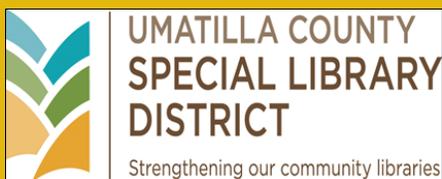


UCSLD Tax Distribution Review Report & Scenarios



Umatilla County Special Library District
January 5, 2021

Executive Summary

Beginning in 2019, the Umatilla County Special Library District (UCSLD) Board of Directors initiated a review of the formula that is used to calculate distributions to the participating library jurisdictions. This is a summary report of the key findings, conclusions, and recommendations, as well as an overview of formula scenarios with which to move library services forward in the UCSLD.

Purpose

One chief motivation for the review was to ensure its elements continue to equitably fund library services across Umatilla County. The Board wanted a transparent process and one that involved and educated all of the principals--Board, library staff, cities--about the values and structure that underlie the formula. The desired outcome is a formula that meets these criteria: it adheres to the statutory purposes of the District and its values, and is easily understood, explained, and administered.

Process Methodology

The process involved the compilation of historical data, public meetings, public work sessions, the analysis and evaluation by staff and Board of various formula scenarios and options and the synthesis of findings into conclusions and recommendations. The Board wanted, received, and considered the input and feedback of the principals. Public comments and formula ideas were solicited and considered in the design of several formula scenarios.

Key Findings

1. The underlying values on which the formula has been based continue to be solidly supported by the principals.
2. All of the principals want a reliable and timely source of population data that accurately reflects the people they serve.
3. The best population source for establishing per capita count for library service areas is zip code data.

In Conclusion

The optimum formula given the values, the direction of the Board and public comment, is a "Threshold + Population" formula. The recommended Threshold + Population formula is based on the zip code population data and methodology. The Excel workbook, a companion to this report, shows various options for applying the Threshold + Population formula. The formula scenarios provided in the Excel workbook meet the criteria and values on which the Board decided, plus it will adapt to growth and change in each jurisdiction.

