

Multnomah County Library District FY 2025 Proposed Budget

Presented to the
Multnomah County
Library District Board

Multnomah County
May 23, 2024

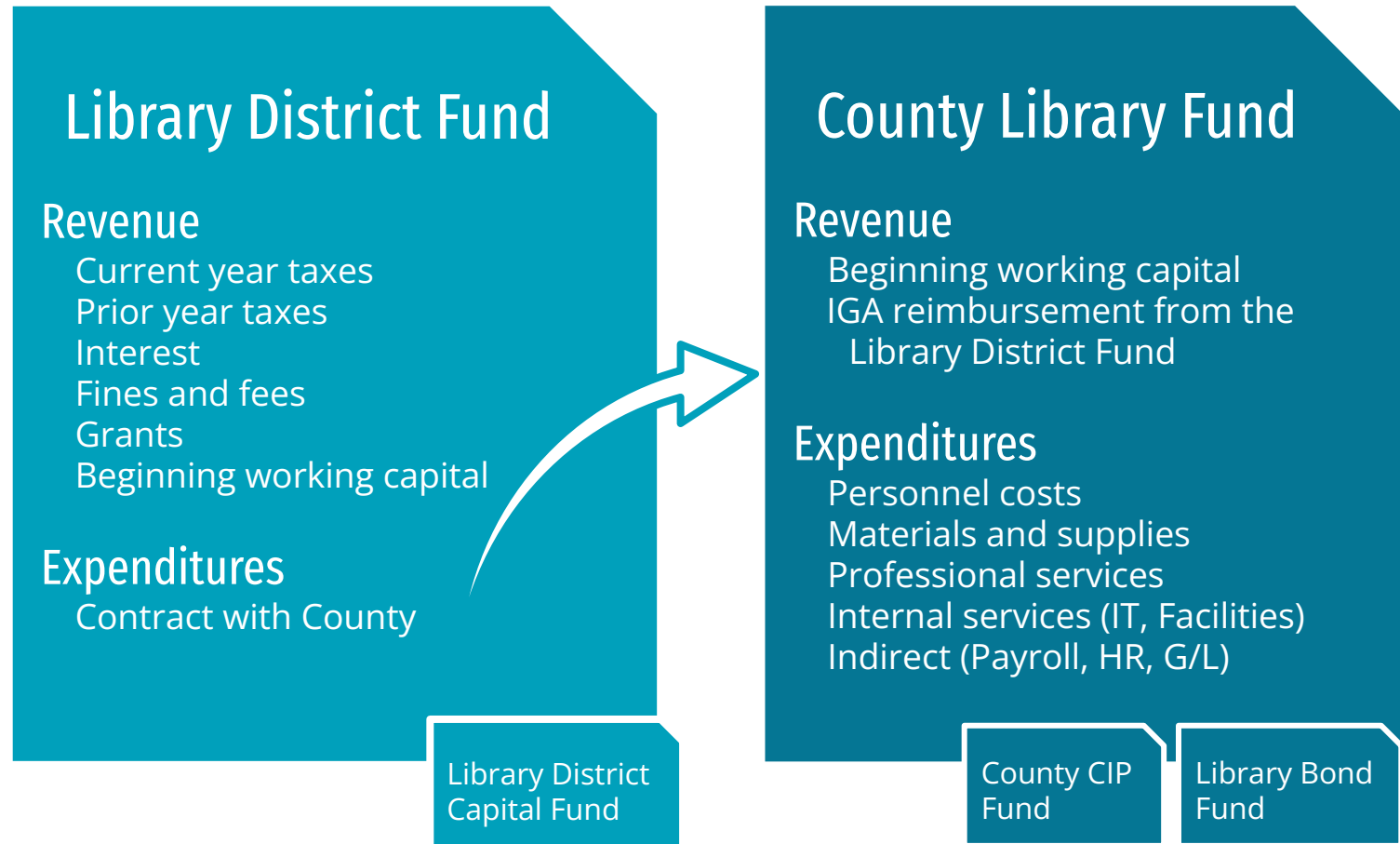
Located at multco.us/budget

Governance and operations

- Governed by the Board of County Commissioners sitting as Multnomah County Library District Board
- Operating under an Intergovernmental Agreement (IGA) with Multnomah County, with District contracting with County for the provision of library services
- Library District financial policies are distinct, but largely follow County practice



