

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

2:00pm, Tuesday, October 17, 2023

This meeting was conducted inside the

Friends of the Library Meeting Room - Rawlings Library, 100 E. Abriendo, Pueblo CO. 81004

I. CALL TO ORDER AND ROLL CALL

Mr. Hodge called the meeting to order at 2:00p.m. Ms. Jubert conducted roll call.

Board Members Present: Dustin Hodge, Vice President
Fredrick Quintana, President
Iris Clark
Doreen Martinez
Stephanie Garcia

Board Members Not Present: Trisha Macias

Attorney Present: Bart Miller – Collins, Cole, Flynn, Winn, & Ulmer

Staff & Guests Present: Sherri Baca, Executive Director
Ashley Huggins, Chief Financial Officer
Terri Daly, Director of Human Resources
Amy Nelson, Associate Director of Public Services
Jill Kleven, Director of Technical Services
Kim Austin, Manager of Human Resources
Eric Tiffany, Jr. Systems Administrator
Rose Jubert, Secretary to the Board of Trustees
Dave Vecchio, Benefits Brokers

II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA

Members of the Board of Trustees or the Executive Director may suggest corrections or modifications to the agenda at this time.

There were no corrections or modification to the agenda.

III. DISCUSSION ITEMS

1. Employee Health Benefits

OVERVIEW: The current Employee Health Benefit Package ends on December 31, 2023. Terri Daly (Director of Human Resources) and Dave Vecchio (Benefits Brokers) presented a proposed benefit package, commencing January 1, 2024 and ending December 31, 2024, for discussion. The Trustees are asked to consider action at their regular meeting.

In the past PCCLD joined the Public Sector Health Care group through Benefits Brokers and was created for smaller special districts. The renewal rate increase for medical with no plan changes for the public sector to include PCCLD is 3.2%. Price Waterhouse Cooper released a report that nationwide the increase would be 7% with the average increase being 8.8%. Colorado small group employers are looking at an 11-12% increase in renewal rates.

The different plan options were presented for 2024 that showed the change in pricing from 2023. PCCLD is considering another plan option that has a slightly higher deductible and is an EPO (Exclusive Provider Organization). An EPO often but not always requires the employee to have a primary care physician, no referral is needed, and out of network coverage is only for medical emergencies. People who don't often use health care normally use an EPO. It has a slightly higher deductible and a higher premium, the employee has the same set of in network doctors as the PPO plan, they also have the protection of no surprise billing. This plan helps employees to save money, not disrupt care, allows them to put saved money towards an HSA (health savings account). You are basically just giving up out of network care.

Dental and vision care will stay with the current carrier and have no plan or premium changes.

Detailed info regarding each medical plan was presented. Key points were summarized for each plan so that employees have a choice on what to select depending on their healthcare needs.

PCCLD funds the various plan 80% at the employee only tier and 78% for the other tiers. This allows employees to buy up or down depending on their needs.

This item will be put on the next board agenda for approval.

2. Barkman Library Automated Material Handling Systems and Self Checks RFP #10-2023

OVERVIEW: Jill Kleven, Director of Technical Services, presented on the Barkman Library AMH & Self Checks request for proposal process.

PCCLD solicited proposals from qualified vendors to design, engineer, supply, install, train and service an AMH and three self-check machines for the Barkman renovation project. The proposals included the cost of the system with the first year of support included along with 2-5 years of maintenance. Five companies provided bids for the project.

The timeline was reviewed and provided an anticipated award date of October 27, 2023 and an anticipated installation date of June 1, 2024.

The scoring rubric included the requirements, cost of acquisition and support, implementation of the plan, service, support, and warranties provided to the library, and reference checks.

The total bids ranged from \$87,000 - \$150,000. The hiring committee selected Bibliotheca whose bid was \$121,647. This selection was based on scoring, Bibliotheca scored 20 out of 25. They have a proven record in the industry and at PCCLD. They also work with other Koha libraries, which is great support.

This item will be put on the next agenda for board approval.

3. 2024 Preliminary Budget

OVERVIEW: Ashley Huggins, Chief Financial Officer, discussed the preliminary 2024 PCCLD Budget, which was officially presented for public inspection. A public hearing on the proposed budget will follow at the November Trustees' meeting, and the Trustees will be asked to adopt the 2024 budget, set the mill levy, and appropriate sums of money for the 2024 budget in December.

Ms. Huggins explained that the format of the budget had not changed from previous years. The packet included a budget narrative and a few items were noted. The budget was prepared with the State of Colorado ballot question Proposition HH in consideration. A "yes" vote on Proposition HH would lower property taxes owed, would allow the state to keep additional money that would otherwise be refunded to taxpayers, temporarily change how taxpayer TABOR refunds are distributed, and create a new property tax limit for most local governments. The preliminary budget was prepared as though Proposition HH will pass, as it is the most conservative approach for the District. If Proposition HH does not pass the District's budgeted revenues will be adjusted accordingly. The preliminary revenue impact due to Proposition HH is estimated at approximately \$1,900,000.

