

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

**October 13, 2015**

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

Ms. Pickman, Vice President, called the meeting to order at 3:01 p.m. in the Ryals Room on the 4<sup>th</sup> floor of the Rawlings Library.

Board Members Present: Fredrick Quintana, President; Marlene Bregar; Lyndell Gairaud; Philip Mancha; Roy Miltner; Donna Pickman; Jim Stuart

Attorney Present: Nicholas Gradisar

Staff Present: Jon Walker, Executive Director; Sara Rose, Chief Operating Officer; Sherri Baca, Human Resources Manager; Jill Deulen, Technical Services & Collection Development Manager; Katie Hunt, Accountant; others not recorded

Others Present: Tori Cordova, HUB International

**II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA** Ms. Pickman pointed out Item D of the agenda should read, "The Board of Trustees will not approve the 2016 Scheduled Meeting Dates until January 2016 nor 2016 Scheduled Holidays until December 2015, ..." rather than "...December 2016..."

**III. DISCUSSION ITEMS**

**A. Health Benefit Renewal**

Ms. Pickman said the current employee health benefit package approved by the Board of Trustees will end December 31, 2015. A proposed benefit renewal commencing January 1, 2016 and ending December 31, 2016 will be presented for discussion. Since the cost of this proposal exceeds \$25,000, the Trustees will be asked to consider action to approve this expenditure.

Mr. Walker said it had been an exciting renewal year, and the library is in a good place with benefit renewal. Ms. Tori Cordova from HUB International was available to provide details, and the plan had been vetted by the employee Steering Committee. It will have a flat impact on the library, although there will be some changes to the benefits.

Ms. Cordova said the library is with Kaiser-Permanente now, and the first step was to ask Kaiser Permanente to provide a quote for next year which came back with an 8.8% increase which did not fit within the budget. Ms. Cordova said the library then went out to bid and received quotes from Rocky Mountain Health and Anthem (Aetna declined to quote because it could not compete). While there were good options, it would have meant a change in carriers and a change in doctors for employees. Ms. Cordova said they went back to Kaiser Permanente to find out what could be done to bring the renewal cost down or what kind of design changes could be made to come as close to a zero increase as possible. A handout was provided to Board members showing the current plans available for staff, the renewal costs for the current plan, and the options presented. The second page of the handout shows the changes which will increase the maximum deductible for a family to \$5,000 in the high-deductible plan or \$3,000 in the low-deductible plan, the office visit co-pay would increase from \$35 to \$40, including First-Fill Rx, and with Kaiser investing 3%, it allowed a flat increase.

Ms. Cordova explained that the First-Fill Rx allows employees to continue to fill a one-time prescription at the retailer of their choice; however, long-term maintenance prescriptions can only be filled at a retail facility the first time, after which those must be filled at a Kaiser Permanente facility or with the Kaiser mail-order program. Ms. Cordova added that Kaiser will provide a pharmacy specialist to help employees transition from their retail pharmacy to the Kaiser providers.

There was additional discussion of where the Kaiser facility is located, and it was noted that in Pueblo employees are not restricted to Kaiser physicians, unlike the Denver-Metro area.

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Dr. Mancha expressed an interest in discussions with the employee group about the changes. Ms. Rose said benefits renewal is always something the Steering Committee is very engaged in. In terms of the new pharmacy plan, some are already using the mail-order service and reported the prescriptions were usually on their doorstep in two days, and Ms. Baca added that the change to prescriptions is only with respect to maintenance medications. If an employee needs an antibiotic, they can still use their regular pharmacy. Ms. Rose said as part of the process, the Steering Committee decided to solicit input from all employees, so they had that information going in as well.

Dr. Mancha said the hikes in deductibles seem high, and he wanted to know what employees said. Ms. Rose said the Steering Committee looked at different options. Because health insurance premiums are a shared cost, when premiums increase it impacts both the employer and the employee, so both sides have an interest in keeping costs down. One of the options was to change the shared cost ratios, and the Steering Committee was very clear that they did not like that option. Ms. Baca added that Steering Committee members said Kaiser Permanente was going well, and in looking at the other quotes, it was clear they did not want to change. Another benefit of using Kaiser's mail prescription service is employees get medication for three months at the cost of two months.

Ms. Rose said her sense is that the Steering Committee is satisfied. Every year all of us have concerns in terms of rising insurance rates, and the trend for many years has been for rates to increase. They looked at market data, and the average increase is 10% and higher, so this was good compared with the market. Ms. Rose said the library is in a good position. The other benefits (dental, vision and life insurance) are at a fixed rate for two and three years, so those are locked in, and they did not look at changing those.

Mr. Stuart asked what share of the premiums employees pay. Ms. Rose said employees pay 20% of the premium for themselves and 25% of the premium for any dependents, and the library pays 80% for employees and 75% for dependents. The Steering Committee was clear that it wanted to keep those ratios intact and understand that this is the tradeoff.

Mr. Quintana asked if the overall sense is the employees are willing to work within the increased deductibles, keeping everything else remaining the same with some minor changes. Mr. Walker pointed out that he is hearing employees say they like the plan they have. Employees also say they do not use the mail-order service even though it would save money, and Kaiser saves money too.

