

**PUEBLO CITY-COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES
WORK SESSION MINUTES**

April 18, 2017

I. CALL TO ORDER AND ROLL CALL

Ms. Pickman, President, called the meeting to order at 3:00 p.m. in the Ryals Room on the 4th floor of the Rawlings Library.

Board Members Present: Donna Pickman, President; Marlene Bregar; Lyndell Gairaud; Philip Mancha; Doreen Martinez; Jim Stuart

Board Members Absent: Fredrick Quintana, Vice President

Attorney Present: Nicholas Gradisar

Staff Present: Jon Walker, Executive Director; Terri Daly, Human Resources Manager; Sherri Baca, Chief Financial Officer; others not recorded

II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA

Mr. Walker indicated he would like to add a new Item III.D. FY 2018 Budget Update, with the remaining items renumbered.

III. DISCUSSION ITEMS

A. Friends of the Library Annual Meeting and Luncheon

Ms. Pickman said the Friends of the Library Annual Meeting and Luncheon will be held on Friday, April 21 at the Rawlings Library Ryals Room. Appetizers will be served at 11:30 a.m., and the lunch and program will begin at noon featuring guest speaker, Dr. Donna Souder Hodge. Mary Simmons will be recognized as Friend of the Year. RSVP to Jane Carlsen. Tickets are \$20 per person.

Ms. Gairaud indicated that she would not be able to attend.

B. PCCLD Pay for Performance Report

Ms. Pickman said Terri Daly, Human Resources Manager, will outline outcomes of PCCLD's 2016 Pay for Performance program.

Ms. Daly thanked the Board for giving her the opportunity to go over the 2016 Pay for Performance program. Ms. Daly provided a presentation, explaining the overall goal of the performance based pay system is to reward employees for exceptional job performance in a transparent fashion that remains within budgeted resources. Ms. Daly reviewed the history of the program, the process implemented and explained how the scores are calculated. The amount of Pay for Performance increases are determined by the total amount of budgeted salaries, budgeted salary increases, overtime budget, Colorado minimum wage increases, and overall district-wide scoring, and the scores must be balanced with the funds available.

Ms. Daly reviewed a number of pie charts noting the overall district average score was 2.55 with 65% of employees having a score of 2.5 or higher, and explained how bonuses of \$200, \$100, and \$50 were allotted to employees scoring 2.57 or higher. In 2016, Pay for Performance salary increases totaled \$87,132.17, and \$6,200 was paid in merit bonuses.

Ms. Daly compared the 2015 pay for performance scores with 2016 which appeared to have improved in 2016. The 2017 Pay for Performance forecast will be based on the budget for pay increases, and the Colorado minimum wage will increase to \$10.20.

Mr. Stuart asked if the library had conducted an anonymous survey to determine how employees feel about the system. Ms. Daly said there had been employee input when the program was implemented, but there had not been an employee survey. Ms. Daly said the library has formed a Performance Review Committee which will be an opportunity for employees to provide feedback and look at possibilities for future performance models.

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Dr. Mancha asked whether the comparisons between 2015 and 2016 had also been reviewed in terms of individual performance and if they see individual performance improvement. Ms. Daly said because there is movement in the work force, they did not do a granular analysis, but between 2015 and 2016 among top twelve employees, scoring between 2.8 and 3.0, they found six individuals repeated the previous year's score and six new employees were in that range in 2016. There was discussion of whether there had been an actual jump in skill development and other ways employees are recognized

Ms. Gairaud asked if there is a ceiling for positions, and Ms. Daly explained that employees at the top of their range receive a pay stipend that is not added to the salary for future calculations but is prorated through the year.

C. Monthly Financial Report

Ms. Pickman said Sherri Baca, Chief Financial Officer, would provide an overview of PCCLD financial activities and status through March 31, 2017.

Mr. Walker explained that Ms. Baca will be out of town next week and would provide the Financial Report usually presented to the Board during the regular meeting for Board approval.

Ms. Baca pointed out the Combined Balance Sheet remains preliminary, and any audit adjustments could impact the balance sheet. She does not expect any major adjustments, but there may be some minor adjustments. Ms. Baca said although the library received about \$2.3 million in property tax in March, cash reserves used for operating expenses in January and February will not be replaced until about June. She reviewed each of the categories noting most are standard, and the library will be making a COP payment in May. Under liabilities, there are some timing issues that will be resolved over time. Ms. Baca offered to respond to any questions on the Combined Balance Sheet.