An additional citizen ballot measure identified as Initiative #50 is also being evaluated by the District. Initiative #50 is a State of Colorado constitutional amendment that, if approved, state if the total of statewide property tax revenue is projected to go up more than 4% over the preceding year, voter approval is needed for governments to retain the additional revenue. The preliminary 2024 budget currently omits Initiative #50 impacts. A thorough assessment will be conducted as the budget cycle advances and election results are determined. .

Proposition HH and Initiative #50 contradict each other so it is uncertain what would happen if both were to pass at the upcoming election.

The State did provide a potential change in the budget calendar if Proposition HH passes. Originally, the District

was told that it still needed to approve its budget by December 15, 2023 but mill levy certifications would not be received until the end of December and would need to be certified in January. This changed and both the budget and the mill levy can be adopted the first week of January if Proposition HH passes. A save the date was sent out to the Trustees for January 5, 2024 in order to handle this business. If Proposition HH doesn't pass then the original calendar of meetings will take place.

A slight difference in the mill levy calculations from 2023 included adjustments for Proposition HH. The chart showed how the mill levy is calculated based on assessed valuations for both current and prior years. The voter approved mill levy of is 5.85, but an increase to capture abatements and refunds from the prior year is allowed. Additionally, the mill levy is adjusted for the decreased assessment rate resulting from SB293. Those adjustments are reflected for a total mill levy in 2024 of 6.7243 compared to 5.9453 in 2023. In previous years, the actual collections have averaged around 99.6%, due to abatements and refunds as well as delinquencies. The calculation in 2024 is based on an estimated net assessed valuation from the County Assessor.

The 5.85 approved mill levy gives the District about \$13,400,000 in total revenue. The dollar amount for abatements and refunds is \$1.13 million and has to do with prior year changes in the current year. This can be added to the current year revenue even though it is from previous years. Total budgeted property tax revenues for 2024 are \$15.4 million compared to \$12.4 million in 2023. There is also \$200,000 of St. Charles TIF money that is in the budget for 2024 and is located in the property tax line and comes from the Pueblo Urban Renewal Authority.

The 5-year general fund revenue, expense, and capital fund transfer history was reviewed. The fund balance summary for the general fund and the capital project fund showed the 2022 audited, 2023 estimated, and both the 2023 and 2024 budgeted amounts. Also included in the capital fund was elevator replacement for the Rawlings Library. Total budgeted expenditures for 2024 is \$5.7 million slightly higher than years past but this was due to the completion of the Rawlings renovation project and the start of the Barkman project.

The general fund by category was reviewed. Pointed out was Contracts, Grants, and Gifts that has a placeholder for grants that are being completed. Total budgeted revenues for 2024 is \$17.9 million.

Expenses were reviewed. Total budgeted personnel expenses for 2024 is \$7.8 million. Salaries did increase due in part to minimum wage increases and the market salary survey that was done the later part of 2023. Total Materials was budgeted at \$2.6 million with the books, periodicals, AV, and database line item being lower due to the UCF contract that allowed PCCLD to get digital hotspots for patrons to check out. That was all purchased in 2023 and will not continue into 2024. Library programs is higher but is offset by the grant placeholder amount previously mentioned. Operating expenditures has a new line item called Café service for the libraries contribution to the café. Information Technology expenses were budgeted slightly higher but some of the costs will be offset by E-rate revenues. The total budgeted expenses for 2024 is \$14.5 million.

The largest part of revenues is property taxes followed by specific ownership taxes and contracts. The largest part of expenditures is personnel which encompasses about half of the library budget followed by materials and services costs.

The capital project fund was reviewed. The fund encompasses four primary functions: the Library Replacement Plan, the acquisition of capital assets, the Master Facilities Plan, and the InfoZone Account.

Revenues included anticipated contributions, gifts, and grants totaling \$400,000 for the Barkman Library and the Lucero Library renovation projects. Interest earned on cash holdings is budgeted at \$100,000 for 2024.

Expenditures include the master facilities plan projects and include design, renovation and expansion of the Barkman and Lucero Library branches at a budgeted cost of \$5 million. There are several library replacement plan items that are budgeted for 2024 and include; Makerspace equipment, a replacement vehicle, a replacement cargo trailer, and miscellaneous IT purchases. Capital asset acquisitions are budgeted for \$465,000 in 2024.