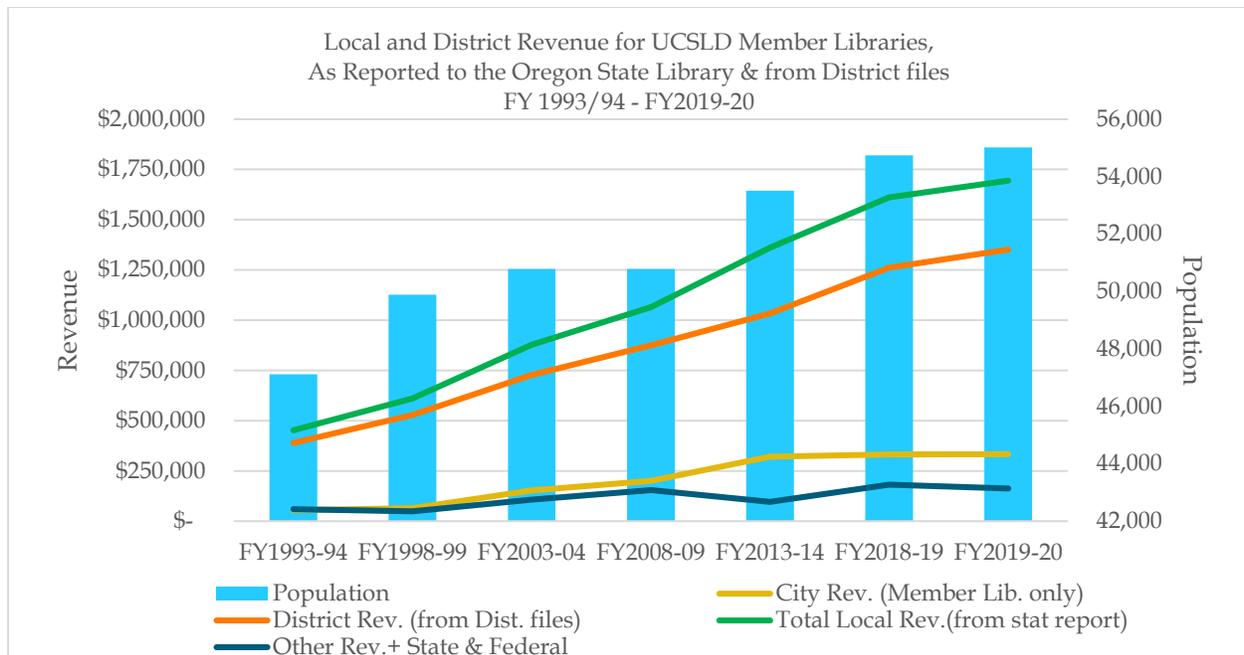
Going Forward

The UCSLD Board of Directors confirmed their scenario choices at the December 2020 Board Meeting and the District Director used those options to illustrate how the formula would work with the UCSLD members and partner libraries' information incorporated. This information was sent out to the library directors and the city officials on January 5. If there are questions, those should be emailed to director@ucslid.org by Noon on Friday, January 8, 2021.

The Board will make a decision on a formula and review process for inclusion in the next version of the City-District Agreements at their January regular meeting on January 28, 2021.

On the Horizon

The review of the formula has underscored the critical need for local jurisdictions and the Board to put library funding at the top of a collective priority list. As the chart below illustrates, local funding for library services in the County has improved since the beginning of the District. However, funding library services in Umatilla County was always intended to be and is a local-district partnership that will need our continuing collective effort. Since the establishment of the UCSLD, local funding has improved. With the District funds, library funding as a whole has grown steadily, providing enhanced services for the residents of the county.



As stated by Consultant Ruth Metz:

Not all jurisdictions are providing local on-going revenue. Without both, library services and the very existence of libraries are in jeopardy. It is an important policy matter for

the Board and also an important leadership development matter for the Board—funding advocacy is a role of the library director, no matter the size of the library. Advocating for local funding is not an easy thing and library directors not only need to be on board with it, but also skilled with how to make the case for local funding.

Finally, this funding as well as service advocacy is profoundly important. The COVID-19 pandemic has given us pause to see how life can change, how the economy can be affected. You, the Board, and the library directors and their boards, are the ones in whose hands the future of libraries is, in your community, the county, the nation—all of us. We all are responsible—I mean you as board members, district director, library directors, their boards, me as a professional librarian and consultant-- for doing our level best to make sure that libraries exist in their best, most community-relevant form, on our watch. They are evolving and we are the guides, the advocates, the helm persons, it is not someone else in the case of libraries—it is us. It is our job to make sure they are whole on the other side of every challenge of our times.

Tax Distribution Review Process

In the Fall of 2019, the Board of Directors of the UCSLD enacted a review process of the tax distribution allocation formula. The formula had not been updated for many years and a review of the formula directed.

- The original goals of the project are:
 - Determine a clear and distinct formula for the distribution of 80% of the UCSLD tax revenue
 - Provide an opportunity for library personnel to offer input
 - Understand the tax revenue distribution formula and future review processes

When	What
December 2, 2019	Information packets including history documentation and how each library can participate, as well as the schedule of meetings out to the libraries and posted on our website.
December 2019	Emails to Library Directors: Ground rules and formula input template
January 13, 2020	Public Meeting #1
March 3, 2020	Public Meeting #2
March 7, 2020	UCSLD Board Retreat – review formula data
March 20, 2020	The pandemic closures and upheaval stopped the process for several months.
Summer 2020	The threads of the process were picked back up and formula ideas were created based on input, Board direction and the needs for equity, clarity, and flexibility.
December 17, 2020	The Board of Directors confirm scenarios to offer for public comment at a public meeting on January 12, 2021.
January 12, 2021	Public meeting for clarification of the Board’s scenarios. This will be facilitated by Ruth Metz and will take place by Zoom.
January 28, 2021	The District Director will submit a final draft of the funding formula. The recommendation will include a distribution formula and a review process to be included in the updated City-District Agreements becoming effective July 1, 2022.

February 2021 - December 2021	Update and review City-District Agreements.
July 2021 – June 2022	Work with each library and city/school on budget ramifications, if any, for FY22-23 and onward (if applicable).

