

M E M O

Date: August 24, 2010

To: Chair J.J. McCament and Members of the Board

From: Neel Parikh, Executive Director

Subject: Board Study Session: August 31, 2010

Our current projections show that Pierce County Library System tax revenue will decline in the next two years and grow very little rate over the next 5 years. The strategic question to be discussed is:

**How will the library system manage decision-making and priorities in a climate of decreased or limited revenues?**

This discussion takes place in the context of three **assumptions**:

1. Use of the library and services will continue to increase<sup>1</sup>
2. 50¢ will remain the levy limit for the taxing district.
3. Revenue will decline for two years and increase only .02% to 1.05% from 2013 to 2015 and to 2020.

The first half-hour of the study session will be devoted to giving the Board a full understanding of revenue projections, variables in the operating budget and revenue to expenditures projections. The majority of the meeting will focus on the library's approach to decision-making over the next ten years and specific strategies for reducing expenditures.

Due to the careful planning for the reductions in 2010, the budget is in a very good position for 2011. The big impact of the revenue decreases will show in 2012. We do not expect many reductions in 2011. We plan to take the time during 2011 to carefully evaluate services and prepare reductions for 2012 and into the future.

At the end of the meeting we will ask for Board priorities and perspectives regarding what staff should be considering. Are there services or issues that are "off the table" for reduction? What is "off the table" and what is "on the table" for consideration of elimination or reduction?

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<sup>1</sup> Circulation increased in 2009 by 18%. To date 2010, it has increased by 20%  
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