



CITY AUDITOR'S OFFICE

Library Operations Management

April 30, 2024

AUDIT NO. 2406

CITY COUNCIL

Mayor David D. Ortega

Tammy Caputi

Tom Durham

Barry Graham

Betty Janik

Kathy Littlefield

Vice Mayor Solange Whitehead



April 30, 2024

Honorable Mayor and Members of the City Council:

Enclosed is the audit report for *Library Operations Management*, which was included on the Council-approved FY 2023/24 Audit Plan. The objective was to review the effectiveness of Library operations, including evaluating the potential impact of policy changes as a result of the evolving library environment.

Our audit found that an increase in hold request fulfillment times and returns of lost items are potentially associated to patrons keeping materials longer in the absence of late fees. However, performance metrics to evaluate the results of Fine Free program and other initiatives had not been established and data for assessing the programs is limited. In addition to the elimination of late fines, declining library visits has impacted other library revenues, such as library shop and facility use rentals, and strategies to increase library visits could help support increases in operating budget. Also, stronger inventory controls are needed to protect library assets. Additionally, further developing its staffing model to include staffing basic operational needs could allow the Library to better evaluate its service efficiency, including its ability to resume its pre-pandemic operating hours.

If you need additional information or have any questions, please contact me at (480) 312-7851.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lai Cluff".

Lai Cluff, CIA
Acting City Auditor

Audit Team:

Brad Hubert, CIA, CGAP, CGFM, CRMA – Sr. Auditor
Mel Merrill – Sr. Auditor

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AUDIT HIGHLIGHTS

Library Operations Management

April 30, 2024

Audit No. 2406

WHY WE DID THIS AUDIT

The Library Operations Management audit was included in the FY 2023/24 audit plan approved by City Council. The audit objective was to review the effectiveness of Library operations, including evaluating the potential impact of policy changes as a result of the evolving library environment.

BACKGROUND

The Scottsdale Public Library operates four branch libraries throughout the City providing over half a million people each year with free access to books, digital materials, library programs, computers, internet access, educational courses, and work and study spaces. The library has about 96 authorized full-time equivalent positions and a budget of approximately \$8.6 million. Organizationally, the Library is located in the City's Community Service Division.

Recent policy changes include the elimination of late fines for overdue materials, autorenewals where materials can be renewed up to six times, required annual renewal of library cards, and the 2020 transfer of the Palomino branch library, located at Desert Mountain High School, to the Scottsdale Unified School District.

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WHAT WE FOUND

An increase in hold fulfillment times and returns of lost items are potentially associated to patrons keeping materials longer in the absence of late fees. However, performance metrics to evaluate the results of Fine Free program and other initiatives had not been established and data for assessing the programs is limited.

- Hold requests taking more than 90 days to fulfill have doubled between FY 2018/19 and FY 2022/23, and auto-waived charges for items returned after being marked "lost" have more than doubled.
- Auto-renewals may be contributing to longer checkouts, but data on duration of checkouts and other metrics is impacted by routine deletions of inactive item and patron records.

Strategies to increase visitors and library use could also improve the Library's revenues and operating budget, and stronger asset management controls are needed to protect library assets.

- Library revenues decreased by about 30% between FY 2018/19 and FY 2022/23. Increasing library visits could improve certain revenues such as library shop and facility rental fees.
- Controls over removal and disposition of library materials are needed, as well as periodic inventory verifications.

Further developing its staffing model to include staffing basic operational needs could allow the Library to better evaluate its service efficiency, including its ability to resume its pre-pandemic operating hours.

Staffing analysis to determine optimal staffing needs, including identifying its key functions and the time spent performing them, has not been conducted. Authorized staffing hours are similar to pre-pandemic levels, but branches are open fewer hours.

WHAT WE RECOMMEND

We recommend the Library:

- Identify key metrics for evaluating program outcomes and work with Library system provider to identify reliable reporting of performance data. Further evaluate the impact of autorenewals.
- Evaluate strategies to increase branch use, improve accountability for removed items, and perform periodic inventories.
- Further develop its staffing model and evaluate optimal branch operating hours.

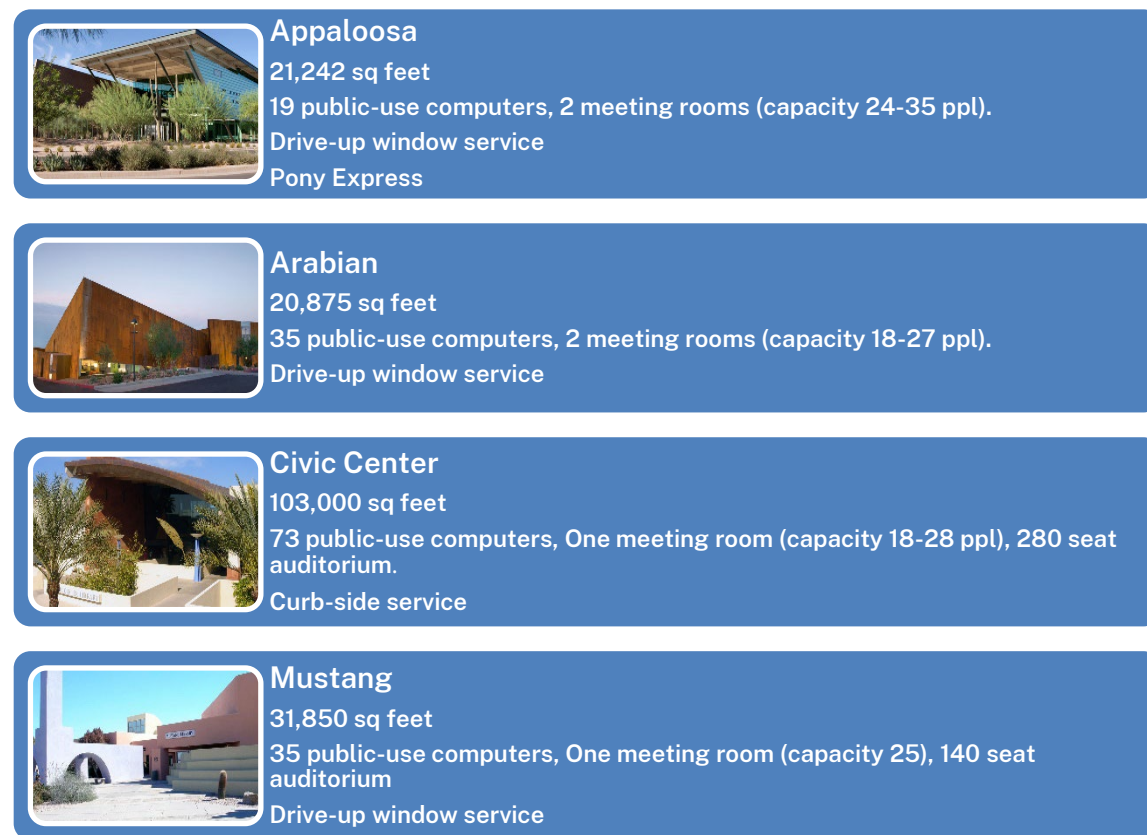
MANAGEMENT RESPONSE

Library management agreed with the recommendations and provided an action plan for addressing them.

BACKGROUND

The Scottsdale Public Library System (Library) operates four branch libraries throughout the City as shown in Figure 1. With a total budget of approximately \$8.6 million in FY 2023/24, the library serves over half a million adults and children each year by providing books and other materials, including digital materials, library programs, computer and internet access, educational courses, and work and study space. Library cards are available to all residents of Scottsdale and Maricopa County at no charge. The Library System is organizationally within the Community Services Division.

Figure 1. Scottsdale Library Branches and Hours.



