	\$ 10.8	\$ 67.5
Collections	\$ 7.4	\$ 7.7	\$ 8.0	\$ 8.3	\$ 8.6	\$ 9.0	\$ 9.3	\$ 58.2
Technology	\$ 3.2	\$ 3.0	\$ 6.1	\$ 6.1	\$ 3.8	\$ 3.3	\$ 3.9	\$ 29.4
Maintenance	\$ 5.8	\$ 8.5	\$ 6.8	\$ 8.9	\$ 7.1	\$ 10.0	\$ 8.6	\$ 55.7
Administration	\$ 0.5	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 2.4
Total Expenditures	\$ 25.4	\$ 28.3	\$ 30.4	\$ 33.3	\$ 29.9	\$ 33.0	\$ 33.0	\$213.3

**Tables may not total due to rounding.*

An under-recovery rate of about 1% is assumed in revenue projections.

The Library Board of Trustees has exclusive control of the finances of the Library under RCW 27.12.210 and sole authority to expend the Library Fund under Article XII of the Seattle City Charter. In connection with this fiduciary responsibility and the City's annual budget process, the Library Board shall annually review the allocation of Levy funding to determine allocations that best support, maintain and improve Library services and meet Levy commitments.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes ___X___ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes ___X___ No

No. This ordinance includes no appropriations. The budget authority needed to implement the Library Levy will be considered as part of the annual budget process or through other ordinances. Library Levy revenues will support future appropriations. The Proposed Seven-Year Financial Plan in Section 1 of this legislation contains the spending plan for the levy programs and the anticipated revenue from the proposed levy.

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

No. The passage of the levy will result in an increase in annual expenditures for the next seven years; these costs are summarized in the Proposed Seven-Year Financial Plan in Section 1 Bill Summary of this fiscal note.

Is there financial cost or other impacts of *not* implementing the legislation?

If this legislation and ballot measure do not pass, the City will lose funding for 25% of the Library's total expenditures, including nearly all the funding for the Library's Capital Improvement Plan critical to maintaining its 27 locations.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No. Library Levy proceeds are administered by The Seattle Public Library and its Board of Trustees.

b. Is a public hearing required for this legislation?

Yes. City Council public hearings have been scheduled to review the levy proposal with the Select Committee on the 2019 Library Levy. The following is a list of future scheduled public meetings through June 2019:

- March 28, 2019 2:00 PM – Mayor's Office and The Seattle Public Library present the Library levy renewal proposal.
- April 8, 2019 10:30 AM– Library Select Committee
- April 11, 2019 5:30 PM – Library Select Committee evening public hearing
- April 17, 2019 2:30 PM – Library Select Committee
- April 22, 2019 – Full Council vote

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

e. Does this legislation affect a piece of property?

No

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

Yes. Currently, the 2012 Library Levy provides around 25 percent of the Library's budget annually, and allows the Library to be open more hours when patrons want and need them; to purchase more books and materials, particularly materials in world languages and materials by and of interest to historically disadvantaged communities; to provide computers; as well as internet access with up-to-date technology and software, including support for Wi-Fi hotspots, which provide free internet access, particularly important for those who otherwise

have no service or cannot afford service; and to keep Library facilities clean and welcoming despite increasingly intensive use.

Each of the four programs in the Levy has an impact on vulnerable and historically disadvantaged communities. The Library provides a critical “third place” in an increasingly dense and economically unequal city. Any patron is welcome to use resources and materials, take a class, attend a program, access the internet, learn a skill or simply pass the day without needing to pay. Also, as the city’s population of individuals and families experiencing homelessness has grown, the Central Library and many of the 26 branch locations have become a refuge for individuals needing shelter from inclement weather, access to computers to stay in touch with friends and family or search for a job, or simply have access to a free restroom. The proposed Levy sustains investments Sunday hours at 15 branches; eliminating a one-week system-wide closure; and additional operating hours added at Columbia and Northgate. It also sustains hours added in 2016—using a racial and social equity lens—increasing access for communities served by the South Park, High Point, University and International District/Chinatown branches. With this new proposal, High Point, International District/Chinatown and South Park branches get additional morning and evening hours and four other branches—Delridge, NewHolly, Green Lake and Wallingford branches—will open their doors on Fridays. The proposed Levy also adds one additional hour on Sundays for all branch locations, which will open at noon rather than one o’clock.

The proposed Levy sustains investments in collections made in the 2012 Library Levy and adds an additional \$5.0 million over the life of the levy to allow the Library to maintain and expand the breadth and depth of its collection despite a shift to higher cost digital materials. The collection will continue to acquire world language materials and materials by and of interest to historically disadvantaged communities, as well as expanding the digital collection to meet patron demand and provide increased access to residents who may have mobility issues, preventing them from accessing the physical collection at the Central Library or the 26 branch locations. Further, the Levy makes additional investments in providing fine-free access to the Library’s books and materials. Research has shown that fines have little impact on whether materials are returned on time, but do disproportionately impact low-income individuals and their families, discouraging library use. According to Library data, residents in historically underserved neighborhoods are more likely to have blocked accounts and higher balances owed. The attached maps show a snapshot of the average account balance and the percentage of blocked accounts by Library location overlaid on the Office of Planning & Community Development’s Race and Social Equity Map.

The proposed Levy sustains investments in technology made in the 2012 Library Levy and converts expenditures previously funded by the Cable Franchise Fee to Levy funding, ensuring Library technology at the end of its useful life is replaced and the SPL Hotspot Program and digital equity program continues. The ability to access the internet is critical to ensuring low-income patrons have the opportunity to participate in an increasingly digital world. A survey of hotspot users indicated more than 2 out of 5 users (42%) of the SPL HotSpot Program—which allows individuals to “check out” the internet—report having no internet access at home and 37% report earning less than \$20,000 per year. The HotSpot Program supports the City’s Digital Equity Initiative goals and strategies. The proposed

Levy also includes funding to replace aging infrastructure that provides free internet access to all residents. In the 2018 Library Programs and Services Assessment, residents in historically underserved neighborhoods were more likely to say they visited the Library to access computers and Wi-Fi. The attached map shows survey respondents who say they come to the Library to access Wi-Fi and computers overlaid on the Office of Planning & Community Development's Race and Social Equity Map.

The proposed Levy sustains investments in maintenance made in the 2012 Library Levy to keep Library facilities clean and welcoming despite increasingly intensive use, including additional carpet and upholstery cleaning, as well as additional custodial staff. It also sustains investments in major maintenance to protect the public's investment in the Library's 27 locations, including providing funding to address ADA issues, ensuring patrons with disabilities have use of Library programs and services. The Levy makes additional investments to seismically reinforce and make ADA improvements at three branch locations, including two that serve historically disadvantaged patron bases—the Columbia and University branches.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

The Levy includes a major programmatic expansion in the Collection category by replacing \$8.0 million in existing patron-paid Library revenue, providing fine-free access to Library materials. Long-term goals include reducing the number of blocked accounts; increasing circulation on previously blocked accounts; monitoring patron circulation behavior, including understanding whether a no fines approach positively or negatively influences short-term item return behavior as well as the overall number of items declared lost.

The Levy also includes a major programmatic expansion in the Maintenance category by providing funding to seismically reinforce and make ADA improvements at three branch locations. Success will be determined by project completion, increasing the likelihood these 100+ year-old community anchors survive a significant seismic event.

List attachments/exhibits below:

Summary Attachment 1 – Average Account Balance Map
Summary Attachment 2 – Number of Blocked Accounts Map
Summary Attachment 3 – Computer/Wi-Fi Usage Map