

**PUEBLO CITY-COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES
MINUTES FOR THE REGULAR MEETING**

November 29, 2018

I. PUBLIC HEARING ON PROPOSED BUDGET FOR FISCAL YEAR 2019

President Doreen Martinez called the meeting to order at 5:30 p.m. at the Rawlings Library and announced the public hearing on the proposed budget for fiscal year 2019. Ms. Martinez said this is an opportunity for citizen comment on the Budget proposal which has been made available for public inspection. Ms. Martinez then turned the meeting over to Sherri Baca, Chief Financial Officer.

Mr. Walker pointed out the Annual Plan is part of the Annual Plan & Budget which is available to the public on the library's website. Each of the objectives in the Annual Plan were reviewed in detail at the November 13 Work Session. Since then, action steps have been added to each of the objectives, and the Annual Plan has been incorporated into the budget document.

Ms. Baca distributed the updated 2019 Annual Plan & Budget, Budget Update and 10-Year Financial Projections, and reviewed the three governmental funds: The General Fund reflects property tax and other general revenue and all the operating expenses for the District; the Capital Fund reflects revenue and expense for capital asset acquisition; and the Special Revenue Fund reflects donations from the Chamberlain Fund.

General Fund: Ms. Baca presented a chart showing 87% of General Fund revenues are from property tax, 8% from Specific Ownership tax, 2% from Fines/Fees/Miscellaneous, and 3% from Contracts/Grants/Gifts. Ms. Baca referred to the General Fund on page 22 and pointed out property tax increased by \$21,408 which is 0.2% with a 5.271 mill levy that includes \$35,533 for abatements/refunds. Specific ownership tax is up 12% from the 2018 estimate and may change slightly. Contracts/grants/donations decrease 12% due to specific grant revenue expectations for 2019. Interest earnings are budgeted to decrease from 2018 estimates even though the Fed has increased interest rates; the library is budgeting conservatively. Fine revenues decrease 29% reflective of current collections. Photocopier revenue remained flat, and miscellaneous revenue increased 19% based on budget forecasts. Total revenues are up by 0.2% or \$18,991.

Ms. Baca presented a chart showing that 54% of General Fund expenditures are for personnel, 15% for materials and services, 19% for facilities, 8% for operating and 4% information technology. Total General Fund expenditures increased 0.3%, only \$24,985.

Personnel expenses are budgeted to increase 2% which includes a 1% increase in salary for the Pay-for-Performance plan wage changes and increasing by 2.7 full-time equivalent employees overall. Ms. Baca pointed out the new security personnel amounted to 4.45 full-time equivalent employees. Workers compensation budget increased by 7% which may change when the renewal quote is received. PERA, unemployment, and Medicare costs increased based on the increase in total wages. Health related benefits increased 14% resulting from the increase from the current medical insurance carrier. Employee relations decreased 2% to reflect projected spending, and employee training increased 2%.

Materials and services expenses are budgeted to decrease 3% which represents materials spending at 14.3% of the operating budget which is a one-year reduction to offset the forecasted impact of the Gallagher Amendment. Ms. Baca explained that property tax revenue is projected to drop 5% in 2020 which will detrimentally impact the budget by about \$500,000, and the library is trying to get ahead of that by taking it over a two-year time period beginning in 2019. Typically the library's goal is to keep materials at 15%. Programs are budgeted to decrease by 6%, and the library will continue to seek grants to supplement the budget. The Friends of the Library has come through for the library in that category.

Facilities expenses are budgeted to decrease by 2%. Utilities are budgeted to decrease 3%, vehicle maintenance increased to reflect courier costs, building repair and maintenance

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increases by 9%, rent holds steady by contractual agreement, lease purchase reflects debt service on 2012 COPs, and insurance increases 2% which may change as the library receives renewal quotes.

Operating expenses are budgeted to increase 4%. Contract services will increase 17% due to outsourced IT network and systems administration. Community Relations decreases 28% to reflect a one-year time-out of a contribution to the Pueblo Library Foundation in order to trim the budget. Office supplies increase 17% due to carryover spending for the Greenhorn Valley Library which is a grant-funded expense. Ms. Baca pointed out they will be spending that fund balance, although it will look like an increase. A new photocopier will be purchased in 2019 when the lease runs out in April. Courier service decreased 96% due to bringing courier activities in-house.

