

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

**October 17, 2017**

**I. CALL TO ORDER AND ROLL CALL**

Mr. Fredrick Quintana, President, called the meeting to order at 3:00 p.m. in the Ryals Room on the 4<sup>th</sup> floor of the Rawlings Library.

Board Members Present: Fredrick Quintana, President; Doreen Martinez, Vice President; Marlene Bregar; Lyndell Gairaud; Philip Mancha; Jim Stuart

Attorney Present: Nicholas Gradisar

Staff Present: Jon Walker, Executive Director; Sherri Baca, Chief Financial Officer; Maria Kramer, Youth Services Manager; Charles Hutchins, Information Technology Director; Jill Deulen, Technical Services & Collection Development Director; Jeanette Cortez, Senior Accountant; others not recorded

**II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA** None

**III. DISCUSSION ITEMS**

**A. Summer Reading Program**

Mr. Quintana said Maria Kramer, Youth Services Manager, would present a report on the 2017 Summer Reading program outcomes, and welcomed Ms. Kramer.

Ms. Kramer provided a presentation with photographs. After finding 2016 Summer Reading Program attendance down, Youth Services developed a game plan for 2017 and increased visibility of the program among the public and staff. Both youth and tween outreach increased dramatically with additional school visits. Teen outreach had been lower. Ms. Kramer explained that School District 70 agreed to auto-register students for the Summer Reading Program and distributed gameboards in the classrooms. Some of the School District 70 high schools declined the option for library staff to visit to promote Summer Reading because students were automatically registered. Ms. Kramer said next year she will emphasize the importance of going to the schools face-to-face to encourage students to participate. Outreach at community events was very effective in increasing participation.

Ms. Kramer said a new program model was developed in 2017 for family programming. Track 1 featured performers at Rawlings, Lamb and Pueblo West. Track 2 featured interactive presenters that allowed more hands-on participation at Barkman and Lucero. Track 3 featured drop-in activities available all week at Greenhorn Valley and Giodone. Increasing visibility went well especially with staff highlighting activities at various locations to enable staff to share Summer Reading program information with customers by word of mouth.

Ms. Kramer said registrations increased 30%, program attendance increased 40%, and family program attendance increased 18%. Circulation at Books in the Park increased 15%, and visits increased 28% which she attributed to snacks and lunches available. Ms. Kramer also attributed increases at Rawlings and Lamb to Lunches at the Library which reflect a need for supplemental food service during the summer.

Ms. Kramer believes bumping up outreach led to increased attendance. School partnerships went very well, and staff were on board which were both features that worked in the library's favor this year. Next year, they plan to focus on outreach to teens, expand school registration to School District 60, and look at the centralized structure especially for teens and tweens. They will be exploring new ways to promote the Summer Reading Program to the public, such as social media. Ms. Kramer concluded by thanking the Board for their support of the Summer Reading Program.

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Mr. Walker said he was pleased with the increase, and he was especially pleased that when participation dipped in 2016, the team responded to the challenge and rose to the occasion.

### **B. Audio-Visual Equipment Procurement**

Mr. Quintana said Charles Hutchins, Information Technology Director, would present a recommendation on audio-visual equipment procurement and installation for the Pueblo West and Lamb Libraries. This would require Board of Trustee approval as it exceeds \$25,000.

Mr. Hutchins said the Annual Plan includes upgrades to audio-visual equipment at Pueblo West and Lamb. Audio-visual equipment has been upgraded at Rawlings and Barkman, but Pueblo West and Lamb now need to be upgraded. Mr. Hutchins said an RFP was sent to a number of bidders, but the library only received two proposals. He briefly reviewed the list of bidders who did not respond and the bids received. The bidders were Maximus Controls and Design Pro. Maximus Controls had the best bid at \$26,269. Mr. Hutchins said Maximus Controls had been the low bidder on several previous contracts to refresh the meeting rooms to bring them up to digital and upgrade to larger screens. Mr. Hutchins offered to respond to any questions.

