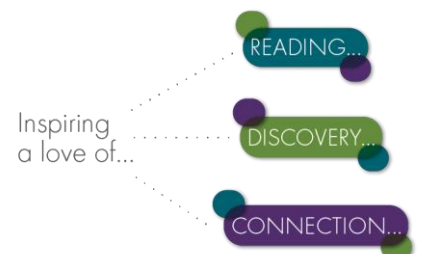


<b>HELD</b>	<b>Date:</b> September 27, 2023
	<b>Time:</b> 4:00 p.m.
	<b>Location:</b> Parkers Library, Event Hall
<b>NOTICE</b>	<i>This meeting was held as scheduled and in accordance with applicable statutes of the State of Colorado, with the following members present:</i>
<b>ATTENDANCE</b>	<b>Board Members:</b> Suzanne Burkholder, Jessica Kallweit, Rick LaPointe, Zach McKinney, Terry Nolan, Meghann Silverthorn, Ted Vail
	<b>Staff:</b> Bob Pasicznyuk, Casie Cook, and Patti Owen-DeLay
	<b>Public:</b> None

**DISCUSSION ITEMS:**

Recap from August board meeting	
2024 Budget Follow up analysis from August meeting	

<b>ADJOURNMENT</b>	
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**MEMO**

To: Board of Trustees, Douglas County Libraries  
From: Casie Cook, CPA, Director of Finance, Douglas County Libraries  
Date: September 6<sup>th</sup>, 2023  
Subject: Revenue Analysis for Board Consideration

Although it's an anomalous year with property tax increases, since its inception DCL has experienced five instances of revenue increases at or above 20%. In the past twenty years, DCL has experienced double digit revenue growth four times, and *under* 6% revenue growth eleven times. It is my firm belief that the library has continued to scale to meet customer demand because we can recover from down years with the revenue from the "up" years. These "ups and downs" have resulted in the 6% average. In fact, if I apply a 6% cap for the past 20 years, our revenue would be approximately 10M less than it is today. That is a meaningful amount – about 40% of the cost of our new Castle Rock branch.

It is true that that private business doesn't base future revenue on past multiple-year averages, but the library isn't a private business, and works in a different way. DCL isn't in a position to increase revenue by, for instance, winning more customers, growing the pipeline, or raising sales prices. In my experience, the value of comparing current year to prior year numbers is that the comparison serves as a management technique; executives can benchmark sales goals, or perhaps identify what levers to pull to increase gross profit margin, etc. However, since the library does not generate revenue (save for the earnings created from events and hospitality) we are forced to model expenditures - some of which are long term investments like buildings and staff – on historical revenue averages. It's a fairly reliable and readily available tool that we can use to help build our long-term strategic plans.

When determining how much revenue DCL should capture, it's important that we think about the average savings to a taxpayer compared to the impact on DCL. If we were to assume property taxes rise by 47%, and we use the population of Douglas County as a metric, each person saves approximately \$.88 annually, per percentage point, that we lower revenue. It's crucial to consider the actual savings to our citizens versus the impact to DCL's savings, i.e.: our ability to expand and reach more citizens.

The citizens "de- Bruced" DCL back in the 1990s, which indicates that the citizens are invested in the quality and accessibility of their library system. Although they likely didn't see a property tax increase of 47% on the horizon, they *did* vote for the library to benefit from whatever increase heads our way. The citizens must believe that DCL is strategic about using their tax dollars: providing everyone with high quality and accessible libraries and services. Given that the library assumes just 2% of the total property tax bill, I believe the citizens would determine we are offering an amazing return on their investment.

If DCL decides to move with a lower percentage point, I strongly advocate that we progress towards putting an initiative on the ballot which fixes our revenue growth by some percentage point into the future. The benefits of this would be numerous: we could very clearly map out long term planning related to staffing and capital, we won't spend valuable board time trying to decide an acceptable revenue threshold, and we could remove ourselves from the property tax roller coaster which would provide the means to provide consistent and thoughtful growth.

I am aware of the climate in Douglas County related to the extreme increase in property taxes. However, I implore the board to balance realizable savings per citizen to the enormous impact on the library's savings. As an aside, I think it's important to mention that our desire to capture more revenue is not tied to any personal motivation; we've stated our compensation package remains unchanged, no matter the revenue increase. Unlike private business, who often dole bonuses based on revenue, we only advocate for what we believe is truly the best for the future of the library / Douglas County. Which is precisely why we serve in the positions that we do.

Thank you for your consideration.

