
2001-2002 MARIN COUNTY GRAND JURY

TITLE OF REPORT: Marin County Free Library

Date of Report: May 10, 2002

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MARIN COUNTY FREE LIBRARY

SUMMARY

The Grand Jury investigated the budget, operations, and supporting organizations of the Marin County Free Library (MCFL). MCFL's interaction with city and public school libraries was also reviewed.

MCFL provides a valuable information resource to the County's citizens. Marin Automated Resources & Information Network (MARINet) is widely deployed and effectively links city and school libraries with MCFL and other catalogs in and outside of California. MARINet also has improved the cost effectiveness of all aspects of branch operations.

The Grand Jury commends MCFL for its dedicated and capable staff and the many programs and outreach it offers the community. Likewise it commends the volunteer Friends Groups which contribute services and materials year after year. The Grand Jury recommends that the excellence of MCFL not be compromised by cuts in services.

Since 1993 MCFL has lost about \$1 million per year in revenues to the State's Educational Relief Augmentation Fund (ERAF). Since 2000-01 the County has offset a portion of this loss from the General Fund. However, based on recent history MCFL's budget forecast is not a reliable predictor of future financial need. The Grand Jury recommends that the Board of Supervisors continue its support for MCFL as needed, and give fresh attention to the problem of permanent funding.

In addition, the Grand Jury recommends that MCFL improve its budget forecasting process, undertake a financial analysis to determine the least costly method of providing for cash flow needs, and, with the Marin County Free Library Commission, formulate a new long-term financial plan.

The Grand Jury also recommends that MCFL solve its problem of chronic understaffing; ensure that capital projects are implemented in the year they are funded; reassess the location of the Civic Center Branch; and examine new ideas for increasing revenue and public awareness of and involvement with MCFL.

BACKGROUND

The County Library has not been the subject of a grand jury investigation since 1980-81. Since that time the application of computer technology has expanded the traditional concept of a library. The formation of the Marin Automated Resources & Information Network (MARINet) in 1994 has radically changed the way the County's libraries operate and interact.

The objectives of this study were to review the County Library's programs and services, management, facility conditions, budget, and interaction with other city and public school libraries in the County.

METHODOLOGY

The Grand Jury interviewed:

- Administrators and staff of the Marin County Free Library;
- Members of MCFL Commission;
- Staff of several MCFL branch, city, and public school libraries;
- A member of MCFL Foundation;
- A member of the Friends of MCFL; and
- A member of the Blue Ribbon Library Task Force.

Site visits were made to MCFL branches in Point Reyes Station, Novato, Marin City, and San Geronimo; to the city libraries of San Rafael and Belvedere/Tiburon; to the libraries of San Rafael / Terra Linda High School, Tamalpais High School, and Kent Middle School, and the Instructional Materials Center for the Mill Valley School District.

Numerous documents were reviewed, and several websites were visited. The most important of these are listed in the Bibliography.

DISCUSSION

The Marin County Free Library (MCFL), begun in 1926, celebrated its 75th anniversary in 2001. Today it includes 11 branches (6 in east Marin and 5 in west Marin) and a traveling Bookmobile. Its stated mission is to "make broad range culture, information, and knowledge available for the needs of the public". In addition to the Civic Center main branch, other branches are located in Novato, South Novato, Corte Madera, Fairfax, Marin City, Bolinas, Inverness, Point Reyes Station, San Geronimo Valley, and Stinson Beach. The County is also served by City and Town libraries located in Belvedere/Tiburon, Larkspur, Mill Valley, San Anselmo, San Rafael, and Sausalito.

Current Operations

Typically, in a year, over one million visits are made to the various branches of the library. Annually, MCFL circulates 1¼ million volumes, and processes over 150,000 reference requests.

MCFL sponsors a surprisingly large number of special programs and outreach services. In 2001, MCFL was involved in over 300 adult programs reaching nearly 2,700 attendees. The same year saw over 1,000 children's programs attracting about 28,000 participants. Other services include: a Bookmobile traveling to areas of the county not

easily served by one of the branches; the Books on Wheels program for home bound patrons; Tender Loving Care, a service to convalescent homes; and the Marin Literacy Program bringing instruction in reading, writing and English to thousands of persons in the county.

MCFL Branches

The MCFL libraries contain over 415,000 cataloged volumes. The Civic Center branch is the largest with 115,000 volumes; Stinson Beach, with 7,500 volumes, is the smallest. The branches range in size from 1,246 square feet (Inverness) to 12,700 square feet (Civic Center). Many of the branches would like additional space for their collections and for their staff.

In addition to bound and paperback books, the branches provide periodicals and newspapers. They also provide an increasingly large number of CD's and videocassettes. Branches also typically have a young adult section, which is usually planned with the help of a teen advisory group from local schools.

Branches typically have several computer stations. Some of these are dedicated to MARINet (see below). Others allow full Internet access. At some branches some of the computer stations may be reserved for an hour or more. At the Marin City branch classes in computer literacy are offered to patrons.

The larger MCFL branches are open about 50 hours during 6 days per week; the smaller branches, around 25 hours during 4 days per week. There is a general feeling among staff that additional hours and days of operation are desired by patrons.

The character of the West Marin branches is significantly different from those in East Marin. The former are smaller and more informal - natural community gathering places. Although they perceive themselves as being treated fairly, there is a feeling that "one size fits all" governance is not always appropriate. As one West Marin staff person put it, "There is a tendency to require all branches to do the same thing at the same time; this is not always needed." Another person said that the MCFL's mix of "centralization and decentralization...leads to duplication of effort."

This difference in East-West character also affects potential funding. A Library Commissioner feels that it is easier to pass a parcel tax in West Marin. This suggests that MCFL might consider a funding strategy differentiated by area.