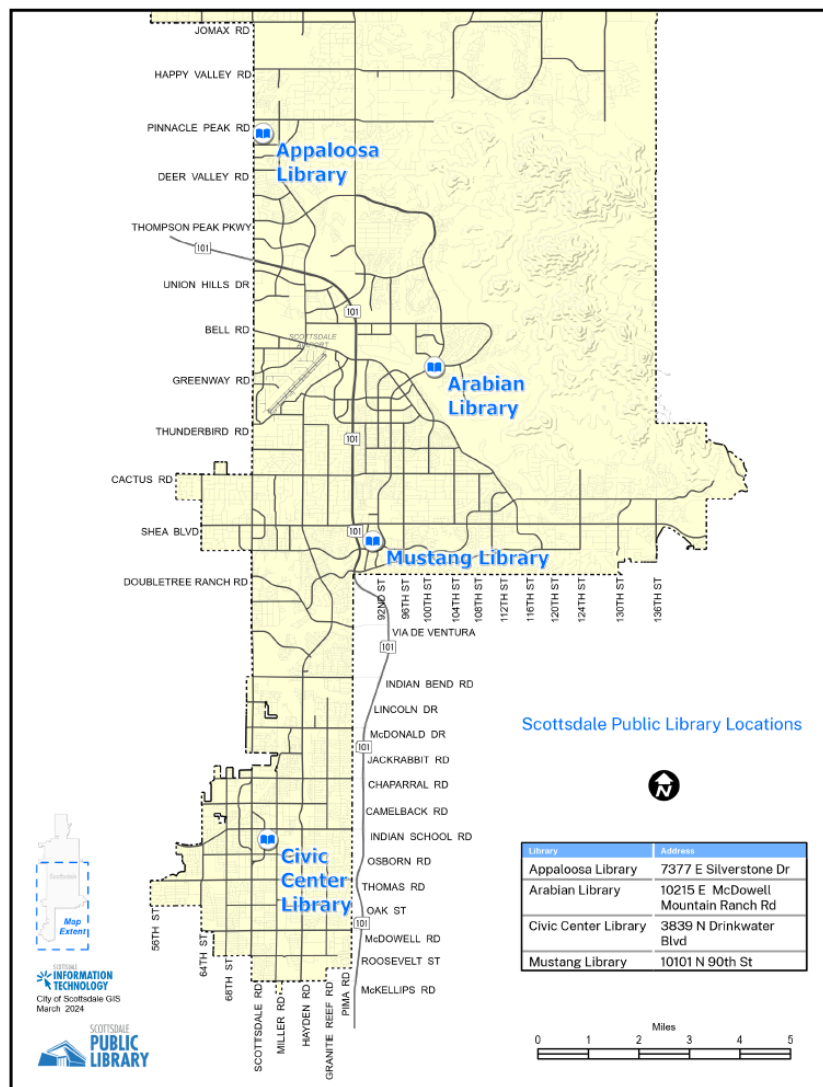
	All Branch Locations	Drive Up Window	Pony Express (at Appaloosa only)
Mon - Thurs	10 a.m. to 7 p.m.	10 a.m. to 6 p.m.	8 a.m. to 10 a.m.
Fri - Sat	10 a.m. to 5 p.m.	10 a.m. to 5 p.m.	8 a.m. to 10 a.m.
Sun	1 p.m. to 5 p.m.	1 p.m. to 5 p.m.	8 a.m. to 1 p.m.

SOURCE: Scottsdale Public Library website.

The Library's four branches are located throughout the City. The main branch location, Civic Center, is located in the southern region of Scottsdale, and Mustang Library in the central portion. Appaloosa and Arabian, the smaller branches, are located further north, as shown in Figure 2, below. Currently, all branches are open the same hours, as shown in Figure 1, on page 3.

In March of 2021, Appaloosa began offering self-service in the earlier morning hours. The Pony Express program allows patrons to enter the library at 8:00 a.m. daily when the library is not open (according to management, the Branch Manager is typically working in the building). Access is free, but patrons are required to register for the program and are responsible for any damages. According to Library reports, visitors during these early hours have been increasing, with about 3,000 visitors in fiscal year (FY) 2022/23. Beginning July 2023, the Library also added Hold Lockers at Granite Reef Senior Center to provide an additional hold pick up and book drop location for some residents.

Figure 2. Scottsdale Library Locations



SOURCE: Provided by City of Scottsdale Information Technology GIS department.

In FY 2023/24, the Library had about 96 authorized full-time equivalent (FTE) positions, including librarians, library assistants, library aides and pages, among other roles. Under the direction of the Library Director, library operations are primarily organized by branch, as shown in the organization chart in Figure 3 on page 6, with separate dedicated teams for collection management and program management.

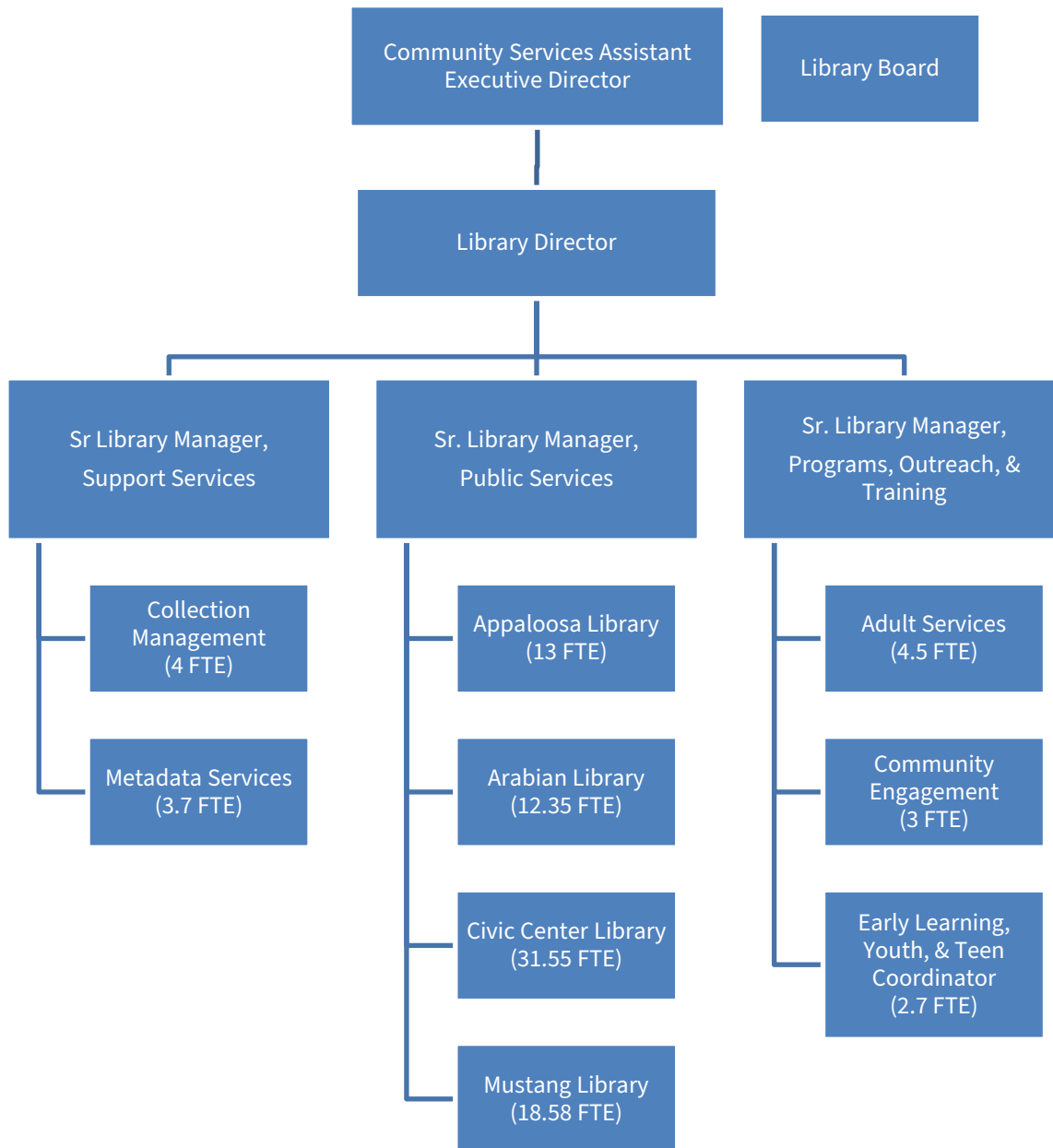
- **Branch Management** – Each branch has a branch manager, lead librarian, adult and youth services librarians, and library assistants. Adult and youth services librarians and library assistants work together throughout the system to plan activities and select materials. Each branch also has a supervisor who oversees the circulation staff: aides and pages. They are responsible for customer service, sorting, shelving, and arranging materials in the library.
- **Collection Management** – A separate Collections Management and Metadata team is responsible for the selection and acquisition of library materials, both physical and electronic, as well as managing the contents of the collection as a whole. The Collection Management Coordinator selects materials for purchase using information about the current collection and demand projections from vendors, along with input from librarians throughout the system. Collection Management also manages the “weeding” or removal of materials from the collection. Weeding of materials is primarily driven by low usage, outdated/inaccurate information within the item, to make room for new materials, or remove damaged materials.
- **Programs, Outreach and Training** – This team is responsible for community engagement and promoting the Library at City and community events, including school activities.
- **Library Shop** – Each branch also operates a Library Shop which sells donated materials, souvenirs, and some materials that are withdrawn from the collection and in good condition. The Library Shop monitoring (along with the processing of donated materials) is performed by library volunteers under the direction of the Library Volunteer Supervisor.

