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**MEMORANDUM**

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**TO: BELLINGHAM CITY COUNCIL**

**FROM: NANCY KERR, LIBRARY DIRECTOR; RICK OSEN, LIBRARY BOARD OF TRUSTEES;  
BRIAN HEINRICH, DEPUTY ADMINISTRATOR**

**CC: MAYOR KELLI LINVILLE**

**SUBJECT: SUSTAINABLE LIBRARY FUNDING STUDY**

**DATE: NOVEMBER 13, 2017**

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Earlier this year, the City, in collaboration with the Bellingham Public Library (BPL) Board of Trustees, contracted with BERK Consulting to identify sustainable library funding models, including exploring a potential annexation to the Whatcom County Library System (WCLS). The purpose of the study was part of a larger strategy identified by City staff to provide relief to the General Fund due to the structural deficiencies in the City's budget.

Another purpose that emerged stemmed from the fact that, when benchmarked with peer libraries across the nation and within the state, the Bellingham Public Library has a comparatively high level of use. At the same time, the BPL Level of Service (LOS) standards struggle financially to reach above the low to minimal level. This was taken into account by the consulting team when considering the various funding and governance options. Two of the options identified provide relief to the General Fund. The other options increase the General Fund challenges, but would improve the level of service provided by BPL. One option turns over the governance of the library to the county; the other three options maintain governance of the library within the city.

Option 1 - Annexation to WCLS: Could provide relief to General Fund, however, the resulting loss of institutional control coupled with the additional significant tax burden to city taxpayers makes this option less tenable. At this time, it's uncertain if WCLS would see value in adding the BPL functions to its county-wide portfolio. If they would, then annexation would also require (a) adoption of an ordinance by the City Council stating its intent to join the library district and (b) voter approval by the citizens of the City.

Option 2 - A stand-alone dedicated library levy: This option could help diminish the City's General Fund obligation, depending on how the levy is structured and also requires voter approval.

Option 3 - Dedicated library funding as part of an overall levy lid lift option: This option could improve the level of service, but does not necessarily provide relief to the General Fund, as that is dependent upon how the levy is structured. As above, this option requires voter approval.

Option 4 - An increase in the General Fund allocation to the library: This option would improve level of service, but increases the stress on the City's General Fund.

The BPL Board of Trustees has held off work on their next 5-year strategic plan (current plan covers 2013-2017) pending the results of this sustainable library funding study and any City Council direction regarding governance and funding options. BERK will summarize the results of the draft report, and BPL Trustees will be available to discuss the draft report and the next steps needed to include community involvement in 2018 to further evaluate any of the preferred options identified above.