The Civic Center Branch

The Civic Center branch is a repository for a large number of Federal and State publications. Also, the Anne T. Kent California History Room contains books, photographs, maps, videos, and other materials on Marin County and the State of California. The Kent room also houses genealogical and census data, as well as special collections on Frank Lloyd Wright, Indians, prominent Marin families, and others.

The Civic Center maintenance costs far exceed those at any other branch. Based on FY 2000-01 actual cost data, maintenance costs per square foot ranged from \$3.23 at the Point Reyes branch to \$10.74 at the Civic Center. The average for all branches was \$4.83. In FY 2000-01 the County charged MCFL \$136,457 for maintenance of the Civic Center branch. This charge rises to \$141,915 in the FY2001-02 budget, and is projected at \$147,592 in FY 2002-03. This is a principal reason why the Civic Center branch is revenue negative.

There are other problems with this Branch. Some feel the facility is not well designed for a modern library's needs; more room is needed for collection expansion and technology improvements. Also its location on the fourth floor of the Administrative wing of the Civic Center is inconvenient for patrons.

There have been proposals to move the branch. The most recent one generated opposition from local residents. Options which might be considered include relocating the entire branch elsewhere on the Civic Center campus or off campus, or relocating the main branch and retaining only specialized library services (e.g., the Kent collection) at the current location. At present, however, there are no plans to move the branch.

Staffing

MCFL is authorized for 79.4 full time staff positions. This would include 29 credentialed librarians (typically with a Masters Degree in Library Science) and 50 administrative / support personnel. The number of staff actually employed is lower – 70.0 in Fiscal Year 2000/01 (see Appendix A). During the previous 5 years vacant positions ranged from 4% to 18%. It takes MCFL an average of 4 to 6 months to fill vacant positions. The high cost of living in Marin is a major impediment to recruiting qualified staff.

Without a credential it is difficult for staff to rise in the organization beyond the position of Community Library Specialist.¹ Opinions vary about the adequacy of salaries. The consensus seems to be that they are more competitive now than in the recent past, but may not always match other Bay Area cities. However, those staff at the non-credentialed positions seem to be in the lower range of comparable Bay Area salaries.

Governance

The MCFL is a "County Free Library District" (one of 24 in California). It is similar to a special district, but is created by a separate set of laws. It operates under the authority of the County Board of Supervisors (BOS), whose members act as its trustees and control policy, budget and staffing.

¹ The highest paid position is Senior Librarian followed by Librarian 2 and Librarian 1 (all have degrees), and then by Community Library Specialist (no degree required).

Marin County Free Library Commission

In 1983 the BOS created the Marin County Free Library Commission (the Commission). The volunteer Commission meets monthly and advises on MCFL policy, budget, and overall needs. It makes recommendations, and also reviews and revises a 4-year Action Plan. However, in all matters final authority rests with the BOS. The Commission belongs to a State organization of library commissioners and trustees.

The 15-member Commission's charter states that the purposes of the Commission are to "(1) serve as a resource body and liaison to the BOS, the County Library, and the community and (2) find ways and means of enlisting public interest in supporting and improving Library services."² The Grand Jury's review of Commission minutes and interviews with two Commission members suggest that the Commission is not sufficiently proactive in addressing acknowledged problems of MCFL, including:

- Chronic understaffing;
- A looming budget crisis;
- Lack of staff training leading to promotion opportunities;
- The uniquely high cost of the Civic Center Branch; and
- The failure of the Marin County Library Foundation (see below) to develop funding.

MARINet

One of the most significant changes to MCFL's operations has been the introduction of Marin Automated Resources & Information Network (MARINet). MARINet was started in 1991 to replace an obsolete 15-year-old joint circulating system which used outdated software. It was intended to allow its participants to share resources and information technology.

MARINet is a consortium of MCFL and all six city libraries, operating under a Joint Powers Agreement.³ It is run by a Board made up of all its participating member libraries. The Budget for MARINet in FY 2001-2002 is approximately \$ 487,000. This is

² The duties and responsibilities of the Commission include recommending "policies, procedures and plans of the Marin County Free Library including.... budget and finances, staffing, level of service, public relations, and evaluation of service." In addition, the Commission is to "provide a forum for suggestions and advice.... from citizens, community organizations, and other public agencies." Of particular importance, the Commission is supposed to "develop recommendations for new and improved financial resources to support the County Library."

³ The original Joint Powers Agreement was executed in 1993 between MCFL and the Libraries of Mill Valley, San Rafael, and Sausalito. Belvedere-Tiburon joined in 1997, and San Anselmo in 1998. Larkspur is the most recent signatory, joining in 2001. The agreement provides for ownership, operation, and governance of the online system, and for the cooperative provision of library services.

funded using a cost-sharing formula.⁴ Voting is weighted according to this formula. MCFL is the largest contributor, and has a majority vote on the Board. Financial decisions must be unanimous. The BOS can override MARINet's Board.

A staff of 2.75 persons, operating out of MCFL's offices, is dedicated to MARINet operations. This staffing level appears adequate. Salaries are competitive, based on a recent survey.

Every resident of Marin who has a library card from either the County or any of the City libraries has access to MARINet through any computer with an Internet connection. In addition, most (if not all) public school libraries in the County have direct computer connections to MARINet. This allows students to access a wide variety of research materials from school and to identify other resources located throughout MCFL system and all of the City libraries.

Services to patrons available through MARINet include:

- Access to catalogs of holdings in 18 County and City public libraries, with delivery service available from one library to another
- Access to online database resources
- Ability to request books from other Bay Area libraries
- Access to libraries beyond the Bay Area⁵
- Access to the catalogs of Dominican University and the College of Marin

In addition to patron services, MARINet greatly improves the cost-effectiveness of library staff in day to day operations, including:

- Circulation
- Database management
- Serials control functions
- Acquisitions
- Self-checkout machines (installed by some branches), interfaced to MARINet.