In the General Fund, the target percentage for the end of March is 25%. Ms. Baca noted that the library is so stable and varies little from year to year. In Revenues, the amount collected is exactly the same as this time last year. The amount received in Specific Ownership tax was about the same as last year. Expenses as a category were 23% spent, also the same as last year. Personnel was 22% spent compared with 23% last year, and the Workers Compensation line is higher because the premium for the year was paid in January. Materials were 24% spent compared with 30% last year, a little behind, but not a concern. Subscriptions are paid in full and balances out as the year progresses. Facilities was 13% spent, compared with 12% last year. Operating was 32% spent, compared with 23% last year and one line item is \$138 over budget. Information Technology was 51% spent which was the same as last year. Overall, the budget is tracking as expected with revenues over expenditures of about \$1.8 million.

The Capital Fund had a little activity in Revenue with interest income, and the miscellaneous revenue was from a rebate received for the Lamb lighting which will help offset the costs. In Expenditures, the \$1,840 in Information Technology was for an assistive technology computer. The amount listed in Furniture-Fixtures-Equipment was for Barkman lighting which will save money in overall efficiency. Expenditures exceeded revenue by \$5,432 which shows as a deficit, but was budgeted in the Replacement Plan. The budget plans a \$275,000 transfer from the General Fund to the Replacement Plan this year.

In the Special Revenue Fund there was \$1 in investment earnings. The Special Revenue Fund will reflect the payment received from the Chamberlain Fund in the April report, and Ms. Baca hopes it will continue to build enough to have the amount budgeted to transfer to the General Fund.

The J.T. Nesbitt Employee Fund is a fiduciary fund which also remains stable. Nesbitt recently provided juice and pastries to staff rooms to celebrate National Library Worker Day.

Ms. Baca offered to respond to any questions in the check report. Ms. Baca pointed out the payment to Air Door was to change out the front door with an air curtain because there is so much wear and tear on the library's front doors, and she expects there will be additional related expenses. The payment to BCS was for maintenance of the library's accounting software. The payment of \$6,286 to Comprise Technologies was for the SAM software which is used to interact with the public computers. The payment to HUB International for \$2,985 was for the cyber insurance.

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Ms. Baca noted that the library recently underwent a telecom audit with Spy Glass, and they discovered a little bit of state and federal tax that was being paid that will be saved. The fee is half of what they can recover, and the effort did result in some savings.

At the meeting next week, the Board will be asked to approve ACH payments of \$112,866.18, Payables of \$331,957.81, and Payroll of \$228,021.30, for a total of \$672,845.29.

D. FY 2018 Budget Update

Ms. Pickman said Sherri Baca, Chief Financial Officer, would also provide the FY 2018 Budget update.

Ms. Baca distributed the Residential Assessment Rate Study which will potentially impact property tax revenue. The last time Ms. Baca presented this, the Colorado Department of Local Affairs was forecasting a drop from 7.96 to 6.56 percent as a result of the Gallagher Amendment. Ms. Baca said the good news is that it is only dropping to 7.20 percent. The local Assessor's Office is forecasting an increase of 12 percent for residential property and 6.3 percent for everything else. With those forecasts, Ms. Baca expects revenue to be in the zone of a 1-2% increase rather than a decrease.

Ms. Baca said the report came out last week, and the State Property Tax Administrator presented it to the State Board, and the next step will be for legislators to decide whether to put this in place. That would impact the budget, but instead of managing a 3 percent decrease, there might be a slight increase. The library will receive the preliminary assessment in August, and the library also begins planning in August.

Ms. Baca added that she had provided Board members with the 2017 Budget & Annual Plan which had been submitted to GFOA by the deadline. Ms. Baca explained the document includes the 2017 Annual Plan and Budget approved by the Board in December, and includes additional information such as department budgets to meet the GFOA budget award criteria. Ms. Baca said the GFOA presents the award to encourage state and government agencies to prepare documents of the highest quality and follow best practices. There was discussion of the limited number of government organizations that submit budgets of this caliber, and only two libraries, the other being San Miguel Library in Telluride with only a \$2.3 million budget. No other Pueblo County agency submitted the document for the budget award. More agencies submit the CAFR (Comprehensive Annual Financial Report) to GFOA including City, County, school districts, and some water districts. The library will hear back whether it receives the award in about six months. PCCLD did not apply in 2016 because of transition in the Finance office, and they worked hard to complete it in time for 2017. There was additional discussion of the work involved. Ms. Pickman noted that Finance was losing one of its accountants. Ms. Baca said Katie Hunt had been recruited into a promotion with Evraz, but it gives us a chance to rebalance the Finance team. Jeanette Cortez will be the Senior Accountant, and we are recruiting for a Payroll Specialist to have a full team again.

