

## Saving the Branches May Kill the Tree

### The Fate of the Santa Cruz City/County Public Libraries

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#### **Summary**

A battle is being waged in the Community Meeting Room of the Central Branch of the Santa Cruz City/County Public Library (SCPL). Will the Joint Powers Authority Board (JPB), the governing board of the library system, further reduce library hours, or will it perhaps close library branches? Citizens from around Santa Cruz County have been attending the monthly meetings of the JPB as it considers the library budget for the 2010/11 fiscal year, passionately lobbying on behalf of their local library branches.

Fear not, citizens. Don't worry about this month or this year, but do worry about the future. Once again the JPB is failing to make the tough decisions necessary to ensure the long-term financial sustainability of your library system. Faced with projected deficits for the next several years and a negative cash fund balance of over \$4 million at the end of the 2013/14 fiscal year, the JPB is making the same decisions today that it made last year:

- continued reduction in open hours for the branches
- cuts in the books and materials budget
- no reserve funds
- further delays in the purchase of technology that's critical to library operations

It was the 2009/10 budget and citizens' complaints about shortened library hours and irregular, tough-to-remember schedules that led the Grand Jury to investigate the SCPL system to determine what might be done to maximize open hours. What the Grand Jury discovered are aging facility and technology infrastructures, a declining collection, no reserves for normal operations or emergencies, and no plans to create the financial foundation that will enable the SCPL to be nimble in meeting the future needs of patrons in an era of rapidly-evolving technology. The priorities that are driving this year's budget are not those that will ensure long-term system viability. The Grand Jury recommends new priorities, even though some near-term consequences will be unpopular. The SCPL needs to balance the budget while investing in technology and establishing cash reserves, and if this means reducing staff and closing branches, it must do that.

#### **Definitions**

**Book Wish List:** Many local bookstores feature displays of books that the SCPL has on its "Wish List." Patrons can buy these books at the register and the bookstore sends them to the library.

**Fiscal year:** A twelve month period for which an organization plans the use of its funds. For the SCPL, the fiscal year is July 1 – June 30. For the Friends of the Santa Cruz Public Libraries, the fiscal year is May 1 – April 30.

**Floating collection:** Materials “float” freely among system libraries rather than being “owned” by a specific location. When a patron returns a circulating item, it is shelved at the location where it was returned instead of being sent back to the location from which it was checked out.

**Friends of the Santa Cruz Public Libraries (Friends):** A 501(c)(3) nonprofit organization incorporated in 1979 and dedicated to supporting the SCPL system. The 1,500 members of Friends support the library through advocacy, fundraising, volunteer services, and program sponsorship.

**FTE:** Full time equivalent, the number of working hours that represents one full-time employee during a fixed time period, usually one year, quarter, or month. FTE simplifies work measurement by converting large amounts of hours into number of people.

**Integrated Library System (ILS):** Also known as a library management system (LMS), a resource planning system for a library, used to track items owned, orders made, bills paid, and patrons who have borrowed. Each patron and item has a unique ID in the database that allows the ILS to track its activity.

**Joint Powers Authority Board (JPB):** A board of nine members that administers the SCPL system under the Joint Powers Agreement between the County of Santa Cruz and the Cities of Capitola, Santa Cruz, and Scotts Valley. It includes elected officials from each entity (two each from the County and the City of Santa Cruz and one each from Capitola and Scotts Valley) and three citizen members. The library director and the city of Santa Cruz director of finance attend meetings and provide staff support for the JPB.

**Single point of service:** Merging reference and circulation desks into a single service area. Although the two functions are quite different, the merge provides one-stop assistance for users and an efficient and flexible staffing solution, and uses space more efficiently, too.

## ***Background***

“Library should join the 21<sup>st</sup> century,” reads the letter to the editor in the *Santa Cruz Sentinel* in January 2010. “Library leaders see bleak year ahead,” scream the headlines in the *Sentinel* later that month.

There is strong community support of the libraries, demonstrated by increased use in the last few years and the passage of a permanent ¼ cent sales tax in 2008 to provide additional funds for the library system. However, the 2009/10 budget was a “budget of cuts ... cuts to supplies, cuts to services, cuts to programs, cuts to the book and media budget, cuts to staff, cuts to branch hours,” per the acting director’s budget memo to the JPB last year. Next year’s budget will be more of the same.

About 207,000 people live in the SCPL service area. The system is comprised of the Central Library in downtown Santa Cruz and nine smaller branches along with outreach services. The balance of the Santa Cruz County population of 254,538 residents is served by the separate Watsonville Public Library, which includes the main library in downtown Watsonville and one

branch facility. The Grand Jury investigated only the SCPL. Motivated by news of the short open hours at many branches and the public's openly-voiced irritation with these circumstances, we were hopeful of understanding whether greater use of volunteers and improved technology could enable the SCPL to open the libraries more hours per week, including additional hours on weekends. Right now the Central Library is open 40 hours a week including Saturday, but some branches are open only eight hours during the week and are closed on both Saturday and Sunday. No libraries are open on Friday.

The last two years have been characterized by continuous reductions in personnel and the supplies and services budgets due to declining revenues. Furloughs were initiated during the last 21 weeks of the 2008/09 fiscal year by closing the libraries on Friday, and all the libraries were closed two weeks over Thanksgiving and Christmas. The furloughs begun in 2009 will continue through this fiscal year and now on into the next. Library hours continue to be cut. The JPB has been nibbling at the SCPL system to balance the budget, allowing it to survive—but barely.

