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Eating the Elephant in Eugene

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“How do you eat an elephant? One bite at a time.”
(Hogan, 2004)

Back in 2007, although everyone agreed that Eugene Public Library’s (EPL) reliance on time limited funding—a library local option levy supporting just over 50 percent of the library’s operating budget—was not sustainable, the discussion focused on how big a “bite” of the library’s budget the general fund could absorb.

The library local option levy was renewed through fiscal year 2011 (FY11) at a reduced level, with commitments to Eugene voters that library services would stay at the same level and that it was to be the last levy. It was not the first time—nor the only service area—where Eugene’s then City Council chose to fund a priority service area beyond the city’s revenue capacity. The city’s overstretched general fund was brought into balance using reserves, setting the stage for difficult budget decisions in the years ahead.

During those earlier budget discussions, we were frequently reminded that the library’s local option levy would be expiring at the end of FY11. Some felt that the library was over-extended and that since the city could not afford to sustain our existing service level, the only real option was drastic reduction of library services, leaving other parts of the city unaffected.

When our current City Manager, Jon Ruiz, came on board in the spring of 2008, one of his first challenges was to bring Eugene’s budget into a sustainable balance. He began his approach with an organizational culture survey, in which we learned that the organization’s culture was “Passive/Defensive” while staff completing the survey described the optimal culture as “Constructive.”

The ink was barely dry on the survey results when, in July 2008, the city’s budget deficit was significantly exacerbated with the news: “Eugene chip plant Hynix will close, erasing 1,400 jobs” (Rogoway, 2008). This was a loss of seven percent of the city’s direct tax revenue and the reserves set aside to deal with such contingency had been used to balance previous budgets, including library operations.

Our City Manager used the budget situation as an opportunity for hands-on practice in organizational cultural change. He started by challenging city staff with the “bridge problem”: four people need to cross a bridge in the dark, which can only bear the weight of two people at one time. One can cross in one minute, one in two minutes, one takes five minutes, and the fourth takes ten minutes; they have a single lamp, which is needed to light each crossing. What is the shortest length of time in which this can be done? The answer is seventeen minutes.

The first handful of city staff finding this solution were formed into the moderators of a “think tank” group to put their mind power towards the budget challenges, in our first use of the virtual collaboration tool, SharePoint. The “17 minute solution” also became a communication metaphor for the innovative problem solving approach. Other strategies engaged city staff at every level across the entire organization, in forums new to us, such as cross-departmental teams. Using World War II imagery, ideas were collected into a “Victory Garden” and vetted for feasibility and ability to implement in the short timeline. The staff of EPL participated fully in the think tank, the Victory Garden, and All Staff meetings, generating more than 200 creative, potentially money-saving ideas. In



this first year we got rid of bottled water, eliminated food at our All Staff meetings, lowered the travel budget—in retrospect, the easy choices. Citywide, we managed to trim \$2.5 million from our \$523 million FY09 budget.

It turned out that FY09 was just the warm-up. As the economy worsened, the FY10 budget was projecting a \$12 million budget gap.

City of Eugene Finance Division

Chronology of the Estimated FY10 Operating Deficit for the City of Eugene General Fund

<p>March 2008 \$1,050,000 Deficit</p>	<ul style="list-style-type: none"> • Projected FY10 Operating Deficit \$1,050,000
<p>November 2008 \$8,000,000 Deficit</p>	<ul style="list-style-type: none"> • Projected FY10 Operating Deficit \$1,050,000 + • Property Tax Revenue Loss \$2,700,000 • Slower Growth in Taxable Value \$400,000 • EWEB Contribution in Lieu of Taxes Loss \$800,000 • Increase in Projected COLA Costs \$1,400,000 • 4 Patrol Officers/ Bike Patrol - FY09 Budget Committee Additions \$900,000 • Other Revenue Reductions \$750,000
<p>February 2009 \$12,000,000 Deficit</p>	<ul style="list-style-type: none"> • FY10 Operating Deficit Projected \$1,050,000 • Property Tax Revenue Loss \$2,700,000 • Slower Growth in Taxable Value \$400,000 • EWEB Contribution in Lieu of Taxes Loss \$800,000 • Increase in Projected COLA Costs \$1,400,000 • 4 Patrol Officers/ Bike Patrol - FY09 Budget Committee Additions \$900,000 • Other Revenue Reductions \$750,000 + • EWEB Contribution in Lieu of Taxes Reduction \$1,100,000 • State-Shared Revenue Reduction \$250,000 • Reduced Court Fine Revenues \$800,000 • Property Tax Collection Rate Reduction \$700,000 • Other Charges for Services Reduction \$800,000 • Lower Interest Earnings \$350,000

In the face of the challenge, the City Manager made a public commitment to three goals, which gave staff renewed energy towards a constructive and strategic approach to the budget discussions:

- a balanced budget;
- no reduction of services to the public;
- no layoff of current employees (J. Ruiz, personal communication, June 26, 2009).