In 2024 there is a budgeted transfer from the General Fund into the Capital Fund of \$2.4 million for ongoing funding of capital asset acquisitions, the Master Facility plan, and the Library Replacement Plan. Additionally, the District is projecting revenues of \$500,000. The fund balance forecast in the 2024 Capital Project fund budget is

approximately \$3 million.

Total Expenditures is projected at \$5.7 million due in large part to the continuation of the Barkman Library renovation and the start of the Lucero Library renovation.

A percentage comparison analysis of the general fund and capital project fund was presented. Total revenues for the combined funds is \$18.4 million and total expenditures for the combined funds is \$20.3 million. The breakdown of the ending fund balance is an ending fund balance of \$6.4 million with a 3% emergency reserve of \$536,000 and Nesbitt & Chamberlain funds of \$8,000. For a total unrestricted fund balance of \$5.9 million.

The majority of revenues for the combined fund budget is from property tax revenues at 85%. The majority of expenses for the combined fund budget comes from facilities at 40% and personnel at 39%.

The 10-year Financial Projection was reviewed. Line item 63, a percentage of the fund balance against general fund expenses. It is the policy of the trustees that the percentage of the line item be at least 20%. Budgeted for 2024 is 22% but moving forward this percentage continues to increase due to stabilized expenses.

It was asked, if Initiative 50 passes and the District is forced to reduce costs, should the board look mainly at reducing the costs in the building projects? It was mentioned that a substantial amount of the funding for the \$4.5 million cost of the Barkman Library renovation has already been raised. An executive summary could be provided if Initiative 50 passes to show how the District would break even and be able to appropriate funding for current years.

4. Proposition HH – Reduce Property Taxes and Retain State Revenue (estimated time: 15 minutes)

OVERVIEW: A report was provided.

Revenue information/options for PCCLD with regard to Proposition HH was provided.

As of August 11, 2023 the inflation rate was at 4.7%. The language in Proposition HH states that for property tax years commencing on or after January 1, 2023, a local government's tax revenue for a property tax year shall not increase by more than inflation from the local government's property tax revenue for the prior property tax year. Four scenarios were provided which included the passing/not passing of Proposition HH and the inclusion/non-inclusion of a mill adjustment for the assessment rate. If Proposition HH does pass and a mill adjustment for the assessment rate is done the property tax revenue would be \$15.5 million.

Mr. Miller shared that Citizen Initiative #50 will be on the ballot in November 2024. He recommended that if Proposition HH does pass, the Board would need to hold a participatory tax hearing and notice would need to be provided in a similar manner to how the board gives notice to their actual budget hearing. They can be done back to back. Notice would need to be published in the newspaper. The participatory tax hearing is an opportunity for constituents of PCCLD to testify on the district's plan that would be to exceed the inflation limitation that is in Proposition HH. This makes sense since PCCLD already has authority to increase the mill levy if necessary to account for the changes in the assessed valuation. The hearing would need to be done prior to adopting the budget.

Conversation took place amongst the trustees with regard to the different scenarios.

5. 2023 Audit Engagement

OVERVIEW: Ashley Huggins, Chief Financial Officer, presented on the 2023 Audit.

Ms. Huggins presented the audit engagement letters for the library district and the library foundation and asked that they be put onto the next agenda for board approval. These are standard letters that the board signs annually.

6. North Elizabeth Hotel Urban Renewal Area & TIF Agreement (estimated time: 10 minutes)

OVERVIEW: A report was presented.

A brief summary was provided on the North Elizabeth URA. The hotel could generate up to \$7 million over 25 years. It is a single parcel made up of 2.1 acres of land. The site is vacant and has been used for mobile homes, a gas station, and a laundry mat so it is zone B-4 commercial. Development of the site might be problematic due to underground tanks and possible soil contamination; this is why PURA is looking at it for an urban renewal development. In 2023 it's actual value was calculated at \$283,176 and assessed at \$79,010. It does meet the ten blighted factors required for an urban renewal area.

It is a standard TIF agreement in that PCCLD would continue to earn taxes on the base. It is a hotel so would not increase library services demand. They are asking that all taxing entities pledge 100% of the millage rate to PURA and this plan area for the full duration of the Plan.

7. 2023 Annual Plan

OVERVIEW: Sherri Baca, Executive Director, provided an update on the 2023 Annual Plan.

It was explained that the plan has a new format and color code system. Green means that the objective has been completed, yellow means that it is in progress and red means that it is being reviewed and has not been completed.

There is only one item that is coded as red and is currently being reviewed. All other goals are either completed or in the completion phase.

IV. ADJOURNMENT

The meeting was adjourned at 3:51pm

NOTE: The next regular meeting of the Pueblo City-County Library District Board of Trustees is scheduled to take place beginning at 5:30pm, Thursday, October 26, 2023 at the Giodone Library 24655 US HWY 50 East