

April 5, 2019

MEMORANDUM

To: Members of the Select Committee on the Library Levy
From: Asha Venkataraman, Council Central Staff
Subject: Issue Identification I for CB 119491: 2019 “Libraries for All” Levy Renewal

This memorandum highlights the first of two sets of potential issues and options for Council to consider in relation to the Library proposal in [Council Bill \(CB\) 119491](#): 2019 “Libraries for All” Levy Renewal. This information will be discussed at the Select Committee on the Library Levy (“Select Committee”) meeting on April 8. The issues in this memo are identified by Central Staff as in need of clarification or as potential additions to the levy, and items in which Councilmembers have signaled interest. The Library Board of Trustees (“Board”) has exclusive control over expenditures, so any change in allocations for a specific purpose is subject to Board approval.

Background

The Library has proposed to renew the 2012 levy, collecting \$213.3 million over 2020-2026. This amount includes \$167.4 million to retain the core services in the four major spending categories of the 2012 levy (including adjustments for inflation resulting in a \$44.8 million increase from the 2012 \$122.6 million levy) and an additional \$45.9 million to enhance and improve services through further investment. The four levy categories are: (1) Open Hours and Access; (2) Collections; (3) Technology; and (4) Maintenance/Seismic.

Identified Issues

Issues for Clarification

1. Funding Source for Maintenance and Capital Costs

Over the past seven years, the City has used a combination of Real Estate Excise Tax (REET) and 2012 levy funds to support capital projects and regular maintenance in the library system. From completion of the 1998 “Libraries for All” capital projects in 2008 until 2013, asset preservation costs were supported by REET and General Fund dollars. After approval of the 2012 levy, levy funding replaced REET as the major source for major maintenance projects for the Library. During the 2012 levy period, \$31.8 million in levy funds was spent on regular and major maintenance, while about \$7.8 million was collected in REET funds.

However, levy funds were not planned for larger, more complicated projects. As described below, major maintenance costs for the Central Library and support for a new multi-use facility prompted increases in REET support in 2016 and 2017 above the average \$500,000 - \$700,000.

Central Library One-Time Costs: The Central Library needed:

- Replacement of worn flooring;
- An assessment of the “curtain wall,” (the non-structural face of the building);
- Accommodation of a high access lift so the curtain wall assessment could take place;
- The installation of anchors to facilitate cleaning of the curtain wall; and
- An inspection of the fire suppression system.

This work required an addition of \$1.25 million in REET funds in 2016 and \$750,000 in 2017. An additional \$600,000 of REET allocated in 2017 supported construction of public restrooms in the Central Library, including an all-gender restroom.

Multi-Use Off-Site Facility: In 2014, the Library pursued a project to acquire a multi-use off-site facility where it could consolidate building maintenance, custodial, landscaping, and storage facilities, and to park the fleet of Library vehicles. At the time, the Library’s extended lease of a facility on Airport Way for building maintenance would have expired at the beginning of 2016 and renewal at a below-market rate was unlikely. The Library also reasoned that its space for mobile and delivery services was too small to accommodate a planned expansion of the mobile services program and that the space used for landscaping services (“Queen Anne Storage”) needed major maintenance, was not the property’s best use, and had limited parking. In 2016, the Library entered a five-year lease at a new facility so that it could clean and sell Queen Anne Storage and continue to search for a permanent location. \$516,000 in REET supported tenant improvements at this leased location. As of 2018, \$2.9 million in proceeds from the sales of property during the Libraries for All capital project and from the sale of Queen Anne Storage are reserved in the Library Capital Subfund for future acquisition of a multi-use facility.

For the proposed 2019 levy, levy funds of \$55.7 million would support regular and major maintenance, while REET funding of \$4.8 million and private funds of \$1.4 million will also support improvements. The expenditures of these funds are structured to account for when projects are beginning or ending throughout the seven-year period. This allocation results in annual average REET support between \$500,000 and \$800,000 for major maintenance, and for the additional seismic improvements proposed. Levy funds are not replacing decreased REET support since the 2012 levy—REET continues to be a limited source of funding for capital projects.