History

Part of the process included a review of the history of the UCSLD, including voter approved structure, tax levy and purpose. The UCSLD is a federated district, with the cities retaining control of the public libraries and through agreements, the UCSLD tax funds are distributed to ensure seamless and universal library service to all of Umatilla County residents. The UCSLD receives revenue based on the tax rate - .3682 – applied to the assessed valuation of properties included in the District boundaries.

The tax rate is not tied to the actual cost of library services supplied by each city. Each city decides the extent of library operations and the amount of municipal funding to designate for library service. For some cities, their only revenue source for providing library services is what comes from the District. Others fund their operations from their general fund, supplemented by UCSLD revenue.

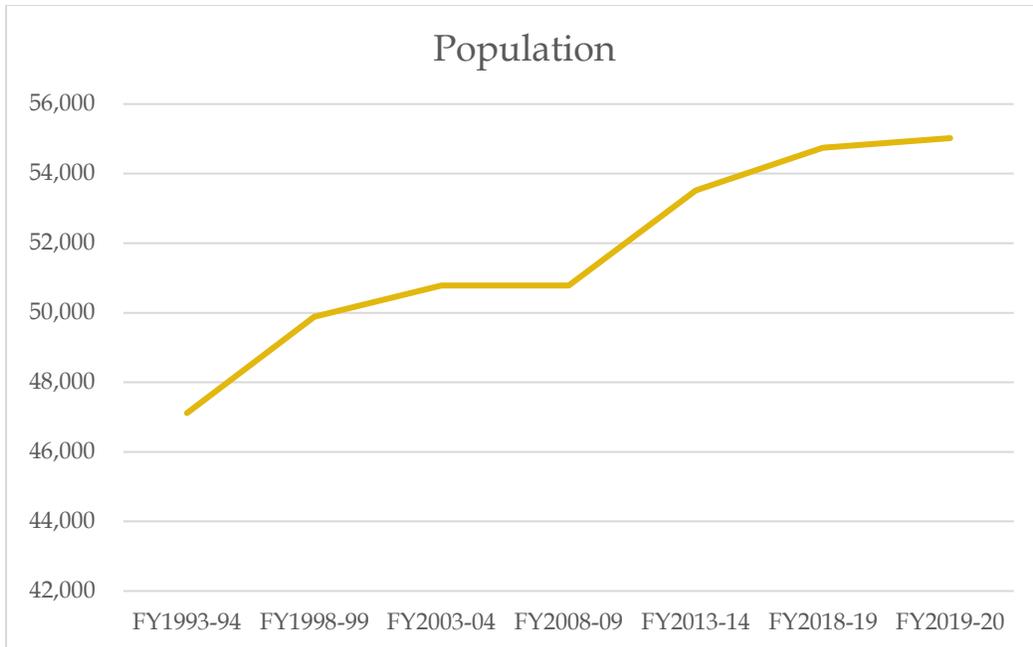
The District revenue has enabled library service funding to improve throughout the County by replacing lost County Library funding for libraries and adding to municipal library funding within the County.

- The Umatilla County Special Library District (UCSLD) was created on November 4, 1986 by a vote of the people from all of Umatilla County except for incorporated Hermiston. The purpose was to establish a federated special district to ensure library service to all of Umatilla County residents through agreements between the District and the established public libraries in Umatilla County.
- The first agreements between the UCSLD and member cities went into effect on July 1, 1987. The FY87-88 budget was the first that included tax distribution to the city libraries.
- In 1987, the original formula for distributing tax funds was created using Oregon Library Association's threshold criteria. The UCSLD chose to base their allocation to city libraries on the following costs:
 - Personnel
 - Books & Magazines
 - Other Expenses
- Tiers were implemented in FY04-05 with four tiers based on a calculated service population. In FY05-06, the tiers were refined to three.