Library District Fund structure



Budget highlights



- Budget proposed at rate of \$1.22 per \$1,000 of Assessed Value
 - Max rate is \$1.24
- Rising costs and slowing revenues indicate a deficit in FY 26 and beyond for the baseline District forecast
- Post-bond scenario forecasts are challenged by ongoing updates to County internal service charges for operations and maintenance, and IT
- Smart use of fund balance can help navigate this period of transition and transformation

Financial outlook

- Year 12 of the District
- Library financial condition: Property taxes vs. personnel cost growth
 - URAs and development cycle
 - Inflation / COLA / PERS
- Increasing surpluses and fund balance
- Post-bond planning happening against backdrop of rising costs and slowing revenues
- Cost of operating new spaces, technology, and wage study



Library forecast drivers

Property tax forecast

- Development cycle
- Downtown property values
- MULTE expansion
- Tax moratorium

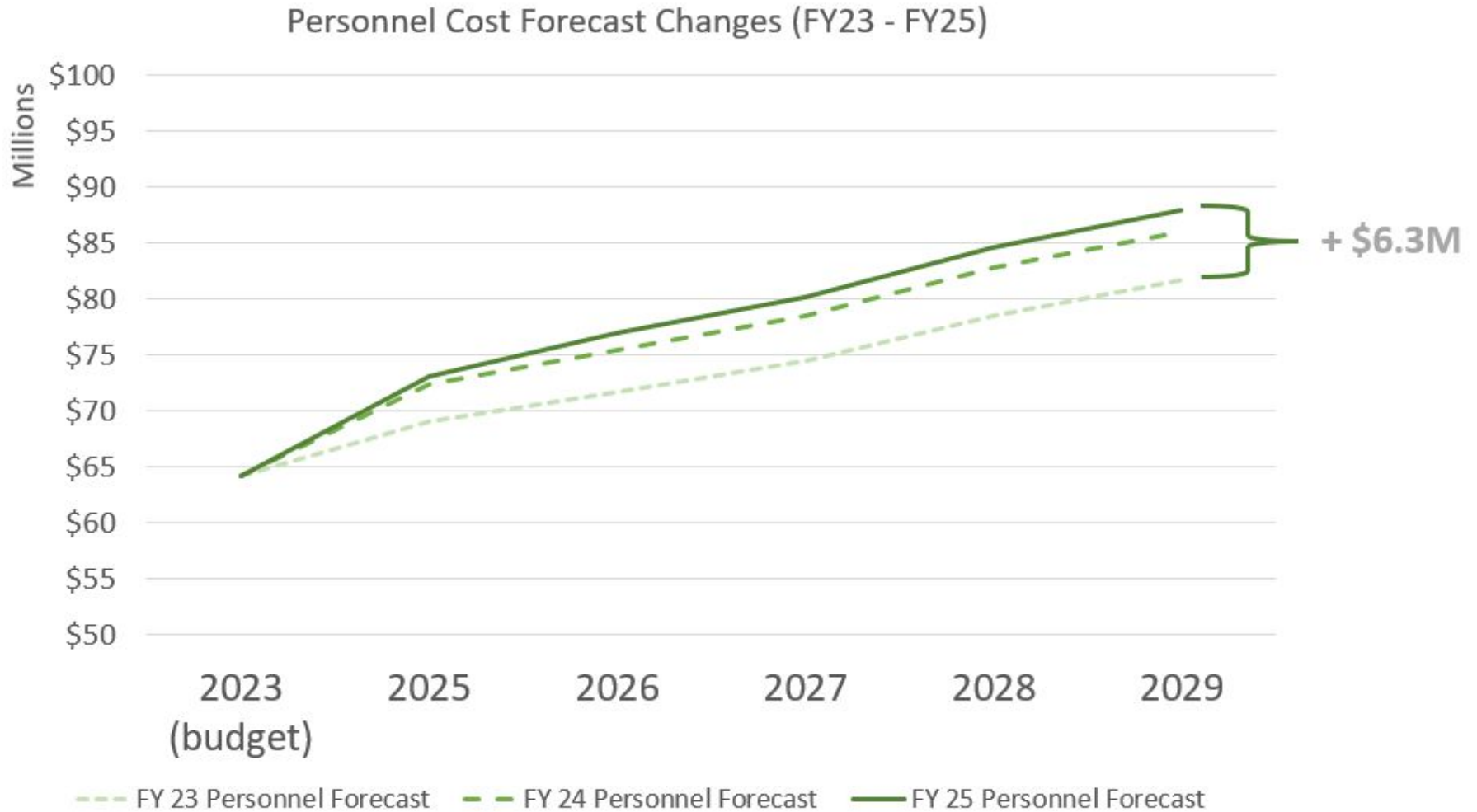
Expense forecast

- Personnel costs
 - COLA
 - PERS
 - Bargaining

Library Cost Drivers for FY 2025:

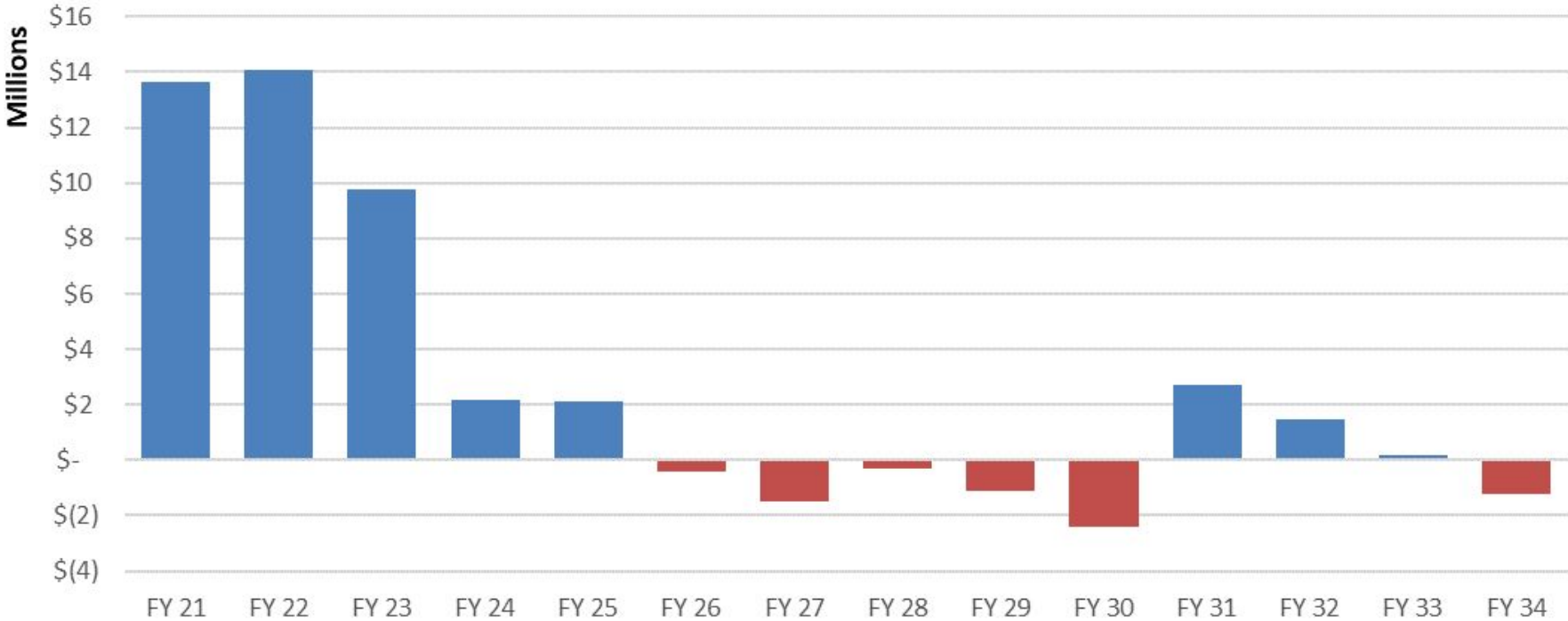
Labor Costs (Change in rates)	5.23%	(Prior assumption was 5.12%)
COLA	3.30%	Updated January 2024
Step/Merit/Market Adjustment	1.67%	Dependent on Unit Demographics
Medical/Dental	7.00%	Was assumed to increase by 7.00%
PERS	0.16%	
Retiree Medical	0.00%	
Liability/Unemployment/TriMet	0.06%	Includes Security and TriMet
Materials and Services	3.70%	
Contractual Services	3.70%	
Internal Services	8.13%	Countywide, not Library specific

