

# Public-Private Partnership Saves Public Libraries, Avoids New Taxes

by **Danny Jordan**

A

public-private partnership between Jackson County, Oregon, and several city governments in the county and a private library management company saved the county's public libraries from indefinite closure after they had been shuttered for a six-month period because of a countywide budget crisis. It's also saving Jackson County taxpayers approximately \$27 million over a five-year period.

In 2006, federal funding for the "timber subsidy"—money paid to Jackson County and more than 700 counties in 38 states in lieu of money earned from harvesting timber—ended. The total annual impact was the loss of \$23 million to Jackson County. Of that amount, \$15.3 million had been going into the county's general fund, and it accounted for 36 percent of our nondedicated operating revenue. The remainder had been going toward other dedicated uses such as roads and forest projects.

This money had been coming from revenue the federal government earned from land it had been leasing to commercial loggers since the early 1900s. A sharp curtailment in timbering for environmental reasons, which started in the 1990s, had reduced these revenues to a trickle.

In 2006, the Secure Rural Schools and Community Self-Determination Act of 2000, the most recent federal legislation that allocated these funds, expired. At the eleventh hour, Congress convinced President George W. Bush to grant a one-year reprieve. But with no promise of any further extensions, Jackson County's appointed and elected officials had to make tough, painful, but fiscally sound decisions to respond to this budget crisis.

Funding public safety and human services had to be given the highest priority. Spending cutbacks were required, however, to balance the county's budget. Reducing the prior year's library budget of \$8.5 million, which far exceeded the national per capita average spending on public libraries, was one partial solution. A reduced library budget would also have to be sustained for at least the next three years.

**THE POSSIBILITIES**

In response, the county's library advisory committee convinced Jackson County's elected commissioners to put a separate library tax levy on the ballot in November 2006 to maintain the library's current spending level. It was soundly defeated at the polls but not because our residents didn't value their libraries. In fact, in 2000, voters passed a \$39 million bond measure to either renovate or rebuild all 15 branches. The final construction of these new facilities will be completed in 2008.

In January 2007, the county announced that the entire library system would be closed by April. Only a base budget could be authorized to fund a minimal staff of six who were needed to maintain core library services, including periodical subscriptions, collections, utilities, pre-existing construction management, and courier services, as a bridge to a more permanent solution.

Plans for reopening the libraries were set back again in May 2007 after voters once again defeated another proposed tax levy to support the libraries. The libraries remained closed to the public, forcing the county to find other funding solutions since keeping the public libraries closed indefinitely was clearly not an option.

County staff explored but ultimately dismissed the possibility of breaking up the countywide system and ceding control and financing of the branches to the individual local governments. The goal remained to open the system at some level of service. We also wanted to encourage each community with a library branch

to share some of its operating costs by paying for any additional hours deemed necessary to provide an acceptable level of service.

In July 2007, the county issued a request for proposals (RFP) in search of creative but sound solutions for reopening and managing the public library system on a significantly smaller operating budget. Proposals were submitted by Local 503 of the Service Employees International Union, a local union representing the library employees, and also by a privately held library management company, LSSI, based in Germantown, Maryland. As

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required by the collective bargaining agreement, Jackson County officials assisted union officials with the preparation of a competitive proposal.

One of the RFP requirements was a breakdown of branch-by-branch operating costs at the same number of hours each branch had been operating prior to closure. Excluded from the RFP requirements was the budgeting for some operating costs that the county would assume separately, including building and grounds maintenance and utilities. Details of both respondents' budget proposals were compared side by side and line by line with the previous year's operating budget.

The local union submitted a proposal for an annual budget of approximately \$6.2 million. The management company's bid was for an annual budget of approximately \$4.4 million. Jackson County's budget committee recommended the management company's proposal to the board of commissioners, which subsequently voted unanimously to award the company a five-year, \$3.1 million annual management contract.

**DECISIONS MADE**

The management company was selected on the basis of its extensive public library management portfolio, the professional librarians on staff, and the centralized infrastructure that allowed it to offer a proposal sharply reducing operating costs. It also had the expertise to develop a plan that would deliver the maximum amount of customer service possible at a significantly lower cost. As hoped, this public-private partnership was eventually joined by several of the local municipal governments that stepped in with additional funding to help extend library operating hours once the branches reopened.

Of the \$23 million that the county received in 2007 of the final federal funding allocated by the act of 2000—a provision that has still not been renewed but for which several pieces of legislation are being floated—\$8 million was allocated for spending during the next few years on roads, search and rescue, and clearing brush in the forest. Another \$2 million was budgeted for other county expenses.

Of the \$13 million remaining, \$2.3 million was allocated for reopening the libraries as quickly as possible. This process began on October 1, 2007, and was completed by the end of that same month. The balance, \$11 million, has been set aside to assure funds will be available to keep the libraries open for at least the next three years.

On the same day that the county commissioners unanimously approved this management contract, an

# PM Look to ICMA

The ICMA *Management Perspective* “Local Government Managers and Libraries: Partners for a Better Community,” which is available free from ICMA at Web site [http://icma.org/public\\_libraries](http://icma.org/public_libraries), highlights the value that libraries can bring to a community, including:

- Serving as a civic and economic anchor that attracts businesses and patrons to transitional neighborhoods.
- Providing a cultural center that fosters community and civic engagement and offers services to hard-to-reach populations such as teenagers, immigrants, and senior residents.
- Providing Internet access for those without computers in a world that requires online transactions and communications for jobs, schools, and social services.
- Offering online databases and supports for start-up businesses and a developing workforce.

ICMA received a grant from the Bill and Melinda Gates Foundation in July 2007 to support the development of related tools and resources for local government managers. It also provides support for the establishment of a member-based advisory committee that will build city, town, and county managers’ awareness of the critical role public libraries play in supporting community vitality and sustainability, as well as the important leadership role managers have in supporting libraries.

information session was held with furloughed public library employees. More than two-thirds of them were rehired, but as the management company’s employees; their salaries were comparable with what their county pay had been.

They also received a 401(k) retirement plan in lieu of the state retirement plan; previously vested employees will also receive their state pensions upon retirement. Some county library staff either chose not to apply for employment, retired, or remained working in other jobs they had found after the libraries closed.

No silver bullet could be found that would allow the county to reopen the public libraries without this partnership, without compromise, and without instituting some new ways of doing things. In fact, the county had to bite the bullet! It had to reduce library operating hours from what they had been before the crisis.

Ironically, in so doing, we ultimately strengthened the stakeholder

role of each of the local governments with local library branches. They now have more of a say in what their operating hours will be because they have the option of “purchasing” additional weekly operating hours in four-hour blocks of time.

Reducing the operating hours will save Jackson County residents

approximately \$27.7 million over the course of five years. Even if we had not reduced the hours, the efficiencies gained through this public-private partnership would still realize taxpayers a savings of an estimated \$20 million over the same timeframe.

For Jackson County’s elected officials, employees, and residents, closing the libraries for six months and struggling with this issue for more than a year was a gainful experience. Disruption to the quality of life was clearly painful for some, especially for loyal library staff. Our creative public-private partnership, however, has made Jackson County more self-sufficient and the government more innovative in tackling tough issues. Also, residents remained unburdened by a new tax they clearly would not accept. **PM**

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Editor’s Note: This is the third in a series of three *PM* articles on the importance of libraries in our communities. Published in March was “Libraries: Partners in Sustaining Communities” and published in April was “Welcome to the E-Government Library of the Future – Today.”



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