⁴ Each member of the Joint Powers Agreement pays the average of the member's percentage of (a) total volumes (counted annually), (b) total circulation, and (c) total population served for all members. MCFL's share is about \$274,000 (56%). MARINet attempts to maintain a constant 10% reserve for contingencies.

⁵ MARINet is a member of the North Bay Cooperative. Members can participate in SuperSearch, which links catalogs in Sonoma, Lake, Mendocino, Napa, Marin, and Solano Counties. A link from MARINet to SuperSearch allows simultaneous searching of all the participant databases. Holds can be placed and interlibrary loans arranged automatically (if the holding institution allows it – e.g., the College of Marin and Dominican University do not lend books).

The North Bay Cooperative is expected to merge with the Golden Gate Cooperative, which includes libraries from San Francisco to Monterey.

- Training provided by a MARINet staff member. A current focus is a major upgrade of software. Libraries develop their own training materials.

The MARINet database includes titles, number of copies, periodicals, card holders, fines, fees due, outstanding holds, requests, and overdue books for each branch. The software allows accurate tracking of lost volumes. The branches can generate their own reports. Persons who are “scofflaws” are blocked from taking out more books.⁶

MARINet is an evolving system. The software can't print paging slips yet; older software must be used for this. This deficiency has caused some libraries to defer purchase of the new software package. E-mailing of notices will be implemented this year, saving the cost of postage. However, the collection of E-mail addresses is sporadic.

Ideas which have been proposed to improve MARINet include allowing advance book holds; including book reviews and pictures of book covers (cf. Amazon.com); adding the ability to catalog photographs, especially historic ones⁷; improving software for billing and clientele; improving e-mailing capability; and providing a more user-friendly catalog and a better book card format.

Budget

As with County departments, MCFL's fiscal year is July 1 to June 30. A single budget, which includes both operating and capital expenses, is approved in July. In January this budget is revised, based on year-to-date actual revenues and expenditures. At this time also new items may be proposed for inclusion in the budget. This “midyear modified” budget becomes the approved budget for the balance of the fiscal year. It is the County's practice that the end of year net surplus or deficit (based on total revenues less total expenditures) is carried over to the following year as an addition to or reduction in reserves (Fund Balance).

The midyear modified budget for MCFL for Fiscal Year 2001/02 projects revenues of \$8,166,477 and expenditures of \$8,800,692. The sources of revenues and expenditures are shown in Tables 1 and 2.

Based on these estimated revenues and expenditures, MCFL will incur a deficit for Fiscal Year 2001/02 of \$634,215. To make up this deficit, MCFL will have to draw down its reserves, reducing its Fund Balance to a little over \$2 million.

Current forecasts by MCFL, shown in Table 3, indicate that its Fund Balance will be depleted by Fiscal Year 2005/06.

⁶ Applications for new cards are screened by name and address to see if the person is already in the system.

⁷ Possible tie-in with Marin County Historical Society.

Table 1. Projected Revenues – Fiscal Year 2001/02

<u>Source*</u>	<u>Amount, \$'s</u>	<u>Percent of Revenues</u>
Ad Valorem Tax	3,683,645	45
Parcel Tax	1,986,000	24
Excess ERAF	290,000	4
Corte Madera Tax	415,000	5
Other Revenues	957,349	12
Gen'l Fund Subvention	550,000	7
Revenue Reimbursement	284,483	3
Total Revenues	8,166,477	100

*Explanation:

- Ad Valorem Tax is MCFL's share of property tax revenue. The share percentage is set by the County Controller. A State formula requires that MCFL get the prior year amount plus an increase attributed to growth in overall assessed valuation in the County.
- Parcel Tax is the revenue from the special Library line item on property tax bills. This was passed in 1993, and has not been increased since.
- Excess ERAF: The Education Relief Augmentation Fund (ERAF) was established by the State in 1992-3 to channel more property tax money to public schools. ERAF reduces the Library's share of property tax revenue. However, in Marin County the schools typically reach their entitlement (based on average daily attendance) without using all of the available ERAF money. Thus a portion of ERAF is returned to the Library ("excess ERAF").
- The Corte Madera Tax is by special agreement with the Town in lieu of a parcel tax.
- Other Revenues include the Public Library Fund and other State grants, State reimbursement for book loans to other libraries, Library fines and service fees, the Homeowners' Property Tax Exemption rebate from the State, and donations.
- General Fund Subvention is money allocated from the County's General Fund by the BOS (see discussion of the Blue Ribbon Task Force below).
- Revenue Reimbursement is inter-fund transfers by the County to pay for the County Librarian's salary and MARINet salaries, benefits, and costs.

Table 2. Projected Expenditures – Fiscal Year 2001/02

<u>Distribution**</u>	<u>Amount, \$'s</u>	<u>Percent of Expenditures</u>
Salaries & Benefits	5,021,005	57
Services & Supplies	2,850,121	32
Mill Valley Library Fee	55,000	1
Fixed Assets/Buildings	874,566	10
Total Expenditures	8,800,692	100

** Explanation:

- Mill Valley Library Fee: MCFL reimburses the City of Mill Valley for services to MCFL patrons.
- Fixed Assets and Buildings includes capital budget items such as construction, vehicles, and data processing equipment.

Table 3. Projected Fund Balance – Fiscal Years 2001/02 - 2005/06⁸

	<u>FY 2001/02</u>	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>FY 2004/05*</u>	<u>FY 2005/06</u>
Revenue	\$8,166,477	\$8,100,525	\$8,363,184	\$8,086,796	\$8,371,862
Expenditure	\$8,800,692	\$8,531,262	\$8,596,680	\$8,938,347	\$9,293,681
Net Income (Loss)	(\$634,215)	(\$430,738)	(\$233,496)	(\$851,551)	(\$921,819)
Fund Balance	\$2,098,442	\$1,667,704	\$1,434,208	\$582,657	(\$339,162)

* General Fund subvention of \$550,000 ends.