Despite all the measures taken to curb expenses, the current Five Year Operating Fund Projections anticipate net operating losses every year, growing to a loss of \$1,328,226 in 2013/14 and a negative cash fund balance at the end of that fiscal year of \$4,086,840.

## **Scope**

In reviewing the Five Year Operating Fund Projections, the Grand Jury concluded that recruiting more volunteers and adding a few new computers could not solve the financial crisis threatening the SCPL system. Therefore, it seemed useful to expand the investigation to consider what major shifts in priorities and operations might be necessary for the library to achieve financial sustainability.

The investigation included:

- interviews with SCPL library administrators and staff and visits to all ten branches and the headquarters building
- interviews with Santa Cruz city administrators
- interviews with Watsonville library administrators and visits to the main library and the one branch library
- visits to the Los Gatos Public Library and the Cambrian branch of the San Jose Public Library and interviews with staff at both
- interviews with members of the Joint Powers Authority Board
- attendance at monthly meetings of the Joint Powers Authority Board
- attendance at the town hall meetings throughout the Santa Cruz area that were part of the strategic planning process
- attendance at the special Joint Powers Authority Board meeting in April to discuss/approve the strategic plan
- reviews of documents: annual budgets, master facility plans, meeting minutes, other library system planning documents, et cetera

## **Findings**

### **The Facilities**

The JPB and SCPL developed a Facilities Master Plan for FY 2008/09 – FY 2012/13. The plan includes the construction of new libraries in Capitola, Felton and Scotts Valley as well as improvements to many other branches. The JPB acknowledged that even though both Capitola and Scotts Valley have redevelopment funds from the County, the new libraries will cost substantially more money than the SCPL can raise from current revenue sources and they will need to consider other funding options. The severity of the economic downturn was not apparent at the time the plan was drafted and the JPB and SCPL were optimistic about the opportunities for financing capital projects.

The Master Plan describes the library system in terms of a Branch Service Framework:

- Neighborhood branches – smaller community libraries with neither the space nor the resources to provide complete information services to their communities; instead they provide a popular materials collection, meet some reference needs of adults and try to meet the information needs of children through junior high. The neighborhood branches are Boulder Creek, Branciforte, Capitola, Felton, Garfield Park, and La Selva Beach.
- Regional branches – larger libraries serving regional populations, with bigger collections, more reference services; they try to meet the information needs of children through high school. The regional branches are Aptos, Live Oak, and Scotts Valley.
- The Central branch serves as system headquarters for the collections, reference and youth services, and contains special collections such as local and California history and genealogy.
- Outreach – not a branch but a service, including the bookmobile. Outreach staff provide off-site services to seniors, homecare providers, day care workers and other people who cannot go to a library branch. Outreach is housed in the library headquarters at 117 Union Street.

**F1.** Including the three new libraries described below, the Master Plan calls for the construction of over 34,000 square feet of library space over the next several years.

- Capitola was without a library from the mid-1970's, when the original library was closed due to Proposition 13 cutbacks, until 1999, after the passage of the Measure B sales tax for the libraries. The current library is considered an interim library; it's about 4,300 square feet and is not a permanent building but rather six portable structures tied together by the roof and floor. In 1987 Capitola signed a redevelopment agreement with the County that obligates the city to begin construction by 2018 of a 7,000 square foot facility that the SCPL would operate.
- The Felton library is a 1,250 square foot deconsecrated church. There is no disabled access, staff workspace, or storage area. There is only street parking. The entrance is up

two flights of hillside stairs, making access difficult for parents with young children and seniors. There is little space for comfortable seating or study carrels. Public school class visits are not possible due to the small space. The collection is small, crowded, and inadequate. Nevertheless, the Felton library has a community of fierce supporters. Due to the gross inadequacies of the facility the JPB adopted a resolution in April 2008 identifying the Felton branch as the SCPL's highest capital project priority, planning an 8,800 square foot facility for the area population of 16,000. However, despite a bequest of \$146,000 and the donation of the land for the library, it is estimated that another \$5.5 million might be needed to actually build the library.

- Scotts Valley has had a library since 1953. The branch currently occupies 5,300 square feet rented in a shopping center. However, within the next year the library will be moving to a space of about 12,500 square feet in a remodeled building the city of Scotts Valley has purchased through a redevelopment agreement with the County. The Scotts Valley chapter of the Friends of the Library has launched an ambitious campaign to raise \$250,000 to outfit the library interior.