Information Technology decreased 19%. Telecommunications decreased 14% with an anticipated \$160,000 E-Rate reimbursement in 2019. Hardware repair and maintenance decreased 2%, technology supplies increased 12% for anticipated copier costs, and technology maintenance, licenses and support decreased 30% as a result of changes in the library catalog system.

At the end of 2019, this budget projects a \$2,344,210 fund balance, an increase of \$40,375 in comparison with the prior year due to reduced spending and a smaller transfer out to the Capital Project Fund. With a surplus in the General Fund budget in 2019, the district will increase fund balance. The library plans to spend \$250,000 less on operating costs than projected revenue which is a proactive response to the decline in property tax projected for 2020 due to the ill effects of the Gallagher Amendment. Ms. Baca also pointed out the library expects to maintain an unrestricted fund balance of 32% of operating expenditures.

Capital Project Fund: Ms. Baca reviewed the Capital Project Fund which includes: new building and capital projects, InfoZone Museum expenses and upgrades, the library replacement plan, and acquisition of other capital assets and improvements. Budgeted revenue anticipates contributions, gifts and grants of \$1,000,000 for the Rawlings Library re-imagining project and \$30,000 in interest earnings. Capital asset spending includes \$25,000 for the InfoZone, \$51,100 for asset repair and maintenance, \$135,000 for Information Technology replacement plan for network and telephone upgrades, and \$1,083,000 for building improvements which includes the Rawlings Library re-imagining project, photocopiers, and bookdrops. Total expenditures are budgeted at \$1,294,100, but she expects an ending fund balance of \$2,012,960 which includes a transfer in from the General Fund of \$200,000 which will result in a \$64,100 decrease in fund balance overall. The ending fund balance of \$1,842,217 includes transfer in from General Fund of \$550,000, a \$3,300 decrease in fund balance overall. Ms. Baca explained that there are some carryover funds for projects that there was not time to complete this year to offset this spending.

Ms. Baca concluded that this is a conservative capital spending program, and if the library is not able to raise the funds for the Rawlings Library re-imagining project, it will not have the funds to spend.

Special Revenue Fund: The Special Revenue fund is used to house the regular income from the Chamberlain Fund which the Pueblo Library Foundation is overseeing. The budget anticipates revenue of \$5,075 to include Chamberlain Foundation distributions and interest earned. An expense of \$5,000 is budgeted to transfer to the General Fund to be spent for library purposes. The ending fund balance is expected to be \$894.

Ms. Baca reviewed the assumptions: revenue is budgeted conservatively based on assessed valuation and current economic conditions; expenditures are budgeted in anticipation of all known impact and will soon include annual plan initiatives while continuing to provide excellent service, plan for growth and provide competitive employee compensation and benefits. The

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combined unrestricted fund balance of \$3,239,074 is 32% of total combined annual expenditures; 20% is the minimum fund balance policy adopted by the Board in 2009.

Ms. Baca said developments between now and December 13 which will inform the 2019 budget process are: additional 2018 expenditure activity, end-of-year issues, assessed valuation changes, renewal costs for property/liability insurance and workers compensation insurance, and other wage adjustments. Comments from the public will continue to be received until 5:30 p.m. on Thursday, December 13, 2018 when the proposed 2019 Budget will be presented to the Board of Trustees for adoption and appropriation.

Ms. Baca said the budget will be presented for the Board's review at the Work Session, and the 2019 Budget will be presented to the Board of Trustees for adoption and appropriation on December 13.

Ms. Baca then offered to respond to questions.

Mr. Stuart asked how bringing the security team in-house compared with contracted security. Ms. Baca recently did an analysis that showed a \$15,000 saving overall but also resulted in increased security hours.

Ms. Garcia asked what kind of public comments had been received on the budget. Ms. Baca said there had not been any yet, but the budget is posted to the website. It is required by law to put a notice in the newspaper that announces this public hearing to make sure the public can be involved as much as it wants to be. Mr. Walker added that most comment comes from the Board of Trustees.