E. Insurance

Ms. Pickman said Sherri Baca, Chief Financial Officer, will report on PCCLD insurance broker services.

Ms. Baca provided an executive summary of Insurance Broker Services. The library's current insurance broker is HUB International, and the library is finishing a three-year contract period which is costing about 2.4% of the amount spent for Employee Benefits which includes all coverages: health, vision, dental. The next Employee Benefit renewal will not be until January.

Business insurance, which includes general liability and workers compensation, will be expiring May 31 is less expensive but a higher percentage of the amount spent.

Ms. Baca said we are doing a more informal bid process and have contacted local businesses with invitations to bid. The CSD pool has broker best practices which had been really helpful, and the library has invited seven brokers to bid on Employee Benefits. Terri Daly will be helping with the Employee Benefits side. We are looking at business insurance options and will be accepting proposals for broker fees or fees imbedded in the premiums. The library will be seeking the lowest cost, best option for the district.

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F. Storm Damage

Ms. Pickman said there would be a discussion of damage assessment to PCCLD facilities from a recent storm event.

Mr. Walker distributed photographs of the damage to the roof at the Pueblo West Library and work underway to patch the roof. During the night between March 23 and 24, there was significant wind damage throughout Pueblo. The Pueblo West Library sustained significant damage, taking a light pole down in the parking area and damaging the roof.

The Rawlings Library also had significant damage with copper panels torn from the building. The copper panels weigh about 50 pounds, and Facilities staff were able to retrieve panels from across Union Avenue before the library opened Friday morning and before there was much traffic. Mr. Walker credited Sam Azad for his help in getting Pueblo Police and Fire Department assistance. One of the copper panels was flapping in the wind on the Union Avenue side of the building in an area too high to reach which overhangs the street. The library contacted roofers to secure the panel, but they were unwilling to put up a lift in the wind. The Pueblo Fire Department went up and made sure the loose panel was not going to come off the building.

Mr. Walker said Rawlings also had roof damage and described the portion involved. There were recorded wind gusts of 100 miles per hour, and Pueblo had a lot of trees blow down and other damage that resulted. The insurer has placed \$175,000 on reserve for the library's damages, but the library hopes to keep the costs below \$100,000. Pueblo West will require significant roof replacement as a result of the damage, and Mr. Walker expects to seek Board approval for that cost. Temporary repairs were made at Pueblo West which also had a cost. Mr. Walker said the library is in satisfactory shape for both buildings, and most leaks have been resolved temporarily. During the snow the next week, additional leaks were discovered, but the final repairs need to be made as soon as possible.

G. Marijuana

Ms. Pickman said an update would be presented on proposed marijuana business rules as they relate to local public libraries.

Mr. Walker said he had been working with the City, but does not yet have an update; however, on the County side, there has been some progress. There are presently no marijuana stores within 1,000 feet of library facilities, and the County is willing to make a change to prevent one. Mr. Walker met with Joan Armstrong who works with the Planning Commission at the County, and she was able to provide details. One of the things she recommended was a letter to the County Commissioners formally requesting the County to make a change to the ordinances to provide a 1,000-foot buffer between marijuana stores and libraries. Mr. Walker said there is acceptance and support for this proposal on both the administrative and political sides.

Mr. Walker provided a draft letter from the Library Board President to the County Commissioners for Board members to consider. After a brief discussion, there was consensus that the Board President should sign the letter.

Dr. Mancha asked about the hold-up with the City, and Mr. Walker said he will get back with Scott Hobson to find out.

H. Lucero Library Property

Ms. Pickman said a report would be provided on the Lucero Library property.

Mr. Walker showed an aerial view of the Safeway property in relation to the Lucero Library. Mr. Walker indicated the area the library is interested in acquiring. SRS Real Estate Partners in Denver is representing Safeway, and they are entertaining proposals to buy the entire property. Mr. Walker has also had conversations with Larry Atencio on City Council, and the City is interested in getting a regional grocer to go into the Safeway building for that community. Mr. Atencio indicated that if the City acquires the Safeway property, there would be a willingness to transfer the section of the parking area to the library because the parking area, without that section, still provides the required 148 parking spaces for a 37,000 square foot building.