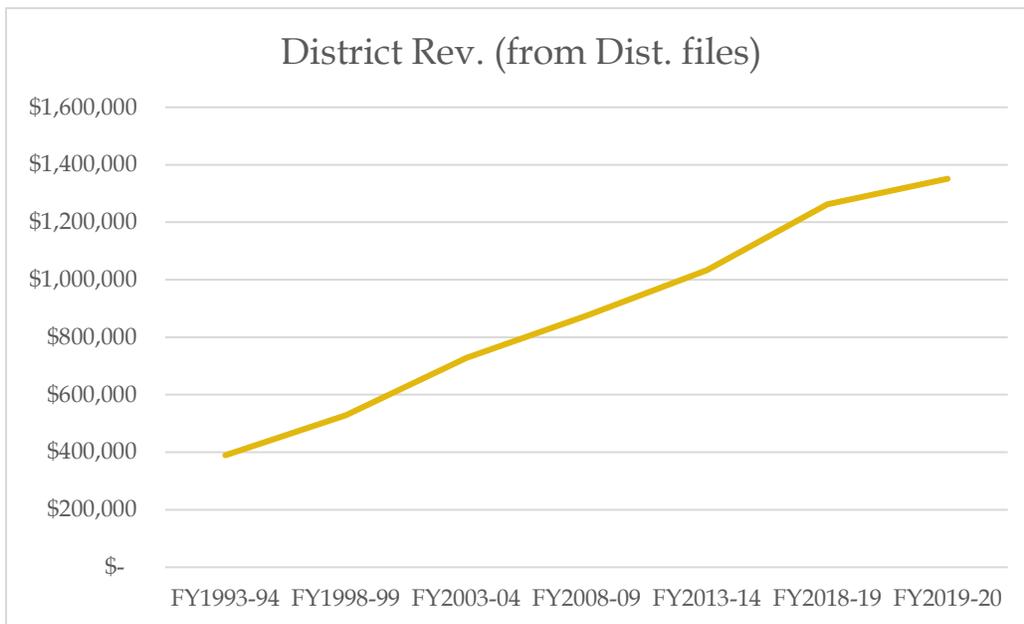
- The distribution percentages were adjusted annually according to the Consumer Price Index and then within the tiers, using best professional judgement, to bring each library to a distribution amount intended to provide a similar per capita amount within the tiers.
- The current distribution percentages have not changed since FY12-13. Each year, the amount of money that is distributed adjusts only based on the amount of tax revenue and community service fees received.
- 80%-20% - UCSLD keeps 20% of the tax income and community service fees to operate the district and to provide several district-wide resources to all of the libraries. This amount is spent according to the strategic plan goals set by the UCSLD Board of Directors. 80% of the tax funds and community service fees is distributed to the 11 member libraries and one partner library as it is received.

Sage Library System	19-20 Membership Fees
Catalog, Circulation	\$50,013.93
Cataloging Utilities	\$468.00
Courier	2019-20 Fee
Un-reimbursed amount	\$8,841.20
Library2Go	2019-20 Fee
Digital library	\$11,090.00
Training	2019-20 Costs
In-service, Continuing Ed Funds/ Scholarships/ Chrome Books	\$4,590.00
Administrative Costs	Elections, Budgeting, Board Duties and Activities; Distributing Tax Funds; Grant administration; Training planning & Execution; Cataloging; Tech support; Early childhood outreach across all of Umatilla County; Support of storytime & sharing of materials; meetings; Consulting and mentoring; Information sharing
These hours are not tracked but comprise the majority of UCSLD staff time	

The population has increased since the District was voted into existence.



Along with this increase in population, UCSLD funding has provided a stable income source for growing countywide library services in Umatilla County.



The story of library service in Umatilla County is one of success. The residents of Umatilla County have access to excellent library services no matter where they are, through the combined efforts of the public libraries and the UCSLD. The work on this formula is one step in continuing this success story for our county.

Formula Scenarios Explained

In creating the formula scenarios, several concepts were taken into consideration.

The input and formula ideas from the public meetings were documented. Elements of each formula proposal were considered and the documented comments from two public meetings were added into the discussion.

The Board met in March of 2020 to consider the history of the formula, the process to implement, and the current situation of the tax revenue distribution formula. They took into account the solicited input from the library directors and city officials. They created a list of values and criteria to guide the development of a new tax revenue distribution formula.

The values and criteria that guided the formula creation process are below.

