Study Committee Report Regarding the Potential for Annexation

Report provided for The Boards of Trustees of the

Bellingham Public Library and Whatcom County Library System

July 21, 2009

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I. Introduction

Following the recommendation of both Library Boards, a study committee made up of representatives of the Boards of Trustees of the Bellingham Public Library (BPL) and the Whatcom County Library System (WCLS) and their respective library directors met to research and discuss the potential for annexation of BPL to WCLS.

The mission of the study committee was:

To open the discussion and research any available data on the subject of the annexation of BPL to WCLS or a contractual merger as described in the Revised Code of Washington (RCW) (see Attachment A) and report back to the respective boards.

Based on this information, the Boards will then decide on the feasibility of hiring a consultant(s) to carry out a formal detailed study that will answer the question of whether BPL and WCLS would provide equal or better library service for less money if joined together as allowed by law.

II. Study Committee Findings and Recommendations

General Findings

Bellingham Public Library and the Whatcom County Library System take pride in their unique history of cooperation despite significant differences in demographics, funding sources, and statutory responsibility. When beginning to study the issue of a potential annexation, it was challenging to find research comparables not only because of these differences, but because of the unique relationship that has purposely developed between WCLS and BPL over several years.

A Washington State-funded study was conducted in 1977 to determine whether the two libraries could provide more cost effective service if merged together as a regional library. This study to merge Bellingham Public Library and the Whatcom County Library System was based on specific needs and library service philosophy of that time, thirty-two years ago. The summary recommendation states:

"...the collections and services provided the user can be enhanced significantly within the framework of the present revenue structure by reallocation of personnel, utilization of automated and mechanized operations, and improved operations." (The Holt Report, p. 86)

Following receipt of this report which recommended creating one regional library out of the two library systems without any attached funding study, both library boards unanimously decided not to merge their operations, but rather to work towards "all feasible areas of mutual cooperation" (Joint Board Meeting minutes, February 28, 1978). Reasons given for not moving forward with regionalization included a likely reduction in library services, with fewer funds. This continues to be a constant and ongoing affirmation over many years by both boards.

Since 1945, residents have been able to borrow materials from either library to some extent. Contracts and agreements between the two libraries over the years show an increasing level of resource sharing. The first formal reciprocal borrowing agreement (whereby all library materials – and later, all library services – are shared) between WCLS and BPL was negotiated in 1986, and implemented in 1987 (see Attachment B for the current Interlocal Agreement). This was a pivotal agreement, like just two others in the state at that time, Sno-Isle/Everett and King County/Seattle.

Prompted by a necessary upgrade to the 1983 Bellingham Public Library automated system, in 1991 WCLS and BPL joined together to establish a shared integrated automated library system. "Utilization of automated and mechanized operations" between the two systems had begun.

The first stage of the process was funded by a federal Library Services and Construction Act (LSCA) grant from the Washington State Library to WCLS. The remainder of the project was funded in 1994, when a special excess levy was passed by county voters to authorize the purchase of computers and software. Then in 2004, the two libraries worked together to jointly purchase and implement an updated automated system, which resulted in considerable savings when compared to the cost for the libraries to pursue the project independently.

With this shared system and the merging of the two materials collections, patron databases, and much more, the operations of both libraries have been greatly enhanced, significantly improving services for all library patrons. Access to the full scope of all collections and the ability to use BPL and WCLS library cards at any of the two library systems' facilities benefits all library users. This model of cooperation and seamless resource sharing has been in place for many years, and continues to be an example for other libraries throughout the state.

As part of its research, the study committee reviewed libraries in Washington State (see Attachment C). Many library annexations or mergers were achieved several years ago and any relevancy to BPL and WCLS was noted.

The 2008 merger between Hennepin County Library System and Minneapolis Public Library in Minnesota provided helpful data, yet this merger was between two large library systems in a metropolitan area, not at all similar to Bellingham and Whatcom County. The Director of the Hennepin system shared information, however, which confirmed much of our research:

- Start-up costs actually increased the cost of doing business, rather than saving costs. These included such costs as legal services and union negotiations.
- Potential cost savings will not be realized for at least two years after the merger.
- The major cost savings will be realized through combining their automated systems, acquisitions, materials processing, and delivery. It is worth noting here that BPL and WCLS already realized shared automated system cost savings when the updated joint system was purchased in 2004. Today, BPL and WCLS strive towards further collaboration with library acquisitions and delivery.
- Cost savings are not realized in personnel reductions. One of Hennepin's guiding principles was that no staff member would lose their job, and the reality of staffing all of their combined facilities, including administrative and support positions, necessitates use of all available staff.

Cost Effectiveness and Fiscal Impact

The study committee points out a notable flaw in the Holt study: if cost savings were a primary goal of merging, a cost-benefit analysis was not conducted. The study states:

"Unfortunately, the lack of specific cost figures makes it impossible to identify and compare measureable costs of the present and proposed methods of delivering library service...." (p.81) and,

"Although unsupported by specific cost analysis, there is every reason to believe that the Regional Library will prove to be cost effective... While potential savings cannot yet be projected in terms of dollars and cents, the possibilities seem real". (p. 86)

Both library boards decided to abandon the merger, and stated that a merger would likely result in reduced service and higher costs.