	Breakeven					
	18%	16%	14%	7.21%	6%	0%
<b>Revenue</b>						
Property taxes	38,274,566	37,625,845	36,977,123	34,775,723	34,382,237	32,436,073
Specific Ownership Taxes	1,568,000	1,568,000	1,568,000	1,568,000	1,568,000	1,568,000
Contributions/Grants	305,932	305,932	305,932	305,932	305,932	305,932
Charges for services	314,402	314,402	314,402	514,402	514,402	514,402
Interest Income	195,783	195,783	195,783	195,783	195,783	195,783
<b>Total Revenue</b>	<b>40,658,683</b>	<b>40,009,961</b>	<b>39,361,240</b>	<b>37,359,840</b>	<b>36,966,354</b>	<b>35,020,190</b>
<b>Operating, Interest &amp; Fee Expenditures</b>						
Operating Expenditures						
Salaries & Wages	16,597,067	16,597,067	16,597,067	16,597,067	16,597,067	16,597,067
Benefits	1,462,679	1,462,679	1,462,679	1,462,679	1,462,679	1,462,679
PERA Pension	2,235,864	2,235,864	2,235,864	2,235,864	2,235,864	2,235,864
Library Content	4,634,530	4,634,530	4,634,530	4,634,530	4,634,530	4,634,530
Facilities	1,914,529	1,914,529	1,914,529	1,914,529	1,914,529	1,914,529
Technology, Equipment & 3rd-Party Services	1,888,756	1,888,756	1,888,756	1,888,756	1,888,756	1,888,756
Library Programs & Outreach	1,525,454	1,525,454	1,525,454	1,525,454	1,525,454	1,525,454
District-Wide Support Costs	1,318,566	1,318,566	1,318,566	1,318,566	1,318,566	1,318,566
Capital Maintenance Projects	<b>1,054,015</b>	<b>1,054,015</b>	<b>1,054,015</b>	<b>1,054,015</b>	<b>1,054,015</b>	<b>1,054,015</b>
<i>CAP re-carpet project budget</i>	<i>71,630</i>	<i>71,630</i>	<i>71,630</i>	<i>71,630</i>	<i>71,630</i>	<i>71,630</i>
<i>PA re-carpet project budget</i>	<i>234,450</i>	<i>234,450</i>	<i>234,450</i>	<i>234,450</i>	<i>234,450</i>	<i>234,450</i>
<i>CAP paint project budget</i>	<i>26,880</i>	<i>26,880</i>	<i>26,880</i>	<i>26,880</i>	<i>26,880</i>	<i>26,880</i>
<i>Lone Tree paint project budget</i>	<i>40,110</i>	<i>40,110</i>	<i>40,110</i>	<i>40,110</i>	<i>40,110</i>	<i>40,110</i>
<i>Parker paint project budget</i>	<i>43,585</i>	<i>43,585</i>	<i>43,585</i>	<i>43,585</i>	<i>43,585</i>	<i>43,585</i>
<i>Highlands Ranch paint project budget</i>	<i>42,685</i>	<i>42,685</i>	<i>42,685</i>	<i>42,685</i>	<i>42,685</i>	<i>42,685</i>
<i>ROX paint project budget</i>	<i>3,360</i>	<i>3,360</i>	<i>3,360</i>	<i>3,360</i>	<i>3,360</i>	<i>3,360</i>
<i>NCR paint project budget</i>	<i>56,634</i>	<i>56,634</i>	<i>56,634</i>	<i>56,634</i>	<i>56,634</i>	<i>56,634</i>
<b>Total Operating Expenditures</b>	<b>32,631,459</b>	<b>32,631,459</b>	<b>32,631,459</b>	<b>32,631,459</b>	<b>32,631,459</b>	<b>32,631,459</b>
Debt Service	2,109,725	2,109,725	2,109,725	2,109,725	2,109,725	2,109,725
County Treasurer's Fees	597,638	587,908	578,177	545,156	539,254	510,061
<b>Total Operating, Interest &amp; Fee Expenditures</b>	<b>35,338,823</b>	<b>35,329,092</b>	<b>35,319,361</b>	<b>35,286,340</b>	<b>35,280,438</b>	<b>35,251,245</b>
Total Revenues Over (Under) Operating Expenditures	5,319,860	4,680,869	4,041,879	2,073,500	1,685,916	(231,056)
Non-Operating Revenues (Expenditures)						
Lease Income (Expense), net						0
Capital Improvement Projects	<b>(2,073,500)</b>	<b>(2,073,500)</b>	<b>(2,073,500)</b>	<b>(2,073,500)</b>	<b>(1,948,500)</b>	<b>(1,948,500)</b>
<i>CAP re-construct City offices project budget</i>	<i>538,000</i>	<i>538,000</i>	<i>538,000</i>	<i>538,000</i>	<i>538,000</i>	<i>538,000</i>
<i>HI re-roof project budget</i>	<i>423,650</i>	<i>423,650</i>	<i>423,650</i>	<i>423,650</i>	<i>423,650</i>	<i>423,650</i>
<i>Replace HI 4 VAV &amp; 9 Fan power boxes project budget</i>	<i>315,850</i>	<i>315,850</i>	<i>315,850</i>	<i>315,850</i>	<i>315,850</i>	<i>315,850</i>
<i>Sorter upgrades</i>	<i>222,000</i>	<i>222,000</i>	<i>222,000</i>	<i>222,000</i>	<i>222,000</i>	<i>222,000</i>
<i>Switchstacks</i>	<i>324,000</i>	<i>324,000</i>	<i>324,000</i>	<i>324,000</i>	<i>324,000</i>	<i>324,000</i>
<i>Parker Playscape</i>	<i>125,000</i>	<i>125,000</i>	<i>125,000</i>	<i>125,000</i>	<i>125,000</i>	<i>125,000</i>
<i>Douglas County History Traveling Exhibit</i>	<i>125,000</i>	<i>125,000</i>	<i>125,000</i>	<i>125,000</i>	<i>0</i>	<i>0</i>
Total Non-Operating Revenues (Expenditures)	(2,073,500)	(2,073,500)	(2,073,500)	(2,073,500)	(1,948,500)	(1,948,500)
<b>Total Revenues Over (Under) Total Expenditures</b>	<b>3,246,360</b>	<b>2,607,369</b>	<b>1,968,379</b>	<b>0</b>	<b>(262,584)</b>	<b>(2,179,556)</b>