**F2.** In addition to the capital improvements described in F1 above, there are the routine maintenance and extraordinary repairs required by the library facilities and vehicles. In just the last few months, the library staff had to deal with:

- a leaky roof affecting a light panel in Capitola, which caused the staff to delay opening the library for the day because of safety concerns
- cleanliness and plumbing problems in Branciforte and Capitola
- a T1 data line in Capitola malfunctioning for three days, resulting in 42 crates and 6 book trucks of materials needing to be transported to Live Oak for processing
- lights and alarms causing problems in Live Oak from October 2009 to January 2010
- the need to install an underfloor water detection system at Live Oak
- the heating/air conditioning system in Live Oak is a perpetual problem
- irrigation problems at Live Oak that have resulted in high water bills
- a leaky window and graffiti in Garfield Park
- the bookmobile out of service twice in two months because of transmission problems
- electric bills for headquarters that are unexpectedly high

**F3.** The community of La Selva Beach, unhappy with the local branch schedule and concerned that the SCPL's financial problems might trigger the decision to close the branch altogether, proposed that its Friends chapter might fund the purchase of self checkout equipment and supply volunteers who, after training, would supplement the staff and allow the library to be open more hours. While library policy requires at least two employees to staff any open library, the hope was that administration would agree that one employee, self checkout, and a volunteer might be adequate. Administration did agree and this proposal is under development; union agreement is necessary for implementation.

### **The Technology**

Library staff have stated that the SCPL is the last in the country to use the current Integrated Library System (ILS). It was installed in the 1980's and updated/upgraded twice in the 1990's. It is an outdated but heavily customized system on dedicated, obsolete hardware (with no support

from the manufacturer at this point in time), with only a single employee with the expertise to maintain the system. This means there are multiple points of failure: hardware, software, and personnel.

- F4. Technical services staff state that library technology has been under-funded for several years, perhaps by as much as \$500,000 to \$700,000 per year.
- F5. A new ILS, which could cost upwards of \$200,000, would enable several improvements in library operations, such as the adoption of the floating collection, now considered a library “best practice”; computer-printed hold slips (library staff handwrite over 200,000 hold slips annually); and automated check in.
- F6. Only three libraries in the SCPL system currently offer self checkout: Aptos, Live Oak, and Scotts Valley. Sadly, very few people are using it, just about 8 % of patrons compared to 60% in Watsonville and Los Gatos and about 95% at the San Jose libraries. Efforts to convert to self checkout have been handicapped by the need to add barcode labels to outside book covers, a time-consuming and costly exercise; labels originally were put inside the books.
- F7. The SCPL has about 150 computers in the ten branches for public use. This number of computers compares favorably with comparable library systems. The technology department is in the process of slowly replacing old equipment with newer refurbished terminals with multimedia capability.
- F8. The new Scotts Valley library is anticipated to be the first “real 21<sup>st</sup> century” library in the SCPL system. There will be lots of computers, with both wired and wireless connection to the internet, lots of bandwidth, and fiber. There will be two large LCD presentation screens and projection equipment. There will be single point of service and four self checkout stations, and space for automated materials handling equipment, although this equipment will not be purchased at this time.

### **Volunteers**

Library volunteers are members of the Friends of the Santa Cruz Public Libraries, and in 2008/09 560 volunteers worked over 14,000 hours in the libraries, equivalent to seven FTE. They also gave the libraries more than \$200,000 last Friends’ fiscal year and have pledged another \$52,000 to buy new self checkout machines. There are branch-specific Friends chapters in Boulder Creek, Felton, La Selva Beach, and Scotts Valley. The Scotts Valley chapter has just begun a capital campaign to raise \$250,000 for equipment and furnishings for the new Scotts Valley library, and the parent chapter is beginning an ambitious campaign to raise funds for technology improvements and other needs of the library system.

The money will be useful, but library supporters wonder why volunteers cannot be used to keep the libraries open more hours. It appears from comments in the press and on the internet that there would be no shortage of people willing to volunteer their time and efforts to keep the library doors open.

**F9.** It is library policy that a volunteer cannot check out books to patrons. Government Code Section 6267 is cited as the basis for this policy. However, this code does not explicitly exclude volunteers from checking out books for patrons, nor is there case law which would prohibit their doing so. Code Section 6267 reads:

“All registration and circulation records of any library which is in whole or in part supported by public funds shall remain confidential and shall not be disclosed to any person, local agency, or state agency except as follows:

- (a) By a person acting within the scope of his or her duties within the administration of the library.
- (b) By a person authorized, in writing, by the individual to whom the records pertain, to inspect the records.
- (c) By order of the appropriate superior court.

**F10.** The SCPL does not have a volunteer organization under the library administration. Instead, volunteers are part of the Friends group, which has a paid member who works 20 hours a week interviewing prospective volunteers and matching them with appropriate library tasks. Volunteers do fill out applications and sign confidentiality agreements.

**F11.** With the current procedures for recruitment and training, volunteers suffer a bad reputation with library personnel. Some staff consider volunteers to be unreliable, prone to mistakes, or lax in fulfilling their obligations. Nevertheless, library administration states that the more than 14,000 hours of work accomplished by volunteers this past year were greatly appreciated.

**F12.** It is library policy that volunteers can only assist staff; they cannot replace staff. A volunteer can perform one task but not all tasks that constitute a job description. This reflects the library system’s agreement with the unions.

**F13.** Volunteers need to be trained and they need to be supervised; these needs require staff time and attention, and consequently there are costs associated with the use of volunteers.

**F14.** The Friends recently expanded the list of current volunteer needs posted on its web site. It does not include checking out books, however, which limits the possibility of using volunteers to keep the libraries open more hours.

### **Library Services and the Strategic Plan**

In December 2008, the past library director retired after 25 years of service. There was an interim director for a brief time while the JPB and the City of Santa Cruz recruited and hired a new director, who joined the SCPL system in July 2009.

