

### Executive Summary & Recommendations

- Since 1889, the Denver Public Library (DPL) has been a cornerstone of the Denver community, playing an integral role in supporting the City's priorities. However, funding and governance challenges have long impacted DPL's ability to fully realize its potential. In the fall of 2021, Denver Public Library Friends Foundation convened a community task force consisting of a diverse group of people to assess the financial resources and governance model needed for the Denver Public Library to meet the demands of a changing Denver.
- The Task Force undertook an extensive process of listening and learning to understand DPL's strengths and challenges today, to study financing and governance structures of similar public entities and to research Denver residents' interest in and support for the Library. They then pivoted to discussing and discerning various financing and governance options in order to develop a set of recommendations to stabilize and strengthen the Denver Public Library.
- Their recommendations are as follows:
  - **Increase Public Investment:** *Grow DPL operating budget from \$54 million (2022 budget number) to a total budget of approximately \$75 million, inclusive of general fund and any new dedicated tax revenue.*
  - **Provide for Budget Stability & Growth through a Dedicated Tax:** *Ask for voter approval of a new, dedicated tax to diversify DPL's revenue sources and grow the budget.*
  - **Clarify Governance & Strengthen Autonomy:** *Solve governance challenges that hinder the success of DPL in fulfilling its mission and serving the people of Denver, ideally through the establishment of an independent library district or by clarifying and strengthening policies and practices with the City.*
- The Task Force came to consensus on these recommendations, with all 22 members endorsing this path forward.
- The Task Force urges the Library Commission and Denver's elected leaders to act on these recommendations in the coming year: refine them, strengthen them and, ultimately, ask voters to approve them.

### Project Overview & Approach

Since 1889, the Denver Public Library (DPL) has been a cornerstone of the Denver community, playing an integral role in supporting the City's priorities. The library has 26 locations distributed in neighborhoods throughout the City, provides programs and services to every demographic, and is Denver's most visited cultural institution with over 4 million in-person visits in 2019.

DPL recently completed a strategic planning process to refresh its vision and mission and establish a bold plan for how to best support Denver's dynamic community. Equity is an important and necessary part of the

agenda for the City and County of Denver and it is a key part of the library's core values. As one of the few places in the city where all people, from all backgrounds and life circumstances are welcome to come free of charge, the library is a vital community resource and an important part of how we can create and grow opportunity for all Denver residents.

However, DPL does not have the financial resources or governance flexibility needed to fully realize this vision. As compared to other libraries in Colorado and across the country, DPL is underfunded. Additionally, as an independent agency of the City – neither fully a part of the City, nor fully independent – DPL is facing a unique set of governance challenges that hinder its ability to deliver on its mission. This fall, ***DPL Friends Foundation convened a community task force to assess the financial resources and governance model DPL needs to fulfill this new mission and meet the demands of a changing Denver.***

The Team:

*The Task Force* consisted of 22 diverse members, representing all parts of Denver, various sectors and stakeholder groups. A complete list of members is provided at the end of this memo.

*The Consulting Team* consisted of two Denver-based professionals who bring decades of experience and expertise in public sector work, policy research and analysis, and politics in Colorado: [Lynea Hansen, Hansen Communications](#) and [Cody Belzley, Common Good Consulting, LLC](#).

*The Research Team* was led by Alex Dunn, Research Director at [Strategies 360](#), a full-service research firm serving private and public sector clients throughout the Western United States.

The Work:

The Task Force met monthly for two and a half hours each month between September 2021 and January 2022. Their work included:

- ***Developing a Better Understanding of DPL:*** In-depth exploration of the mission, programs, operations, budget, governance and strategic plan in order to better understand the Library today.
- ***Learning About Other Libraries & Other Denver Agencies and Programs:*** Reviewing case studies of 10 relevant organizations and hosting a panel discussion with leaders from Anythink Libraries, Pikes Peak Library District and Seattle Public Library to discuss various financing and governance structures.
- ***Conducting a Two-Part Public Opinion Research Project:*** Reviewing results of in-depth interviews with 17 of Denver's community leaders and contracting with Strategies 360 to conduct a poll of 594 likely Denver voters from October 12 to 17, 2021. This was *not* a campaign poll, but a baseline poll designed to better understand voter opinions about and priorities for future investment in DPL.