2. Proposed Elimination of Fines

SPL’s mission is to bring “people, information and ideas together to enrich lives and build community.” As part of its Strategic Direction, the Library is focused on individual growth, community impact, and institutional performance. Within each of these areas, the Library supports “[m]aking sure the public has access to all that we offer. This means encouraging everyone to get Library cards, providing great collections that serve every age and making sure

patrons have access to staff, resources, programs and services;" serving "as Seattle's primary point of access to information, lifelong learning, economic development and creative expression through innovative use of technology and digital resources;" and "[e]nsuring our staffing, work and services are designed to eliminate barriers to access, provide public and staff opportunities for growth, and develop and support equitable access to the programs and services we offer."¹

This focus on access provides context for the policy on fines for overdue materials. Between 1990 and 2009, children's materials and English as a Second Language materials were fine free, with the reinstatement of fines in 2009 due to financial constraints during the recession. Currently, approved Americans with Disabilities Act (ADA) patrons and approved mobile services patrons are exempted from fines. But fines are assessed for overdue items for all other patrons, who cannot check out library materials if they have a blocked account; an account becomes blocked if it has an unpaid balance of \$15 or more. About 20 percent of patron accounts are blocked for this reason.

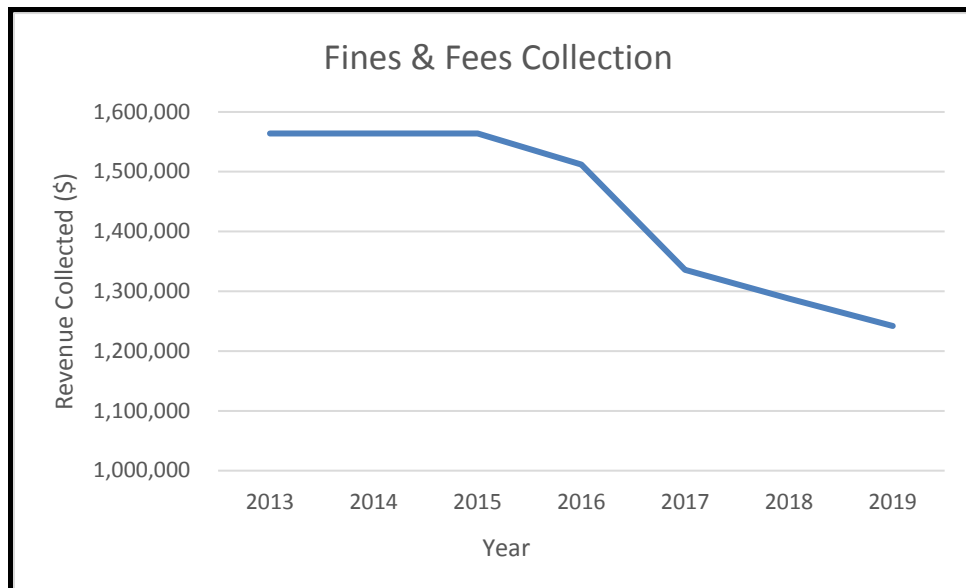
The underlying theory for overdue fines is that they provide an incentive for patrons to return items by the due date, and therefore allow all patrons more access to the material in a timely way. However, the Library's research showed that the existence of overdue fines did not impact the timely return of items and that eliminating fines increased circulation of materials. Also, fines that lead to blocked accounts end up decreasing access. The Library's equity analysis also showed that the number of blocked accounts and higher fine balances owed are in historically underserved neighborhoods,² creating a deterrent to access in those communities that could benefit most from library services. Patrons with more resources can pay off their blocked account balance and regain access to library materials but lower income patrons who cannot afford to pay off their account balance do not regain access. Based on this research from the experience of other libraries, the levy proposal eliminates fines for overdue items. The proposal would not eliminate collecting fees for items that have been lost or replaced. An item is considered lost and in need of replacement 40 days after its due date. The levy proposal estimates continued fee collection of \$200,000 annually.

Between 2013 and 2017, the Library collected between \$1.2 and \$1.6 million annually in fines and fees, representing between one and two percent of the Library's total annual revenue. However, revenue from fines and fees has been decreasing over the past seven years, reflected in Figure 1.

¹ Seattle Public Library, "Our Mission and Strategic Vision," <https://www.spl.org/about-us/the-organization/strategic-direction> (last visited April 4, 2019).

² See Attachments [1](#) and [2](#) to the Summary and Fiscal Note for [CB 119941](#).