Until recently MCFL was adequately funded and incurred an annual surplus. In 1993 the California Legislature established the Education Relief Augmentation Fund (ERAF), which has resulted in a net reduction in MCFL's property tax revenue of about \$1 million/year. Since ERAF became law MCFL has consistently forecast a budget deficit.

The story is not that simple, however. As shown in Table 4, in each of the last five completed Fiscal Years MCFL forecasts have projected deficits ranging from \$1.4 to \$3.8 million. Actual performance, however, has been between \$1.2 and \$3.4 million *better* than the forecasts. MCFL has underestimated revenues during these years by an average of 9.5%, and overestimated expenditures by an average of 21.3%. The result is that in two of the last five years MCFL has actually run a surplus. This history makes it hard to define MCFL's true financial need.

Table 4. MCFL Budget vs. Actual Performance – Fiscal Years 1996/97 - 2000/01

<u>Item (\$1,000's)</u>	<u>FY 1996/97</u>	<u>FY 1997/98</u>	<u>FY 1998/99</u>	<u>FY 1999/2000</u>	<u>FY 2000/01</u>
<u>Revenues</u>					
Budgeted	5,157	5,328	5,465	5,978	6,773
Actual	5,516	5,479	5,929	7,113	7,482*
Underestimate	359	151	464	1,135	709
<u>Expenditures</u>					
Budgeted	8,908	8,308	6,953	7,344	9,692
Actual	6,124	5,960	6,264	6,644	7,007
Overestimate	2,784	2,348	689	700	2,685
<u>Surplus (Deficit)</u>					
Budgeted	(3,751)	(2,980)	(1,488)	(1,366)	(2,919)
Actual	(608)	(481)	(335)	469	475
Actual Less Budgeted	3,143	2,499	1,153	1,835	3,394

* Includes \$300,000 General Fund subvention.

⁸ Based on MCFL Projection as of April 11, 2002. Interestingly, the County Controller's office does not attempt to forecast budgets beyond one year.

By relying solely on their forecasts, MCFL could jeopardize its credibility in asking for future funding. If the forecast revenues and expenditures in Table 3 were adjusted by applying the average percentages of 9.5% and 21.3%, respectively, derived from Table 4, MCFL would run a surplus in each of these years of \$1.8-2.4 million. The adjusted Fund Balance would grow to \$13 million by 2006! If only half of this correction were applied, the adjusted Fund Balance in 2006 would be over \$7.8 million. If only forecast expenditures were adjusted, and only by 10%, there would still be no deficits, and the Fund Balance in 2006 would be \$4 million. This holds even though no General Fund subvention is assumed for the last two years of the period. Appendix B shows this analysis in detail.

MCFL's underestimation of revenues is due in part to conservative assumptions about property tax revenue. MCFL is assuming a 5%/year increase in property tax revenue in its current 5-year forecast. The County Controller's office expects property tax revenue to increase 7% for Fiscal Year 2002/03. The impact of this assumption is less than \$100,000 after one year, but is close to \$500,000 in the fifth year.

The overestimation of expenditures can be accounted for in part by the fact that salaries and benefits are budgeted at 100% of authorized staff. However, during the last five years staff vacancies have averaged 13%. This is equivalent to an overestimate of salaries and benefits of around \$5-600 thousand/year.

Another contributing factor is capital expenditures. The "Fixed Assets / Buildings" budget line item for Fiscal Year 2000/01 was approved at \$422 thousand; the actual expenditures were \$232 thousand. For the current fiscal year MCFL estimates capital expenditures of \$875 thousand, but actual expenses after 8 months are only \$255 thousand. The ability of MCFL to plan and execute projects at this level is not at all certain.⁹

Forecasting MCFL's budget is made more difficult because some line items are highly uncertain:

- Excess ERAF, forecast at \$300 thousand throughout the period, has ranged over the last five years from \$0 in Fiscal Year 1998/99 to \$279 thousand in Fiscal Year 2000/01. If the number of school students increases, ERAF returned to MCFL can decline due to the higher average daily attendance (ADA). If, however, the student population decreases, or if the State decreases the ADA allowance during the current budget crunch, excess ERAF can *increase*.
- One source of revenue is the Public Library Fund. The State Legislature determines what this will be as part of the annual State budget process. This accounts for about \$200 thousand in the current MCFL budget.

⁹ A recommendation which is outside the scope of this report would be that the County consider changing to a capital project budgeting process which is separate from the operating budget. Capital budgets should be based on realistic expectations of current year expenditures.

To address the fiscal problems of MCFL caused by ERAF, in January 2000 the Board of Supervisors (BOS) impaneled a Blue Ribbon Library Task Force “to investigate the Library’s fiscal situation...and recommend strategies for financial stability.” The Task Force identified possible solutions to alleviate the problem:

- The BOS should assume financial responsibility for those operations of the Civic Center branch which are unique to or directly serve the Civic Center.
- The BOS should allow the Library District to go to the voters for a 1/8-cent sales tax.
- The BOS “should strongly support any legislative effort to exempt Special District Libraries from ERAF payments.”
- Implement major library service cuts (days/hours of operation).

Based on the Task Force’s recommendations, the BOS implemented a subvention from the County’s General Fund of \$300,000 for Fiscal Year 2000/01 and \$550,000 through Fiscal Year 2003/04. However, there is no commitment beyond Fiscal Year 2003/04. The BOS also petitioned the State to grant MCFL an exemption from ERAF payments. This petition was unsuccessful. However, the BOS took no action on the recommendation relative to the 1/8-cent sales tax or any other possible long term solution to MCFL’s fiscal “problems”.