Under new leadership, the SCPL undertook an ambitious series of town hall meetings and focus group sessions with the goal of developing a community-based plan for the next five years. The town hall meetings were centered on the library branches. The focus groups were of assorted demographics (seniors, Latinos, business leaders, teens, educators, the homeless, a lady’s club, et cetera). The data collected through these activities was supplemented with information from

about 2,500 surveys gathered over the internet and in person at grocery stores and farmers markets in the county. The result is the *3-5 Year Strategic Plan, 2010-2015*, presented to the JPB and the public on Monday, April 19, 2010. The strategic plan that was developed is not intended to solve current budget problems but rather to provide the system with a focused future.

**F15.** What was discovered through the planning process was not a surprise: library patrons use their local libraries, but they also enjoy visiting other libraries in the system. This is supported by the data in the chart that follows on page 9 illustrating where people from each community check out their library materials. These percentages are based on numbers from the 2007/08 fiscal year, before the serious reduction in open hours.

The first, second, and third most frequently used libraries (in terms of circulation) for each residential area are color-coded. You can see that patrons from all communities in the county check out books from the Central library, with the Aptos and Scotts Valley branches being second and third most popular.

**F16.** There was considerable consistency in library service priorities, with reading, viewing, and listening for pleasure; lifelong learning; creating young readers; and connecting with the online world being generally the highest ranked. One notable contrast was the attitude of some among the more mature population who favor local branches and believe libraries must be about books and personal service, while others among the younger population suggest that there will be fewer branches in the future and libraries will be less about books and more about technology. Everyone, regardless of age, wants the libraries open many more hours and on regular schedules.

**F15 Percentage of Check Outs by Borrower Home Location at Each Branch 2007-2008**

		Library Branch									
		Aptos	Boulder Creek	Branciforte	Capitola	Central	Felton	Garfield Park	La Selva Beach	Live Oak	Scotts Valley
<b>Home Location</b>	Aptos	<b>73%</b>	1%	2%	5%	12%	0%	0%	2%	4%	1%
	Aromas	<b>47%</b>	2%	1%	8%	37%	0%	0%	2%	3%	0%
	Ben Lomond	2%	9%	2%	1%	20%	21%	0%	0%	3%	<b>41%</b>
	Boulder Creek	1%	<b>68%</b>	1%	0%	14%	3%	0%	0%	1%	12%
	Brookdale	10%	<b>37%</b>	1%	1%	25%	8%	1%	0%	2%	16%
	Capitola	14%	0%	2%	<b>51%</b>	16%	0%	1%	1%	13%	2%
	Corralitos	<b>75%</b>	0%	2%	6%	12%	0%	0%	1%	3%	2%
	Davenport	2%	0%	3%	1%	<b>83%</b>	1%	7%	0%	1%	2%
	Felton	1%	2%	2%	1%	24%	<b>36%</b>	0%	0%	2%	31%
	Freedom	37%	0%	2%	2%	<b>40%</b>	1%	15%	1%	1%	0%
	La Selva Beach	33%	0%	4%	2%	11%	0%	0%	<b>47%</b>	1%	1%
	Live Oak	3%	0%	7%	11%	23%	0%	0%	0%	<b>53%</b>	1%
	Mt. Hermon	2%	1%	4%	1%	12%	17%	0%	0%	1%	<b>61%</b>
	Rio Del Mar	<b>82%</b>	0%	1%	3%	8%	0%	0%	3%	2%	1%
	Santa Cruz City	2%	0%	16%	2%	<b>63%</b>	1%	10%	0%	4%	2%
	Santa Cruz Out	4%	0%	18%	11%	<b>40%</b>	1%	3%	0%	7%	16%
	Scotts Valley	1%	0%	1%	1%	12%	1%	0%	0%	1%	<b>82%</b>
	Seacliff	<b>88%</b>	0%	1%	3%	5%	0%	0%	0%	1%	1%
	Soquel	26%	0%	3%	<b>39%</b>	20%	0%	1%	1%	9%	1%
	SC County Unincorp	4%	0%	6%	6%	36%	2%	1%	0%	3%	<b>42%</b>
	Watsonville City	<b>45%</b>	0%	4%	7%	27%	0%	1%	9%	4%	2%
Watsonville Out	14%	0%	13%	8%	<b>45%</b>	1%	0%	9%	7%	4%	
Out of Area	11%	1%	3%	5%	<b>52%</b>	6%	4%	1%	4%	14%	
<b>Totals</b>		<b>15%</b>	4%	8%	8%	<b>34%</b>	3%	4%	1%	10%	13%

Greatest number of checkouts per home location
Second in number of checkouts per home location
Third in number of checkouts per home location

Library patrons use their local libraries, but they also enjoy visiting other libraries in the system. This chart illustrates where people from each community check out their materials. For instance, people living in Aptos check out 73 percent of their books and other items from the Aptos library, 12 percent from the Central library and 5 percent from the Capitola library. These percentages are based on numbers from the 2007/2008 fiscal year, before the serious reductions in library hours.