As we went into the second year of budget reduction discussions, there were many new strategies introduced—a voluntary furlough program, a temporary hiring freeze, a “foot-print reduction” through reorganizations allowing elimination of vacant positions, and an initiative to aggressively seek grant funds. Citywide, we explored new ways of working across city departments in ways that would maintain service while reducing personnel costs.



The FY10 result for EPL was a staff reduction of 3.0 FTE in vacancies, from the 106.5 FTE staff needed for our three location, 64 hour/week, seven day operation. We eliminated a bureaucratic level in the library, which allowed creation of two new management positions with responsibility in areas where we wanted to focus resources: customer experience and the virtual branch. A \$100,000 cut in the materials budget was offset by the Eugene Public Library Foundation, who committed to raise and donate that amount to the library in FY10. The Friends of the Eugene Public Library continued their ongoing pledge to underwrite all library programs, and upped their contribution to \$100,000 annually as well.

The centerpiece of FY10's plan was to be achieved through a proposed COLA (Cost of Living Adjustment) freeze plan for all five of the city's employee groups, four of which were represented by four different unions. As the City Manager explained to staff later, "Because personnel costs comprise more than 70 percent of the General Fund budget, reductions in personnel costs were unavoidable in addressing the FY10 \$12 million budget gap. Our first choice was to keep everyone fully employed, with full benefits and without reducing pay-checks, by asking all employees to take a one-time, one-year freeze on their COLA increase. This would have translated to ongoing savings by not raising the base for future personnel costs" (J. Ruiz, personal communication, April 15, 2010).

The FY10 plan as designed was not wholly successful, as one union did not agree to the COLA freeze for their members. As sufficient savings could not then be achieved by COLA freezes, our second choice was to keep everyone employed with full benefits, by implementing mandatory reduced work hours. We preferred this over our third choice, which would have been to begin layoffs at that time. The city believed we had the contractual right to implement a temporary, reduced hours schedule and felt it was the best thing to do to keep all our employees working and avoid layoffs. The union disagreed. In the spring of FY10, the city received the arbitrator's ruling on the resulting grievance, which was in favor of the union. The resulting loss of budget savings increased the shortfall for FY10 and beyond.

The first two years of the process had taken enormous energy from the entire organization. As Eugene faced the third year of budget reductions, we focused on creating a sustainable, long-term solution. The approach was city wide, and deliberately strategic, rather than across-the-board. At this juncture, the city could no longer realistically commit to no layoffs or service reductions. The goals for the FY11 budget were commitment to:

- Develop and maintain a sustainable budget;
- Maintain and provide services;
- Retain jobs of as many city employees as possible.

In the library, we started by reviewing the staff ideas not yet implemented. We reviewed parts of the library where work had recently been restructured, such as the "footprint reduction" taken in FY10, the reorganization of the EPL's management team in FY08 and again in FY10, and specific workgroups or task areas (magazines, interlibrary loan). We looked at areas where changes were anticipated to affect workload (Express Check, automated telephone assistance). We looked at areas of work recently studied across our full department (administration, technology, and marketing).



As we prepared the FY11 proposals, we kept in mind the priority of public access to our library. We tried to be realistic about sustainable levels of staffing in each area and whether a change or reduction could be absorbed without a major impact on public services. Because the savings targets required it, we also prepared proposals that had significant effects on services to the public, including cutting evening and weekend hours at the branches, closing on Fridays at Eugene’s Downtown Library, or seriously cutting the materials budget.

We also prepared several alternate ways of implementing the options, evaluating each one on how well it preserved services to the public, and whether or not it: minimized staff impact, accomplished the target savings, and was sustainable operationally over the long-term.

The FY11 budget eventually approved for EPL was an additional 4 percent reduction, to \$10.2 million, with a loss of an additional 4.2 FTE of staff. The library employees affected by the FY11 Footprint Reduction included staff in circulation, technology, community relations, technical services, and the branches, with thirteen full time employees reduced to part-time, nine part-time employees with reduced hours, and, as required by the union contract, six probationary part-time employees were laid off (all six have since been rehired or declined the opportunity). The reductions involved an “Employee In Transition” process, managed centrally by human resources staff, with individuals choosing retirement, to move to positions elsewhere in the city, or to accept “hybrid” positions at two classification levels, in order to retain full time hours. We also used support from the city’s Employee Assistance Program to help the library staff better cope with these changes.