Library programs and activities include:

- Book discussions
- Author events
- Film screenings
- Computer courses
- Crafting classes
- History programs
- Reading buddies
- Lego classes
- Role playing games
- Homework help
- Storytime events

SOURCE: Scottsdale Public Library website.

Figure 3. Scottsdale Library Organization Chart



SOURCE: Auditor analysis of Scottsdale Public Library Organization Chart, as of November 2023.

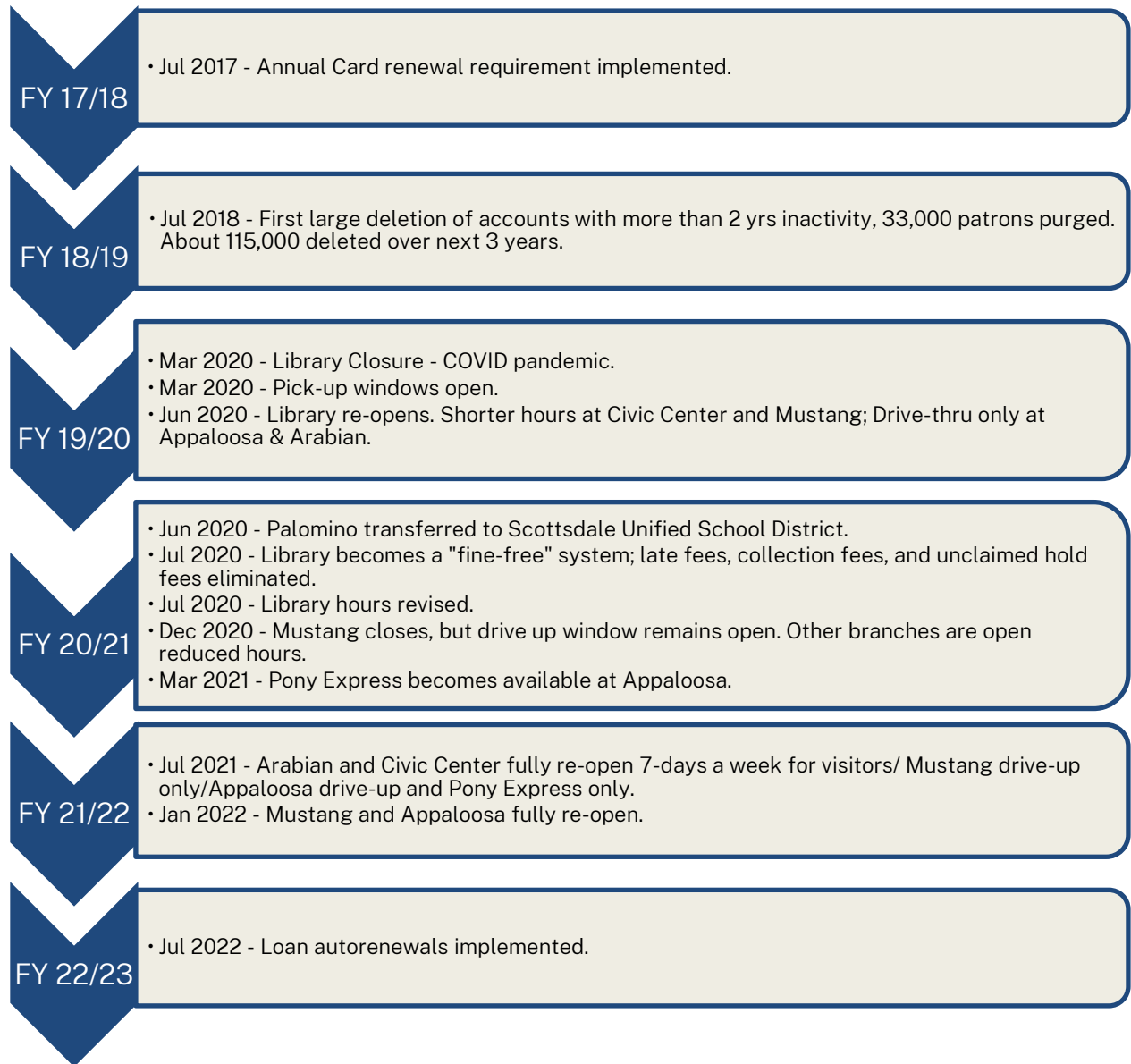
Recent operational and organizational changes

The more significant changes implemented in the recent years include:

- **Fine Free Library** – In July 2020, the library eliminated fines for overdue materials. While replacement costs are still assessed if materials are not returned within 10 days after the due date, patrons are no longer charged fines for materials kept beyond their return dates. As well, overdue fines accrued before July 1, 2020 were forgiven. Accounts with fees of \$10 or more for unreturned or damaged materials continue to be blocked until the balances owed are below \$10. According to the Library, the objective of this initiative was to remove barriers to library use for people with limited incomes and access to transportation. Along with the elimination of late fines, collection agency fees and unclaimed hold fees were also eliminated.
- **Autorenewals** – As of July 2022, most items may be automatically renewed up to 6 times. Exceptions include items with waitlists, items marked “Most Wanted”, and items loaned from other libraries that are not eligible for auto-renewals. Additionally, patrons with expired library cards or outstanding item fees above \$10 are not eligible for autorenewals.
- **Annual renewal of library cards** – Starting in 2017, the Library required all cards be renewed annually, not just non-City resident cards. Renewals may be done online or in-person by providing proof of address. Expired cardholder accounts are deleted after 2 years. After the policy change, the Library initiated efforts to clean up inactive accounts and uncollectible fees. Between 2019 and 2021, about 115,000 expired library cards were purged. As of February 2024, the Library had approximately 84 thousand active cardholders. Beginning in September of 2023, patrons may be eligible for auto-renewal of their library cards if they have been used within the last 11 months, owe less than \$10, and have not moved or updated their address in the past year.
- **Transfer of Palomino branch to the Scottsdale Unified School District (SUSD)** – The Palomino branch, located in Desert Mountain High School, was operated jointly by the City and SUSD through an Intergovernmental Agreement. In June 2020, after a decision by both parties, operation of the library was transferred back to the School District.

Additionally, the Covid-19 pandemic caused many temporary and permanent changes to the library system including temporary branch closures, implementation of curbside pickup at the Civic Center branch, and the implementation of the Pony Express system at the Appaloosa Library. Even following the reopening of the branches, these changes have continued at both Civic Center and Appaloosa. The timeline of these changes is shown in Figure 4, on page 8.

Figure 4. Timeline of Library Operational Changes



SOURCE: Auditor analysis of Scottsdale Public Library website information and city newsletters.

Library Revenues and Expenditures

As shown in Table 1, total expenditures have decreased by nearly 10% from FY 2018/19 to FY 2022/23. Library personnel expenses have decreased by approximately \$400,000 for the same period, much of this attributed to Division reorganization. In FY 2019/20 several grant-funded social service positions moved to the City's Human Services department and Library IT staff consolidated with the Community Services IT department. Sharp declines in costs during FY 2020/21 and FY 2021/22 were due to library closures between March of 2020 and

January of 2022 because of the COVID pandemic. During this time period, the Library provided services through its drive-up windows and some library personnel were temporarily redeployed to other city operations. Additionally, in June 2020, the operation of Palomino Library, located at Desert Mountain High School, was transferred to the school district, reducing site-related commodities and services costs (library staff were reallocated to other branches). Budgeted expenditures have nearly returned to pre-pandemic levels in FY 2023/24.

The Library has experienced a 31.7% reduction in overall revenue since FY 2018/19, primarily due to a reduction in library attendance and elimination of fines for overdue items.

Table 1. Library Revenues and Expenditures by Fiscal Year

Revenues	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Facility Rental	74,793	71,850	1,133	7,729	29,588
Contributions/Donations	22,254	25,820	27,860	85,390	56,714
Library Shop Revenues	154,227	118,929	73,015	90,442	99,805
Library Fines/Fees	198,010	130,752	16,396	18,660	20,930
Misc Fees and Exp Recoveries	45,895	30,677	19,338	27,030	26,344
Library District Assistance Program	534,231	625,262	489,549	531,947	469,962
Total Revenues	\$1,029,410	\$1,003,290	\$627,291	\$761,198	\$703,343

Expenditures	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	Approved Budget FY 2023/24
Personnel Services	7,085,816	6,619,217	4,904,914	6,242,071	6,692,534	7,137,409
Contractual Services	698,130	618,478	580,194	421,540	541,704	725,057
Commodities ^a	1,530,175	1,265,627	961,286	1,051,507	1,091,844	1,227,022 ^a
Capital Outlays	0	4,896	53,261	144,682	83,553	0
Total Expenditures	\$9,314,121	\$8,508,218	\$6,499,655	\$7,859,800	\$8,409,635	\$9,089,488

^a For reporting consistency, costs for library materials purchased with funding from the Maricopa County Library District are shown in Commodities expenditures *for all years*, and the Approved Budget amount includes the expected funding for FY 2023/24. Beginning in FY 2021/2022, the Library stopped reporting these costs in Commodities, but rather in a separate In-Kind Revenue Offset account.