**F17.** One important part of the Strategic Plan is the section entitled “Change for the Future,” a description of five current trends in public library services that the SCPL has identified and committed to in the coming years as it pursues its vision of *Transforming lives and supporting communities*. Succinctly, the five trends are:

1. Patrons get service at the level they want – more self-service in checking out materials, placing and picking up holds, editing own accounts, paying fines; and single point of service,
2. Rebranding and marketing – establishing the library as a relevant resource through evolving services and better marketing of those services,
3. Local focus – providing local content that is unavailable elsewhere and taking library services outside into the community,
4. Remote delivery of services – associated with self-service; downloadable materials, e-books, podcasts; online payment of fees, and
5. User involvement – use of social media like Twitter, Facebook, and Wikis.

**F18.** Despite the budget problems, the SCPL offers an amazing range of outreach programs and in-house events. Through the efforts of library employees and Friends volunteers, there are programs for special populations like toddlers and young readers, students of all levels, teens, film and gaming enthusiasts, the elderly, the sight impaired, and the developmentally disabled. There are special holiday events, including pumpkin carving and gingerbread workshops. *Programs and Partnerships* was begun in September 2009, involving local businesses in library activities. It includes the “Book Wish List” being supported by local bookstores. Other businesses have held fundraisers, and still others have partnered with the library in offering parents and children in-store workshops and story-times.

### **The Budget**

Funding for the libraries comes from five sources:

- county property taxes and Santa Cruz and Watsonville city general funds
- the ¼ cent sales tax approved by voters first in 1996 and then again in 2008
- library fees and fines
- a State of California Public Library Fund grant
- income from bequests and trusts

The sales tax and monies from the city general funds are allocated to the SCPL and the Watsonville Library each year by a Library Financing Authority; the funds are divided using a population-based formula. The city of Santa Cruz provides administrative, financial, human resources, and legal services to the SCPL; they charge the library system a flat 5.5% of its total revenues for these services.

**F19.** In March 2009, after two years of generous sales tax revenues, the SCPL had no cash reserves. In April 2009, the JPB set guidelines for the FY 2009/10 budget that included establishing and maintaining ongoing cash reserves of at least 5% of its annual budget and dedicating at least 8% of its operating budget to books and media. These goals were not met in the FY 2009/10 budget, and they are not being met in the budget proposed for FY 2010/11.

- F20.** Over the last decade, prior and present library administrators have proposed or recommended closing from one to six branches to benefit the balance of the library system. However, in May 2009, the JPB directed library management to develop a balanced budget for FY 2009/10 that did not close any branches. They provided the same direction this April while facing even greater challenges to the system, essentially “kicking the can down the street a bit farther,” in the words of one board member.
- F21.** The SCPL may be able to balance the budget through deep cuts in personnel and services, but there is a cash-flow problem. The City of Santa Cruz loans the library the cash for payroll and other payables; it covers the actual cash deficit between the time expenses are paid and revenues are received. Currently this loan balance averages between \$1 million and \$1.4 million. The City charges interest at portfolio rates (in April 2010, about 1.4%), but beginning with the 2011/12 fiscal year the interest will rise to portfolio rates plus 2% (about 3.4% if the portfolio rate was still 1.4%); in the meantime the City will cap the loan at \$1 million. The additional interest will add to the cost of operating the library system, and staff stated that, with a cap, some bills will not be paid in a timely manner and additional staff time and effort will be required to prioritize payments.
- F22.** The SCPL has three loans that it must repay, with interest, and substantive rent for headquarters:
- First, there is the working capital loan mentioned above, the advance from the City of Santa Cruz to cover the cash requirements on a day-by-day basis. This loan will be outstanding until the SCPL develops the reserves to manage its cash flow.
  - Second, there is a loan associated with a Santa Cruz County overpayment, a distribution error discovered in 2005. From August 2005 through August 2013, the SCPL must pay annual principal of \$40,293 plus variable rate interest.
  - Third, there is a loan from the city of Santa Cruz for improvements to the new headquarters building. Interest is 5%. In September 2008, the principal was \$467,303; the current loan balance is about \$430,150. The annual payment is \$60,518, and this loan will be paid off in 2018.
  - The City of Santa Cruz purchased the building at 117 Union Street in Santa Cruz for use as library headquarters, to house administrative and technical services and outreach. The facility is shared with the Water Department, and building expenses are allocated to each according to the square footage occupied. The library’s portion of the annual rent is \$287,189, until 2037 when the City’s loan for the building purchase will be paid in full.
- F23.** While the library staff tabulates a wealth of data about the Santa Cruz community’s library use, (visits per capita, books and materials checked out per capita and per active member; busyness and circulation and visits per open hour, et cetera), there are no established cost accounting measures to gauge the cost of operating the individual branches or the cost of specific library services. The library director prepared a one-time memo detailing the

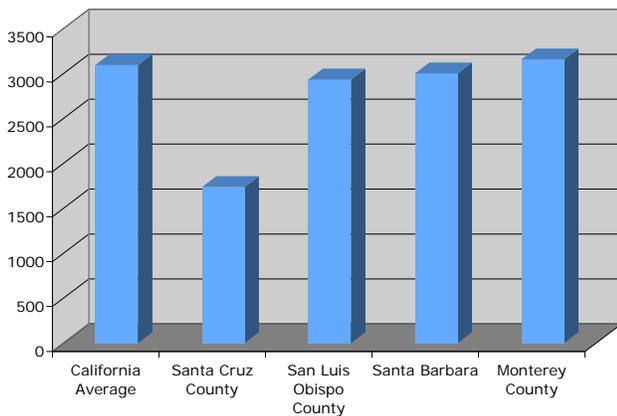
monthly and annual costs for the bookmobile in March 2010 upon request from a member of the JPB.