Figure 1: Collection of Fine and Fee Revenue 2013-2019



The decrease in revenue connects to the decrease in use of physical materials and the increase in use of e-materials,³ which do not have fines associated with them. Assuming this trend continues, the percentage of the Library's revenue stream from fines will decrease, leading to the need to look at other sources of funding to support operations. Eliminating fines and fees and replacing the decreasing revenue stream with levy funds now to accomplish a specific policy goal addresses a revenue problem that would have arisen anyway.

Options:

- A. Accept the Mayor's Library levy proposal to eliminate fines and replace the \$8 million in projected loss of revenue over seven years with levy funds to support operation of the Library.
- B. Modify the Mayor's Library levy proposal to eliminate fines through a more gradual fine elimination program that results in a lower levy amount than \$8 million.
- C. Reject the Mayor's Library levy proposal and decrease the amount of the levy by \$8 million.

³ Seattle Public Library, 2018 Operations Plan, P 24, available at https://www.spl.org/Seattle-Public-Library/documents/about-us/1-18_2018operationsplan.pdf.

3. Rising Cost of E-Materials

As currently proposed, the levy would provide \$5 million over seven years to support investment in e-materials. There has been sustained growth in the use of digital materials. By the third quarter of 2013, physical collections were 90 percent of circulation and digital materials only accounted for 10 percent but by the third quarter of 2017, circulation of physical materials had decreased to 73 percent and digital materials increased in equal amount to 27 percent.⁴ Appendix B compiles information from various Library sources regarding e-materials cost and circulation. The Library indicated that the rapid rise in demand for e-books (there has been a 284 percent increase in items circulated since 2012), in part because of technological advancements allowing more patrons to access e-materials on phones or e-readers, caused budget shortfalls through the life of the 2012 levy. These shortages in the e-materials program budget were filled by private donors, fund balance, and reprogramming of underspending of levy funds for other purposes for a total of \$500,000 annually.

Given increasing demand and the inflated costs for e-materials (three to five times more than print materials), the Library estimates that the \$5 million proposed would only address the most critical needs to be able to meet popular demand and would not build the Library's collection. It also assumes current market conditions and purchasing limitations that can limit new content purchases or renewals. This amount could also be insufficient given the instability of market conditions and changes in licensing terms such as embargoes on certain titles and limited numbers of uses per item license.

Options:

- A. Accept the Mayor's Library levy proposal to fund e-materials at \$5 million over the period of the levy.
- B. Modify the Mayor's Library levy proposal to fund e-materials at a higher amount over the period of the levy.

Potential Adds to the Levy

1. Adding air conditioning and/or elevators at Columbia City, Green Lake, and University Branch libraries.

In creating the 2019 levy, the Library considered the community's interest in maintaining and improving library facilities. In deciding to retrofit three branch libraries, estimates included how much it would cost to upgrade those branches by adding air conditioning and elevators. To add air conditioning would cost an estimated \$500,000 per branch, totaling \$1.5 million. To add elevators to Green Lake and the University branch would cost an estimated \$500,000 each, and to add an elevator to the Columbia branch would cost an estimated \$100,000, for a total of

⁴ *Id.*

\$1.1 million. To add both air conditioning and elevators to all three branches would cost \$2.6 million.

The average annual cost to the median assessed value home (\$681,000 in 2019, estimated \$722,000 in 2020) if Council added air conditioning to all three branches to the levy proposal would increase by \$0.60. If Council added elevators to all three branches, it would increase by \$0.44.

Options:

- A. Accept the Mayor's Library levy proposal, which does not include levy funding for air conditioning or elevators.
- B. Modify the Mayor's Library levy proposal to add levy funding air conditioning or elevators to one or more branches.

2. Denny Substation space

Seattle City Light has been working on constructing a new electrical substation on Denny Way in the South Lake Union neighborhood. The design of the substation includes community spaces, public art, and an off-leash area. The Library has indicated that some of this space could be used as non-traditional library space, potentially to provide programming, as a pickup location for materials placed on hold, a location for small selection of "Peak Picks" and other collections, laptop/desktop availability with Wi-Fi access, or as an innovative space.

To be able to use this space, and assuming no lease costs, the Library has indicated costs in six major areas, which are outlined in Table 1 below.

