

STRATEGIC PLAN 2016 - 2018 Financial Framework, Updated for 2016

Purpose of this Framework

This Financial Framework is intended to serve as a bridge between the Williamsburg Regional Library's (WRL) Strategic Plan, most recently updated for 2016-2018, and our annual budgeting and decision making processes. As such, this Framework is neither a strategy nor a detailed budget. Instead, this document clarifies the principles and processes that will guide WRL's allocation of resources to advance the opportunities and aspirations articulated in the Strategic Plan. This document is a living document that will be updated annually to reflect new areas of focus.

Financial Management

Guiding Principles and Definitions

Taken together, our Strategic Plan and Financial Framework manifest WRL's desire to plan and manage in a deliberate, thoughtful, and strategic manner. Through our strategic planning process, we identified current and emerging community needs and established three Strategic Priorities and many supporting initiatives and strategies. Through this Financial Framework, we mean to extend this same degree of thoughtfulness to how we manage our resources, seeking to use public and private dollars to achieve the most effective and efficient services possible.

The following Guiding Principles aid us in choosing the appropriate financial paths to achieve our Vision of providing excellent collections, programs, services, and facilities.

We are:

- **Ethical and fiscally responsible**, practicing sound stewardship of public and private funds.
- **Intentional**, using our Strategic Plan to guide our use of resources. We align our efforts and resource expenditures with our Strategic Priorities and Core Functions.
- **Targeted**, prioritizing our efforts and making conscious choices about where we will lead, partner, or support.
- **Systematic**, leveraging annual budgets, fund balance, and the Friends of Williamsburg Regional Library and the Williamsburg Regional Library Foundation's grant processes to address priorities over the course of an entire year, with the understanding that some unanticipated opportunities or challenges may present themselves.

Each year, we seek to use our available resources in the most appropriate and strategic manner possible to achieve the greatest benefit for our users:

- **We rely on our public funding to provide “Core Functions.”** Core Functions include the collections, programs, services, facilities, and operations that are fundamental to fulfilling our community’s needs and expectations. Public funding is our only revenue source for staffing and almost all operations expenditures, which we consider fundamental parts of our Core Functions.
- **We leverage private funding to provide the “Margin of Excellence” that WRL users enjoy.** The Margin of Excellence distinguishes WRL’s collections, programs, and technologies from those offered in other communities. Margin of Excellence projects are defined by the Library Director in consultation with the appropriate library boards. Private funding allows us to serve our users in this exceptional way and also gives us the opportunity to innovate via pilot projects or trials. Private funds are available through the Friends, Foundation, and direct gifts. In the past, private funds have been used to maintain levels of excellence during economic downturns and the diminishment of dedicated public funding.
- **We make careful use of one-time funds for special and infrequent needs.** We draw on our fund balance for infrequent or one-time purchases for facilities, operations, and related items, using the Williamsburg and James City County Capital Improvement Plans for capital investments greater than \$50,000. The fund balance may also allow us to weather unforeseen emergencies.

Transitioning Margin of Excellence Investments to Core Functions

As we use private funds to try new projects or weather economic downturns, WRL plans for ways to transition successful Margin of Excellence projects into public funding and rebuild the budget appropriately when economic conditions improve. Some successful efforts may be supported with private funds on an ongoing basis if the collection, program, or technology supports a Margin of Excellence.

While the idea of Core Functions and Margin of Excellence is durable, the categorization of a particular item changes over time to reflect the changing needs of library users. A Margin of Excellence item one year may become part of the Core Functions in future years. There are no specific criteria for such transitions; rather, each Margin of Excellence item is evaluated on a case-by-case basis. The following are examples of Margin of Excellence items supported through private funds that are transitioning to Core Functions supported through public funds:

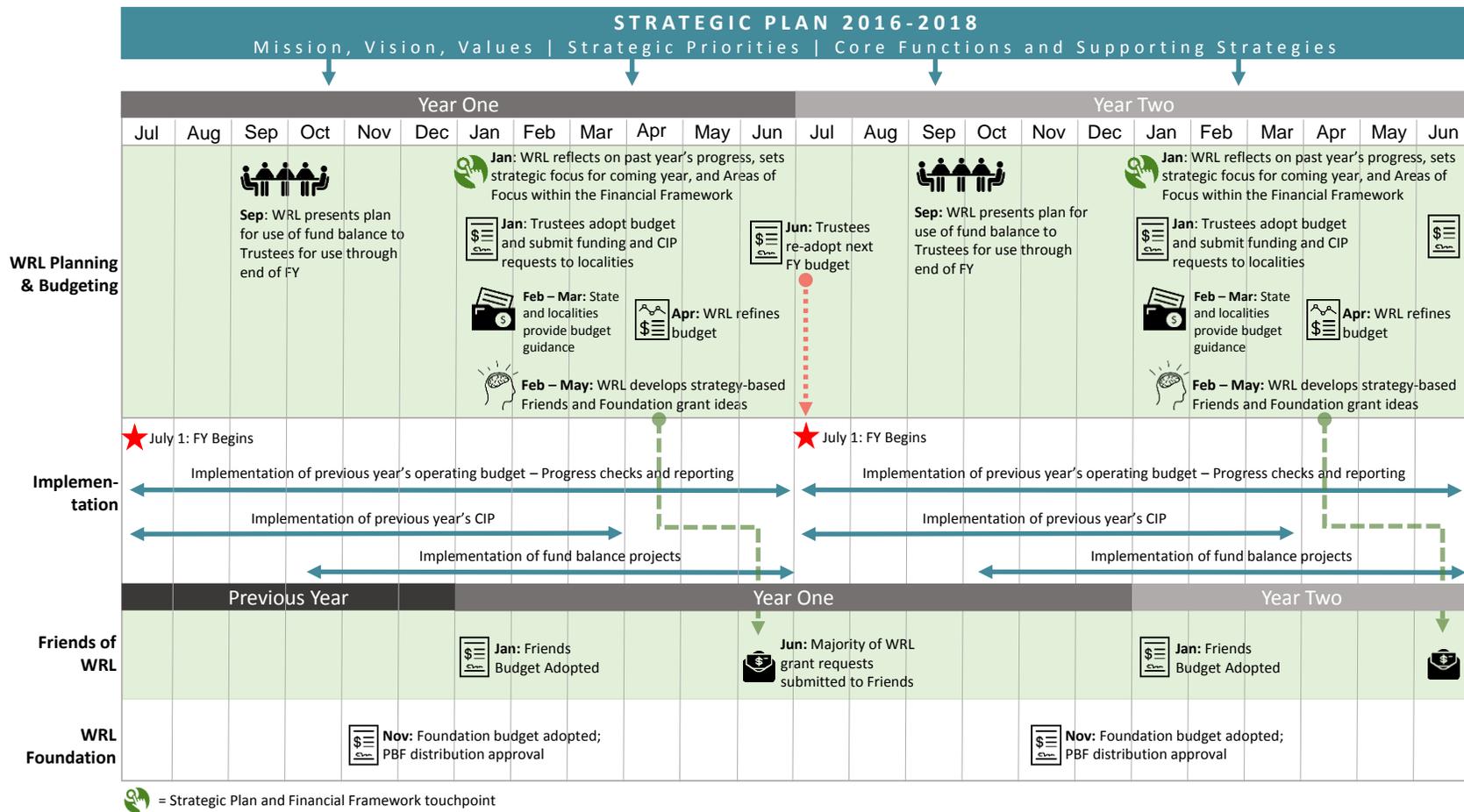
- **eBooks.** WRL first pursued eBooks through a Friends grant. When the pilot proved successful, we built the cost of eBooks into the collections budget over the course of several years. The budget process for converting from private to public funds is slow.
- **Lynda.com.** We are currently subscribing to Lynda.com with a Friends grant.

We expect the product to be well-received and have identified subscriptions we can cancel in favor of subscribing to it. This process requires advance planning and may not be sustainable over time.

- **Multiple copy purchases.** During the Great Recession, the Friends provided \$50,000 per year for the purchase of multiple copies of high-demand books. As economic recovery continues, we are building some of those funds back into the collections budget. Some level of support for multiple copies is in the Margin of Excellence category and should be funded with private money. As with eBooks, this process is slow.

Annual Planning and Budgeting Process

Beginning in 2016, WRL will formally link the priorities and strategies established in our Strategic Plan update to the library’s ongoing budgeting and decision-making. This annual process is illustrated in the graphic below:



Overarching Priorities and Annual Areas of Focus

Overarching Focus for 2016-2018

WRL’s 2016-2018 Strategic Plan identifies three Strategic Priorities:

1. Strengthening community connections and partnerships.
2. Communicating and raising awareness.
3. Rethinking library spaces.

In addition to these three overarching Strategic Priorities, the plan identifies many strategies to advance the library in five Core Functions.

As described in the previous section, each annual cycle of continuing implementation of the Strategic Plan will involve identifying the specific work that will be advanced in the coming year. This determination of annual Areas of Focus will continue advancing the Strategic Priorities and Core Functions and will guide the use of public and private funds.

