

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

October 23, 2014

I. CALL TO ORDER AND ROLL CALL

Following an Employee Recognition Event, the regular session of the Pueblo City-County Library District Board of Trustees was called to order at the Rawlings Library at 5:30 p.m. by President Marlene Bregar.

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

Attorney Present: Nicholas Gradisar

Staff Present: Jon Walker, Executive Director; Chris Brogan, Chief Financial Officer; Michael Cox, Public Services Director; Midori Clark, Community Relations & Development Director; Sara Rose, Human Resources Director; others not recorded.

Others Present: Dustin Hodge, Friends of the Library

II. CORRECTIONS AND MODIFICATIONS TO ADENDA

Mr. Miltner requested postponing Item VII.B.6. CAL Conference Reports until the November 13, 2014 Work Session.

III. APPROVAL OF THE MINUTES

Ms. Bregar said the Minutes of the Library Board Work Session held on September 16, 2014, and Minutes of the Regular Library Board meeting held on September 25, 2014, were provided to Board members prior to the meeting.

Mr. Miltner made a Motion, seconded by Dr. Mancha, to approve the Minutes of the Library Board Work Session held on September 16, 2014. The minutes were approved by unanimous consent.

Ms. Gairaud made a Motion, seconded by Mr. Stuart, to approve the Minutes of the Regular Library Board meeting held on September 25, 2014. The minutes were approved by unanimous consent.

IV. REPORTS

A. Executive Director Report

Mr. Walker shared photographs of Doreen Martinez, Friends of the Library President, accepting the Library Advocate Award at the CAL Conference on October 17. Mr. Walker said he, the library and the state are proud of the Friends of the Library.

Mr. Walker then introduced Midori Clark, Community Relations Director, to report on All Pueblo Reads and the Booklovers Black Tie Ball.

Ms. Clark said the library has kicked off this year's All Pueblo Reads program which is in full swing featuring *The Paris Wife* by Paula McLain. Ms. Clark said the kick-off was held on October 3 and took a different approach with an early evening event marketed to families in conjunction with the First Friday Art Walk. There have been a variety of programs and events including making flapper headbands, learning the French language, and many more.

Ms. Clark invited everyone to participate in a number of upcoming programs including the Black Tie Ball and Sunday program with the author of *The Paris Wife*, Paula McLain.

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Ms. Clark said even after this weekend's events there will be another week of programming including a Culinary Classes at the Sangre de Cristo Arts Center and a Sampling of Parisian Cuisine at PCC for \$10. Ms. Clark learned that PCC offered a 2-week menu in honor of All Pueblo Reads. She encouraged everyone to refer to the program guide for details on the remaining programs.

Ms. Clark encouraged everyone to get engaged in the project which is a community-wide literary project. This year there were 27 community partners with 130 events and activities planned. Ms. Clark said it may not be the biggest year, but it will be a great year.

Mr. Walker concluded that he is pleased and proud of Ms. Clark and the library staff in this 10th year, and they have done a wonderful job.

B. Friends of the Library Report

Dustin Hodge said a number of representatives from the Friends attended the CAL Awards Lunch where the Friends received the Library Advocate of the Year. He commented that it is easy to advocate for PCCLD because of the passion for literacy throughout the district.

The Friends has \$38,000 in unrestricted funds. The Friends are judging 1,300 entries in the Scary Story Contest and are gearing up for the Creative Writing contest. The Project Committee approved nearly \$15,000 for items such as skate board racks, furniture and other requests. For the Black Tie Ball, the Friends will be sponsoring 20 students who are very excited and are posting about it on Facebook. At the openings of the new libraries, the Friends will be providing Books Again presentations. The Friends are beginning work on a Donor Advised Fund for the Foundation. The Friends are considering a kids' membership which they hope will increase child literacy and may include a buy-one/get-one-free offer.

Ms. Bregar pointed out that this is National Friends of the Library Week. She had written a letter to the editor, and if it is not published she will send it to the Friends.