Ms. Gairaud asked if Maximus Controls is a local company, and Mr. Hutchins said although it does not have a store front, the owner is local and lives in Pueblo. Design Pro is from Colorado Springs. Mr. Hutchins noted that Maximus Controls usually wins on labor costs, but in this bid Design Pro seemed to mark up equipment costs to lower labor costs.

Ms. Gairaud asked how long it will take to get the upgrades installed once the bid is approved. Mr. Hutchins hopes to have it by the end of the year, noting it will take about a week. He also mentioned the importance of not interfering with programming.

Dr. Mancha asked why so many did not submit a bid. Mr. Hutchins was not sure and speculated the small size of the job or distance from Denver may have been factors, but noted Alan Rocco, Facilities Superintendent, had also experienced the same lack of bids. With twelve bids sent, Mr. Hutchins expected to receive five or six bids. Dr. Mancha asked if anything is done to find out why a vendor did not bid, adding that he would prefer to have more bids to choose from. Mr. Hutchins offered to reach out to vendors to find out during the post-RFP process.

Mr. Stuart asked what columns C and E represent, and Mr. Hutchins responded those were used to score the bids. He explained some of the differences between the equipment bid and how he ranked quality and costs. For example, the projector that was the same as others in the district had an advantage allowing IT to stock the same replacement bulbs. Mr. Hutchins said he was reluctant to invest more in screens because those are sometimes abused in public meeting rooms, noting that one had been used as a dry-erase board which had been challenging to clean.

Mr. Quintana said the Board would add this to the agenda for the October Board meeting.

### **C. Sirsi**

Mr. Quintana said Jill Deulen, Technical Services & Collection Development Director, would present a recommendation for payment for integrated library services (ILS) software with Sirsi/Dynix Corporation for 2018. This would require Board of Trustee approval as it exceeds \$25,000.

Ms. Deulen distributed the proposals received from Sirsi and Bibliotheca for one more year with Sirsi/Dynix through 2018 for the main ILS system at \$66,226.16. The library finished a seven-year contract, and the library is in the process of writing an RFP for ILS systems. She expects Sirsi will be a contender, but the library will not be ready to start with a new vendor in time for 2018.

Mr. Walker said this cost is really on the same level as the current cost. He noted the reason for the second page is the next item on the agenda. In the past, Sirsi's bid included the Bibliotheca equipment, and this year Sirsi was asked to break it out, which resulted in a cost savings.

Mr. Walker explained that because the library wants to go out for bid, Sirsi was asked to separate the ILS quote from the equipment to allow some flexibility to isolate the ILS RFP which should be ready by the end of this year. Mr. Walker said they also asked Sirsi to quote a month-to-month contract in case the library chose a different ILS vendor, but Sirsi would not allow a partial year. Mr.

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Walker believes the library can work within that. Mr. Walker said both the Sirsi and Bibliotheca contracts include maintenance of everything quoted in previous years.

This will be added to the October meeting agenda.

### **D. Bibliotheca**

Mr. Quintana said Jill Deulen, Technical Services & Collection Development Director, would present a recommendation for payment for services with Bibliotheca for hardware and software services for 2018. This would require Board of Trustee approval as it exceeds \$25,000.

Ms. Deulen said the proposal from Bibliotheca includes support and maintenance of 23 self-checkouts at all locations, sorters, and the new library Smart gates. Ms. Deulen said they decided to separate the two contracts which resulted in about \$3,500 in savings.

Dr. Mancha asked if Bibliotheca is the same as Sirsi. Ms. Deulen said the library is in the middle of the Bibliotheca contract right now. Mr. Walker explained during the Library Enhancement project, when the library moved to RFID and smart tagging which involved sorters and self-checkout units, Sirsi was a bidder that bid Bibliotheca equipment. Sirsi had been the library's ILS system but also a reseller of Bibliotheca equipment. Sirsi agreed to separate the quotes because the library is preparing to rebid the ILS system. As it turned out, separating the contracts resulted in proposals that were about \$3,500 less than it had been together.

The library used Bibliotheca equipment in 2013 and had a six-year maintenance contract that included one year of warranty and five years maintenance. In 2018, the library is not yet at the end of that contract.

Mr. Quintana said this will be scheduled as an action item at the October meeting.