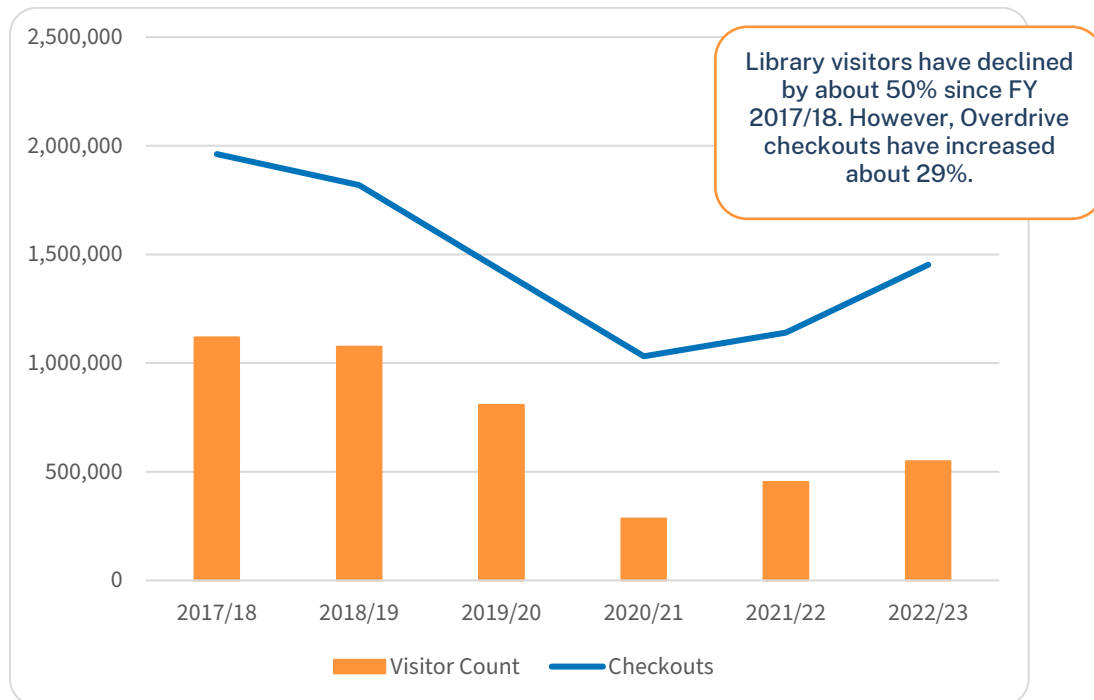
SOURCE: Auditor analysis of SmartStream accounting reports.

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Library Visitor Count and Circulation

Over the past five years library branches have seen a decline in visitors and item checkouts. Following Library closures in late FY 2019/20 to FY 2020/21, attendance has only partially returned. A similar trend is observed in other municipal library systems in Maricopa County, as reported to Valley Benchmark Cities. However, the availability and circulation of digital materials has increased during this time.

Figure 5. Visitor Counts and Physical Materials Checkouts for FY 2017/18 thru FY 2022/23.



SOURCE: Auditor analysis of library visitor counts and the Polaris system circulation reports.

From FY 2017/18 to FY 2022/23 digital circulation for the library's primary e-materials provider, Overdrive, has increased by 29%. The library provides a variety of digital media services accessible with a library card, including the following:

- Overdrive – eBooks, audiobooks and eMagazines.
- Cloud Library – eBooks and audiobooks.
- Freegal – music downloading and streaming.
- Hoopla – music, movies, TV, comics, audiobooks and eBooks.
- Comics Plus – digital comics, graphic novels, and manga.
- Pressreader – digital newspapers and eMagazines.
- Kanopy – movie streaming.
- Freading – eBooks.
- TumbleBooks – children's talking picture and streaming eBooks.
- New York Times Online – New York Times and New York Times Cooking and Games articles.
- Wall Street Journal – Wall Street Journal articles.
- Consumer Reports – Consumer Reports articles.

OBJECTIVES, SCOPE, AND METHODOLOGY

An audit of *Library Management Operations* was included on the City Council-approved fiscal year (FY) 2023/24 Audit Plan. The audit objective was to review the effectiveness of Library operations, including evaluating the potential impact of policy changes as a result of the evolving library environment.

To gain an understanding of Library operations, policies, and practices, we interviewed the Sr. Library Manager for Programs, Outreach, and Training who was serving as the Interim Library Director, the Collections Management Coordinator, the Account Specialist, and circulation staff. We visited each of the four library branches. We also reviewed:

- The audit of *Library Business Operations* issued by our office in May 2015, along with library audit reports recently issued by other jurisdictions.
- Library budget and financial reports from FY2017/18 through FY2023/24.
- City library policies, performance measures, and the library strategic plan. We also looked at suggested policies and performance measures from the Special Libraries Association.
- Library Board meeting materials and minutes.

In order to provide context for the Scottsdale Library's operations, we reviewed information submitted to Valley Benchmark Cities by other local municipalities, including number of branches, hours of operation, square footage, number of visitors, and maintenance and operations expenditures. We also reviewed library budget books for Scottsdale and other valley cities.

We reviewed performance measures maintained by the Library, including visitor counts and circulation statistics, and compared them against the underlying system reports. We also analyzed system reports from Polaris Integrated Library System (the library management system), on hold fulfillment times, fines and fees, and circulation statistics. We reviewed standard system reports from Polaris for summary counts of hold times and fines and fees; however, after discussion with Library staff and confirmation with the Polaris technical support team, we determined that more detailed data may not be complete due to deleted item and patron records, as further discussed in the Findings. We also reviewed user access and role assignment in Polaris.

To evaluate Library staffing, we obtained and reviewed:

- Authorized staffing and organizational charts for Scottsdale and other local municipalities, and
- Library staffing standards and branch staffing schedules to assess the current staffing model.

Our audit found that an increase in hold fulfillment times and returns of lost items are potentially associated to patrons keeping materials longer in the absence of late fees. However, performance metrics to evaluate the results of Fine Free program and other initiatives had not been established and data for assessing the programs is limited. Declining library branch visits and elimination of late fees have reduced the Library's revenues. Stronger inventory controls are needed to protect library assets. Also, further developing its staffing model to include staffing basic operational needs could allow the Library to better

evaluate its service efficiency, including its ability to resume its pre-pandemic operating hours.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Audit work took place from October 2023 to March 2024.

FINDINGS AND ANALYSIS

- 1. An increase in hold fulfillment times and returns of lost items are potentially associated to patrons keeping materials longer in the absence of late fees. However, performance metrics to evaluate the results of Fine Free program and other initiatives had not been established and data for assessing the programs is limited.**

In July 2020, the Library implemented the “Fine Free” program and eliminated late fees along with hold fees and collection agency fees. While the library still charges patrons for materials that are not returned, the intent of the program was to remove monetary considerations as an obstacle to using the public library and ensure that all members of the community, especially those from socially disadvantaged households, had access to the library system. However, performance measures had not been established or assessed to evaluate whether these program objectives have been met. We found that reliable data for evaluating program results is limited. However certain metrics indicate that hold fulfillment times for library materials and late returns “Lost” items have increased, possibly due to materials being kept longer.

- A. The Fine Free program was proposed as a means of removing barriers to using the library, in particular for members of the community with limited means, fixed incomes, or transportation issues. However, the Library has not assessed whether eliminating late fines has resulted an increase in library usage, particularly in the targeted populations.**

In 2020, the Library reported that of 119,000 library card holders, 7,690 accounts (6.4%) were blocked because of unpaid fees. Accounts are blocked when patrons accrue more than \$10 in fines or fees. According to the Library, the majority of blocked cards were held by patrons who lived in areas identified as economically disadvantaged. The report also noted that 76% of the blocked cards belonged to adults, 21% to juveniles, and 3% to seniors. However, the library has not performed follow up evaluation to determine whether the patrons with blocked cards returned to the library once their fines were forgiven.