C. Pueblo Library Foundation Report

Mr. Stuart said the Foundation met and is shifting course to build up a corpus, but had no formal report.

D. Attorney Report None

E. Employment Changes

Ms. Bregar said the Board is asked to ratify the September 2014 Employment Changes as presented by the Executive Director.

Mr. Walker reviewed the report which included three new hires, two promotions, and two voluntary terminations.

Mr. Stuart made a Motion, seconded by Ms. Pickman, that the Library Board approve the September 2014 Employment Changes as contained in the October 23, 2014 Board materials.

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

F. Financial Report

Ms. Bregar said the Board is asked to ratify the September 2014 bills and accept the September 2014 Fund Statements. Chris Brogan, Chief Financial Officer, will provide a synopsis of the Financial Report and answer any questions.

On the Combined Balance Sheet, Ms. Brogan pointed out that prepaid expenses will grow through the rest of year and includes payments for subscriptions and services paid this year that will not be used until 2015. On January 1, those will be allocated as expenses in 2015.

In the General Fund, the target percentage for the end of September is 75%. Revenues were 95% collected. Specific ownership tax was 71% collected which is actually over target because

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the library receives taxes collected in August in September, and she expects to be right on the number this year. Contracts and grants were 64% collected because the largest of the e-Rate reimbursements came in from SECOM. Everything else is tracking as expected.

Expenditures were 63% spent. Personnel was 70% spent and is expected to pick up as new staff begin at the new libraries. Materials were 55% spent, which is 10% higher than last month and is expected to continue to increase. Facilities were 46% spent which is typical for this time of year compared with 45% spent last year. Vehicle maintenance exceeded budget to keep the Mazda passenger van running. The Mazda van was scheduled for replacement four years ago but had not required much until now. Operating was 73% spent which is on target. Information Technology was 91% and may go over by year end. *(Mr. Quintana arrived at this point.)*

Ms. Brogan updated the 2015 estimated budget to project expenses on September 30, 2014 for the remainder of the year. Revenues are down by about \$38,000, mostly in fines and fees; savings of \$87,000 in salaries and facilities, with total savings projected at \$49,000. That estimate will be included in the Preliminary 2015 Budget, and it will be updated each month through the end of the year.

Revenue in the Capital Project Fund was only interest receipts. The library just received \$85,000 from the Gates Family Foundation and a \$5,000 check from the Board of Water Works, which will appear in the October financial report and will be used for the Capital Building Project. Expenditures for the building projects was \$26,113 for architect fees, and equipment, but no construction invoices. Expenses for the Lucero Library were \$8,675, Giodone Library \$8,741, and Greenhorn Valley \$8,697. Capital asset expenditures included \$999 for Audio/Visual upgrades and \$529 for training in preparation for the InfoZone digitization project.

In the Check Summary Report, Ms. Brogan pointed out the payment of \$12,125 for Citrix Systems for licensing subscriptions, and all but about \$1,000 will be prepaid because only one month applies to 2014. The payment to Random House (Speakers Bureau) for \$6,750 is 50% of the payment for Paula McLain to speak during All Pueblo Reads. The \$23,177.30 payment was two months' expenses for Internet and about 75% of that will be reimbursed under e-Rate, but it must be presented as revenue and expense.

Ms. Brogan concluded by reviewing the amounts presented for the Board's approval to include ACH payments of \$101,081.80, Payables of \$479,849.29, and Payroll of \$203,117.87 for a total of \$784,048.96.

Ms. Pickman made a Motion, seconded by Mr. Miltner, that the Library Board approve the September 2014 bills and accept the September 2014 Fund Statement as contained in the October 23, 2014 Board materials.

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

V. PUBLIC COMMENT None

VI. OLD BUSINESS None

VII. NEW BUSINESS

A. Announcements

- ☐ Library Trustees are encouraged to attend a joint meeting with representatives from the local school districts, Pueblo County, City of Pueblo, and Pueblo Urban Renewal Authority (PURA), scheduled at 2:00 p.m., Thursday, October 30, in the Ryals Room at the Rawlings Library. The meeting is an opportunity for affected public entities to meet with the PURA Board to discuss and work toward agreement with regard to local Tax Increment Financing areas as these impact public entities' revenues.
- ☐ All libraries will be closed on Tuesday, November 11, for the Veterans Day holiday.