PLANNED	Overarching Priorities for 2016-2018 1. Strengthening community connections and partnerships. 2. Communicating and raising awareness. 3. Rethinking library spaces.		
	2016 Areas of Focus <ul style="list-style-type: none"> Phased Facilities Master Plan Communication Plan Staffing capacity in programming and administrative support Other Areas of Focus to be determined 	2017 Areas of Focus <ul style="list-style-type: none"> Stryker Center programming Other Areas of Focus to be determined 	2018 Areas of Focus <ul style="list-style-type: none"> Other Areas of Focus to be determined
DESIRED	Potential Margin of Excellence Investments <ul style="list-style-type: none"> Support for a speaker series Pilot communications and outreach tools and activities to raise community awareness Theatre enhancements to support interactive programming 		

2016 Areas of Focus

The Areas of Focus for calendar year 2016 are depicted below.

	 Service	 Collections	 Programs	 Facilities	 Operations
Strategic Priorities	Strengthening Community Connections and Partnerships.				
			Staffing capacity in programming		Staffing capacity in administrative support
	Communicating and Raising Awareness.				
					Communication Plan
	Rethinking Library Spaces.				
				Phased Facilities Master Plan	

2017 Areas of Focus

To be developed in planning for 2017.

2018 Areas of Focus

To be developed in planning for 2018.

Appendix: Financial Context

This section describes the current supporters and circumstances shaping WRL's Financial Framework. It provides helpful context from which to understand how the Framework can be applied.

Public Funds

The library has a history of strong support from our three funding jurisdictions: the City of Williamsburg, James City, County, and York County. The inclusion of York County in a contract for library services in 2013 has clarified the roles and responsibilities of each jurisdiction. Support from these local governments is the sole source of funding for WRL staff. During the Great Recession (2008-2012), the library lost 10.28 FTE positions at a total cost of \$420,000. All of those losses occurred in vacant positions. In 2015, these reductions' effect on the library's capacity to provide services has become apparent and is addressed in the 2016-2018 Strategic Plan.

State aid, which WRL uses for our collections budget, reached a high of \$527,000 in 2001 and plunged to a low of \$280,000 in 2013. Since then, funding is slowly rebuilding to the \$300,000 level.

Private Funds

WRL is fortunate to have had the support of two organizations for many years: the Friends of Williamsburg Regional Library and the Williamsburg Regional Library Foundation. As described above, the hard work and generosity of these organizations and their volunteers and donors have allowed WRL to provide a Margin of Excellence in serving our users. The existence of two support groups presents some operational challenges. The library has to coordinate with both groups on shared goals, both groups spend resources on administration for similar efforts, and donors have expressed confusion about the two groups, resulting in lost opportunities to support the library. In the long term, combining the two groups while allowing them to continue with their different types of work may be advisable.

Friends of Williamsburg Regional Library. The library has a history of strong support from the Friends of Williamsburg Regional Library. Over the past five years, the Friends have contributed about \$100,000 annually to provide a Margin of Excellence in library collections, programs, and technology.

Williamsburg Regional Library Foundation. Established 1992, the Foundation's work has centered on creating Perpetual Book Funds and conducting an annual appeal. Historically, the Foundation has supplied between \$6,000 and \$20,000 per year to the library. In 2010, the receipt of two bequests totaling almost \$1 million

changed the Foundation's capacity to support WRL. In the long-term, WRL would like the Foundation to provide revenue equal to or greater than that of the Friends.

In 2015-2016, the Foundation is conducting its first capital campaign. Part of that campaign is for the cost of the Stryker Center (a commitment of \$500,000 for the building and up to \$250,000 for furnishings and equipment) and part of it is for endowment (where only a percentage of the fund's proceeds will be distributed). This process is repositioning the Foundation as a major gifts organization.

The Foundation will update its own strategic plan, taking direction from the library's 2016-2018 Strategic Plan.

Direct Gifts to Williamsburg Regional Library. Individual cash and in-kind gifts represent a substantial revenue stream, averaging \$32,000 per year over the last five years. These donations support collection purchases and programming. The library is exploring ways to make administration of these gifts more efficient.

Grants

While grant funds have not been a major source of revenue in the past, they may increase in the future with the expansion of programming. The library will use its Strategic Priorities, Areas of Focus, and chosen role in the community to screen potential grant opportunities.

Historical Funding

Figure 1 shows funding for WRL by function and source for fiscal years 2011 to 2015. The majority of WRL spending is comprised of Core Functions at similar levels, year to year, in each of the library’s functional areas. Margin of Excellence items, although smaller in magnitude, also appear in every function, and also provide a steady and consistent level of funding across all five years.