Financial outlook

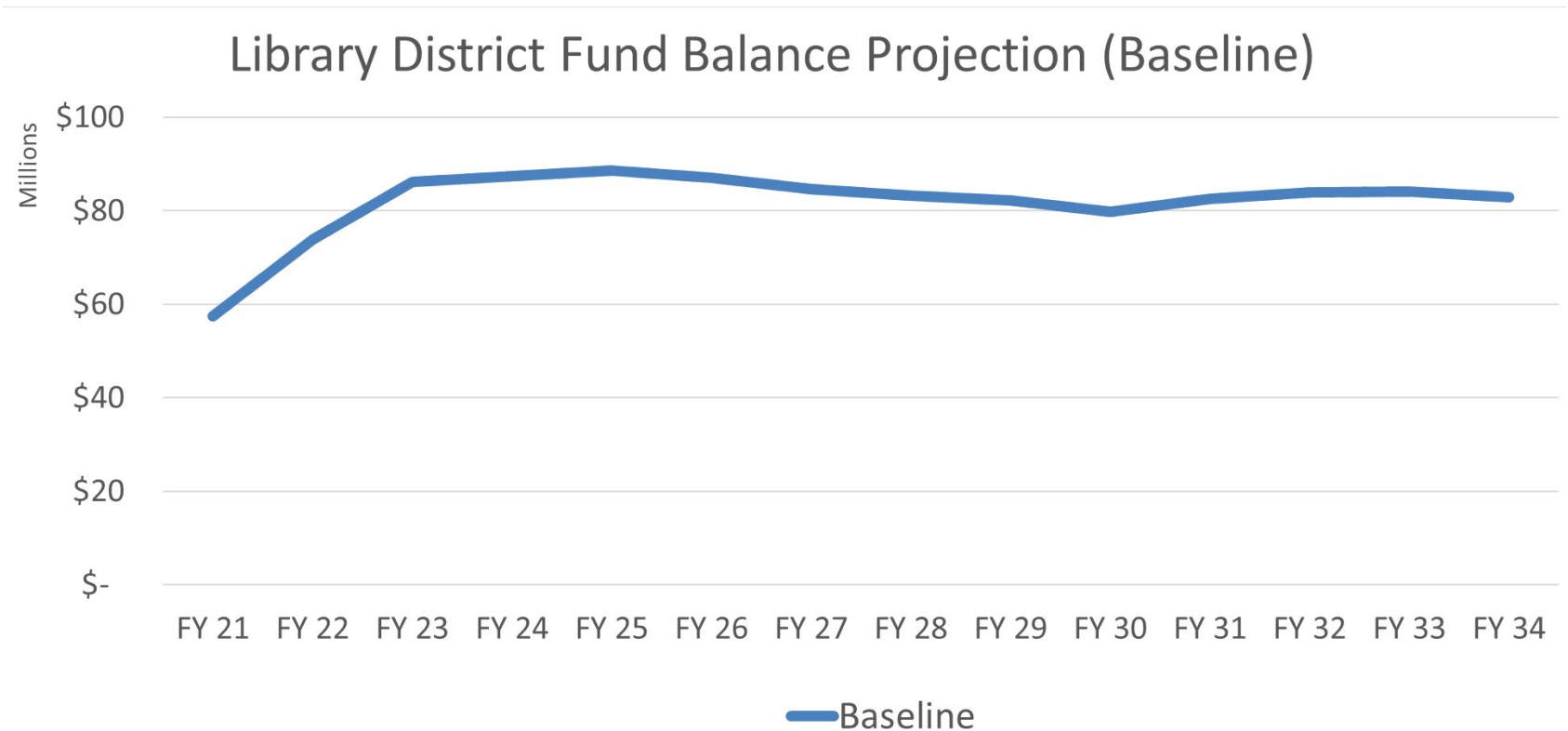


Operating balance

Library District Operating Balance (Baseline)