Scenario 1 - Build in one phase.							
<i>Inflation for all categories at 5%</i>							
	2026	2027	2028	2029	2030	2031	2032
<b>Capital Cost</b>	25,000,000	26,250,000	27,562,500	28,940,625	30,387,656	31,907,039	33,502,391
<b>CX People</b>	860,000	903,000	948,150	995,558	1,045,335	1,097,602	1,152,482
<b>Content</b>	1,130,000	1,186,500	1,245,825	1,308,116	1,373,522	1,442,198	1,514,308
<b>IT Staff</b>	60,000	63,000	66,150	69,458	72,930	76,577	80,406
<b>HR Staff</b>	60,000	63,000	66,150	69,458	72,930	76,577	80,406
<b>FAC Staff - 1 FTE</b>	60,000	63,000	66,150	69,458	72,930	76,577	80,406
<b>Total</b>	<u>27,170,000</u>	<u>28,528,500</u>	<u>29,954,925</u>	<u>31,452,671</u>	<u>33,025,305</u>	<u>34,676,570</u>	<u>36,410,399</u>

Scenario 2 - Build in 2 phases							
<i>Inflation for all categories at 5%</i>							
	2026	2027	2028	2029	2030	2031	2032
<b>Capital Cost</b>	15,000,000	15,750,000	16,537,500	17,364,375	18,232,594	19,144,223	20,101,435
<b>CX People</b>	445,000	467,250	490,613	515,143	540,900	567,945	596,343
<b>Content</b>	370,000	388,500	407,925	428,321	449,737	472,224	495,835
<b>IT Staff - .5 FTE</b>	30,000	31,500	33,075	34,729	36,465	38,288	40,203
<b>HR Staff - .5 FTE</b>	30,000	31,500	33,075	34,729	36,465	38,288	40,203
<b>FAC Staff - .5 FTE</b>	30,000	31,500	33,075	34,729	36,465	38,288	40,203
<b>Total</b>	<u>15,905,000</u>	<u>16,700,250</u>	<u>17,535,263</u>	<u>18,412,026</u>	<u>19,332,627</u>	<u>20,299,258</u>	<u>21,314,221</u>

What will we have "Saved" at the end of 2023 that is "spendable"?

Approximately \$11 if 2023 follows the budget (total balance will be approx \$16m, leaving \$8m per board policy, +\$3.2m from strip mall sale)

Amount from Savings 2024 BOY, assuming strip mall sells for ~3M **11,000,000**

	18%	16%	14%
Amount to Raise	4,905,000	5,700,250	6,535,263
How many years	1.5	2.2	3.3

If we were in the 18% revenue scenario, we'd have the NW location finished by approximately mid 2025  
 If we were in the 16% revenue scenario, we'd have the NW location finished by approximately mid 2026  
 If we were in the 14% revenue scenario, we'd have the NW location finished by approximately mid 2027

2023 Revenue

32,436,000 Residents

370,000

Revenue Projections Based on % increase, and related citizens' savings, and impact to DCL					
2024 Revenue	Mills - Approx	Revenue - Approx	Annual savings, per Citizen (370k citizens)	Impact to DCL	Savings
	47%	4 \$	47,680,920 \$	-	12,500,000
	18%	3.21 \$	38,274,480 \$	25.42	3,246,360
	16%	3.16 \$	37,625,760 \$	27.18	2,607,369
	14%	3.10 \$	36,977,040 \$	28.93	1,968,379
	7%	2.92 \$	34,774,636 \$	34.88	0
	6%	2.88 \$	34,382,160 \$	35.94	(262,584)
	0%	2.72 \$	32,436,000 \$	41.20	(2,179,556)

Per %, per citizen, annual savings	\$	0.88	Maximum Savings	\$	41.20	Maxium impact to DCL	\$	(14,679,555.69)
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