**F24.** Currently there are no reserves for technology repairs or improvements or for replacing the several SCPL vehicles, including the bookmobile. There are no reserves to finance facility development. There are no emergency reserves.

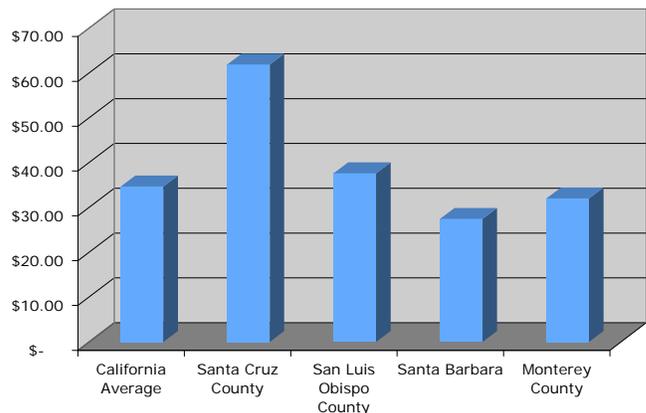
**F25.** In FY 2008/09, personnel costs accounted for 73.6% of the budget, while books and materials accounted for 6.3% and technology accounted for 0.8%. Personnel costs are projected to consume 80% of the budget within a few years. While employees have been furloughed about 10% of the time this year and the furloughs will continue into the next fiscal year, retirement programs through the California Public Employees’ Retirement System (CalPERS) have not been fully funded and health insurance rates are expected to rise significantly.

**F26.** Also in FY 2008/09, the population served per FTE was lower than the State mean (1,735 versus 3,094) and lower than comparable counties’ figures. Expenses per capita were significantly higher than the State mean (\$61.90 versus \$34.69) and comparable counties’ numbers. Library administration suggested this was “probably because of the relatively large number of branches we have for the population.” The abundance of branches and the reported library policy that at least two employees are required to staff any open library contribute to these outsized numbers.

Population Served Per FTE Staff



Total Operating Expenditure Per Capita



**F27.** Santa Cruz County has more branches, or outlets, per square mile than the comparable counties of Monterey, San Luis Obispo, and Santa Barbara. With a total area of 436 square miles in the county, the service area per outlet averages about 40 square miles.

County	Population	Area in Square Miles	Service Area per Outlet in Square Miles
Santa Cruz	209,332	436	40
San Luis Obispo	240,480	3,305	207
Santa Barbara	227,349	1,164	129
Monterey	230,478	3,125	156

## Conclusions

- C1.** *The mission of the Santa Cruz Public Libraries is to provide materials and services which help community residents meet their personal, educational, cultural, and professional information needs.*

This is the current mission statement for the SCPL. Although library enthusiasts from around the county participated in the strategic planning process and considered what the library might look like in 2020, it's very hard to know just where technology will take us – and our libraries – in the next ten years. In fact, it is difficult looking just a couple of years down the road. The library system will need a solid financial foundation to enable it to evolve as necessary to meet the needs of the community in this era of swiftly-changing technology.

- C2.** There is not enough money in our current economic climate for everything the JPB and the SCPL needs to do today:

- there are three loans to pay off and significant rent for the headquarters building
- there are plans to build new libraries in Scotts Valley, Capitola, and Felton; in addition to building and equipment costs, there will be moving expenses and additional ongoing staff and utility expenditures because of the increased square footage
- there is routine maintenance and emergency repairs for the ten branches and headquarters
- there are major technology improvements that must be funded
- there is equipment, including vehicles, that need to be maintained in the short term and that will need to be replaced in the near future
- there must be funding to build the collection
- there must be savings to build reserves
- there are personnel costs that are increasing from year to year while revenues are decreasing

- C3.** A dramatic shift in library priorities and operations is necessary to create a balanced budget while allocating the funds necessary to buy the technology that will allow the library staff to improve productivity and to create a library that will continue to meet the needs of the community as our future is increasingly shaped by technology. Unfortunately, the JPB has been unwilling year after year to make the decisions that are necessary to provide an adequate and stable financial foundation for the Santa Cruz library system. The board, with

elected representatives of the cities and county constituting a majority, seems to lack the political will to make the tough decisions that might be unpopular with constituents.

- C4. Library administration and staff have failed to expand the use of volunteers to provide more regular open hours for patrons.