## **Recommendations & Rationale**

After spending months listening and learning, the Task Force engaged in a discussion and discernment process that resulted in the following recommendations. It is notable that these recommendations reflect the ***consensus position of this diverse Task Force, with all 22 members endorsing all three recommendations.***

***(1) Increase Public Investment:*** Grow DPL operating budget from \$54 million (2022 budget number) to a total budget of approximately \$75 million, inclusive of general fund and any new dedicated tax revenue.

Current investment in DPL does not compare favorably to investment in other Colorado libraries or libraries of peer cities. Analysis of investment per capita, investment per square foot of physical space and wait time for

accessing materials shows Denver lagging regional and national peer libraries. Additionally, DPL's budget over the last 20 years has not kept pace relative to Denver's population growth. As a result, DPL is not able to provide the level of service (locations, hours, collections, outreach programs) that Denver residents need or deserve. The Task Force concluded that a world class city needs world class resources, and a robust library system is key to creating opportunity for residents, nurturing civic health and supporting a successful city.

The Task Force analyzed budget scenarios for the DPL ranging from about \$61 million to \$75 million (assuming the current \$54 million of City General Fund, plus a new, dedicated funding stream). They determined that with a total budget at the higher end of that range, approximately \$75 million, DPL could:

- Improve Quality: Restore and increase **hours** to include more nights and weekends; provide **clean and well-maintained** buildings and properties; and provide **modern technology** online and in-library to improve customer experience.
- Expand and Innovate: Expand collections to **reduce wait times** by up to half and offer more diverse resources; establish new locations and / or **satellites through partnerships** with community hub locations and expand mobile services.
- Invest in Equity & Cultural Competence: Increase **staff wages** and invest in diverse, multi-lingual staff; expand outreach and programming to **reach communities of greatest need** particularly to black, indigenous, people of color (BIPOC) communities, vulnerable youth, older adults, immigrants, and job seekers; accelerate digital preservation of special collections to **honor the rich history of Denver**, especially the history of BIPOC communities.
- Assume More Independence: Take on some additional expense and improved efficiency associated with greater independence achieved through a Library District; note that the details of this will need to be refined depending on the outcome of governance decisions.

If this recommendation moves forward, more work will be required to refine the proposed budget.

**(2) Provide for Budget Stability & Growth through a Dedicated Tax:** *Ask for voter approval of a new, dedicated tax to diversify DPL's revenue sources and grow the budget.*

Currently, DPL is almost entirely dependent on the City of Denver's General Fund, allocated through the annual budget process. This results in significant volatility in DPL's budget, making it difficult to sustain programming year-to-year and plan for the future. Protected funding through a new and dedicated tax would diversify DPL funding and provide stability that would enable DPL to be more strategic and impactful in both the short and long term.

When evaluating potential funding sources, the Task Force considered both sales and property tax options. Understanding that political viability must be accounted for before a final decision is made, the Task Force generally favored a property tax over sales tax increase for the following reasons:

- Property taxes are more stable, reliable, and offer greater capacity to generate more funding at a lower increment increase;
- DPL serves key functions and offers programming that supports the educational, professional and personal growth of Denver residents and as such, it is logical that those services should be paid for by Denver residents;

- Denver has some of the lowest residential property tax rates in the country, whereas Denver voters have increased sales taxes significantly over past 10 years; and
- Property tax is required element of a Library District, so if governance changes are made through a Library District, either now or in the future, a property tax component would be necessary.

However, the Task Force also acknowledges that commercial property tax rates in Colorado are quite high and that further increase could be detrimental to Denver businesses. ***Dialogue with the business community on this point will be necessary as the details of this recommendation are further evaluated.***

The general sentiment among Task Force members is that this ***new, dedicated revenue should supplement, not supplant, current City investments in DPL.*** There were a number of reasons given for this, including but not limited to a belief that ongoing financial ties will help ensure a continued working relationship between the City and Library, which is beneficial to both entities. Further, the Task Force acknowledged concern about the perception of Denver voters being taxed twice for Library services. There should be some safeguards put in place to ensure that this new funding source does not result in the City substantially diverting current General Fund investment in DPL to other City programs and services. The Task Force identified the maintenance of effort provision in the 2018 sales tax for Parks and Recreation ordinance as a potential model for such a safeguard.