### **E. Employee Health Benefit**

Mr. Quintana said the current health benefit package approved by the Board of Trustees ends on December 31, 2017. A proposed benefit commencing January 1, 2018 and ending December 31, 2018 was presented and discussed at the September 28 Trustees meeting. This would require Board of Trustee approval as it will exceed \$25,000.

Ms. Baca distributed the same information provided at the September meeting, noting that none of the data had changed and was exactly what the Board reviewed at the last meeting. Ms. Baca offered to respond to any questions.

Mr. Walker said the Kaiser benefits proposal was matched across the board by Cigna at a lower cost, and the recommendation is for the Trustees to approve the contract with Cigna. The second page is the breakdown of what the employee and employer costs are. The full cost of the contract, which includes dental and vision benefits remaining with the same provider, is \$579,998. After employee contributions, the actual cost to the district will be approximately \$470,174. No changes are proposed to dental or vision coverage because the current providers were still the low bidders after going to market.

Ms. Bregar asked if it was possible to look at a history of Cigna to see if this is line with what is being offered to other companies. There was discussion whether this was only a one-time deal, advantages of Cigna being partially self-insured, and the potential for saving if staff are healthy and encouraged to use Tele-Health, Urgent Care and other cost-saving measures. Ms. Baca said Kaiser approached Benefits Broker to see how the renewal was coming along, and Kaiser was given feedback. Mr. Walker said the question had been discussed. Under ACA (Affordable Care Act) there is a cost in 2018 for traditional insurance plans to pay a 4% fee, and because Cigna is a self-funded plan, it does not incur that 4% fee. The library had been with Great West (which is now Cigna) until changing to Kaiser several years ago. Mr. Walker added there had been strong consensus with the staff Steering Committee to go with Cigna which has some advantages over Kaiser.

Mr. Gradisar just returned from a meeting with a group covered by Cigna that was seeing a 15% increase, but they had not gone out to bid. Insurance companies give you a price and keep raising

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the price until you find a better deal and leave. Mr. Walker said it is unusual to see a bidder actually lower the premium, so it does pay to go to market.

Ms. Bregar noted it could be a whole new deal next year with ACA. It is hard to know what will happen next year or down the road which is why it is important to go back to market.

Dr. Mancha asked the percentage of employees who sign up for insurance. Ms. Baca responded 59 employees are currently enrolled, and approximately 75 are eligible. Employees may get insurance through their spouse or pay the penalty not to take insurance. Dr. Mancha asked whether it would help rates if more employees participated. Ms. Baca speculated that there could be some increase during open enrollment and added the Library District is unique in how much is covered with a rich benefit package.

Mr. Walker said because of the amount, the Board will be asked to approve this at the October Board meeting. Mr. Quintana said this will be included with action items at the next meeting.

### **F. PERA Audit**

Mr. Quintana said Sherri Baca, Chief Financial Officer, would present a report on an upcoming Colorado Public Employees' Retirement Association (PERA) audit requirement.

Ms. Baca distributed email she received from the Chief Financial Officer of PERA notifying the library it had been chosen to be included in their audit, which Ms. Baca said would more appropriately be called an "attestation." Ms. Baca said this is a normal ongoing process in which PERA seeks to attest to the accuracy of the data the library provides to PERA.

There was discussion of the reason behind the audit, and Ms. Baca said the auditor will look through the library's payroll system to insure all PERA-includable salary is being reported and employee and employer contributions are accurate. Ms. Baca said she actually welcomes an audit to validate that the library is on track moving forward.

Mr. Gradisar had been provided the information, and he believes the audit is a result of the new GASB standards. The GASB standards also require the library to get information from PERA that the library now has to report as pension liabilities.

Ms. Baca said typically the attestation is done by our own auditor, and she distributed the engagement letter she received from Swanhorst & Company with a quoted price not to exceed \$3,000. The library also requested a bid from a local auditor, McPherson, Breyfogle, Daveline & Goodrich, and received a quote of \$4,000. Ms. Baca said she was not surprised by the difference since Swanhorst is already familiar with the library's internal controls. Ms. Baca anticipates about 30-40 hours of fieldwork for the PERA audit which has been scheduled for December 10 so the auditors can do this while preparing for this year's audit. The attestation report is due by March 30, 2018. Ms. Baca said the top-tier larger government employers probably go through this annually while mid-size employers might expect one every 3-5 years. The library is smaller and can expect these every 7-10 years, although there was no recollection of a prior audit.