- Ensuring service to the unincorporated populations
- The allocation is made according to an objective and impartial formula across all jurisdictions
- A clear, uncomplicated, concrete mathematical formula, that is easily understood, reviewed and updated
- Readily administered – timely and efficient processing of the monthly tax revenue distribution
- Contributes an amount of money to help member libraries to be able to offer a threshold of service
- Recognizes and adjusts for changes and shifts in population over time

Population

One of the key components of a new formula is that it should be based on population. The Board directed that the new formula be based on zip code population for several reasons. The first and foremost is that each library provides library cards based on the zip code of the requesting resident. Secondly, utilizing the assistance of the Portland State University Population Research Center (PRC), the District can get very accurate numbers for the zip code areas within the boundaries of Umatilla County.

Prior to this, the service population of each jurisdiction was calculated based on a percentage of the city's population applied to the unincorporated county population. In analyzing these numbers, it was found that the service population calculation did not always reflect the actual population that the library was serving.

City	2010 City Population	2010 Population by zip code within Umatilla County	District Calculated Service Population 2010	Difference Between 2010 Service Pop and Zip Code Pop
Adams	350	815	448	(367)
Athena	1,126	1,302	1,697	395
Echo	699	1,053	955	(98)
Helix	184	361	307	(54)
Hermiston	16,745	25,249	5,546	(2,958)
Milton-Freewater	7,050	11,666	8,743	(2,923)
Pendleton	16,612	21,521	23,397	1,876
Pilot Rock	1,502	1,991	2,084	93
Stanfield	2,043	2,610	3,059	449
Ukiah	186	252	347	95
Umatilla	6,906	7,760	8,723	963
Weston	667	1,140	1,009	(131)
Incorporated	54,070	75,720	56,315	(19,405)

The numbers in blue are jurisdictions that were undercounted with service population and the numbers in orange are jurisdictions that were overcounted with service population calculations. With current access to more accurate numbers, the shift to zip code population makes sense and additionally, that is how library cards are assigned.

Hermiston Public Library

One of the factors to address in this process has been the Hermiston Public Library situation. Hermiston City chose not to join the UCSLD in 1986 and the residents of incorporated Hermiston do not provide tax dollars to the UCSLD. The residents of the unincorporated portion of the Hermiston zip code do pay taxes into the UCSLD. In an effort to provide seamless library service for all of the residents of Umatilla County at their nearest/most convenient library outlet, the UCSLD contracts with Hermiston as a partner library. The residents within Hermiston city limits gain the benefit of being considered part of the District and can use library services at any other library in Umatilla County. With the agreement between the UCSLD and the City of Hermiston, all residents of Umatilla County have access to library service that is seamless and integrated.

The staff of the Hermiston Public Library are considered part of the Umatilla County library staff and are included in trainings, meetings, continuing education scholarship opportunities, grants and collaborative events and programs. The UCSLD pays the Sage Library System bill and the courier 3rd day cost for the unincorporated population – rural Hermiston.

The funding scenarios in the workbook will show various ways to distinguish the Hermiston funding from other member libraries.

The Formula Scenarios

The overview of the Formula Scenarios Workbook

- Tab A – *Population* shows how the population for each UCSLD library is calculated.
- Tab B – *Base Formula Elements* shows how the BASE Threshold + Population formula works for all libraries.
- Tab C – *Scenario* is the formula with Hermiston receiving only the BASE amount.
- Tab D – *Scenario* is the formula with Hermiston receiving only the REMAINDER Population funds.
- Tab E – *Scenario* is the formula with a change in the FTE to \$20.00 per hour and Hermiston receiving only the REMAINDER Population funds. This is the basis for the remainder of the tabs.
- Tab F – 2PopCategories illustrates the formula if there were only two population categories instead of three
- Tab G – 4PopCategories illustrates the formula with four population categories
- Tab H – State Library of Oregon Consult – the same formula with differences in collections and O&M designations.
- Tab I – Oregon Averages shows the formula adjusted using the averages of similar libraries' statistics from across Oregon

From Tab J onward, the scenarios are for information-only for the Board. They have elements that have recently been suggested and haven't been analyzed.

