

HOW DPLD GOT CREATED AS A LIBRARY DISTRICT IN 1990

by Jamie LaRue

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WHY DID WE DO IT? In 1990, the then Douglas County Public Library System faced a fiscal crisis. Our budget was then about \$655,000; in 1992 we projected a deficit of about \$130,000. At the same time, library use was skyrocketing: from 1988 to 1989, circulation climbed by 37%.

To be frank, we also had some troubles with the county. Our costs for automation had grown to over \$100,000 annually -- about 10 times what they should have been. The Library Board felt that the County's financial reports were not timely enough for the sound management of the library. Too, the County encouraged us to form an independent library district, in part because they were not willing to provide any more money to library services, and in part because the increasing demand for library services, and the inability of the county to provide them, had made the library a political liability.

By encouraging us to follow this path, the County may have believed that if we succeeded, we would be out of their hair, and if we failed, we would have shown we did not have sufficient political clout to merit any special attention.

We needed more money not only to avoid dismantling our services, but to accomplish an ambitious list of long range goals. But the Library Board also wanted total financial autonomy, in the belief that we could save money in the long run. So the purpose of our campaign was twofold: establish a library district AND fund it at 2.75 mills (as opposed to remaining a county library receiving less than 1 mill).

HOW DID WE DO IT?

First, we formed a political committee, comprised of Library Board members, a former public relations consultant, members of our Friends group, and me. We met outside the library, on our own time.

On the advice of those who had formed library districts before us, we tried to find out if we had any chance of winning before committing the time and resources to the attempt. We designed the first draft of the survey; then contacted pollsters (Talmey-Drake of Denver), who refined it. A private donor agreed to pay for it. The cost was roughly \$2,500 to poll (by telephone) about 300 people and tabulate the results. The whole process took about two weeks.

In the survey, we not only asked how much people would be willing to pay for library services, we also asked which services, in their judgment, most needed improvement. It turned out that the odds of our winning were about 50-50. We used the list of needed improvements as the key points of our campaign.

Then we analyzed voting records, precinct by precinct, back about five years, and paying particular attention to school-related issues. It became clear that we needed to concentrate on a few specific precincts, which saved us money and time.

Then we tried to raise more money -- without much success. Overall, we raised perhaps another \$3,000, most of which went to the mailing of a professionally designed (and donated) brochure to the key precincts. So instead of a slick advertisement approach, we did a grassroots, word-of-mouth campaign, aimed at our heaviest users: young families, particularly women.

We did have one handout available in the library, but ran it past a lawyer first to make sure that we did not violate the Campaign Reform Act. We just set the two alternatives side by side: a poor county library or a district library funded well enough to deliver some improvements. By producing this objective summary of the issue, the library itself was able to absorb some of the costs of printing information about the ballot issue.

Beyond that, I spoke to literally thousands of people, mostly baby-sitting cooperatives and other women's groups. We did get official endorsements from every municipality in the county, as well as the county government itself.

The final tally was 11,887 for; 6,317 against. In short, our campaign persuaded 65% of the voters to approve the district. Interestingly, the second incarnation of Douglas Bruce's Taxpayer Bill of Rights carried in Douglas County by about the same margin.

WHAT KIND OF NEW COSTS DID WE HAVE AS A DISTRICT?

We did sign an inter-governmental agreement with the county for our first, transitional year. The county agreed to provide personnel administrative services at no additional cost (although we continued to pay for our share of salaries, Workers Compensation and benefits), to transfer our building titles to us at no charge, and to otherwise assist us where possible. Things the county provided for free that now are charged to us included: building and grounds maintenance, snow-removal, legal services (we hired our own lawyer), and financial services (we hired our own accountant).

To get ready for the transfer of building titles to us, we hired a risk consultant firm to analyze and broker our insurance needs. In the process we found that we were desperately under-insured; a situation we were able to address.