Mr. Gradisar said the library engages the auditor and submits the report, but it is not binding on PERA, and PERA could decide to go back further if they discover an error. PERA also reserves the right to have the library pay for any errors.

Ms. Baca said the initial email does not state that the library has to pay for the audit, so she sent a letter asking if PERA contributes to the cost. She distributed the email she received in response explaining why it is the employer's responsibility.

There was additional discussion of recent GASB requirements which the auditor had discussed with the Board as well as anticipated requirements to report post-employment benefits, such as PERA Care.

Dr. Mancha asked about the difference between an "attestation" and an "audit." Ms. Baca explained an audit tests the risk of misstatement in relationship to audit standards, while an attestation reviews specific data to see how true it is to a standard and attests to the fact that it had been done accurately. There are slight nuances; testing is different, and reporting is different. Mr.

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Gradisar asked if it could be incorporated into the audit. Ms. Baca responded it is a separate engagement and a separate report. Ms. Baca anticipates no impact between the two unless PERA has an issue with what they find. Ms. Baca said the library discovered an error before PERA did and reported what the payroll system had been doing, and it is important to ensure the current system is reporting correctly. This is typical for a PERA employer.

Mr. Walker said the library intends to enter into an engagement as prescribed, which seems to be priced appropriately, but the Board does not need to take any action.

Ms. Baca announced that Swanhorst & Company will be merging with Hinkle & Company out of Tulsa, Oklahoma which will increase their reach, leverage and technical abilities in the provision of auditing services. Ms. Baca displayed the webpage for [www.hinklecpas.com](http://www.hinklecpas.com) which announced the addition of Swanhorst as their Denver office.

Dr. Mancha said, as a general rule, the library reviews and possibly changes its auditor to maintain perspective. Dr. Mancha asked where the library stands now in terms of going through that process. Ms. Baca said the library will be issuing an RFP early next year for the 2018 audit. She is reaching out to find potential auditors and working with Araphoe Library District that recently completed an RFP for a new auditor. Ms. Baca expects Swanhorst (or Hinkle & Company) will be one of the proposers.

### **G. 2018 Annual Budget**

Mr. Quintana said Sherri Baca, Chief Financial Officer, would report on the preliminary 2018 PCCLD Annual Budget. The preliminary 2018 budget had been delivered to the Board of Trustees by October 15, 2017. This will be followed by a public hearing on the proposed budget at the November Trustees' meeting, and the Trustees will be asked to adopt a 2018 plan and budget, set the mill levy, and appropriate sums of money for the 2018 budget at the December regular meeting.

Ms. Baca encouraged Board members to ask any questions. Referring to the General Fund budget on page 14, she pointed out the 2018 budget is anticipating \$9,088,584 in property tax revenue which might have been a greater increase without the Gallagher Amendment. The library expects a total revenue increase of 2.3% which includes a 3% property tax increase. Ms. Baca briefly reviewed other revenue sources in the 2018 budget.

Dr. Mancha asked if the 3% increase in property tax had been stated publicly, and Ms. Baca said the County Appraiser's office is required by law to provide that, and the final assessment will be issued in early December. Mr. Walker said typically there is not much change between the number provided in August and the final number in December.

Ms. Baca provided a detailed review of budgeted expenses. There is a 1% increase in salaries overall which includes pay-for-performance individual employees may earn based on their scores. Dr. Mancha asked how many full-time employees the budget includes, and Ms. Baca reported the FTE (full-time equivalent) for 2018 is 100.98. The 5% decrease in PERA is a result of not budgeting another big payment to PERA. Ms. Baca said she had not yet received the renewal amount for Workers Compensation, but there have not been many claims. The decrease for Employee Insurance had a great impact on the budget. Overall, Personnel will see a 1% decrease.