The fiscal implication for 2009 indicates that at the WCLS' current levy rate of \$0.338/\$1,000 of assessed valuation, a library district levy would generate approximately \$2.7 million from the residents of the City of Bellingham – over one million dollars less than the current Bellingham Public Library budget (see Attachment D, Actual Levy Calculation). A library district operating levy is the only way under current law that an annexation can be funded. A cut of this magnitude would devastate the library's ability to provide library services at the current level. If the two libraries were merged, services and library open hours in the entire service area would be greatly reduced.

The county's assessed valuation, on which the levy is based, changes over time, and the realities of the WCLS levy rate and the city library budget annual appropriation will continue to be monitored.

Other Cooperative Projects

The library boards and administrative staff of both organizations have affirmed their commitment to a high level of cooperation. BPL and WCLS continue to work together towards technology improvements, delivery efficiencies, materials purchases, training, shared cataloging, planning, and policy development.

Additionally, the two libraries have a long-standing (1986 – present) formal interlocal agreement regarding the mutual extension of borrowing privileges and services. This level of cooperation continues in the interest of ongoing cost savings and the best possible library services for residents of the City of Bellingham and Whatcom County.

The study committee noted that the Bellingham Public Library and the Whatcom County Library System have achieved nearly every area of cooperation identified in The Holt Report, such as circulation, technical services, and other operational procedures. As the report was reviewed, it was significant that the study committee was able to check off nearly every item as "done" over the years.

Study Committee Recommendations

1. Fiscal Recommendation

Current financial data shows that combining the two library systems would not result in achieving "equal or better library service for less money if joined together as allowed by law" because there would be significantly less money available to continue the existing level of service with the current funding formula. Even without pursuing annexation, both libraries must continue to monitor budget revenues and economic forecasts. Additionally, any possible cost savings, as long as the quality of current library service is not diminished, should continue to be pursued.

2. Services Recommendation

The longstanding close-knit collaboration of both libraries should continue. Because the libraries have already realized significant cost savings as well as efficiencies as a result of their years of cooperation and resource sharing, the study committee recommends that as is current and past practice, the libraries work proactively, exploring new ways to provide all residents of the city and county with high quality library service at an affordable price.

3. Future Study Recommendation

No further study is recommended at this time, but should economic or other indicators point towards further study, a formal, independent, and detailed study should be undertaken by a consulting team. Financial resources will be necessary in order to conduct such a study if and when a study is determined to be feasible.

III. References and Reports

All documents cited are available upon request from either WCLS or BPL. Starred items (*) were included as attachments to this report.

 Guidelines for Achieving Cost Effective Library Service for the Residents of Whatcom County, Washington: A Feasibility Study for the Bellingham Public Library and the Whatcom County Library, September 1977 by Raymond M. Holt, Library Consultant (also known as The Holt Report).

This report served as the starting point for the study committee's discussion, since it did recommend combining BPL and WCLS to form a regional library system. See also the follow up library board minutes (Joint Board Meeting February 28, 1978) which describe the decision to cooperate more fully rather than formally merge the systems.

 Considering the Annexation of the Port Townsend Public Library, a report to the Jefferson County Library Board of Trustees by Ralph Delamarter and Patti Bailey, December 12, 2001.

Also included are two follow-up memos in 2008 from Ray Serebrin, Director of the Jefferson County Library District; the memos update the information in the Delamarter/Bailey report. The most recent memo from 6/19/08 states: "At a recent joint meeting, the Port Townsend Library Advisory Board stated that they had no interest in annexing to the Jefferson County Library District. The City of Port Townsend is holding a special levy in August 2008 to fund the public library. If that levy passes and funding for PTL is secure, the annexation issue could be dead for the foreseeable future."

The special levy did pass (64%), and annexation is no longer being considered. Reasons given for not pursuing annexation prior to the special levy: funding would be less than was currently budgeted for both libraries, resulting in reduced services, and there was little interest in an annexation.

 Report to the Mayor's Library Task Force – City of Auburn, June 15, 1995 and Report to the Mayor of the City of Auburn: Planning for the Secure Future of Auburn's Public Library, submitted by the Mayor's Library Task Force, December 7, 1995.

Auburn subsequently voted (70%) in 1997 to join the King County Library System, which became official on January 1, 1998.

- The current Interlocal Agreement: Bellingham Public Library Whatcom County Rural Library District Mutual Extension of Borrowing Privileges and Services. *
- A WCLS document: The History of Cooperation between BPL and WCLS, 2007.
- Yakima Valley Libraries: Grandview Citizen and Staff Questions Submitted in January 2008 regarding such issues as annexation benefits and procedures; structure, policy, and operations; collection development and maintenance; staffing issues; and Friends of the Library issues. Advantages listed included direct access to materials and reciprocal use of the both libraries.
- Washington State Law: The Revised Code of Washington relating to public libraries, annexations, and contractual agreements (RCW Chapter 27.12).
- An interpretation of the RCW regarding annexation process, fiscal implications, timeline, and election process - by Alan Marriner, Assistant Attorney for the City of Bellingham.
- A list of Washington libraries that have joined systems since 1995, provided by the Washington State Library Data Coordinator. *
- Actual Levy Calculation, the fiscal implication of a BPL annexation to WCLS, using the 2008 Assessed Valuation from the Whatcom County Assessor, and prepared by WCLS. *
- A review of comprehensive "Merger Information" on the Hennepin County Library website (http://www.hclib.org), and a telephone conversation on July 2, 2009 with the Director of Hennepin County libraries, Lois Langer-Thompson. Hennepin County Library (Minnesota) and the Minneapolis Public Library merged in 2008.