### ***Recommendations***

- R1. The Santa Cruz Public Libraries should replace its Integrated Library System immediately. This will avoid the catastrophe that would occur if the current system suffers a terminal failure. An up-to-date ILS also will allow the automation of many activities presently being handled manually, as well as enable activities just not possible at all today.
- R2. The Joint Powers Authority Board and the SCPL should determine and commit to a reasonable cash reserve that will enable it to manage its cash flow and pay bills and cover payroll expenses without relying on loans from the City of Santa Cruz.
- R3. The SCPL should buy and install self checkout equipment at all the regional branches – buying the best units possible in sufficient quantity to accommodate all book and material checkout – and then aggressively promote its use to get close to the 95% use levels enjoyed by the San Jose libraries
- R4. With R1, 2, and 3 as priorities, the JPB and the SCPL should develop a balanced budget, also keeping in mind that investments in the collection (books and materials) and additional investments in technology are important to a healthy library system. The Grand Jury believes that a substantial reduction in personnel, perhaps by as much as 20 percent, might be necessary to achieve an ideal budget.
- R5. The SCPL should make a serious investment in volunteer development. Dedicate library staff to recruit, interview, select, assign, and train volunteers. Assign volunteers consistent responsibilities. Use volunteers to greatly expand library hours, and use more volunteers to provide many of the outreach services currently handled by employees.
- R6. The JPB and the SCPL should then develop staffing plans for the libraries, reconsidering the policy that at least two employees are needed at every open library, and including the expanded use of volunteers. Consider what library branches might need to be closed and maximize the hours at those left open. One strategy proposed by library administration in March was the closing of some branches, leaving the book and materials collections and the computers and turning the facilities over to their communities for use as reading rooms/learning centers. In some communities the recreation district might be able to manage these centers.

Candidates for conversion would be the branches in:

- Felton, open 8 hours/week, 3.5 miles from the Scotts Valley branch
- Garfield Park, open 12 hours/week, 1.7 miles from the Central library
- Branciforte, open 14 hours/week, 1.5 miles from the Central library
- Capitola, open 14 hours/week, 2.3 miles from the Live Oak branch

The La Selva Beach library would be a prime candidate for conversion to a reading room. It is open 8 hours/week and is 5.2 miles from the Aptos library. However, considering the project underway to operate with one library employee, one self checkout machine, and a volunteer, the SCPL could offer a choice to that community: to implement that project (if the union approves the plan) or for the La Selva Beach community to take over the library and operate it with volunteers as a reading room.

On the other hand, the Boulder Creek library is an ideal branch for implementing the “one staff member plus volunteers and a self checkout machine” concept. It serves unincorporated northern Santa Cruz County, serves a larger population than the La Selva Beach branch, and is 10.2 miles from the Scotts Valley library.

For a prototype of a local, all-volunteer library, communities could look at the Porter Memorial Library in Soquel. One big advantage of this possibility for the local communities is that they can maximize the number of open hours, on a schedule that is most convenient for them.

This recommendation is proposed as an intermediate-term strategy to allow the SCPL system to focus and develop the financial foundation necessary to create long-term sustainability for a system that can be expanded again as future revenues increase.

- R7.** Just as the SCPL has partnered with local businesses to enrich its collection and offer outreach programs, it should consider business partnerships/corporate sponsorships of the bookmobile. Solicit businesses to buy a bookmobile or van or to cover the annual cost of a vehicle, and allow them to wrap it with their advertising. The cost of a vinyl wrap for the bookmobile is estimated to be about \$4,000.
- R8.** The SCPL system should re-evaluate the policy that all services must be free to everyone. Concentrate on the key priorities. Understand the costs of extra services and charge fees to cover those costs. In fact, the SCPL should adopt good cost accounting measures so that the costs of operations are clearly understood – the costs associated with each branch, with each library service and program, et cetera.
- R9.** The JPB should add another two voting members: (1) a financial or accounting advisor so that the library system has an expert planner and advocate for financial sustainability, and (2) a library professional, from another nearby library system or from The School of Library & Information Science at San Jose State University.

**R10.** The requirements of the library system as a whole should take precedent over the needs of neighborhood branches, and the Joint Powers Authority Board members should consider the long term implications of their decisions.

**Commendations**

1. The Grand Jury commends the new library director, Teresa Landers, and library staff for their considerable efforts despite the current economic difficulties, especially for the strategic planning process, for *Programs and Partnerships*, and for the abundance of outreach programs both in the community and in-house at the library branches. Also, in interviews and during the Grand Jury’s site visits to the branches, all employees evidenced extraordinary good cheer and helpfulness.
2. The Grand Jury particularly commends the technical services employees of the library for accomplishing so much with so little for so long.
3. Finally, the Grand Jury commends the Friends of the Santa Cruz Public Library for the good work that they do on behalf of the libraries, for the generous number of hours they volunteer and the dollars they donate.

**Responses Required**

<b>Respondent</b>	<b>Findings</b>	<b>Recommendations</b>	<b>Respond Within/ Respond By</b>
City of Santa Cruz Director of Finance	F19, F21-F25	R8	90 Days September 10,2010
Joint Powers Authority Board	F1, F3-F6, F17, F19- F27	R1-R10	90 Days September 10,2010
Santa Cruz City/County Public Libraries	F1, F3-F27	R1-R9	90 Days September 10, 2010

**Sources**

**Documents**

3-5 Year Strategic Plan 2010-2015: *Connect, Inspire, Inform*  
 California Library Statistics 2009 (Fiscal Year 2007-2008); 2010 (Fiscal Year 2008-2009)  
*Check It Out @ the santa cruz public libraries:* January, March 2010  
 Facilities Master Plan for the Santa Cruz City County Library Systems  
 FY 2008-09 – FY 2012-13  
*Integrating an Engineering Library’s Public Services Desk: Multiple Perspectives,*  
 © 2007, Jill Powell, et al.  
 Library Director’s Monthly Report: September – December 2009; January – February 2010  
 Library Draft Budget FY 2009-2010, FY 2010-2011  
 Library Joint Powers Board Motion Log, January 2009 – February 2010