An obvious question is: in the face of ongoing forecast deficits, why hasn’t MCFL cut costs? One answer seems to be that MCFL hoped that ERAF would be rescinded. Another is that thanks to poor forecasting, cuts have not yet been required. A third is that cutting expenses creates a political dilemma. The value of the library system is evidenced by a survey of Marin citizens taken in 2000,¹⁰ which indicated that “providing library services” is rated among the four most important priorities, ahead of taxes and transportation, for Marin County residents. The Blue Ribbon Task Force examined the issue of expense reduction in detail and could not decide where or how to make cuts. They concluded that the total budget problem could not be addressed simply by cutting expenses across the board; that would “cut the heart out of the system,” and possibly cause some cities to drop out of MCFL, creating even larger deficits. The alternative is to cut entire branches, which is politically unpopular. The problems with cutting staff are that (1) good people leave first; (2) it’s hard to build staff back if opportunity permits; (3) it creates bad morale; and (4) it results in less use by the public.

A major concern for MCFL is cash flow. MCFL’s primary revenue is from property taxes, which are disbursed to MCFL only in December and April. This means that MCFL’s monthly revenue varies considerably, while its monthly expenditures are fairly constant. To deal with this imbalance in cash flow MCFL uses reserves in its Fund Balance to meet cash flow demands. If the Fund Balance is insufficient, according to MCFL it has three options to get cash:

¹⁰ Survey of Voters, Godbe Research & Analysis, September 2000.

- Borrow money from the County. This is repayable with interest.
- Obtain a Tax Revenue Anticipation Note from a financial institution. This, too, is repayable with interest.
- Borrow against its expendable trust funds.¹¹ The cost of this borrowing is the loss of interest which would be earned by the borrowed funds.

Support Organizations

There are three main groups that provide volunteer support to the MCFL. These are MCFL Foundation, the Friends of the Marin County Free Library, and Branch Friends organizations.

MCFL Foundation

The MCFL Foundation, consisting of an 11-member Board, started in 1985 with the intent to conduct major fund-raising campaigns for MCFL. According to the MCFL website, the goal of the Foundation “is to increase and improve the services and information resources provided by the Marin County Free Library to all Marin residents.” Funds raised are targeted for building an endowment, improving patrons’ access to the latest technology, and funding special collections. It has been most successful in raising monies for specific causes such as the new Bookmobile, on-line subscription services, and the Children’s History/Geography books. The Foundation has a donor list of 1300 names, although most contributions come from only 100 or so of the names in the database.

However, the Foundation has not been successful in attracting endowments or estate bequests. The general feeling is that the Foundation is floundering. For example, there are currently 3 vacancies, including the office of the President. According to one member, “no one wants to take [the presidency] on.” Meetings are irregular.

The Foundation has a role to play in supporting the MCFL. However, since the County funds most of MCFL’s capital projects, there is uncertainty about what the Foundation should be doing. The Library Commission could help by examining this question and developing a policy that would clarify the Foundation’s role. This would be a first step toward revitalizing the Foundation.

Friends of MCFL

The Friends of the Marin County Free Library is a nonprofit group of over 700 volunteers (including affiliated Branch Friends groups for Novato, Corte Madera,

¹¹ These trusts hold donations and grant money for specific purposes which cannot be spent in the year they are received. There are currently five trusts totaling over \$943 thousand. They are not part of MCFL’s Fund Balance. During Fiscal Year 1998/99 MCFL borrowed \$200 thousand from one of the trusts to fund an operating cash shortfall. When the December, 1998 property tax revenues were received, the trust was repaid. MCFL’s Fund Balance at the end of Fiscal Year 1998/99 was \$1,789 thousand.

Fairfax, and the Civic Center) focused on bringing about improvements to the library system. It was organized in 1969-70 and serves all 11 branches. Funds and services provided by the County Friends group help provide children's programs, new books, books on tape, CD's, special equipment such as reader/printers, furniture, and enhancement of the Anne T. Kent California Room. The Friends also operate a Used Book Store in Ignacio and organize a major annual used book sale.

Since 1983, the County Friends group has raised nearly \$900,000. They solicit from a list of 800 people. Gifts up to \$25 are halved between MCFL and the donor's branch. Amounts over \$25 are kept by the affiliated branch Friends Group.

The Marin County Friends has its own website, <http://marinlibraryfriends.marin.org/>, with links to MARINet and eight branch Friends groups. There is also a link to the Book Shop, which lists categories of books for sale and prices. Curiously, MCFL does not take advantage of the Book Shop to replace worn out books, copies of which are often available at the store.

Branch Friends Groups

In addition to the County Friends group, a number of MCFL branches (including Marin City, Bolinas-Stinson Beach, Tomales Bay) have their own Branch Friends groups which are not part of the County group. They raise monies through book sales and other events, and help augment library activities such as children's programs and special facility needs. They also contribute material items such as furnishings and books. These Branch Friends groups have been very successful in raising funds to support their causes. Since 1997, these groups have raised more than \$ 625,000.

Relationship with City Libraries

City Libraries participate in MARINet. In return, MARINet allows them to track books, manage fines, generate reports on the use of their collections, and compile demographics. It extends their services by allowing home users to search for and reserve books. The use of MARINet saves labor cost.

Purchasing is independent of MCFL, although the same vendors are used and the same discounts obtained. In some cases, e.g., magazines, purchasing is coordinated through MARINet.

Another positive benefit of MARINet is that, through its Board, the City and County Libraries meet on a regular basis, about ten times a year. This facilitates communication and cooperation.