Mr. Stuart asked about the million dollar estimate for the Rawlings remodel. Mr. Walker said the entire project was estimated, and it could be done in phases. There was discussion that Mr. Walker has some specific revenue streams in mind, but if the money is not raised, the library will not be able to build.

The General Fund is still maintaining a significant cut. Ms. Baca said there could be some Gallagher Amendment updates that would allow the library to restore some of the cuts. Ms. Baca said it includes about \$106,000 in spending the library has not had time to complete in 2018, and those funds will be in the 2019 budget.

Ms. Garcia asked if the \$30,000 in interest is coming from the million dollars the library hopes to raise, and Ms. Baca said it is from existing investments which earn interest including debt service funds to secure the COPs and funds in the library replacement plan.

Ms. Bregar asked where the funds for Board members to attend PLA or CAL are budgeted. Ms. Baca said those are in the Executive Director's training budget.

2019 Budget Update: Ms. Baca reviewed the adjustments that had been made to the budget since its presentation in October. Ms. Baca pointed out that salaries decreased due to outsourcing network administration which increased contract services. Adjustments were made to vehicle maintenance due to its use for courier services. Building repair and maintenance was moved from the Capital Project Fund to the General Fund. Changes to County Treasurer's fees resulted from the change in property tax. The changes include \$15,885 of carryover spending from the 2018 budget. Ms. Baca explained that despite the carryover spending budgeted, the 2019 budget had been cut by \$250,000.

Dr. Mancha asked for clarification on the comment that the library did not have time to spend the 2018 budget. Ms. Baca provided several examples of important purchases planned and reasons for the delays. There was discussion that the same thing had not occurred last year, but the items budgeted this year are still needed and will need to be purchased next year.

10-Year Financial Projection: Ms. Baca referred to the 10-Year Financial Projection where they forecast the best that they can over the next ten years. Ms. Baca explained how

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projections are calculated, and if nothing is done about the impact of the Gallagher Amendment, the cuts made to the 2020 budget will not be restored in subsequent years in order to maintain the 20% fund balance required by policy. Ms. Baca said this is a sobering picture for the Library District if the Gallagher Amendment is not fixed, and the library will be on an unsustainable path to adequately maintain eight library locations.

Dr. Mancha asked if she had handled it by making cuts in many places and if there is a process for an inclusive way to make those choices. Ms. Baca said not yet, but they will know more in the legislative session. If nothing changes, her recommendation would be to start identifying what the long-term changes will have to be. The library will not have enough revenue to maintain facilities in the long-term projection as it is now.

This concluded the public hearing on the 2019 budget.

II. CALL TO ORDER AND ROLL CALL

The regular session of the Pueblo City-County Library District Board of Trustees was then called to order at the Rawlins Library at approximately 6:20 p.m. by President Doreen Martinez.

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

Staff Present: Jon Walker, Executive Director; Sherri Baca, Chief Financial Officer; Sara Rose, Chief Operating Officer; Midori Clark, Director of Community Relations/Development/Strategic Initiatives; others not recorded.

Others Present: Jeff Shaw

Attorney Present: Nick Gradisar

III. CORRECTIONS AND MODIFICATIONS TO ADENDA None

IV. APPROVAL OF THE MINUTES

Ms. Martinez said the Minutes of the Library Board Work Session held on October 16, 2018 and Minutes of the Regular Library Board meeting held on October 25, 2018 were provided to Board members prior to the meeting.

Ms. Gairaud made a Motion, seconded by Dr. Mancha, to approve the Minutes of the Library Board Work Session held on October 16, 2018 and the Minutes of the Regular Library Board meeting held on October 25, 2018. The minutes were approved by unanimous consent.

V. Executive Session

Ms. Martinez said the Trustees would enter into Executive Session to discuss negotiations for the purpose of instructing negotiators and determining positions relative to matters that may be subject to negotiations pursuant to C.R.S. 24-6-402(4)(e).

Mr. Quintana made a Motion, seconded by Mr. Stuart, that the Board move into Executive Session.

The audience was excused at 6:25 p.m. with Ms. Baca and Mr. Shaw invited to remain.

The Board reconvened in public session at 7:28 p.m. upon Motion made by Ms. Bregar, seconded by Ms. Gairaud.