- Tab J – Resource Sharing outlines an extra amount designated to each library based on 3% of the anticipated tax revenue and then divided by 12 libraries.
- Tab K – Benefits DD – The District Director's interpretation of another column for benefits at 40% applied to all libraries' salary amount.
- Tab L – Benefits BBurgener – Two population categories instead of three and a column added for benefits applied to one FTE at 80% for population category 2 libraries. The collection amount is also changed – Under 2000 population = \$2000 and over 2000 population = Population.
- Tab M – Community Service Fees formula applied to tax distribution – considered in the process and shown here for comparison
- Tab N - Graphics for scenarios B through E and showing the Community Service Fees formula applied.
- Tab O – CompareScenarios – This tab shows the per capita differences for each of the scenarios. Shaded cells show an over 0.2% change either increase or decrease from the current formula for each library from each scenario. More shaded cells indicate more change; conversely, fewer shaded cells indicate fewer changes from current.
- UCSLD Paid Costs – This tab illustrates a few of the costs that the district expends on behalf of all of the libraries from the 20% that is retained to operate the UCSLD and provide basic library services across all of the UCSLD.

Tab A: Population

One of the chief motivations to review the formula has been that the population numbers have become outdated and therefore of concern to the library jurisdictions. After considering various data source options for securing the most reliable and timely data, the Board authorized staff to use the zip code population as the basis for the formula. Additionally, the libraries provide library cards based on a library patron's zip code. Working with the PRC, the population numbers for each zip code in Umatilla County can be determined. Zip code population can be certified every 10 years with the census count and PRC numbers show the increase in population each year. Pendleton provides library service to the Meacham zip code area, and those numbers will be added to the 97801 zip code count.

The process for establishing population:

- Every 10 years when the census is taken, the PRC will be contacted for the certified numbers within each zip code area within the Umatilla County boundaries.
- During the time between the census count, and based on the Board's direction, the District Director can use the yearly population certification (December) from PRC to add or subtract the change from the prior year and then to apply that number to the zip code population.
- According to the PRC, the total of all estimated zip code populations is often less than the full County population. The PRC recommends an adjustment methodology that assigns the remaining population to each jurisdiction so that the total County population is ultimately assigned to a library jurisdiction. For any difference between the newly calculated zip code population numbers and the total county count, a percentage will be determined for each zip code area and that percentage applied to the difference. The percentage is determined by dividing the zip code population of each area by the total of all the zip code populations.
- The new numbers will be used to compute the projected budget amount of distribution during budgeting and then employed in that fiscal year's distribution.

For the formulas, the population (Tab A) used is the 2010 Zip Code (Column D) amount plus the numeric increase of city population from the PRC November 2020 preliminary numbers (Column F) which gives a total (Column G). The 1,845 difference between the County population and the zip code areas total has the percentage process applied and the amount added to each zip code area Columns G, H, I). In Column J, the final population figures to be used are listed.

The Hermiston Rural number is the total zip code population area less the incorporated city population and that number is used as the basis of the Hermiston distribution.

Tab B: Base Formula Elements

The foundational spreadsheet acknowledges that funding libraries and library service in Umatilla County is a local-district partnership - as a practical and historical matter. Since the establishment of the UCSLD, local funding has improved. With the District funds, library funding as a whole has grown steadily, providing enhanced services for the residents of the county.

This worksheet shows the effect of applying a threshold + population formula to the 12 library jurisdictions' distributions. It includes data needed to calculate the distributions according to the formula. The threshold element acknowledges that there must be a base of support to operate; the population element acknowledges that population drives service levels and operating costs

Columns A through C show the names of the library jurisdictions, the FY2022-2023 estimated distribution and the 2021 population.

Columns D through J pertain to the calculation of the BASE distributive amount. Column D assigns to each library jurisdiction a numeric group (1, 2, or 3) according to the population size being served; 1 for small, 2 for larger, 3 for largest. That number is a multiplier applied to the staffing levels and dollar amounts set by the District and reviewed periodically (Columns E - I). These amounts are for staffing, collections, and operations. The total of these equals the BASE Amount (Column J). As previously noted, the Base Threshold Criteria are those derived from the Oregon Library Association Standards and the State Law – Official Recognition of Public Libraries. The sum total of Base Threshold for all of the eligible library jurisdictions (Column J, Line 7), subtracted from the total amount to be allocated (Column B, Line 7) is called the REMAINDER.