Relationship with Public School Libraries

Although a review of public school libraries was outside the scope of this study, site visits were made to representative high school and elementary libraries and several school librarians were interviewed.

The middle and high schools which were visited all have computers with Internet access and all are linked to MARINet. All have computerized school catalogs which are accessible through the schools' computer terminals. Increasingly also, schools have their own websites. In some cases students have their own space on these sites; in the future students will be able to access the school's website and library catalog from their homes.¹²

An *ad hoc* group, Marin School Librarians, meets once a month to discuss issues. This is the principal way for school librarians to share ideas. It could provide a liaison with MCFL and the Marin County Office of Education.

According to one Library Commissioner, "Interfacing with school libraries [by MCFL] is a local branch issue." Another said, "A public library cannot provide the things a school needs. Project assignments can overwhelm a public branch's reference capabilities. This needs coordination between teachers and libraries." This is borne out in practice. School librarians communicate with MCFL and City libraries to borrow books and arrange programs; the branches reach out to their local schools. The amount and effectiveness of these exchanges depends on the individuals involved.

Marketing

One branch librarian commented that people are not aware of the breadth of materials and services available from today's libraries. Some libraries have found creative ways to improve public awareness, create value for people in their communities, and raise revenue. As an example, one city library has implemented a variety of programs and services, ranging from twice-yearly visits to all grade school classrooms, expanded computer facilities, and newsletters to discussion groups, live online reference service, art sales, author and artist receptions, Internet training, E-scrip, the sale of commemorative tiles, and benefits from local bookstores and golf tournaments. Collectively these activities make the library a community focal point.¹³

One librarian suggested that MCFL could have a part time public relations person to work with the Friends groups to market the MCFL.

¹² The California Public School Library Act of 1998 provides \$28/pupil/year for library expenditures, which amounts to some \$800,000 in Marin. This has increased funds to school libraries by as much as 5-10 times, and has allowed schools to update and expand their collections at a much more rapid rate. This Act has had the effect of returning to public school libraries much of the money ERAF takes from MCFL.

¹³ The key ingredients are volunteers, money, and space. The library above has many unpaid volunteers. It has a 60-member board and 23 community committees (including landscaping, programs, technology, raising money for children's books, investments). There is income from an endowment. It has a foundation which commits to raising money as part of the budgeting process.

The Future

The three biggest challenges for MCFL are money, staffing, and keeping pace with technology. MCFL believes that it will be busier in the future, with increased use of computers, Internet consultation, and improved electronic storage.

The MCFL has a 4-year Action Plan which is reviewed and updated every year. The Plan addresses System Wide Specific Actions, Branch Specific Actions, and Technology. The current plan elements include:

- Facility improvements
- Staffing
- Expansion of service (especially to under-served population groups)
- Funding sources
- Community support
- Technology, including interaction with other library systems

FINDINGS

1. Based on this study the Grand Jury concludes that the citizens of Marin are well served by an excellent library system.
 - (a) The Marin County Free Library (MCFL) branches are inviting facilities that are well managed by highly trained and efficient staff. The staff is dedicated to serving the patrons and enthusiastic in promoting usage of the library's branches. Any reduction in staff would compromise the services of MCFL.
 - (b) Complementing the typical library functions, MCFL sponsors a very large number of educational programs directed toward and well attended by both adults and children. Outreach programs, including the Bookmobile, service to homebound patrons, and the Literacy Program reach many in the county who otherwise might not be able to take advantage of MCFL and its resources.
 - (c) Through Marin Automated Resources & Information Network (MARINet) all residents in the County have easy access to the resources housed in both the County system of library branches and all of the separate city library branches. In addition, most (if not all) public school libraries are linked to MARINet, providing students with extensive research resources.
 - (d) MCFL is extremely fortunate in having active support groups, both on a countywide basis and attached to individual branches. These groups provide services and materials that otherwise would not be available. Over the years these support groups have raised significant amounts of money for special

library needs and functions, as well as contributing many volunteer hours, which supplement staff in various functions within the library's branches.

2. While MCFL is doing an outstanding job, there are areas that need attention:
 - (a) If projected revenues and expenditures are accepted at face value, MCFL will, each year, need to draw down reserves to meet its financial obligations. Absent new funding, its reserves could be exhausted as early as Fiscal Year 2005/06, and MCFL either will have to have permanent new funds made available or it will have to reduce operating days and hours.
 - (b) MCFL's budget forecast is not a reliable predictor of financial need and could jeopardize its credibility in asking for future funding. During the last five fiscal years MCFL has projected deficits ranging from \$1.4 to \$3.8 million. Actual performance has been *far better* than the forecasts. MCFL has underestimated revenues during these years by an average of 9.5%, and overestimated expenditures by an average of 21.3%. In two of the last five years MCFL has run a surplus.
 - (c) The unreliability of MCFL's budget forecasting and its uneven cash flow make it difficult to determine a target minimum for MCFL's Fund Balance.
 - (d) MARINet can be enhanced to provide more benefits to library staff and users.
 - (e) MCFL incurs staff vacancies each year that result in a staffing level averaging 13% below budgeted levels. It is difficult to find qualified personnel and attract those personnel to Marin because of its high cost of living.
 - (f) While most of MCFL's facilities are inviting and well maintained, this study did uncover situations where there is insufficient space for the collections and lack of adequate working space for the staff. Space is also essential to a branch's ability to sponsor special events.
 - (g) Capital projects frequently are not undertaken in the year they are approved.
 - (h) The Library Commission, an advisory body to the Board of Supervisors and MCFL staff, does not seem to be a purposeful advocate in resolving problems facing MCFL, e.g., understaffing, funding, training, Civic Center Branch costs.
 - (i) The Civic Center branch is the most expensive to maintain per square foot, awkward to access, and in a questionable location relative to serving the County population. At present there are no plans to address this issue.
 - (j) The Countywide and individual branch Friends groups are invaluable resources to MCFL. Funding and volunteer services provided by these groups are very much appreciated by staff and patrons alike. To some extent, the two sets of

Friends overlap and compete for the same monetary and volunteer personnel resources.