Further, while several other local municipalities also restrict library card use when accrued fees exceed \$10, one large library system allows a \$25 limit. Scottsdale Library blocks checkouts when balances exceed \$10, but only accounts exceeding \$25 are sent for collection notice.

- B. The Library’s ability to measure the effectiveness of the Fine Free program and other initiatives is limited because patron and item records are routinely deleted from the library management system.**

- Blocked patron accounts are deleted two years after they expire. Generally, users must renew their library cards yearly and blocked accounts cannot be renewed until the balances is reduced to below \$10. All expired cards are deleted after two years. As such, data for evaluating whether the initial removal of late fines encouraged blocked users to come back to the library may no longer be complete.

- Items that are removed from the library collection as part of the “weeding” process and lost/damaged items are also deleted from the system’s detailed records after one year. As such, trends on the number of items removed or lost may not be accurate.

While the system aggregates counts and certain other data, the details about the specific books or patrons may no longer be available. According to Library staff and the Polaris support team, certain historical reports with summarized information are based on aggregated counts and deemed accurate.

When patron accounts are deleted after two years of inactivity, their associated fines and fees are also deleted and written-off as uncollectible. According to Library policy, only accounts with balances greater than \$25 are sent to a collection agency for collection and generally deemed uncollectible when more than 2 years has passed.

The following fines and fee amounts were written off as uncollectible by the library over the last 5 fiscal years:

Fiscal Year	2018/19	2019/20	2020/21	2021/22	2022/23
Total Written Off	\$636,122	\$711,733	\$27,326	\$56,738	\$70,652

Large write-offs in fiscal years 2018/19 and 2019/20 were part of the FY 2017/18 initiative to clean up patron account data in Polaris. Approximately 115,000 accounts were purged over a three-year period. Write-offs in the most recent three fiscal years were significantly lower, partly due to the elimination of late fees.

C. Increase in hold fulfillment times and lost item returns are potentially associated to patrons keeping materials longer in the absence of late fees.

Library management system reports indicate that hold fulfillment times for physical library materials requested has increased since FY 2018/19. As shown in Table 2, the number of hold requests taking more than 90 days to fulfill has nearly doubled since FY 2018/19, and in FY2022/23, about 10% of patrons who placed items on hold waited two months or longer to receive their requested materials.

Table 2. Hold request fulfillment times for physical materials have increased.

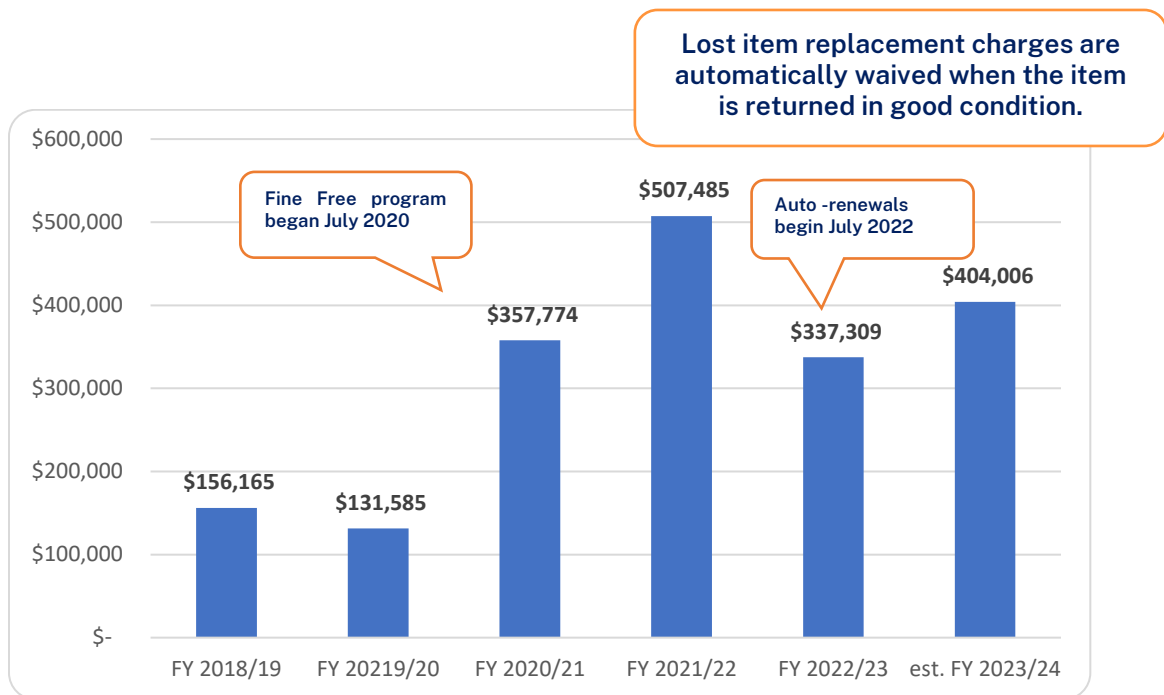
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	Perc. change since FY 2018/19
1 to 10 days	165,218	188,016	239,367	173,986	148,452	-10%
11 to 30 days	30,535	29,356	26,972	24,321	22,944	-25%
31 to 60 days	22,203	21,880	20,100	17,269	14,623	-34%
61 to 90 days	10,980	10,944	12,952	11,209	9,352	-15%
91 days or more	5,451	5,861	11,808	10,626	10,721	97%
Total Holds	234,387	256,057	311,199^a	237,411	206,092	

Note ^a: During library closures in late FY 2019/20 and early FY 2020/21, all items had to be requested and picked up through the drive-up window.

SOURCE: Auditor analysis of Request Time to Fill reports from the Polaris system.

We also observed a significant increase in the amount of lost or missing item replacement charges auto-waived (removed) after the program went into effect, indicating that more items were being returned more than 10 days past their due date. The Library’s policy is to remove replacement charges if the item is returned in good condition. As shown in Figure 6 below, in FY 2018/19, total auto-waived fees were about \$156,000, and in FY2020/21, after the implementation of the Fine Free program, total auto-waived fees increased to about \$358,000. Current policies allow patrons to return items any time, even after it is marked lost or missing, for charges to be waived. However, data on when items are returned after being marked lost or missing is not currently tracked and may not be reliable since deleted items or patron accounts could impact the completeness of that measure. Similarly, according to staff, reports on duration of checkouts are not currently available.

Figure 6. Auto-waived fees have significantly increased since FY 2018/19.



Note: FY 2023/24 auto-waived fees were projected based on amounts through February 2024.

SOURCE: Auditor analysis of Fines and Fees Summary reports from the Polaris.

The combination of these two measures indicates that hold fulfillment times have likely been impacted by items not being promptly returned to the library, and the elimination of late fees has contributed to this outcome. The number of physical items in the library collection has stayed relatively constant during this time.

In their 2020 presentation to Council, Library staff and Board noted that some library systems had seen an increase in hold times after going fine-free but stated that neither the Phoenix nor Maricopa County systems had reported increased wait times. The Library had not gathered data to assess hold

fulfillment times but had started reviewing hold completion rates (the percentage of requested items that were fulfilled by the Library). However, this data for prior years appeared to be incomplete or unreliable, likely due to deleted patron or item records, and so staff did not continue reviewing these rates. According to technology support for the library management system, the hold Request Time to Fill and Fines and Fees Summary reports are not impacted by the deletion of these records because the system aggregates certain counts.

Auto-renewal of materials – As an additional consideration, the implementation of automatic renewals in July 2022 means that materials can be checked out for almost 20 weeks before they are considered late or missing. Unless another patron places a hold on the item, automatic renewals can occur for up to six lending periods for most library materials. While this is convenient for library patrons, it can also contribute to misplaced or lost materials when items are held for so long.

Recommendations:

The Library Director should:

- 1.1 Identify key metrics for evaluating program outcomes when implementing new initiatives. Work with the library management system provider to develop reliable methods of measuring the duration of item checkouts and further analyzing hold fulfillment times.
- 1.2 Further evaluate the impact auto-renewals, including assessing whether reducing the number of auto-renewals could make more materials available to library users and reduce the number of lost items.