Overall, based on the first six months of our operations, I would estimate that our total new costs for 1991 (excepting the institution of many new services not provided as a county library) looked something like this:

Legal Services:	\$15,000
Financial Services:	\$15,000
Building and Grounds:	\$20,000
Insurance:	\$10,000

For a total of: \$60,000

It's worth noting that these costs are predicated on three sites, about 15 miles apart from each other. If you have more physical locations to tend, naturally your costs will be higher.

On the other hand, we purchased and installed our own computer system, which we manage in-house. We estimate that this will save us at least \$100,000 annually, beginning next year. Being a district has *saved* us money.

ADVANTAGES AND DISADVANTAGES.

On the whole, the advantages of being a library district have far outweighed the disadvantages.

For both the Library Board and administrative staff, there has been a lot more to worry about, a more direct responsibility for the business side of library operation. We've all put in many extra hours. On the other hand, we are all much more knowledgeable than we were before, and the extra time commitment is easing back now. The same could be said for our legal and financial costs: start-up is more expensive than maintenance.

For us, the biggest advantage has been simply that we have much more money than we used to. But we have achieved the autonomy we sought, and this too is significant. The sole concern of the Douglas Public Library District is the provision and development of library services. Now we don't have to follow county procedures that never applied to libraries very well. We can do more, and do it faster. We only have to convince ourselves, and can tailor our rules to fit our needs exactly.

I have administered a small city library, a large city library, a rural county library, and now, a rural (but rapidly changing) county-wide district library. In my judgment, the district library by far is the best both in potential and in actuality. It assures reliable funding; it enables policy makers to swiftly respond to public and administrative needs; and it removes library service to the greatest extent possible from political squabbles.

OTHER COMMONLY ASKED QUESTIONS

1) District formation. The district was formed by petition and ballot. We had one question that both authorized the formation of the library district (within county borders) and the mill levy to run it. In our case, that was 2.75 - which generated about \$1.8 million annually the first year.

2) Insurance. For the first year of district operations, we contracted (through an intergovernmental agreement) with the county for personnel administration, for which they charged us nothing, although we continued to pay our share of contributions and premiums. The second year, we broke from the county, hired our own Personnel Manager, and redid all our personnel benefits. This process took almost 7 months to do right. I strongly recommend that you get a benefits broker, and think the woman we used, Cathy Larson (at 290-9226) is about the best there is. She got us significant savings in premiums.

Regarding liability and errors and omissions, etc. - the county's premiums came due halfway through the first year of district operations. We got a risk management broker - RiskCap (388-5688) to shop it out for us. They did a good job, educating the staff and board and driving some good bargains. In 1991 we spent about \$15,000 to insure 4 buildings and some 64,000 volumes. Now, with five buildings and over 200,000 volumes, we're spending closer to \$20,000.

2) Accounting and legal services. For the first three years, we contracted out our accounting for about \$800 monthly, and our legal work (Bill Ankele, 773-1666) at a flat fee of \$650 monthly. The accountant was bonded and looked after our bills more cheaply than we could pay someone to do it in-house, although last year we did bring it in-house (and hired a business manager) to turn things around a little faster. We've also hired a more local lawyer, but in any case a separate lawyer keeps us free from the entanglements or conflicts of interest we might have with the county attorney.

3) Funds and audits. We are not bonded ourselves. The money is transferred to us by the Treasurer within 10 days of receipts (often within 24 hours). We are audited annually, as required by law. For FY 1993, we used Yanari, Watson, Lyons and Company (792-3020), for a fee of \$2,800.

4) Emergency reserves. Out of a \$2.7 million budget, we set aside \$200,000 for contingency, and began the year with a healthy Capital Reserve Fund, which is also available for emergencies (we just appropriate the whole fund for Contingency, then don't spend it). Most districts seems to set aside about 10% of the budget for emergency reserves. But if you're doing it to cover the gap between the beginning of the new year and the beginning of tax receipts, you really need to have a reserve of 25% - three months of the year.