VI. REPORTS

A. Executive Director Report

Colorado Gives: Mr. Walker invited Midori Clark, Director of Community Relations/Development/Strategic Initiatives, to report on Colorado Gives.

Ms. Clark said the library was excited to participate in Colorado Gives Day on December 4. This is the first year PCCLD will be participating with proceeds going to the Pueblo Library Foundation. Colorado Gives is a year-round online website that started in 2007 to encourage philanthropy across the state. Pueblo County has been designated the regional champion, and Susan Fries has taken this on. The Sangre de Cristo Arts Center is also participating for the first time this year. There is an effort to get more nonprofits involved. This morning she and others from the library attended a rally at the Courthouse.

Ms. Clark said the library typically does an end of year fundraising campaign where it raises \$2,000-4,000, and she still expects to do that as well. The library's goal for Colorado Gives on Tuesday, December 4 is to raise \$2,500. Ms. Clark would like to see 100% participation from members of the Board of Trustees, Friends of the Library and Pueblo Library Foundation. Everyone cares about the library, and she hopes everyone in those organizations show their support with a donation. To date the library has raised \$1,620 among nine donors.

Ms. Gairaud said she received an email from Ms. Clark, and she went online and set up a donation for December 4 which she also posted to her Instagram account. If everyone gives \$5 or \$10, the library could exceed its goal. Ms. Gairaud said it was very easy and encouraged everyone to donate a little bit because every little bit helps.

Ms. Clark provided the link to the Colorado Gives webpage and encouraged Trustees to share it: <https://www.coloradogives.org/PuebloLibraryFoundation/overview>.

B. Friends of the Library Report None

C. Pueblo Library Foundation Report None

D. Attorney Report None

E. Employment Changes

Ms. Martinez said the Board is asked to ratify the October 2018 Employment Changes as presented by the Executive Director.

Ms. Bregar made a Motion, seconded by Mr. Stuart, to ratify the October 2018 Employment Changes as contained in the November 29, 2018 Board materials.

There being no further discussion, MOTION CARRIED 6-0.

F. Financial Report

Ms. Martinez turned the meeting over to the Vice President and left the meeting to take care of family matters. Mr. Quintana said the Board is asked to ratify the October 2018 bills and accept the October 2018 Fund Statements. Sherri Baca, Chief Financial Officer, would be available to answer any questions.

Dr. Mancha made a Motion, seconded by Mr. Stuart, to approve the October 2018 bills and accept the October 2018 Fund Statements as contained in the November 29, 2018 Board materials.

On the Combined Balance Sheet, Ms. Baca said the budget is on track, cash is holding, and pointed out some timing differences, noting the Library Replacement Plan is healthy.

In the General Fund, the target percentage for the end of October is 84%. Revenues were 97% collected. Ms. Baca said the Treasurer's Office reported a glitch in a recent

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statewide upgrade which prevented them from sending the typical payment. Last year revenues were 99% collected.

Personnel expenses were 80% spent, the same as last year. Materials were 83% spent compared with 80% last year. Facilities expenses were 84% spent, compared with 86% last year, and Ms. Baca pointed out the COP payment caught up that line item. Operating expenses were 75% spent, compared with 87% last year, and Ms. Baca noted Courier Services will be underspent for the year. Information Technology was 76% spent compared with 87% last year. Overall expenditures were 81% spent, compared with 82% last year.

In the Capital Fund, there was some interest revenue from the two cash holding accounts. The \$11,880 expense was for the gates in the courtyard, and \$10,000 for architect fees. Ms. Baca pointed out the amount in the Capital Fund that had been budgeted but had not been spent which was discussed earlier.

In the Special Revenue Fund there was a distribution for the quarter and some interest. The Board will have a decision at the next meeting about the amount to be distributed from the Special Revenue Fund.

The J.T. Nesbitt Committee is getting ready for the Christmas party and may be spending some of its funds.

Ms. Baca offered to respond to any questions on the check listing.

Mr. Stuart asked about the Amazon payment of over \$15,000 for Youth Services programs, and Ms. Baca said they are training a new accounting specialist and explained the library uses Amazon for miscellaneous spending including office supplies and program supplies. The expense was not all for programs in Youth Services.