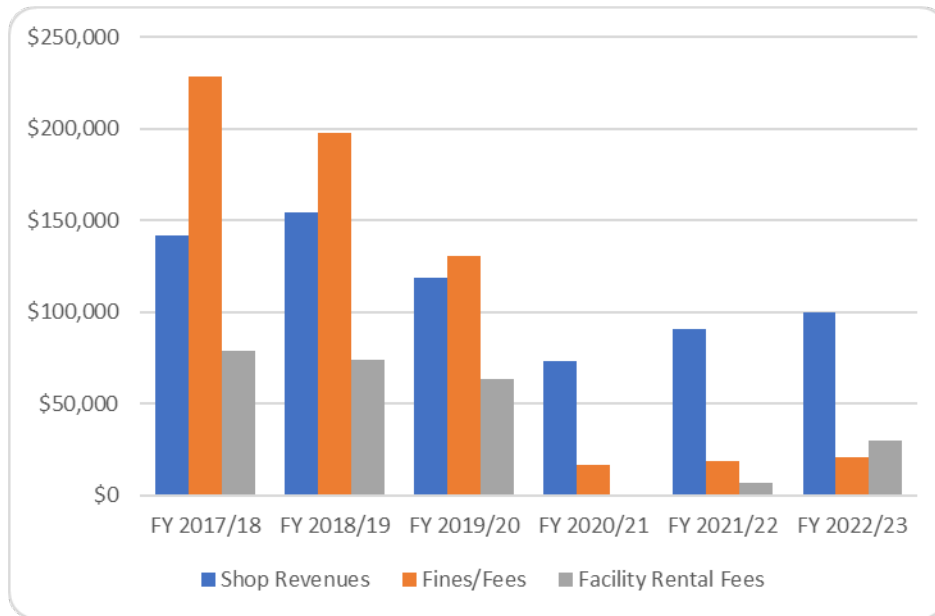
2. Strategies to increase visitors and library use could also improve the Library's revenues and operating budget, and stronger asset management controls are needed to protect library assets.

Based on the Library's historical counts, library visits have decreased by about 49% from FY 2018/19 to FY 2022/23, and physical item circulation has declined about 20% over the same period. Similarly, library revenues have declined by about 30% overall. About half of this decline is associated with reductions in fines and fees. Declining library visits has impacted other library revenues, such as library shop and facility use rentals, and strategies to increase library visits could help support increases in operating budget. Additionally, controls over the disposition of library materials and the accuracy of materials inventory could be improved.

- A. **Strategies to increase visitors and library use could also help increase funding sources for library operations.**
 1. In addition to the elimination of late fees, the decline in library visits has contributed to decreases in other revenues. As shown in Figure 7 on page 17, along with the reduction in library fines revenues, library shop and facility rental fees revenues have also significantly decreased over the past six fiscal years (from about \$220,000 in FY 2017/18 to \$129,000 in FY2022/23).

- During the Covid shutdowns beginning in late FY 2019/20 and extending through the first half of FY 2020/21, Library Shop revenues and facility rentals decreased because of the branch closures and transition to drive-up services. Since the branches fully reopened in FY 2021/22, Library Shop revenues have started to rebound, though shop revenues are impacted by the reduced number of visitors to branches.

Figure 7. Library Revenues for Fiscal Years 2017/18 thru 2022/23



SOURCE: Auditor analysis of Smartstream (general ledger) accounting reports.

- Facility rental revenue has decreased from approximately \$79,000 in FY 2017/18 to under \$30,000 in FY 2022/23. Increasing facility usage would bring new and existing visitors to the library. However, marketing information for facility rentals could be improved and does not provide transparent pricing information for potential users. While the library has meeting rooms at all locations and auditoriums at the Civic Center and Mustang branches, the rates to rent these facilities are not readily available on the library website. Instead, rates can be impacted by a variety of factors and potential users are required to fill out a form and email the library for information. Additionally, when promoting certain locations, such as the auditoriums, the library could consider increasing available hours or marketing unique features to encourage more use of the facility. Providing readily available information and promoting the available facilities could encourage additional rentals and meet the library's strategic goal of educating the community about library services.
2. According to management, the Library's budget has decreased in recent years due to lower circulation and attendance. As a result, the Library's spending on materials in FY 2022/23 was below what it was five years ago.

Table 3. Library Materials Expenditures

Materials Type	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	Apvd Budget FY 2023/24 ^a
Physical Materials	1,044,452	875,477	727,283	657,210	645,799	788,667
E-Materials	202,172	246,946	76,710	223,182	289,389	277,472
Total	\$1,246,624	\$1,122,423	\$803,993	\$880,392	\$935,188	\$1,066,139
<i>Amt Funded by Library District</i>	<i>\$534,231</i>	<i>\$625,262</i>	<i>\$489,549</i>	<i>\$531,947</i>	<i>\$469,962</i>	<i>\$463,478</i>

^a FY2023/24 Approved Budget includes the expected FY 2023/24 allocation from the Library District Assistance Program. Auditors estimated the breakdown based on the library’s budgeted amounts for physical materials vs. e-materials (70% physical materials and 30% e-materials).

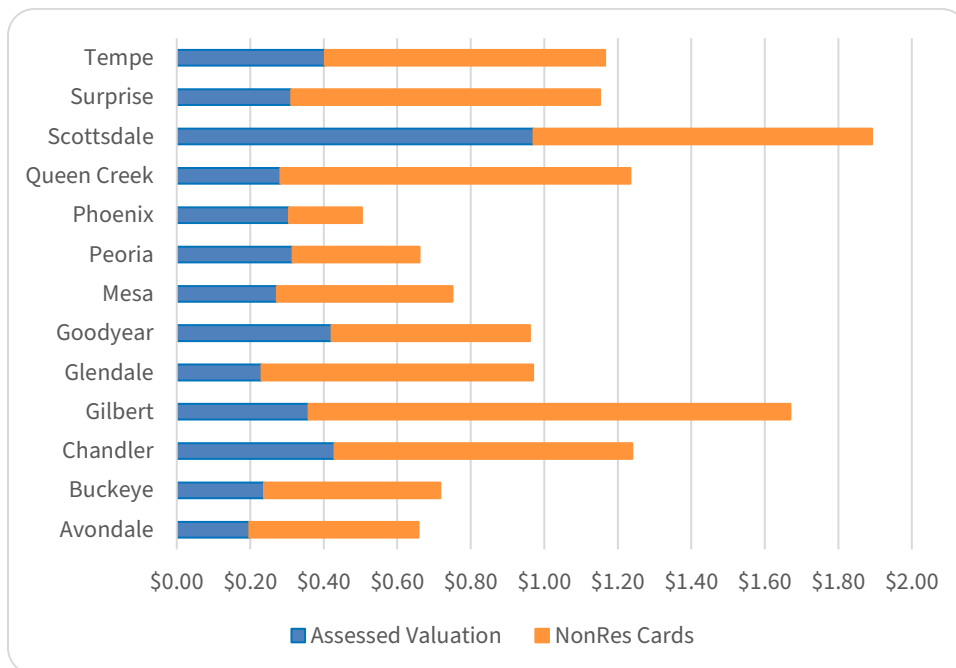
SOURCE: Auditor analysis of Smartstream (general ledger) accounting reports, documentation of materials purchased with Library District funding, and the FY 2023/24 program allocation worksheets. reports.

A significant portion of the Library’s material purchasing (about 50% or more) is funded by the City’s General Fund, which is contributed to by library revenues. The decline in all revenue types has therefore impacted this funding capacity. The remainder of materials purchasing is funded by the Library Assistance Program, through the Maricopa County Library District (a special taxing district).

As shown in Figure 8 on page 19, per capita, Scottsdale receives the highest funding amount of any library system in the Library District, primarily driven by high assessed property valuations. Funding for materials from the Library District has also slightly decreased since FY 2018/19, by about \$70,000 in FY 2023/24 (or about 13%). The Library District allocates 40% of the funding based on assessed valuation and 60% based on number of cards issued to non-city residents in Maricopa County. In total, Scottsdale Library has the second highest allocation amount based on assessed valuation, but it has a similar number of non-city resident, County cardholders as Chandler Library (about 12,000 cardholders), but fewer than Gilbert and Mesa, which have fewer library branches.

Prioritizing increasing the number of visitors to the library, as well as promoting library services to other County residents, would improve performance measures that could lead to increased funding in the future.

Figure 8. County Library District Assistance Program, dollars per capita.



SOURCE: Auditor analysis of Maricopa County Library District, Library Assistant Program, Requested Allocations for FY 2024 and Valley Benchmark Cities population data for FY 2022/23.

B. Improved controls over removal and disposition of materials from the library collection, and periodic inventory verifications are needed to ensure proper asset management.

As part of its stewardship of the library collection, library staff regularly identify old, damaged, outdated, or unpopular materials and remove, or weed, them from the collection. However, the Library does not adequately track the materials it removes to verify that only the books and materials properly selected for weeding are removed.