Mr. Walker said he would like the Board to consider approving the Kaiser Permanente changes at the October Board meeting so employees can be informed of the changes and given the opportunity to enroll in November with changes to begin in 2016. Depending on actual enrollments, the cost to the library will not exceed \$553,593. The Board agreed this should be added to the October meeting agenda. *(Ms. Bregar arrived at this point)*

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

Ms. Pickman said a vacancy on the Board of Trustees is anticipated at the end of the current year. A Nominating Committee has been appointed to identify skills and representation needed, discuss recruitment strategies, and develop a process to review applicants in order to make a recommendation to City and County officials. A progress report will be given.

Mr. Walker shared a letter addressed to Buffie McFadyen, Chair of the County Commissioners, informing her of the Library Board's recommendation. Laura Heberly, the Board of County Commissioners Administrator, indicated the letter would be included in the packet provided to County Commissioners and City Council for review at their meeting on October 22. Mr. Walker will let the Board know as soon as he receives news of the outcome of that meeting.

### **C. Preliminary 2016 Annual Budget**

Ms. Pickman said the Library District Board of Trustees will be presented with the preliminary Pueblo City-County Library District 2016 Annual Budget. The preliminary presentation will be followed by a public hearing on a plan and budget at the November Trustees meeting. The Trustees will be asked to adopt a 2016 plan and budget, set the mill levy, and appropriate sums of money for the 2016 budget at the December Trustees meeting.

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Mr. Walker distributed the Preliminary 2016 Budget, noting the library is required to provide Trustees with a Preliminary Budget for the fiscal year by October 15. In addition to that, the library is required to post public notice allowing the public to inspect the Preliminary Budget, and the notice is scheduled to appear in *The Chieftain* on Sunday, October 18. Mr. Walker emphasized this is a preliminary presentation and will undergo changes prior to final approval. Mr. Walker said the Preliminary Budget had been prepared with a tremendous amount of assistance from Jeanette Cortez, Katie Hunt and Sherri Baca.

There will be a hearing on the Preliminary Budget at the November Board meeting when the public has an opportunity to provide feedback, and of course the Board may provide any comments or recommendations throughout this process until it must be approved by December 15.

Mr. Walker pointed out on page 1, there is a discussion of the budget which is the same kind of presentation as past years, and includes the General Fund, the Capital Project Fund and the Special Revenue Fund. The General Fund holds operating revenues and expenses including the debt service payment, contributions from the Friends of the Library, and miscellaneous gift revenue. The Capital Project Fund includes the Library Replacement Plan, InfoZone, major building projects which are not anticipated in 2016, and contributions from the Library Foundation. The Foundation is working to build an endowment. The Special Revenue Fund includes activity in the Chamberlain Fund.

An Information Technology project of about \$100,000 was moved to 2017 in order to make plans for the project in 2016. The auditor has recommended IT conduct a security analysis which will be combined with the network analysis, and those will be implemented in 2017. There was discussion that the money had been set aside, but after speaking with Charles Hutchins, not only will it really help the budget, but it will not be practical to complete it in 2016.

The library annually transfers money from the General Fund to the Capital Fund, and the 2016 budget includes a \$175,000 transfer.

The Annual Plan will come to the Board next week and will go with the budget. About 88% of the revenues are anticipated to come from property tax, and it is the library's major revenue source. The mill levy for the district is 5.25 mills, and the library is authorized to collect the mill levy equivalent to the amount of taxes that were abated and refunded in the previous year, so in 2016 the total mill levy will be 5.255 mills.

Mr. Walker referred to the Fund Balance Summary and Capital Project Fund which is the library's savings account. The 2016 Budget anticipates a balance of \$1,659,639 at the end of the year. The Combined Fund Balance anticipated is \$3,908,169. The estimated 2015 estimated Combined Fund Balance shows a much better position than the amount budgeted.

Mr. Walker referred to specifics of the Personnel, Materials, Facilities, Operating and Information Technology budgets, noting changes and reasons for those adjustments.

Mr. Stuart pointed out a typographical error on page 3, and "2012" Budget will be changed to "2015."

Specific Ownership tax has been coming in a bit higher, and the 2016 budget reflects that trend. Contracts and Grants are expected to increase 30% over the current year, and the library is budgeting a grant for police at the Lucero Library. Fines and Fees have decreased, and the 2016 Budget reflects that decrease.

General Fund revenue for 2016 reflects a 1% increase over the 2015 estimated budget, and a 1.4% increase over the 2015 Budget.

Salaries and Wages increase by 1% to allow a 2.5% adjustment to most salaries. Mr. Walker explained several details included in the Personnel budget including PERA, insurance, and he expects to continue studying and adjusting this portion of the budget. Employee training decreases slightly by 1.3%; however, he hopes to be able to restore some of that.

Materials and Services have been decreased; however, it is still 15% of the Operating Budget. Library programs are consistent with last year.