Materials was increased by 3%, the same as the increase in property tax to maintain materials at 15% of the operating budget. Library programs had been cut last year will increase 13% next year.

Facilities includes an insurance renewal that had not yet been received. Ms. Baca has planned for an 8% increase but is concerned due to the number of claims.

Operating had been increased by 5% overall. Contract Services includes a full-time security coordinator as well as services to help with the asset valuation process. Ms. Baca explained the increase for Community Relations budgets for the contribution to the Foundation after the Black Tie Ball. Professional memberships were reduced this year, and will increase in 2018 to allow memberships in the Chambers of Commerce. The library eliminated the budget to operate the photocopier in order to replace the photocopier in Community Relations where they do commercial grade copying.

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Information Technology will see an 8% increase overall with Hardware Repair & Maintenance being a large part. Ms. Baca said the declining cost of security camera replacements no longer need to be capitalized and will be included in the General Fund.

Ms. Baca concluded that the budget does not simply apply a percentage across the board. She then offered to respond to any questions or comments.

Dr. Mancha asked about the County Treasurer's Fee, and Ms. Baca explained it is the fee for the County to collect the taxes from taxpayers and send the money to the library. The increase matches the increase in property tax revenue.

Ms. Baca reviewed the Capital Project Fund and distributed the 10-Year Financial Projections. By policy, the Unrestricted Fund Balance must maintain 20% of operating expense, and this year's percentage is 27% while still transferring \$550,000 from the General Fund to the Capital Project Fund. Ms. Baca explained the need to budget more for the Capital Project Fund until they have a better understanding of where capital assets stand and how those will affect the Capital Replacement Plan. Ms. Baca said the 10-Year Financial Projections become less reliable farther out, but 2020 may be a pivotal year when the Gallagher Amendment may again affect property tax revenues. Ms. Baca was pleased the library could plan for this amount of spending. She then offered to respond to any questions, noting it is important to show the Board the big picture.

Ms. Baca noted the Special Revenue Fund contains the distributions from the Chamberlain Fund which are then transferred to the Pueblo Library Foundation. The 2018 budget anticipates \$5,000 in distributions with some interest and \$5,000 transferred to the Foundation.

Mr. Stuart referred to the 10-Year Financial Projections, referring to line 37 for total projected expenditures from the Capital Project Fund in 2022 and 2026, noting those seem exceptionally low. Ms. Baca noted that some of those numbers are directly reflected in the current Library Replacement Plan, and once the Library Replacement Plan is updated, it may more accurately reflect those numbers. There was discussion of efforts underway to update the Library Replacement Plan to include the three new libraries that will need to be refreshed, and expectations are that current numbers are less than the amount needed.

Ms. Baca reviewed page 23 showing combined funds revenue at \$10,432,652 with combined expenditures of \$10,815,973, spending \$383,321 into savings. The budget still maintains an unrestricted fund balance of 27%.

Ms. Baca said from a structural standpoint, the budget plans for Revenues over Expenditures of about \$165,000 in 2018. Ms. Baca would like to spend less than what is brought in to better fund the Library Replacement Plan. She also noted that eliminating the Gallagher Amendment would go a long way in getting the library's funding where it needs to be.

Ms. Baca concluded that adjustments will continue to be made with insurance and workers compensation quotes and running estimates for the current year before the budget hearing in November and with the final assessment numbers in December. Ms. Baca has issued a spending cut-off of November 15 to get staff to plan ahead for year-end expenses and to help minimize expenses.

Ms. Bregar said she really appreciates that Ms. Baca will be taking on fixed assets and the Library Replacement Plan because it is a great idea, but also a concern whether the library is setting enough aside. Ms. Baca said it will be in the Annual Plan for 2018, and it is a huge component of the financial abilities of the district. Instead of putting out fires, the library can plan for them.

### **H. Library Board of Trustees Vacancy**

Mr. Quintana said the City and County appointing authorities are considering appointments to the PCCLD Board of Trustees.

Mr. Walker had been in touch with County officials working with the City on the appointment process. Tentative dates had been set to interview the candidates for the Library Board. The

interview committee will be Steve Nawrocki and Ed Brown from the City and Terry Hart from the County.