During the weeding process, Collection Management identifies materials that meet the pre-established criteria for weeding. Criteria can include books that are no longer factually accurate, fictional books not checked out within two years, and nonfictional books not checked out within three years. Exceptions are made for books that are part of a special collection or of historical significance, along with books expected to regain in popularity soon. Collection Management provides those lists to the branches for the items to be pulled. Branch staff may modify the list based on their own knowledge of the item, and also weed items in poor physical condition, or to make space for new materials. Once selected for removal, branch staff mark the item for removal in the library management system. Changes to the weeding list are not reviewed. As well, all weeded materials are sent to the library volunteers to sort through, along with all donated items, to be sold in the Library Shop or disposed of. However, library volunteers do not know what items they should or should not have received for disposition. As a result, items may be removed and disposed of inappropriately.

Also noted in the prior library audit, the library material inventory has not been periodically verified to ensure accurate system information on the availability of items and the value of the collection. According to library staff, branches perform spot-checks of certain parts of their collection, primarily the “Most Wanted” items. Staff also indicated that the Civic Center branch is planning to use a process developed by the Collection Management and Metadata Services department to complete a full inventory in the summer of 2024.

Recommendations:

The Library Director should direct staff to:

- 2.1 Evaluate strategies to increase library branch use, including promoting facility usage. As well, facility rental pricing should be simplified and provided on the library website.
- 2.2 Establish processes to improve accountability for materials removed from the library collection, as well as performing periodic inventory verifications.

3. Further developing its staffing model could allow the Library to better evaluate its service efficiency, including its ability to resume longer operating hours.

While the Library’s operating budget has declined over the past 5 to 6 years, personnel costs remain the majority of the operating expenditures and authorized staffing for library branch operations has not substantially changed. Completing a more detailed staffing analysis, including tracking time spent on critical tasks and identifying optimal staffing needs, would allow the Library to better evaluate its service efficiency. We found that, while authorized staffing for library branches is similar to FY 2018/19 levels, branches are now open fewer hours.

A. Staffing model can be further developed, including identifying key operational staffing needs.

The Library’s staffing model identifies the minimum percent of time that staff should spend customer-facing, by position type. This includes helping patrons at the information desk, call center, drive-thru window, curbside pickup, or presenting a staff-led program.

For example, service point expectations for Librarians are to spend at least 35-45% of their time assisting customers at the library, staffing information and circulation desks, or presenting library programs. The remainder of a Librarian’s time may be spent on tasks such as developing library programs, serving on committees, weeding books and other materials, community outreach, and working on other special projects.

Based on library branch staffing schedules, library assistants, aides, and pages are generally scheduled for specific tasks between 55 to 80% of each shift. These tasks may include working the drive-up windows, shelving, or staffing the customer service desk. However, the Library does not track non-scheduled work assignments and has not completed a more detailed assessment of how each position spends its time.

Currently each branch determines its staffing needs for key functions. A more comprehensive, system-wide staffing analysis is needed to determine how much time is being spent on certain tasks and the prioritization of the tasks that need to be covered. Assessing the current service level needs across the Library system and within individual branches could allow the Library to deploy its resources more effectively.

B. Overall, available staffing hours are similar to pre-pandemic levels, but operating hours have decreased.

The number of authorized librarian and circulation staff FTE (excluding administrative and technology support personnel) has declined from 98.6 FTE in FY 2018/19 to 90.25 FTE in FY 2023/24. According to management, budgets were reduced by 10% in Community Services departments during the pandemic. However, this reduction was offset by the 2020 transfer of the Palomino branch operations to the school district; those branch employees were reassigned to other library branches. As a result, the number of FTE's available to staff the remaining four branches is substantially the same.

As shown in Table 4, when excluding the 7 FTE authorized for Palomino branch in FY 2018/19, authorized library staffing hours are similar to what they were in FY 2018/19, when branches opened at 9 a.m. on most days and the main branch, Civic Center, stayed open 1 hour later on weekdays.

Table 4. Library Branch Staffing Hours

	FY 2018/19 (excluding Palomino)	FY 2023/24
Average weekly operating hours	61.5 hrs per branch (246 total hrs per wk)	54 hrs per branch (216 total hrs per wk)
Approved FTE, Librarian and circulation personnel	91.8 FTE	90.25 FTE
Total available weekly staff hours	3,672	3,610
Average available staff per hour of operation	14.9	16.7

Note: Librarian and circulation FTE's include branch managers, librarians, library assistants, library supervisors, aides, and pages. It does not include system-level administrative or support personnel, such as the library director, couriers, monitors, volunteer coordinator, or account specialist.

SOURCE: Auditor analysis of library organization chart, authorized personnel, and library hours of operation.

When evaluating operating hours, the Library should consider visitor trends and customer surveys to identify optimal hours.

1. Trends show that the first hour of operation is the busiest hour of the day for three of the four branches, with an average of nearly 2,000 patrons per week visiting the four library branches during that hour in 2023. The exception was the Arabian branch, located next to a middle school, which sees a daily spike in visitors from 2:00 to 4:00 p.m. when the school day ends.

2. In the last Library customer service survey completed in 2022, about 14% of respondents indicated they would like more open hours, with preferences for additional hours evenly split between evenings, mornings, and weekends. Patrons stated in both the survey and focus groups that evening and morning hours would be useful, with some respondents noting that evening hours are better for students and professionals. Of the people who stated that they did not use the library, nearly 12% said it was because of inconvenient hours.

Also, providing early morning or evening hours of operation would align with the libraries strategic goals of increasing library service access for the community and providing more equitable access to the library system for patrons who may not be able to visit during standard business hours. Reduced operating hours may also be contributing to the lower visitor counts observed in the current library statistics.

Library Strategic Plan Goals and Objectives 2023 - 2028

- Increase library service access for the community.
- Educate the community about Scottsdale Public Library.
- Invest in library staff development and involvement.
- Innovate library services for the future.
- Infuse DEIB (Diversity, Equity, Inclusion & Belonging) into library work and culture.

SOURCE: Scottsdale Public Library

Recommendations:

- 3.1 The Library should further develop its staffing model, including identifying key operational functions, assessing the time spent on critical functions and other assigned responsibilities, and using this information to determine optimal staffing needs for each branch.
- 3.2 The Library should use community feedback and analyze visitor trends to evaluate optimal operating hours for each branch.

Management Action Plan

1. An increase in hold fulfillment times and returns of lost items are potentially associated to patrons keeping materials longer in the absence of late fees. However, performance metrics to evaluate the results of Fine Free program and other initiatives had not been established and data for assessing the programs is limited.

Recommendations:

The Library Director should direct staff to:

1.1 Identify key metrics for evaluating program outcomes when implementing new initiatives. Work with the library management system provider to develop reliable methods of measuring the duration of item checkouts and further analyzing hold fulfillment times.			
Priority	Management Response and Proposed Resolution		
Med/High	<p>Agree.</p> <p>Proposed Resolutions. The library will collaborate with the Integrated Library System (ILS) provider, Polaris, to develop reliable methods of measuring the duration of item checkouts to further analyze hold fulfillment times. The library will also research other Valley libraries using the same Polaris system to understand if/how this information may be identified and captured.</p> <p>Moving forward, the library will identify key metrics and goals for evaluating outcomes when implementing new/future programs, e-resources, or service initiatives. Some potential metrics may include:</p> <ul style="list-style-type: none"> Usage data, and per capita, Per branch and system data points, Program or service SMART goals and performance metrics, Patron visitation counts, Program attendance, Program cost per attendee, Database or e-resource cost per patron session 		
<table border="1"> <tr> <td> Responsible Party: Library Administration and Staff Program/Project Leads </td> <td> Est. Completion Date: Moving forward and on-going </td> </tr> </table>		Responsible Party: Library Administration and Staff Program/Project Leads	Est. Completion Date: Moving forward and on-going
Responsible Party: Library Administration and Staff Program/Project Leads	Est. Completion Date: Moving forward and on-going		
1.2 Further evaluate the impact auto-renewals, including assessing whether reducing the number of auto-renewals could make more materials available to library users and reduce the number of lost items.			