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Mr. Walker had conversations with a local broker who calculated the value of the Safeway property at approximately \$1.2 million, and estimated the value of the section of land the library would like to acquire at about \$200,000. There has been no discussion about any sale, but the broker will represent the library's interest to any potential buyers. Mr. Walker said the library could pay the \$200,000 price from reserve funds, but if it gets to that point it would require Board approval. This remains very preliminary.

Ms. Gairaud asked about the mural on the front of Lucero. She had driven by and seen it covered with plastic, and it looks like progress had been made. Mr. Walker commented on the extended delay and said the artist, Michelle Martinez, is almost finished and is working on the tedious process of cleaning the tiles in the mosaic which is expected to be completed this week. The structure provided her a way to climb up, and the plastic was to create heat and control the environment, but the wind tore the plastic apart. The structure will come down as soon as she is finished cleaning. The library will finish some landscaping below the mosaic including a low concrete wall, plantings and add some lighting that were not in the original contract. Alan Rocco, Facilities Superintendent, expects the next step to take only a few weeks. Mr. Walker said the good news is after many months, the mural project is almost complete, and the piece is a magnificent work. The library has paid \$10,000 of the \$15,000 contract, holding back \$5,000 until the work is complete.

I. Urban Renewal

Ms. Pickman said an update report on the proposed urban renewal agreement would be provided.

Mr. Gradisar said there was a meeting with the taxing entities. There was a good discussion which included our proposal for reimbursement of the Board of Water Works anticipating that all the taxing entities, including the City, would participate. The City and Urban Renewal abandoned the idea they need to get approval from the taxing entities to refinance the parking garage. Mr. Gradisar sent the draft agreement on reimbursing the Board of Water Works to the City Manager. Mr. Gradisar had made some changes to the agreement for the school districts where there is some advantage for Urban Renewal to provide things for the schools instead of money which would reduce the amount backfilled by the State. Mr. Gradisar had received the draft back from the City but had not yet had a chance to review the changes made by the City, but it appears the City is not paying for anything and does not want to kick in its share of the money, although they agreed the Board of Water Works should be reimbursed. The City's share would be about \$126,000 or 17%. District 60 would be about 17%, Pueblo County had the largest share with about 34%, Library District 6%, and Water Districts about 2%. The taxing entities agreed they would participate if the City would as well. If the City won't, they are back to square one.

There had not been any substantial discussion about the RTA (Regional Tourism Act).

There is another bill in the legislature that looks like it was precipitated by the Municipal League which tries to define what change would trigger getting the taxing entities involved. Mr. Gradisar believes they are trying to create confusion to get the legislature to act. He was not sure of the status of the legislation in the House.

Ms. Bregar said on Thursday there is a meeting in Denver about regional tourism money for the Convention Center expansion. There is a large movement to keep that money in Denver, and they want as much Pueblo support as possible to attend that meeting. On the agenda, after Pueblo's presentation, they will go into Executive Session. Ms. Bregar has details if anyone is interested. They are trying to make the commission aware how the Pueblo community feels.

J. Executive Session

Ms. Pickman said the Trustees would enter into Executive Session for the purpose of receiving legal advice pursuant to C.R.S. 24-6-402(4)(b).

The audience was excused at approximately 4:25 p.m. upon Motion made by Ms. Gairaud, seconded by Ms. Bregar.

The Board reconvened in public at 4:40 p.m. upon Motion made by Ms. Bregar, seconded by Dr. Mancha.

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Mr. Gradisar said the previous Executive Session was not recorded, and he certified the discussion was protected by attorney-client privilege.

IV. ADJOURNMENT

Prior to adjourning, Ms. Pickman said she will not be able to attend the April meeting. Mr. Walker will try to contact Mr. Quintana to make sure he will attend. Ms. Bregar offered to chair the meeting if Mr. Quintana is not available.

Ms. Pickman reminded Trustees that the Regular Board meeting would be held Thursday, April 27 at 5:30 p.m. at the Rawlings Library, Ryals Room.

There being no further discussion, the Work Session adjourned at approximately 4:42 p.m.

Respectfully submitted,

Jane Carlsen
Secretary

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