Memo, Bookmobile Costs; Teresa Landers to Joint Powers Board; March 18, 2010  
Revised Technology Plan: June 9, 2008  
Strategic Plan “Vision” Statements from Town Hall Meetings and Focus Group Sessions

### Interviews

City of Santa Cruz Administrators  
County of Santa Cruz Administrators  
Los Gatos Public Library Staff  
Porter Memorial Library Volunteers  
San Jose Public Library Cambrian Branch Staff  
Santa Cruz Public Library Administrators and Staff  
Santa Cruz Public Library Joint Powers Authority Board Members  
Watsonville Public Library Administrators and Staff

### Meetings Attended/Meeting Minutes

Library Joint Power Authority Board Meetings: February 1, March 8, April 5, May 3, June 7, 2010  
Library Joint Powers Authority Board Finance Subcommittee Meeting: April 26, 2010  
Library Joint Powers Authority Board Special Session: Monday, April 19, 2010  
*Minutes*, Joint Powers Authority Board Meetings: April 6, September 14, November 2, 2009; January 11, 2010  
*Minutes*, Joint Powers Authority Board Finance Committee Meeting: February 22, 2010  
*Minutes*, (Library) Strategic Plan Committee Meetings: August 24, September 8, November 3, December 8, 2009  
*Minutes*, Special Joint Meeting of the Capitola City Council and Redevelopment Agency: November 4, 2009  
“Shape the Future of Your Library” Town Hall Meetings : October 29, 2009 (Central Branch), January 7, 2010 (Scotts Valley Community Center)

### Newspapers and Other Periodicals, Articles and Letters

*Mid-County Post*  
January 15, 2010: “Salary Costs, Volunteers Key to Future of Local Libraries”  
*Santa Cruz Sentinel*  
July 20, 2009: “Library volunteers fill in the gaps all over Santa Cruz County”  
January 14, 2010: “As You See It” (letter)  
January 11, 2010: “Budget Woes: Library leaders see bleak year ahead”  
April 6, 2010: “Small libraries on the block”  
April 19, 2010: “Library trustee says it’s time to close smaller branches”  
April 21, 2010: “As You See It” (letter, Volunteers bureau needed for libraries)  
April 21, 2010: “Library friends give \$200,000”  
April 25, 2010: “Friends provide needed help to library”  
*San Lorenzo Valley Press Banner*  
April 23, 2010: “Book blues”  
*Scotts Valley Press Banner*  
January 1, 2010: “Planning key for library survival”  
January 15, 2010: “Plans for Scotts Valley library plow forward”

April 23, 2010: "Felton, Boulder Creek libraries in jeopardy"

April 23, 2010: "Scotts Valley library friends aim to raise \$250,000"

*Scotts Valley Times*

March 2010: "Financial Facts about Scotts Valley's New Library"

### Site Visits

Los Gatos Public Library, Town Civic Center, 110 East Main Street, Los Gatos

Porter Memorial Library, 3050 Porter, Soquel

San Jose Public Library, Cambrian Branch, 1780 Hillsdale Avenue, San Jose

Santa Cruz Public Library

Aptos, 7695 Soquel Drive, Aptos

Boulder Creek, 13390 West Park Avenue, Boulder Creek

Branciforte, 230 Gault Street, Santa Cruz

Capitola, 2005 Wharf Road, Capitola

Central, 224 Church Street, Santa Cruz

Felton, 6299 Gushee, Felton

Garfield Park, 705 Woodrow Avenue, Santa Cruz

La Selva Beach, 316 Estrella Avenue, La Selva Beach

Live Oak, 2380 Portola Drive, Santa Cruz

Scotts Valley, 230-D Mount Hermon Road, Scotts Valley

Watsonville Public Library

Freedom Branch, 2021 Freedom Boulevard, Freedom

Main Library, 275 Main Street, Suite 100, Watsonville

### Web Sites

[http://en.wikipedia.org/wiki/Integrated\\_library\\_system](http://en.wikipedia.org/wiki/Integrated_library_system)

<http://fsvpl.org>

<http://portermpl.org>

<http://theshiftedlibrarian.com/stories/2002/01/19/whatIsAShiftedLibrarian.html>

<http://www.co.santa-cruz.ca.us/descriptionSCC.htm>

<http://www.davinciinstitute.com/papers/creating-the-ultimate-information-experience/>

<http://www.fscpl.org>

<http://www.futuristspeaker.com/2009/01/the-library-of-the-future-series-part-3-the-electronic-outpost>

<http://www.futuristspeaker.com/2006/11/the-future-of-libraries/>

<http://www.istl.org/07-winter/article2.html>

<http://www.libraryjournal.com/article/CA456235.html>

<http://www.libraryjournal.com/article/CA6639169.html>

<http://www.losgatosca.gov/index.aspx>

<http://www.losgatosca.gov/index.aspx?NID=42>

<http://www.mcpost.com/article.php?id=2486>

<http://www.orientpoint.com/FTE.htm>

<http://www.santacruzpl.org>

<http://www.sjlibrary.org>

<http://www.watsonville.lib.ca.us>

<http://www.webjunction.org/techplan-writing>