- (k) Funding and public awareness are major concerns for the MCFL. Visits to some of the city libraries uncovered highly imaginative programs and activities used to expand public participation and increase revenue.
- (l) The MCFL Foundation has successfully attracted funds for specific causes such as the new Bookmobile. It has had virtually no success in soliciting endowment funds.

RECOMMENDATIONS

1. The excellence of MCFL should not be compromised by cuts in services.
2. Unless the Educational Relief Augmentation Fund (ERAF) law is changed to restore MCFL's full share of property tax money, or until library revenue is increased by another source (e.g., by passing a sales tax or by revising the parcel tax to increase the amount and index it to inflation), the Board of Supervisors should continue to supplement MCFL's budget as needed from the General Fund.
3. MCFL should review and revise its budget forecasting process, including use of an independent audit if necessary, to bring forecasts more in line with actual revenues and expenditures.
4. MCFL should undertake a financial analysis to determine the least costly method of providing for cash flow needs while maintaining an adequate Fund Balance.
5. MCFL staff should continue to pursue and implement ideas to improve MARINet.
6. The high percentage of staff vacancies should be resolved:
 - (a) MCFL should determine if the authorized staff level reflects the library's true needs.
 - (b) If more staff is truly needed, MCFL and the Library Commission should embark on an active recruitment process, identifying and implementing creative job incentives in order to bring qualified personnel to MCFL to fill vacant positions quickly.
 - (c) Non-credentialed, long-term MCFL staff should be made eligible for positions above Community Library Specialist.
7. The desirability of increasing space in the branches should be addressed on a case by case basis with creative solutions for use of existing space, and by planning for the acquisition of new space.

8. Facility improvements should be initiated during the year in which their capital improvement budget is approved. Sufficient preplanning should be undertaken to ensure that when improvement projects are funded they are ready to be started. Project management by County personnel should be prearranged, and staff should be ready to take on projects as soon as funding becomes available.
9. The Board of Supervisors needs to give new direction to the Library Commission in order for that body to become a key player in MCFL's ongoing and future functions. Commission members should be charged with the responsibility of formulating a long term financial plan by the end of 2002. This plan should then be presented to the BOS for review and implementation. Other areas in which the Commission should become more proactive include chronic understaffing, the Civic Center branch location, and the failure of the MCFL Foundation to develop endowment funds.
10. The Civic Center branch location should be reassessed. The evaluation should take into consideration such factors as: ease of use by patrons, hours of operation, the effect on Civic Center security, room for collection expansion and technology improvements, and operating costs.
11. MCFL and the Friends groups should investigate what other libraries are doing to market themselves and raise money, and they should determine how some of these techniques can be used to benefit MCFL.
12. In order to reenergize MCFL Foundation:
 - (a) The Library Commission should develop a policy that would clarify the Foundation's role.
 - (b) The Foundation should consider employing a professional fundraiser to advise on techniques for bringing endowment funds and bequests to MCFL.

REQUEST FOR RESPONSES

Pursuant to Penal Code section 933.05, the Grand Jury requests responses as follows:

- From the Board of Supervisors to Findings 1(a) – 1(d) and 2(a) – 2(l), and to all of the Recommendations;
- From the County Auditor-Controller to Findings 2(a), 2(b), and 2(c), and to Recommendations 2, 3, and 4.

The Grand Jury also invites responses from:

- The Director of Library Services for the Marin County Free Library to all Findings and Recommendations; and from
- The Marin County Free Library Commission to Findings 2(a) – 2(l), and to all of the Recommendations.

BIBLIOGRAPHY

The following documents were among those reviewed:

- “California Library Statistics 2000”, California State Libraries, Library Development Services Bureau, Sacramento, 2000
- MCFL Budget tables, reports, brochures, and other information, including the Monthly Statistical Report and the 2001-2004 Action Plan
- The “Final Report” and a member’s notebook from the Blue Ribbon Library Task Force
- “Survey of Voters”, prepared by Godbe Research & Analysis for MCFL, Sept. 2000.
- “County Library System”, Marin County Civil Grand Jury - 1980-81
- “Marin County Public School Libraries”, Marin County Civil Grand Jury - 1998-99, and responses to that report
- MCFL Commission Minutes, Director’s Reports
- MARINet Board of Directors’ Meeting Minutes
- “The Friends at Thirty-Something – A Condensed History of the Friends of the Marin County Free Library”, by Tony Arnold, Friends Historian
- “Directory of Public & Private Libraries in Marin County”, League of Women Voters, 1999

Information, including some of the above documents, was obtained from the following websites:

- <http://www.co.marin.ca.us/depts/lb/main/> - website for the MCFL
- <http://marinet.marin.org/> - website for MARINet
- <http://www.qandacafe.com/> - website for online reference at the Belvedere/Tiburon Library
- <http://marinlibraryfriends.marin.org/> - website for the Friends of the Marin County Free Library
- <http://www.co.marin.ca.us/depts/lb/main/foundation.cfm> - website for the Marin County Free Library Foundation

- <http://www.co.marin.ca.us/depts/lb/main/groups.cfm> - website links to branch library Friends groups
- <http://www.co.marin.ca.us/depts/lb/main/commission/index.cfm> - website of the Marin County Free Library Commission

Other websites of interest for the subject of libraries are:

- www.ims.gov - website for the Institute of Museum and Library Services.¹⁴
- www.lil.org - Librarians' Index to the Internet. This is "a searchable, annotated subject directory of more than 8,600 Internet resources selected and evaluated by librarians for their usefulness to users of public libraries."
- <http://www.cla-net.org/> - website for the California Library Association, which meets every November and holds workshops and lectures for library staff.
- <http://www.ala.org/> - website for the American Library Association, a professional librarians' organization.