While in this assessment period, we learned that EPL had received a star rating from Library Journal. This gave an additional lens with which to measure public service impact of each option—or as Library Journal put it, libraries are “using the LJ Index outputs to advocate for better funding from both public and private sources to expand their capacity to deliver services” (Fialkoff, 2009). The city also began a citizen input process, “Eugene Counts,” to reaffirm that we were on the right track in identifying the services that are important to Eugene residents (Monroe, 2010).

Once we realized there would be a reduction in some services, an extensive strategic communication plan was developed. Our new Customer Experience Manager had community relations experience. This, combined with her duty to represent the patrons’ perspective, was helpful in preparing the staff and the public for these changes.

It was important to keep the focus on the City of Eugene’s commitment to EPL by deciding to maintain our core services:

- Keep all three library locations;
- Keep the same schedule of open hours, including evenings and weekends;
- Continue to offer a wide range of library materials and free events for all ages;
- Continue and expand the resources available 24/7 at the library Web site.

All communications were framed with an emphasis on the services we retained, and to explain the steps taken to protect these services, as well as to achieve necessary budget savings.

Library staff had been engaged throughout the process in offering potential solutions. This helped them to more fully understand the need for the changes and to trust that the decisions were viable solutions to maintaining core library services with minimal patron impact. The City Manager openly and frequently communicated with city staff through-



out the budget process, in emails and during staff meetings. Library staff received regular updates—in meetings, by email, and one on one—from the Library Director about impacts specific to the library, both the changes to staffing levels and library services. When it came close to the time to implement the service changes, all managers and supervisors worked closely with their staff to prepare for communicating with patrons.

This preparation included giving staff tools to facilitate these communications: written literature, guidance in how best to explain the changes, practice in answering questions, and preparing for potential interactions with unhappy patrons. The communications team developed a one page flyer, *Message from the Director*, which served as the central piece for all of the communication strategies.

This flyer honored the community’s commitment to the library and the services that were still going to be available to them, while also providing specific information about the changes and their impact on patrons’ library experience. The flyer also offered staff something written to provide patrons, and some sample wording for how to articulate the changes within the context of maintaining our essential services. The Customer Experience Manager attended work unit meetings to provide staff with tips for communicating with patrons, and she practiced potential scenarios with them.

The flyer was made available to all library patrons a few weeks prior to the actual service changes. Building on the messages in this flyer, more targeted communication strategies were developed for each of the specific library services affected:

- the holds service (charging a fee for unclaimed holds);
- interlibrary loan (charging a fee);
- no longer circulating magazines;
- raising overdue fines;
- reduction to the library’s budget for new materials and subscriptions;
- an increase in the fee for extended Internet use by non-card holders.

For each of these services, we considered the best approach for communicating the change depending on the service impacted and the users of that service. Decisions were made regarding the form of communication (flyer, brochure, Web site message, conversation, etc.), the depth of information, and striking the right tone.

One of the more involved communication plans was for a new unclaimed holds charge. The first step was identifying a label for the fee; the decision was call it a re-shelving fee, which most directly communicated what the fee represented and the cost. The aim was to encourage patrons to cancel or suspend requests before time and money were spent on pulling the items for them. It was important that patrons learned about the new fee prior to placing any additional hold requests, so messages were added to the steps patrons go through while placing a hold request via the online catalog, “Once your item is HELD; if you do not pick it up, your account will be charged a \$1 re-shelving fee.” When a requested item was ready, the email notifications to patrons included information about the re-shelving fee and how to avoid being charged the fee. Informational bookmarks and flyers were placed around the shelves where patrons collected their held items. These communication pieces were all disseminated a few weeks prior to the implementation of the fee. For the first few weeks after



the fee was implemented, we focused on educating patrons on how to best manage their hold requests, including an instructional handout on suspending and canceling holds. During the education period, we regularly waived the patron's first re-shelving fee.

Woven through all the communications was a reassurance to our patrons that we cared about their library experience. The Customer Experience Manager's contact information was widely publicized, giving patrons a direct avenue for communicating their reactions to these changes. Most patrons communicated their feelings directly with staff, and the staff did a tremendous job of expressing empathy while keeping the focus on all the services we were able to preserve. Some patrons wrote notes, emailed, and called to ask their questions and express their unhappiness. Overwhelmingly, our patrons understood the necessity to make changes and were grateful for all that didn't change. They frequently mentioned that they weren't happy with the changes, but understood that this was necessary to keep the library open.

Now several months into the third year of this process, EPL has resized our services to sustainably weather the coming challenges ahead—the end of the local option levy, the PERS increases, and the continued bleak economic picture. Moreover, the organizational culture in the library, as well as citywide, has improved after three years of constructive, strategic work together.

We are fortunate that the citizens of Eugene are committed to library services. Citizen surveys consistently report the strong value our community places on the library and its role in their life. To sustain this level of commitment to library services, Eugene Public Library will continually remind people of the important role it plays in keeping our community strong. 🌿

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