Figure 1. Funding by Function and Source for Fiscal Years 2011 - 2015

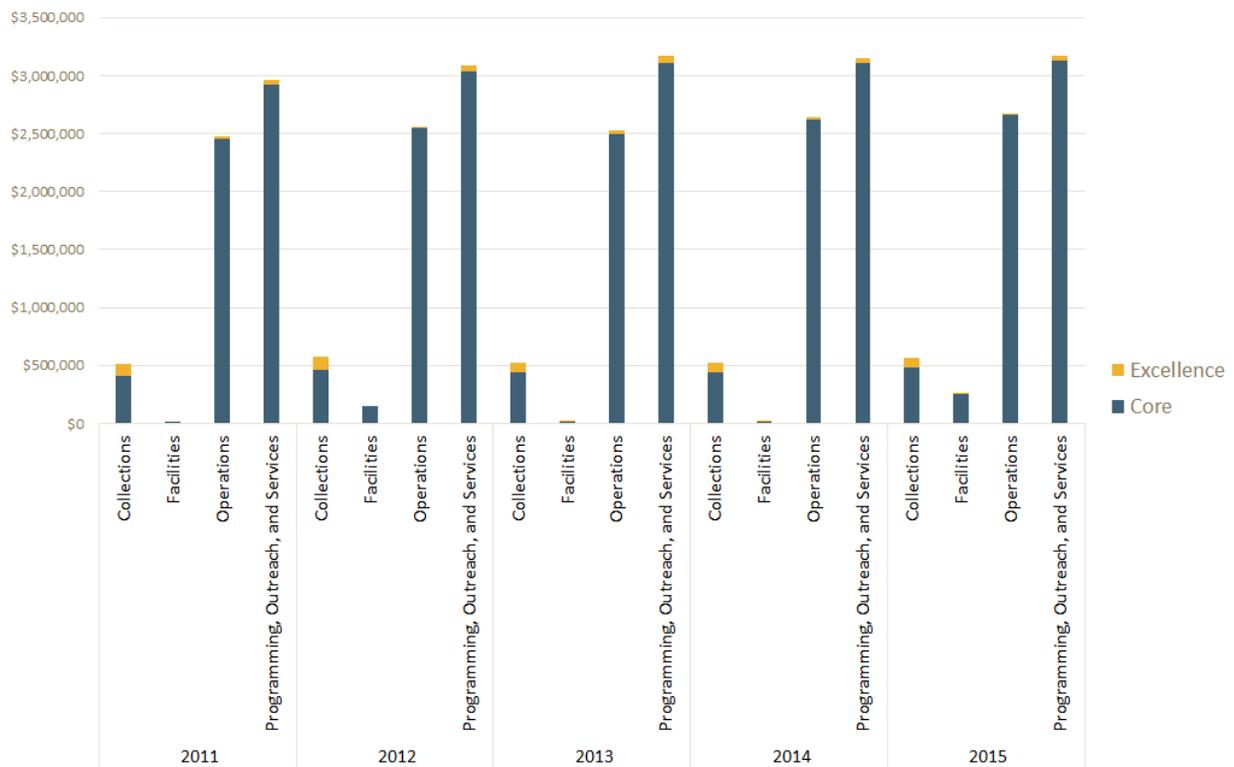


Figure 2 shows funding for WRL by function and source for years 2011 to 2015, but in percentages.

Figure 2. Funding Percentages by Function and Source for Fiscal Years 2011 – 2015

	2011	2012	2013	2014	2015
▣ Collections	8.5%	9.1%	8.4%	8.3%	8.5%
Friends/Foundation/Gifts	20.0%	20.1%	17.2%	17.3%	14.8%
Public	80.0%	79.9%	82.8%	82.7%	85.2%
▣ Facilities	0.2%	2.3%	0.2%	0.3%	3.8%
Friends/Foundation/Gifts	0.0%	0.0%	2.0%	1.7%	1.0%
Public	100.0%	100.0%	98.0%	98.3%	99.0%
▣ Operations	41.6%	40.2%	40.6%	41.7%	40.1%
Friends/Foundation/Gifts	0.8%	0.6%	1.3%	0.8%	0.7%
Public	99.2%	99.4%	98.7%	99.2%	99.3%
▣ Programming, Outreach, and Services	49.7%	48.5%	50.8%	49.8%	47.6%
Friends/Foundation/Gifts	1.3%	1.7%	1.8%	1.3%	1.5%
Public	98.7%	98.3%	98.2%	98.7%	98.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%