Priority	Management Response and Proposed Resolution		
Med	<p>Agree.</p> <p>Current Library Administration unanimously agrees that a reduction on the number of auto-renewals from six is warranted.</p> <p>Proposed Resolutions. Library staff will research and identify auto-renewal limits of other Valley library systems to help determine the optimal or average limit. Library Administration will review and recommend reducing the six auto-renewal number limits to an appropriate level. The library further recommends that any such change be effective July 1, 2024. By making this change effective with the new fiscal year, it will afford the library the ability to measure trends and analyze results, regarding hold/request wait times, on a fiscal year comparative basis for effectiveness.</p> <p>By reducing the number of auto-renewals, this reduction could make more materials available to library users, improve the physical circulation turnover rate, reduce wait times, and reduce the number of lost items and replacement copies needed to be re-purchased.</p> <p>Currently, for every six outstanding patron requests for material, there should be one available copy to help mitigate extended wait times. Staff will review this six to one ratio for effectiveness and evaluate if an adjustment is needed. Staff will also periodically monitor hold requests to help prevent extended wait times on popular and bestselling materials.</p>		
<table border="1"> <tr> <td>Responsible Party: Library Administration and Management Team</td> <td>Est. Completion Date: July 1, 2024</td> </tr> </table>		Responsible Party: Library Administration and Management Team	Est. Completion Date: July 1, 2024
Responsible Party: Library Administration and Management Team	Est. Completion Date: July 1, 2024		

2. Strategies to increase visitors and library use could also improve the Library’s revenues and operating budget, and stronger asset management controls are needed to protect library assets.

Recommendations:

The Library Director should direct staff to:

2.1 Evaluate strategies to increase library branch use, including promoting facility usage. As well, facility rental pricing should be simplified and provided on the library website.

Priority	Management Response and Proposed Resolution
Med	<p>Agree.</p> <p>Proposed Resolutions. While the library has experienced a 50% decline in patron visitation since FY 17/18, the library has seen a 17% increase in attendance through the second quarter of FY 23/24 when compared to FY 22/23. Additionally, the physical materials circulation has increased 32% through the second quarter of FY 23/24 when compared to two years ago. The</p>

library is showing sustained increases in both patron visitation and physical materials circulation while continuing to recover from the COVID pandemic.

The library has a robust Outreach program and continually looks for innovative ways to improve library usage. Marketing is being created through the new Patron Point service to welcome new cardholders and inform them of all the services provided to the public (which includes the meeting rooms). Specific campaigns for different audiences are in the process of being created for programs, collections and services that will increase physical traffic to the buildings.

Staff will consider working with an existing library vendor on their 'New Mover' service that identifies and welcomes new Scottsdale residents. This service reaches out to new residents and make them aware of Scottsdale Public Library locations, hours, services, and what is needed to obtain a library card. This would be a value-added service at an additional expense.

The library actively participates and registers for informational booths at high-volume and well-publicized city signature events such as the Senior Expo, Bunnanza, and Parada del Sol for additional marketing exposure and to reach non-users. By participating in these events, the library can register new library patrons on-site, which increases library usage. Increased library usage should positively correspond to increased revenue by patrons using value-added services such as printing, copying, library shop purchases, facility rental usage, and more.

While current year-to-date library facility bookings have increased to 647 from last year's 604 (a 7% increase), the library will further promote facility rental usage. The library will consider increasing facility rental opportunities beyond existing library operating hours. Surcharges could be created and added to any potential facility booking requests beyond current library operating hours for staff and/or security to be available on-site and to safely secure the building for any such rental bookings.

The new library website that the city plans to roll out in the fall will include on the homepage a more prominent location for the most frequent requests, including facility rental pricing. In the meantime, the library will simplify the facility rental pricing page to be more transparent and user-friendly. Information regarding the facility rental process will be added more prominently on the website's front page, menu tab bar, so that the information can be more easily accessible.

Responsible Party:

Library Administration and Management Team

Est. Completion Date:

Date: On April 5, 2024, the library website was updated with facility rental pricing information; on-going for efforts to increase library branch use

2.2 Establish processes to improve accountability for materials removed from the library collection, as well as performing periodic inventory verifications.

Priority	Management Response and Proposed Resolution
Med/High	<p>Agree.</p> <p>There are already existing internal ‘best practice’ deselection processes established and currently in place that guide staff decision-making concerning library material removal. The library follows and adheres to best practices provided by the American Library Association, library science higher-education fields of study in collection development and curating, and the CREW (Continuous Review, Evaluation, and Weeding) Method. This method integrates all these processes into one smooth, streamlined, and ongoing routine that assures that all the necessary indirect services are accomplished in an effective way.</p> <p>Proposed Resolutions. The library will establish a practice of retrieving and reviewing past and current weeding inventory lists to ensure a) the work was performed and b) lost, missing, or stolen items were identified. The weeding inventory list will also be shared with the library volunteers so they know what items they should or should not have received for disposition. Collection development staff will work with branch managers for good communication and implementation.</p> <p>Secondly, staff will periodically perform collection shelf and weeding list ‘spot checks’ at the branches using a scientific sample size, which will further alert collection development staff of any potential issues, such as consistency and implementation.</p> <p>Third, the library can work with existing technology vendors on the feasibility in purchasing “inventory wand” technology to reduce human error and be a more effective and efficient use of staff time. Such technology may expedite the weeding process, offer the ability to quickly perform spot checks, make inventorying simpler and more efficient, and possibly capture missing and incorrectly shelved items.</p> <p>Lastly, the library will perform periodic physical inventory counts of the materials that should be available for patrons. Staff will randomly select a number of items from the library catalog and will verify the information in the system is correct by ensuring the items are at their stated location.</p> <p>The library will continue to process improve staff training and collection development weeding procedures.</p>
<p>Responsible Party: Michael Beck, Alicia Brillon, and CMMS Staff</p>	<p>Est. Completion Date: September 1, 2024, to establish processes for materials removed from the library collection; on-going for periodic inventory verifications</p>

3. Further developing its staffing model could allow the Library to better evaluate its service efficiency, including its ability to resume longer operating hours.

Recommendations:

3.1 The Library should further develop its staffing model, including identifying key operational functions, assessing the time spent on critical functions and other assigned responsibilities, and using this information to determine optimal staffing needs for each branch.

Priority	Management Response and Proposed Resolution
Med	<p>Agree.</p> <p>As part of the library’s continuous improvement process, the library will regularly develop, improve, and enhance its staffing model.</p> <p>Proposed Resolutions. Library Administration will facilitate and coordinate efforts with library managers and supervisors on potential efficiency and effectiveness measures when creating work schedules, desk schedules and analyzing staff time spent on other critical duties. Other critical duties may include program preparation and implementation, collection development tasks such as purchasing and weeding, and staff training.</p> <p>A staff review of new and available scheduling products on the market may help determine whether there is a better scheduling product available than what is currently be utilized for efficiency and effectiveness.</p> <p>An additional deep-dive review and analysis of program offerings’ attendance patterns and other data may identify opportunities for scheduling efficiencies and may even generate new program ideas.</p> <p>Some additional proposed resolutions may include:</p> <ul style="list-style-type: none"> • Perform a library specific PAQ study for all front-line library positions. • Possibly reduce the number of public service desks and patron contact points that will help consolidate scheduling needs and maximize staff efficiencies. • Ensure public service desk minimum hours by position (full-time and part-time positions) are equitably distributed and assigned. • Review, analyze, and ‘right-size’ the quantity of public programs through newly created or established metrics and desired outcomes. • Review, analyze, and prioritize key city and outreach events for maximum community engagement opportunities. • Review and analyze positions as they become vacant for purpose, adjustments, or redistribution to other work groups or branches. • Review and analyze volunteer usage.

Responsible Party: Library Administration and Management Team	Est. Completion Date: December 31, 2024
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3.2 The Library should use visitor feedback and analyze visitor trends to evaluate optimal operating hours for each branch.

Priority	Management Response and Proposed Resolution
Med	<p>Agree.</p> <p>As part of the library system’s continuous improvement process, the library will use visitor feedback and analyze visitor trends to evaluate optimal operating hours for each branch.</p> <p>Proposed Resolutions. The library will prioritize patron comments regarding library hours and incorporate that feedback into the decision-making process. The library can perform a deep-dive analysis of its existing 2022 Community Assessment and Strategic Plan public comments pertaining to operating hours to glean preferences.</p> <p>The library can perform deep-dive analysis of electronic gate door counts (visitation), on a monthly and quarterly basis, to monitor and identify busy visitation times, such as the first hour of each day, as the audit has determined.</p> <p>The library can also reinstitute its annual customer service survey, last performed in 2022, to capture and incorporate patron preferences pertaining to library operating hours on an annual and consistent basis into any decision-making process.</p> <p>The library strives to meet the diverse needs of the community and is currently operating seven days a week. The library will use visitor feedback and analyze trends to evaluate optimal operating hours for each branch.</p>

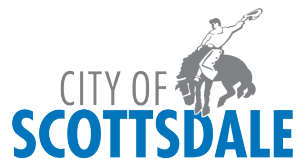
Responsible Party: Library Administration and Management Team	Est. Completion Date: December 31, 2024
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