Table 1: Projection of Expenditures 2020-2026 for Denny Substation Library

Area of Expenditure	Type of Expenditure	Cost Over Levy Period
Maintenance	Utilities, custodial expense, general maintenance	\$231,000*
Staffing	6.7 FTE: Supervising Librarian, Program Coordinator, Custodian, two Library Associates, additional support	\$5,100,000*
Furniture and fixtures	Mobile shelving, moveable/stackable furniture, IT equipment	\$190,000**
Books and materials	1,500 general interest materials, Peak Picks	\$133,000*
Initial tenant improvements	Improve unfinished space	\$420,000**
Total		\$6,100,000

* Including inflation

** Including contingency

Current funding levels would not support the Library's utilization of this space at this time and creating a Library location supported solely by levy funding could subject use of the space to funding challenges each time the levy is up for renewal. The average annual cost to the median assessed value home if Council added this to the levy proposal would increase by \$2.44.

Options:

- A. Accept the Mayor's Library levy proposal, which does not include the addition of funds for a Library space in the Denny Substation.
- B. Modify the Mayor's Library levy proposal to include some levy funding for one-time costs for a Library space in the Denny Substation and consider adding some General Fund support for ongoing costs in the 2019 budget process.
- C. Modify the Mayor's Library levy proposal to include the full \$6.1 million in levy funds to support a library space in the Denny substation.

Specific Items of Interest to Councilmembers

1. Adding programming for children birth to three years of age (Councilmember González)

The Library currently provides programming targeted to children birth to three years of age. The programs available are shown in Table 2 below:

Table 2: Library Programming for Children Birth to Three Years of Age

Type of Program	Age Group Served	Languages	Number of Events System-wide	Patron Attendance
Baby Story Time	Birth to two years	English	465	20,678
English and Bilingual Kaleidoscope Play and Learn	Birth to five years	English and Spanish	183	7,698
Pre-School Story Time	Three to five years	English	304	13,046
Toddler Story Time	Two to three years	English	443	22,593
World Language Story Time	Birth to five years	Mandarin, Somali, Spanish, Vietnamese	481	7,385
Other Story Time	Various	Various	990	35,340
Totals			2,866	106,740

The Library is gathering more information about funding for these programs, and that information will be discussed at a future Select Committee meeting.

2. Adding More Hours Systemwide (Councilmember O'Brien)

From 2006 through 2009, the Central Library and all the branch libraries were open for a collective total of 1,437 hours per week. In 2010, prompted by the cuts in funding that the recession caused, the Library cut the hours of various branches by a total of 200 hours, a 13 percent reduction. Upon passage of the 2012 levy, in response to the community's priority that the Library stay open longer, the Library was able to increase branch hours of operation in 2013 by 102 hours per week, an eight percent increase. Starting in 2016, the Library opened for another 28 hours per week, an additional two percent increase. Currently, the system is open 1,377 hours per week, which is 60 hours per week short of the hours it was open pre-recession.

In proposing the 2019 levy, the Library considered how to respond to the community's interest in more hours and return the Library to the pre-recession hours of operation. The Library determined that it could open all branch libraries for another hour on Sundays without any additional levy cost, increasing hours open by 26 hours per week. The Library looked at three further options for extending hours. Two are reflected in the Mayor's Levy package: (1) to open on Fridays four libraries which are currently only open six days a week, an additional 28 open hours per week, for \$1.8 million; and (2) to open three libraries for a longer time in the mornings and evenings, an additional 42 hours per week, for \$4.0 million.

The last option the Library analyzed that was not included in the Mayor's proposal would have added an open evening hour Monday through Thursday system-wide, for an additional 108 hours per week for \$5.6 million. Though this would increase access by allowing locations to stay open longer, the Library does not believe it would provide capacity for outreach, engagement or additional programming.

However, because this third option was proposed as an addition or as an alternative to the hours currently in the levy package, more information is needed regarding the cost of staffing this proposal. The Library is gathering more information about funding for these programs, and that information will be discussed at a future select committee meeting.