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The Facilities budget shows a modest increase. Utilities have been budgeted to increase by 3.5% based on current trends. Vehicle maintenance increased by 14% based on current expenses. Rent includes the lease on the facility occupied by the Friends of the Library at 622 South Union, and the library sublets a portion of that building to the Friends. The lease on that building will be due for renewal toward the end of next year. Lease/Purchase is based on a formula, and debt service payments have been scheduled over the term of the COP. In 2016, the payment will be about \$100,000 but varies from year to year. Insurance shows an 8% increase; however, the actual quotes have not yet been received, so that amount may be adjusted. Friends expenditures are expected to remain about the same based on grants to the district.

The Operating budget has been increased. Contractual library service increases are mostly due to security services at the Lucero Library. Mr. Walker said he had made a proposal and will be meeting representatives of the Police Department and City later this week. The library will also be bringing on board the maintenance costs for the 3M sorters at the new libraries. Community Relations is consistent with last year. Professional memberships increase by a modest amount. The office supplies budget has decreased and will require careful use of supplies. Photocopiers, Courier, and Postage all remain constant.

Information Technology, shows a slight increase. E-Rate reimbursement is part of the IT budget, and there have been some changes in E-Rate reimbursements that will result in more reimbursement than in the past, but it will no longer fund telephone service. This will be positively reflected in the 2017 budget when the library begins investing in network equipment. The budget anticipates an increase in licensing and support. The total increase in expenditures over 2015 estimated expenses is 2.4%.

The 2016 budget anticipates total revenues of \$9,981,860 and total expenditures of \$10,019,129.

Mr. Walker asked the Board to review the long-range projections. Mr. Walker explained adjustments were made in a number of different categories, and the unrestricted fund balance at the end of 2016 is expected to be 28%, shown on the highlighted line. By policy, the library must keep that at 20%.

The Board discussed a number of aspects of the Preliminary Budget including reasons for the Unrestricted Fund Balance being more than the required 20% and the impact on years going forward. Although the Budget shows a deficit, Ms. Pickman pointed out the only way to use savings from the previous year is to run a deficit. Dr. Mancha was glad to see 15% of the operating budget dedicated to materials which is the heart of the library. Mr. Walker pointed out that vacancy savings result each year because the library budgets for full employment. Dr. Mancha suggested the library think about a mill levy increase which has remained unchanged since 1995. Mr. Quintana suggested some of the categories that have been lumped together in the long-range plan might be further detailed.

Mr. Walker said there would be plenty of opportunities for the Board to make comments between now and the November public hearing. The November Board meeting will be held at the Lucero Library. Dr. Mancha was concerned about the acoustics of that meeting room, and Mr. Walker said the Lucero Library did not have the same issues as Greenhorn Valley and Giodone due to the lower ceilings.

### **D. Scheduled Meeting Dates and Holidays - 2016**

Ms. Pickman said the Board of Trustees will not approve the 2016 Scheduled Meeting Dates until January 2016 nor 2016 Scheduled Holidays until December 2015, but the Board may discuss holiday closures and 2016 dates and meeting locations.

Mr. Walker distributed the first draft of the 2016 Scheduled Meeting Dates for the Board of Trustees. The Board Secretary noted that it is important to schedule meeting rooms prior to November 1 when the public begins booking meeting rooms for the following year. There was discussion of the alternate dates shown for November and December due to holidays and budget approval requirements, and the Board expressed a preference for selecting Work Session dates on Tuesday, November 15 and Thursday, December 8.

With respect to PCCLD Closings, Mr. Walker pointed out that Christmas Eve and Christmas Day occur on Saturday and Sunday in December 2016. He explained that in the past, when holidays fall on a weekend, the library is closed on those dates, and staff select an alternate day during the week to take

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the holiday. A Saturday holiday will be taken during the week before, and the Sunday holiday will be taken the week after the actual holidays.

### **E. Executive Session**

Ms. Pickman said the Board of Trustees will consider entering into Executive Session pursuant to C.R.S. 24-6-402(4)(b) to receive legal advice on specific legal questions relating to personnel matters and pursuant to C.R.S. 24-6-402(4)(f)(I) to discuss a personnel matter with respect to an employee who is the subject of the session and does not request that the discussion take place in public session.

Everyone present except the Board of Trustees and the Board attorney were excused at 4:20 p.m. upon Motion made by Mr. Quintana, seconded by Mr. Stuart.

The Board reconvened in public at 5:05 p.m. upon Motion made by Ms. Bregar, seconded by Ms. Gairaud.

Mr. Gradisar said the Executive Session had not been recorded and certified that all discussions were limited to legal advice and subject to attorney-client privilege.

Ms. Pickman said the Board requested that another Executive Session for the same purpose be included on the agenda for the October Board meeting.

### **IV. ADJOURNMENT**

Ms. Pickman reminded Trustees that the Regular Board meeting will be held on **Tuesday**, October 20 at 5:30 p.m. at the Rawlings Library and there will be an Employee Recognition event beginning at 5:00 p.m.

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

Respectfully submitted,

Jane Carlsen  
Secretary