Ms. Bregar asked if they will be re-interviewing the candidates. Mr. Walker said it appears the committee will interview the candidates to fill the current vacancy as well as the terms expiring at the end of the year. Ms. Gairaud and Ms. Bregar, who have submitted their applications, may also be contacted for an interview. Both Commissioner Hart and City Councilman Nawrocki have the letter from the Library Board President with the Board's recommendation.

Mr. Walker said he hopes the appointment process will wrap up in November. Mr. Walker will notify Board members as soon as the interview dates are confirmed. Board members are welcome and encouraged to attend the interviews.

#### **I. Pueblo Library Foundation Board of Directors Appointments**

Mr. Quintana said the Trustees will discuss upcoming term expirations for Pueblo Library Foundation Board of Directors. All appointments to the Pueblo Library Foundation Board of Directors require approval by the PCCLD Board of Trustees. *(Ms. Bregar left at this point.)*

Mr. Walker said the three-year terms on the Pueblo Library Foundation Board of Directors for Jim Stuart and Lyndell Gairaud would be expiring at the end of the year. Both Mr. Stuart and Ms. Gairaud indicated they were willing to continue for an additional term, but were also willing to relinquish the position to allow another Board member to participate.

Mr. Stuart said there is another at-large position on the Foundation Board to be filled, and Mr. Walker expects there may also be a recommendation from the Friends of the Library for the Library Board's consideration.

Ms. Gairaud said the Foundation only meets quarterly, and it is not a huge additional commitment. All agreed it was good to have two Library Board members on the Pueblo Library Foundation Board of Directors.

Mr. Quintana said he had been pleased with the work done on the Foundation Board by both Mr. Stuart and Ms. Gairaud, and he appreciated their willingness to continue to serve as the Library Board's connection to the Foundation. If the new Library Board member is interested in serving on the Foundation, both Mr. Stuart and Ms. Gairaud could be flexible in accommodating that. After additional discussion, the Board agreed to add the reappointment of Mr. Stuart and Ms. Gairaud to the October Meeting agenda.

#### **J. Scheduled Holiday Dates 2018**

Mr. Quintana said the Board would discuss 2018 holiday closures. The Board of Trustees will approve the 2018 scheduled holiday closures in December.

Mr. Walker referred to the document provided in the Board packet. Mr. Quintana reviewed the scheduled holiday and early closings. Mr. Walker offered to address any concerns.

Dr. Mancha referred to the early closings on the Wednesday before Thanksgiving and New Year's Eve and asked if anyone visits the library on those dates in case those should also be considered for closing in future years. Mr. Walker said there is never a day when the library opens its doors and has no one visit, but he would look at the past gate counts for those days.

Mr. Quintana indicated this should be added to the October meeting agenda.

#### **K. Scheduled Meeting Dates 2018**

Mr. Quintana said the Board would discuss their 2018 meeting dates and locations. The Board of Trustees will approve their 2018 scheduled meeting dates and locations in January 2018.

Mr. Walker referred to the document provided in the Board packet. Mr. Walker said the Board sometimes schedules alternate meeting dates in March, and several alternate dates had been listed for November and December meetings.

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There was discussion of whether Board members would attend PLA in Philadelphia in 2018 which is scheduled March 20-24, 2018, and it was agreed the Board should consider an alternate meeting date in March. There was further discussion of staff preference for meeting later in the month to allow more time for preparation.

Mr. Walker asked Board members to review the schedule provided with their personal plans, and adjustments would be made and discussed further at the November Work Session.

### **IV. ADJOURNMENT**

Prior to adjourning, Mr. Quintana alerted Board members to the email invitation to attend the Board Mixer at Brues Alehouse, 120 East Riverwalk, on Monday, October 23 from 5:30 to 7:30 p.m.

Mr. Quintana also reminded Trustees that the Regular Board meeting would be held Thursday, October 26, 2017 at 5:30 p.m. at the Patrick A. Lucero Library, 24655 U.S. Highway 50 East.

There being no further discussion, the Work Session adjourned at 5:07 p.m.

Respectfully submitted,

Jane Carlsen  
Secretary