Fund balance at end of fiscal year



Assumptions

\$1.24 levy rate introduced FY 28

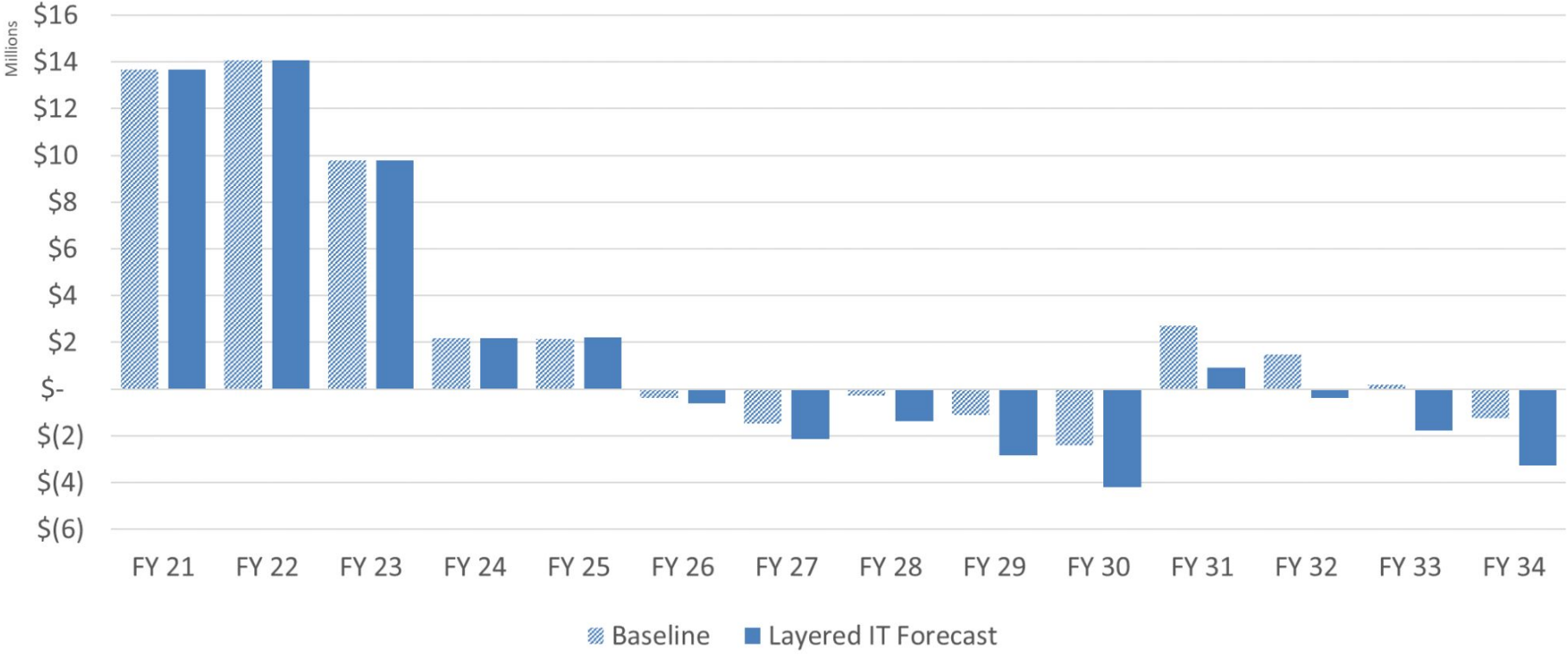
\$1M annual contingency not incorporated into annual operating expenditure total