***(3) Clarify Governance & Strengthen Autonomy:*** *Solve governance challenges that hinder the success of DPL in fulfilling its mission and serving the people of Denver, ideally through the establishment of an independent library district or by clarifying and strengthening policies and practices with the City.*

DPL is a unique entity on the City’s organizational chart. Called an “independent agency,” the Library is neither fully embedded within the City and included as a part of the Mayor’s cabinet (as agencies such as Human Services or Parks and Recreation are), nor is it fully autonomous. While it is categorized with entities such as Denver Water and Denver Zoo, these organizations are fundamentally different from DPL in mission, financing and governance.

Further, the City Charter provides the Library Commission with unique powers and authority as compared to other City agencies related to management of appropriations and operations. However, a lack of specificity in the Charter and other legal documents has led the City to impose standard practices to Library operations, which hinder the ability of the Library to deliver on its mission. The challenges include but are not limited to:

- **Personnel:** DPL manages an independent personnel system, separate and apart from the City’s Office of Human Resources. However, in practice, the City has required DPL to comply with its classification and compensation structure. This is negatively impacting DPL’s ability to attract and retain qualified staff in a timely way. Additionally, the City of Denver annually retains three percent of DPL’s personnel budget in anticipation of attrition or vacancy savings, again limiting DPL’s ability to address staffing needs in a timely and equitable way, despite the Charter giving the Library Commission “exclusive control...of all money appropriated.”
- **Budgeting:** Despite the fact that the Charter gives the Library Commission control over its budget, in practice, DPL is required to seek and secure Budget Management Office approval before shifting resources between budget categories (e.g. personnel, supplies & services, capital). This can be a slow process, negatively affecting DPL’s ability to respond to customer and community needs in a timely and responsive

manner. Additionally, the “use it or lose it” budget practice prohibits the Library from setting aside resources for long-term priorities or initiatives.

- **Facilities and Capital Needs:** DPL has extensive capital funding and maintenance needs and must compete with other City agencies for limited funding. When preventive maintenance requests go unfunded, they can turn into deferred maintenance and ultimately unfunded maintenance, which can lead to building closures, limiting customer access and service. Without flexibility and autonomy to allocate budget to capital needs, DPL is limited in its ability to appropriately manage its physical assets.

Recognizing the unique nature of libraries, Colorado state law specifically enables libraries to function as library districts, distinct from the municipal or county government that they serve. (See [CRS 24-90-101](#)) Currently, there are 56 library districts operating in all types of Colorado communities, including many of Denver’s neighbors, and more are forming. By establishing a library district, DPL would set its own best practice policies and procedures regarding financing and management practices related to budget and personnel.

With a library district, an intergovernmental agreement (IGA) is established between the district and the local governments with which it partners and services to determine the working and financial relationship between the two entities. The details of that IGA are of critical importance and ***without knowing how the working relationship with the City would be established through the IGA, it was impossible for the Task Force to fully evaluate that approach.*** However, the Task Force explored potential pros and cons and determined that ***there is enough promise in the idea of DPL operating as an independent library district for the Task Force to recommend its continued exploration by Library and City leaders.***

If, after meaningful consideration by DPL and municipal leaders, it is determined that a library district is not feasible or viable at this time, City and DPL leaders should, at a minimum, work together to clarify, in writing, the authority of the Library Commission to address the above and additional identified issues.

### **Next Steps: Urgency For Action**

While this concludes the formal charge to the Task Force, the work is not over. ***Action is needed to stabilize and strengthen the Denver Public Library – and now is the time for that action.*** The Task Force urges the Library Commission and Denver’s elected leaders to ***act on these recommendations in the coming year: refine them, strengthen them and, ultimately, ask voters to approve them.***

The City is at a critical inflection point: how do we respond to the opportunities and challenges resulting from two decades of sustained growth and change? As we position Denver for recovery from the COVID-19 crisis, wrestle with inequities and social division and prepare for leadership changes at City Hall, we have a historic opportunity to stabilize and strengthen a key civic institution. A strong community requires a strong library. The Denver Public Library is an asset that demands our attention and deserves our support.

### **Active Members of the DPL Governance and Financing Sustainability Task Force**

- Cathy Alderman
- Diane Barrett

- Terrance Carroll
- Gay Cook
- Leah Curtsinger
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