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- ☐ The next regular Work Session is scheduled for **Thursday**, November 13, at 3:00 p.m. in the Ryals Room at the Rawlings Library, 100 E. Abriendo.
- ☐ The next regular Board meeting is scheduled on Thursday, November 20, at 5:30 p.m. at the Rawlings Library (pending Board action).
- ☐ The three new PCCLD libraries will open during the coming two months. The schedule calls for a ribbon cutting ceremony at 10:00 a.m., Wednesday, November 12, for the Greenhorn Valley Library followed by an all-day community grand opening celebration on Saturday, November 15. The Giodone Library ribbon cutting ceremony is scheduled for 10:00 a.m., Tuesday, November 18, with an all-day community celebration there on Saturday, November 22. The Lucero Library ribbon cutting ceremony is scheduled for 10:00 a.m., Tuesday, December 9, with an all-day community celebration on Saturday, December 13.

B. Action/Discussion Items

1. Preliminary 2015 Annual Plan and Budget

Ms. Bregar said the Library District Board of Trustees was presented with a preliminary Pueblo City-County Library District 2015 Annual Plan and Budget at the October 14, 2014, Work Session. A report on the annual plan and budget will be presented.

Ms. Brogan said copies of the 2015 preliminary budget were distributed to the Board of Trustees at the Work Session on October 14, 2014, meeting the legal requirement, and it is also available on the PCCLD website. This is a preliminary budget that will undergo minor revision up to the final date of adoption, appropriation and certification of mill levy at the December Board meeting on December 11 at the Rawlings Library. The library is required to certify the mill to the County by December 15. A public hearing of the budget is scheduled for Thursday, November 20. Notice of the budget will be published in *The Pueblo Chieftain* pending tonight's decision on the location for the November meeting.

Ms. Brogan provided an overview of the budget with two funds budgeted: General Fund and Capital Projects Fund. The General Fund contains all general operating expenses, categorized into five broad sections: Personnel, Materials & Services, Facilities, Operating, and Information Technology.

Ms. Brogan said the General Fund revenue budget shows a 2% increase in revenues over the 2014 estimated budget. Assessed Valuation has only increased by .83%, resulting in the minimal increase in that category. Total gross assessed valuation was reduced by Tax Increment Financing (TIF) allocations equivalent to \$257,083 for this year's revenue. That amount equals 2.63% of total revenue, which is less than the 2014 percentage of 2.65% which was \$254,591, and the details are available on the Mill Levy Budget calculation page. The total dollar amount of increase in property tax revenue from 2014 is \$70,601 compared with last year when it was \$247. Specific Ownership tax in the preliminary presentation shows a decrease, but will probably be increased in the final 2015 budget based on the increase seen this year. Contracts & Grants increase by 20% primarily due to additional grant funds anticipated from e-Rate refunds resulting from increased Internet expenses for the new libraries as well as the continuation of the Colorado Funding for Libraries legislation. Interest increases 21% over the estimated 2014 budget based on the amount of interest on higher property tax revenue. Fines show the largest increase in this area because it includes estimated returns from increasing the collections process to include smaller amounts between \$10 and \$25. The smaller amounts will not be submitted to credit agencies, but by going through the collection process, it is estimated the revenue will be approximately \$70,000 with collection costs of about \$40,000, so the net income expected will be

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\$30,000. UMS will hold invoicing until returns are received so there is no risk for the district.