¹⁴ The "IMLS is an independent Federal agency that fosters leadership, innovation, and a lifetime of learning by supporting the nation's museums and libraries. Created by the Museum and Library Services Act of 1996, P.L. 104-208, IMLS administers the Library Services and Technology Act and the Museum Services Act. The Institute receives policy advice from two Presidentially appointed, Senate confirmed entities: the National Commission for Libraries and Information Science and the National Museum Services Board."

Appendix A

Selected Data for the Marin County Free Library

Fiscal Year	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/2000</u>	<u>2000/01</u>
Population in MCFL Service Area ¹	132,310	134,830	136,000	137,400	136,875
Total Circulation	1,179,310	1,235,367	1,188,890	1,183,261	1,227,025
Percent Adult	66	69	67	67	65
Percent Children	33	31	33	33	35
Reference Requests ²	235,085	206,402	165,122	152,389	154,776
Reference Librarians	18.7	23.4	23.6	23.4	23.6
<u>MCFL Collection</u>					
- Cataloged Volumes	431,265	405,456	407,456	396,480	416,736
- Periodicals, Serials	1,407	1,417	1,382	1,519	1,229
- Video Cassettes	9,068	9,870	12,277	12,190	14,944
- CD's	NA	NA	NA	1,538	2,519
<u>Collection Replacement</u>					
- Books Acquired	45,041	38,882	51,691	39,902	38,569
- Cost, \$1,000's ³	582	540	520	519	492
- % of MCFL Budget	9.5	9.1	8.3	7.8	7.0
- Books Retired	NA	NA	NA	34,780	39,864
<u>Full Time Equivalent Staff</u>					
- Authorized Positions	73.3	78.8	77.2	77.9	79.4
- Actual Employed	64.5	65.7	63.0	74.7	70.0
- Vacant Positions	8.8	13.1	14.2	3.2	9.4
Friends Groups Contributions, \$1,000's	177	138	555	202	NA
MARINet Budget, \$1,000's	300	344	441	448	427
Percent Paid by MCFL	65	59	57	56	56
User Licenses	94	134	134	134	144

¹ This is roughly the unincorporated area of the County plus the Cities of San Anselmo, Fairfax, Ross, Novato, and Corte Madera.

² The decreasing trend in number of references reflects increasing use of the Internet. However, requests to MCFL are becoming more difficult and taking more time.

³ Excludes expenditures by Friends groups.

Appendix B

Case Studies for Adjusting Marin County Free Library Budget Forecasts

- Table B1. Average Underestimate of Revenues and Overestimate of Expenditures, Last 5 Years
- Table B2. Affect on Fund Balance of Adjusting Budget Forecasts Using Average Historical Errors (\$1,000's)
- Table B3. Correct Only Forecast Expenditures by 10% (\$1,000's)

Table B1.

Average Underestimate of Revenues and Overestimate of Expenditures, Last 5 Years

	FY <u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	<u>2000/01</u>	<u>Average</u>
<u>Revenues, \$1,000's</u>						
Budgeted	5,157	5,328	5,465	5,978	6,773	
Actual	5,516	5,479	5,929	7,113	7,482	
Underestimate	359	151	464	1,135	709	564
Underestimate as % of Budget	6.96	2.83	8.49	18.99	10.47	9.5
<u>Expenditures, \$1,000's</u>						
Budgeted	8,908	8,308	6,953	7,344	9,692	
Actual	6,124	5,960	6,264	6,644	7,007	
Overestimate	2,784	2,348	689	700	2,685	1,841
Overestimate as % of Budget	31.25	28.26	9.91	9.53	27.70	21.3

Table B2.

Affect on Fund Balance of Adjusting Budget Forecasts Using Average Historical Errors
 (\$1,000's)

	FY <u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>
Forecast Revenue		8,166	8,101	8,363	8,087	8,372
Revise by Increasing 9.5%		<u>780</u>	<u>773</u>	<u>799</u>	<u>772</u>	<u>799</u>
Adjusted Revenue		8,946	8,874	9,162	8,859	9,171
Forecast Expenditures		8,801	8,531	8,597	8,938	9,294
Revise by Decreasing 21.3%		<u>(1877)</u>	<u>(1820)</u>	<u>(1834)</u>	<u>(1907)</u>	<u>(1983)</u>
Adjusted Expenditures		6,924	6,711	6,763	7,031	7,311
Forecast Surplus (Deficit)		(635)	(430)	(234)	(851)	(922)
Adjusted Surplus (Deficit)		2,022	2,163	2,398	1,828	1,860
Forecast Fund Balance	2,733	2,098	1,668	1,434	583	-339
Adjusted Fund Balance	2,733	4,755	6,918	9,317	11,145	13,005
Memo 1: Fund Balance based on adjusting by only half of historical error.	2,733	3,744	4,826	6,025	6,939	7,869

Table B3.
 Correct Only Forecast Expenditures by 10% (\$1,000's)

	FY <u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>
Forecast Revenue		8,166	8,101	8,363	8,087	8,372
Forecast Expenditures		8,801	8,531	8,597	8,938	9,294
Revise by Decreasing 10.0%		<u>(880)</u>	<u>(853)</u>	<u>(860)</u>	<u>(894)</u>	<u>(929)</u>
Adjusted Expenditures		7,921	7,678	7,737	8,044	8,365
Adjusted Surplus (Deficit)		245	423	626	43	7
Forecast Fund Balance	2,733	2,978	3,401	4,027	4,070	4,077