Planning for a post-bond operating budget

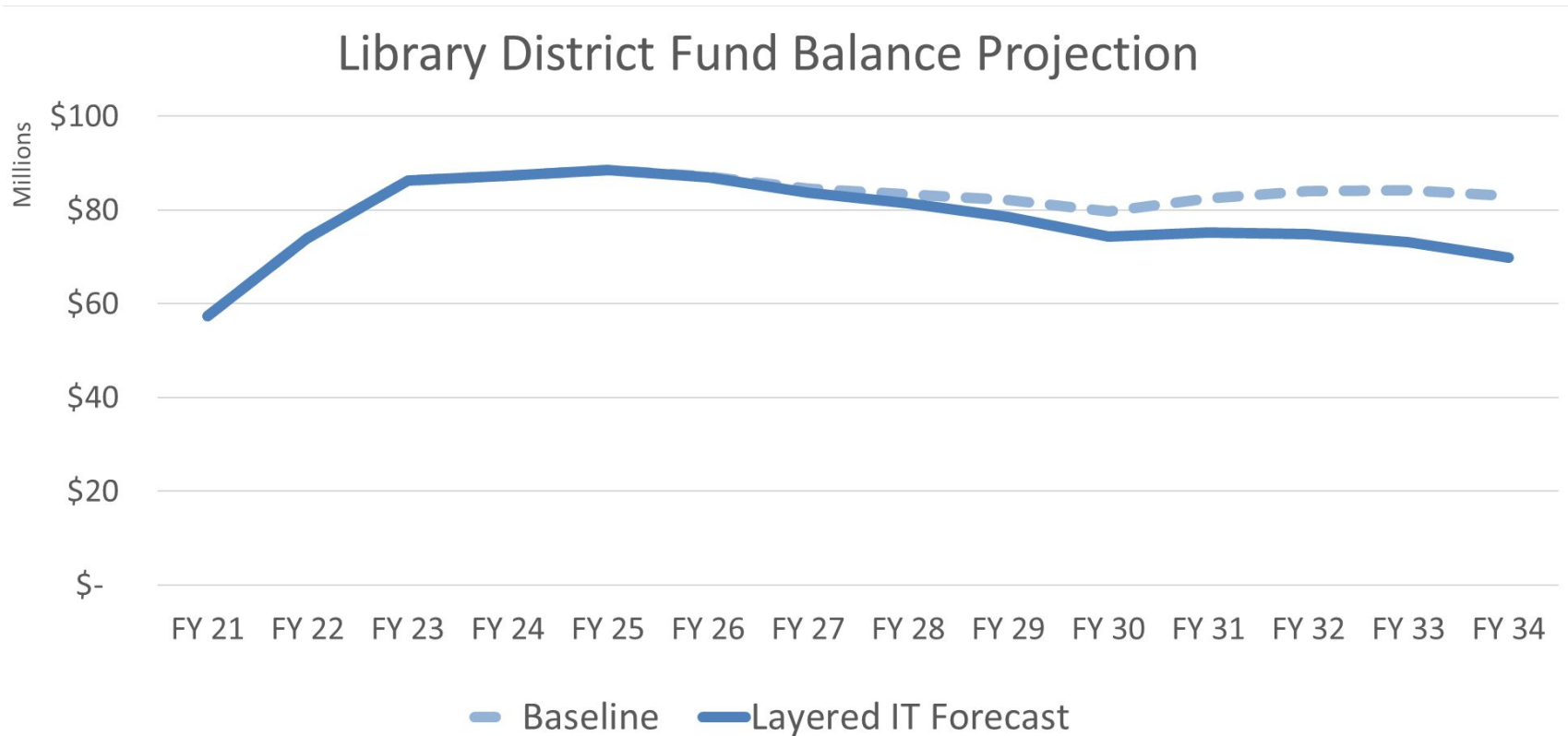


Operating balance

Library District Operating Balance (IT impact scenario compared to Baseline)



Fund balance at end of fiscal year



Assumptions

\$1.24 levy rate introduced FY 28

\$1M annual contingency not incorporated into annual operating expenditure total

District Fund balance priorities

Preservation of core library services into the future

Maintain structural operating deficit reserve as a revenue-smoothing buffer for future decision makers (\$18.5M)

Bond-adjacent needs and opportunities

Establish funding for Library Special Projects to meet near-term needs (\$1.5M), and plan transfers to the Bond Program where opportunities or needs arise (\$3.8M)

Maintaining buildings and physical infrastructure

Augment pay-as-you-go CIP funding where needed; plan for replacement costs not captured in County replacement cycles; maintain long-term reserve to address future infrastructure needs

Innovation and evolution through pilot projects

Utilize fund balance for pilot projects and programming; evaluate prior to dedicating ongoing funding