Ms. Baca said a third vendor is set up for e-payments, Colorado Computer Systems is used to outsource Information Technology.

Ms. Baca concluded with amounts presented for the Board's approval which included Payables of \$413,435.52 and Payroll of \$358,193.10, for a total of \$771,628.62.

There being no further discussion, MOTION CARRIED 5-0.

VII. BOARD COMMENT

Ms. Bregar commented on how much she appreciates how well the parking lot is lit, and also noted that she often sees the security guards out and about.

VIII. PUBLIC COMMENT None.

IX. OLD BUSINESS None.

X. NEW BUSINESS

A. Announcements

- The next regular Board of Trustees Work Session is scheduled for Tuesday, December 11, at 3:00 p.m. at the Rawlings Library,
- The next Regular Meeting of the Board of Trustees is scheduled for Thursday, December 13, at 5:30 p.m. at the Rawlings Library. Dr. Mancha pointed out there is only a day between the Work Session and Regular Meeting, and Mr. Walker explained the law requires adoption of a budget by December 15. The same schedule has been used in the past.

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- Board members are invited to attend the J.T. Nesbitt Staff Association Christmas Party on December 8 at 6:30 p.m. at the Rawlings Ryals Room. RSVPs are due by November 30. Trustees may coordinate reservations via Jane Carlsen at 562-5633.

B. Action/Discussion Items

1. 2019 PCCLD Holiday Dates

Mr. Quintana said the Board reviewed the 2019 holiday closures and made recommended corrections.

Ms. Garcia made a Motion, seconded by Ms. Gairaud, that the Board approve the 2019 PCCLD Closings & Pay Periods.

Mr. Walker discovered an additional correction needed to change April 1 to April 21 for Easter Sunday.

There being no further the MOTION CARRIED 5-0 as corrected.

2. Pueblo Library Foundation Board of Directors Appointments

Mr. Quintana said the Board of Trustees discussed upcoming appointments for Pueblo Library Foundation Board of Directors at the November 13 Work Session. All appointments to the Pueblo Library Foundation Board of Directors require approval by the PCCLD Board of Trustees.

Dr. Mancha made a Motion, seconded by Ms. Bregar, that the Board approve the appointment of Dustin Hodge, representing the Friends of the Library, and Michael Voute, at-large, for three-year terms, respectively, on the Board of Directors for the Pueblo Library Foundation.

Mr. Quintana added the Board is expecting a third vacancy to be filled. Mr. Walker said the Pueblo Library Foundation will meet on January 9 and may have a recommendation after that meeting.

There being no further discussion, MOTION CARRIED 5-0.

3. Bibliotheca

Mr. Quintana said the Board discussed a recommendation for payment for services with Bibliotheca for hardware and software services for 2019 at the November 13, 2018 Work Session. This requires Board approval as it exceeds \$25,000.

Mr. Stuart made a Motion, seconded by Ms. Bregar, that the Board approve the payment to Bibliotheca in an amount not to exceed \$55,934 for hardware and software services for 2019.

There being no further discussion, MOTION CARRIED 5-0.

4. RFID Library Solutions

Mr. Quintana said the Board discussed an updated contract with RFID Library Solutions at the November 13, 2018 Work Session. This requires Board approval as it exceeds \$25,000.

Dr. Mancha made a Motion, seconded by Ms. Garcia, that the Board approve the payment to RFID Library Solutions in an amount not to exceed \$63,800 for AMH service and maintenance in 2019.

There being no further discussion, MOTION CARRIED 5-0.

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5. Microform Reader/Printers

Mr. Quintana said the Board discussed a recommendation regarding the procurement of microform reader/printers at the November 13, 2018 Work Session. This requires Board approval as it exceeds \$25,000.

Mr. Quintana made a Motion, seconded by Ms. Garcia, that the Board approve the payment to Docutek, Inc. in an amount not to exceed \$34,384 for the procurement of four Konica Minolta microform reader printers.

There being no further discussion, MOTION CARRIED 5-0.

XI. ADJOURNMENT

The meeting adjourned at 8:02 p.m.

Respectfully submitted,

Jane Carlsen
Secretary