Table 3: Library System Historical Hours Open and Proposals for Increasing Hours

Time Period	Incremental Hours Change	Total Hours Open
Pre-recession	N/A	1,437
2010	-200	1,237
2013	+102	1,349
2016	+38	1,377
<i>Proposed levy package additions</i>		
One more Sunday hour at all branches	+26	1,403
Open four branches on Fridays	+28	1,431
AM/PM hours to three branches	+42	1,473

Next Steps

Another discussion of Central Staff-identified issues and proposed amendments by Councilmembers will occur at the April 11 select committee meeting. Based on the Council's direction on potential options identified above and discussion of other potential additions on April 11, Central Staff will conduct any further needed analysis and draft amendment language to reflect the Council's intent for added funding.

Attachments:

- A. Appendix B – Compilation of E-Materials Information

cc: Kirstan Arestad, Central Staff Director
Erik Sund, Supervising Analyst

Appendix B: Compilation of E-Materials Information

Figure 1: Total Circulation Compared to Circulation by Format

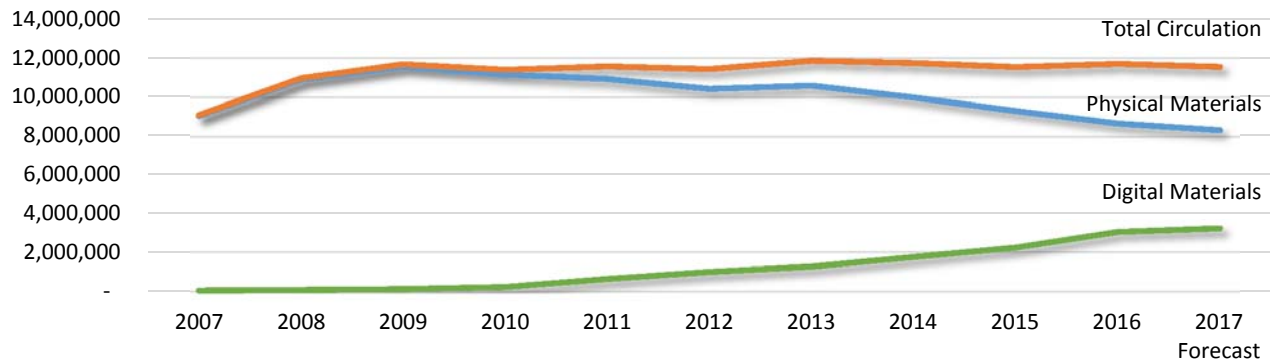


Figure 2: Circulation by Format (Q3 2013 compared to data through Q3 2017)

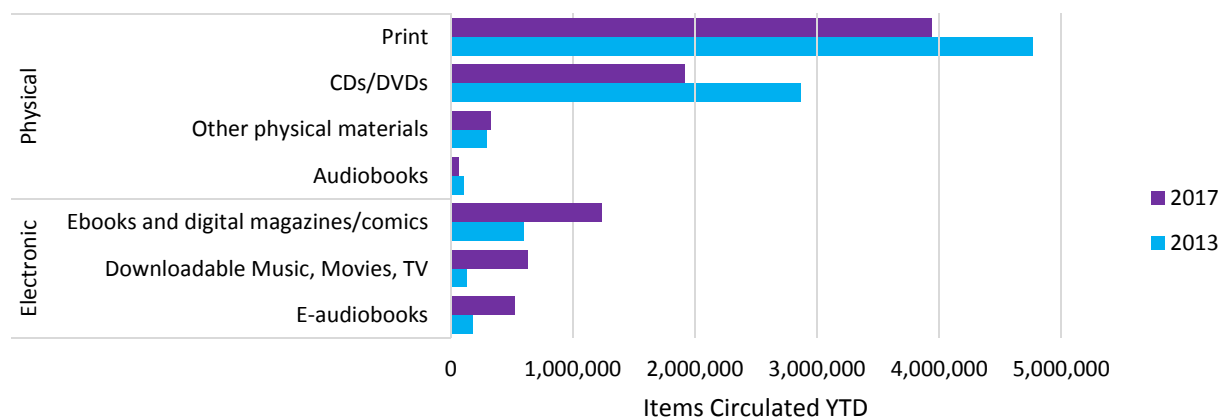


Figure 3: Comparative Costs of *Becoming* by Michelle Obama

Format	Library cost per copy	License Type
Hardcover	\$ 16.90	Own
Large Print	\$ 20.18	Own
Audiobook	\$ 47.88	Own
ebook	\$ 55.00	24 month lease
eaudio	\$ 95.00	Own