Library District Fund budget: \$156.3M

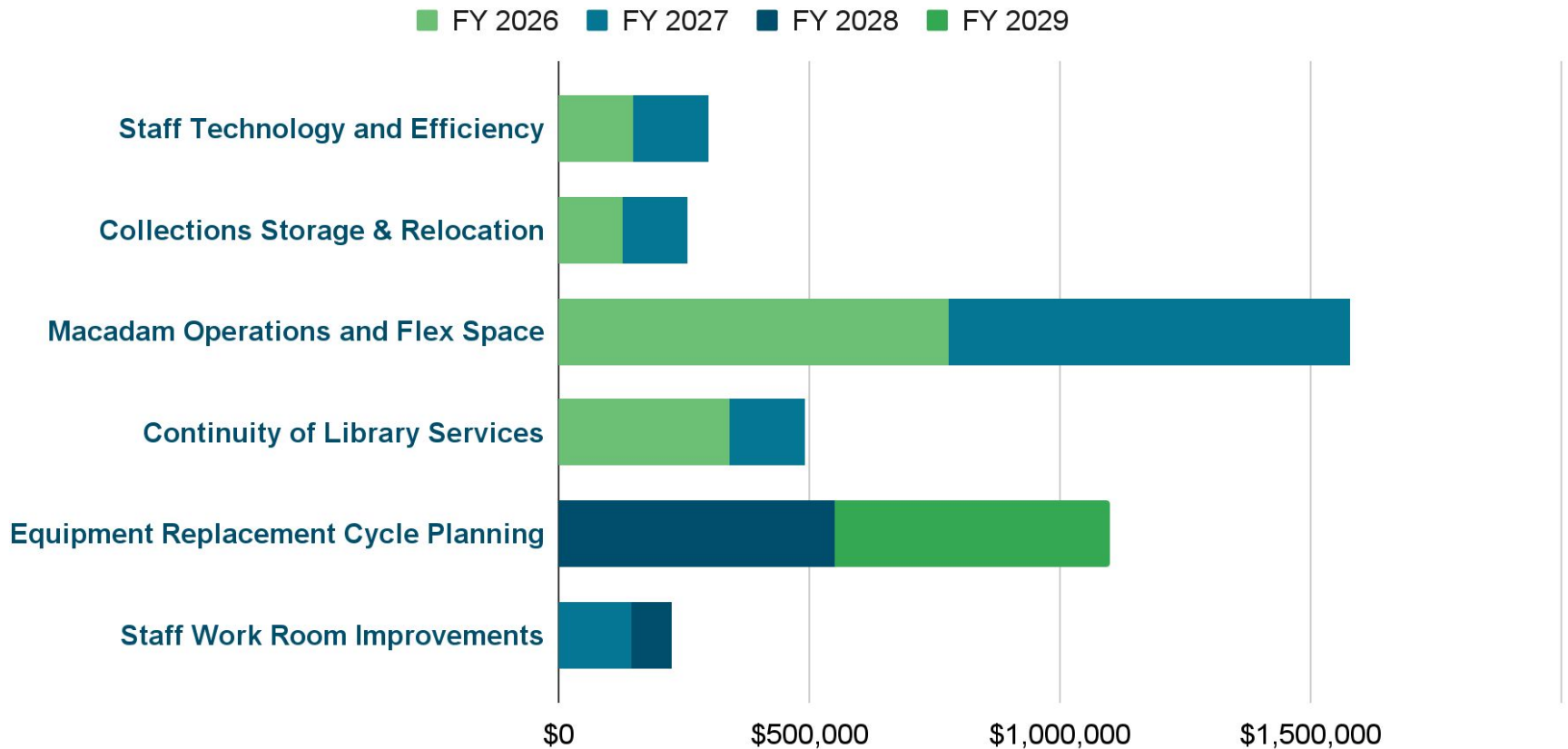
Resources

- \$41.3M beginning working capital
- \$113M in property tax revenue
- \$2M in other revenues (grants, interest)

Requirements

- \$116.3M contract with Multnomah County for library services
 - \$112.3M for FY 25 regular operating budget (**ongoing**)
 - \$2.6M supporting limited duration positions (**OTO**)
 - \$1.5M for FY 25 Library Special Projects (**OTO**)
- \$4.6M set aside for Library Special Projects FY 26–FY 29
- \$18.5 million reserve to address future structural operating deficit
- \$1M in operating contingency
- \$16.1M transfer to Library District Capital Fund

Key library special projects: FY 2026–FY 2029



Library District Capital Fund budget: \$72.1M

Resources

- \$55.9M beginning working capital
- \$16.1M transfer from Library District Fund

Requirements

- \$3.8M transfer to Library Bond Fund
- \$68.3M in contingency; long-term reserve that can help address future infrastructure needs

Highlights

- Stable, dedicated funding
- Baseline forecast requires course correction for ongoing expense trendline
- In-progress work to update internal service methodologies will impact future forecasts
- Smart use of fund balance can help navigate this transition period