The REMAINDER is the amount available to allocate according to the population attributed to each library jurisdiction. Column M shows the library jurisdictions' populations, by zip code.

The total distribution (Column L) is the total of the BASE and the REMAINDER amounts.

Tabs C, D & E

The base formula elements are shown in three different scenarios. In Tab C, Hermiston Rural is given only the BASE funding. In Tabs D and E, Hermiston Rural is only funded with REMAINDER funds based on population. In Tab E, the FTE amount is raised to \$20.00 per hour from \$18.50 per hour.

Tab F

This provides an option based on the State law recognizing public libraries. The population size categories are split with libraries whose population is below 2000 and those with population over 2000. Additionally, there is a distinction made between

jurisdictions with populations under 2000 in that they are divided into under 1000 and over 1000.

Tab G

Similarly, this scenario outlines what it might look like to provide funding based on four levels of population size category.

Tab H

This scenario was developed in working with Buzzy Neilsen, the head of Library Development at the State Library of Oregon. He has worked in various types and sizes of libraries over his career and has a broad view of funding and library services in the state of Oregon. Based in Scenario E, he looked at costs associated with collection and O&M (Operations) and applied a per capita multiplier for collection and used 30% O&M multiplier for population size categories 1 and 2 and 25% O&M multiplier for population size category 3. Operation costs are fixed no matter the size of library but are more impactful on smaller budgets.

Tab I

Based on Mr. Neilsen suggestions for libraries of similar funding and population patterns to compare to UCSLD libraries, the scenario applies the averages of FTEs, collection, and O&M costs. This scenario is one that more heavily weights the BASE funding portion and does not provide enough weight to the population portion of the formula.

Tab J

Because one of the main values of and reasons for the UCSLD is seamless library service for all Umatilla County residents, this was a suggested option to consider. Three percent of the distributed amount is \$45,006 and that divided by 12 gives each jurisdiction a dollar amount to support resource sharing within our District. Additionally, the UCSLD covers the cost of the Sage Library System which requires the sharing of resources among all member libraries.

Tab K – Benefits - DD and Tab L – Benefits - BBurgener

These two tabs reflect a recent suggestion from Ben Burgener, Stanfield City Manager. He suggested that benefits are a cost that the formula does not acknowledge. I applied a 40% benefit column to all staff funding amounts in tab K. In Tab L, in addition to the 80% benefit column applied to only 1 FTE for libraries over 1000 population, the scenario is based on two population levels and has adjustments for those levels in staffing and collections.

Tab M – Community Service Fees

This tab shows the formula the UCSLD uses to distribute community service fee dollars applied to the full amount of tax income. This is offered as a comparison and indicates

a distribution that while more equal, is not equitable to the full range of populations in the District.

Tab N – Graphics

This tab highlights the differences in graphic form between the current formulas and scenarios B – E.

Tab O – Compare Scenarios

This tab shows the funding amounts per each formula scenario. It shows the per capita for each jurisdiction for each scenario distribution. It also highlights the percentage change of over 0.2% of each scenario compared to the current formula. Yellow cells show a decrease of over 0.2% and blue cells show an increase of over 0.2% in each funding scenario.

UCSLD Paid Costs

This tab illustrates a few of the costs that the District expends on behalf of all of the libraries from the 20% of tax revenue that is retained to operate the UCSLD and provide basic library service elements across all of the UCSLD.

Going Forward

This is not easy work, and it can be stressful on all involved. One of the things that I focus on is that a District is only successful as a unit – thinking of ourselves as one entity. What happens to one part of the unit affects all the other parts. Together, we can successfully meet any future challenges. Thank you for your time and for all who have contributed their ideas and suggestions and concerns.

Please contact director@ucsld.org with your questions by Noon, Friday, January 8. They will be addressed at the public meeting on Tuesday, January 12, 2021 at 5:30 by Zoom.