In expenditures, there is 1% decrease from the estimated 2014 budget. The biggest reason for the decrease is the 28% reduction in Materials & Services to purchase opening-day collections in 2014. The Personnel budget increases by 5% over 2014 estimated expenses which includes a 2.5% increase to implement increases for the new pay-for-performance compensation plan. The library is also going to a calendar year payroll calculation rather than anniversary year. No new staffing is included, but a salary contingency is included for \$30,000. PERA required contribution to the pension plan stays the same in 2015, and the budget for health insurance increases by 6% due primarily to requirements to include 30-hour employees under the Affordable Care Act. Health premium increases about 3%, other premiums show significant decreases. Materials & Services shows an overall decrease of 28% to maintain collections at 15% of total General Fund operating revenue. The reduction is due to removal of costs for opening-day collections. Library program expenses increase for the addition of three new locations. Facilities increase 14% over 2014, to include operating expenses for new facilities. Operating is up 3% from 2014 due primarily to increases in courier services, with routes to new locations included in a new agreement with the courier. Other line items are based on requests and historical spending patterns. Information Technology reflects an increase of 17% due to technology needs at the new locations, as well as support contracts that were omitted in 2014.

More detailed information on each line item can be found in the narrative portion of the 2015 Budget and Annual Plan.

Ms. Brogan reviewed highlights of the Capital Project Fund which has three primary functions: New buildings, InfoZone upgrades (funded through the Rawlings Foundation), and Capital Asset expenditures. Revenue in 2015 is anticipated from grants, primarily from the Friends and the Foundation. Since the Capital Campaign for new buildings ended in 2014, the projected revenue is down 81% from the prior year. Expenditures include upgrades to the InfoZone theatre, replacement of all staff computers, the digitization/preservation project in Special Collections, and lighting replacements at Pueblo West. Expenditures are 95% less than in 2014, due to the completion of the new buildings.

Ms. Brogan said the combined ending fund balance of both funds is \$3,178,269. Of this amount, \$293,533 is restricted for the TABOR required emergency reserve, and \$813,325 is the debt service reserve fund. Unrestricted fund balance is projected to be \$2,071,411 at the end of 2015.

Estimates on current spending will again be revised at the end of the month, and again at the end of November, to make sure they are as accurate as possible for the final budget presentation. The Preliminary Budget will undergo continued analysis and updates, so the budget presented next month will contain some changes. Ms. Brogan invited the Board to contact her with any questions about the process or the documents presented.

Ms. Brogan then distributed the updated 10-Year Financial Projections which included the latest estimated figures for 2014 and the Preliminary 2015 Budget figures. Changes from what was presented at the Work Session include: Specific Ownership Tax has been increased slightly moving forward, from 7.5% of property tax to 7.7% of property tax based on the current year's growth; PERA had been calculated to increase .5% annually starting in 2016 because the latest information was that the 13.7% employer contribution would probably increase after 2015, and a recent publication from PERA indicates that the 13.7% rate will stay steady through 2016, so after that .5% increases

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are projected every five years which made a significant difference in the ensuing years; Materials were increased by \$50,000 in 2016 to maintain the 15% of operating budget for books.

Ms. Brogan said the spreadsheet shows a drop below the 20% policy requirement of fund balance to operating expenses for three years, as in the previous presentation, in 2018 to 2020, but she is confident that as they move through the years, they will be able to bring the percentages back up. Salaries and benefits remain at 51-52% of operating expenditures. The Debt Service falls below policy requirements of 10% as a maximum debt service to annual revenue. Employee training is still over 2% of salaries, which is an industry standard.

Ms. Brogan concluded that this is a good long-range plan and a healthy budget.

Ms. Bregar said the recommended action is that the Board consider and discuss the plan and budget. No formal action is required at this time. 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 2015 plan and budget, set the mill levy, and appropriate sums of money for the 2015 budget at their December meeting.

Mr. Walker said the library has had a historic year in 2014. The library is ahead in all of the key measures, opening three new libraries, and doing it within its means. 2015 will be about growing into the new size, and there will be a few things tweaked. The library will make sure staffing level estimates are appropriate and may make adjustments if needed. This year, the library opened a Maker Space (called the Idea Factory), and the library will continue to develop that in 2015. The library will make sure support services are staffed adequately to serve three new libraries. The Strategic Plan is coming to an end, and the library will start in November to develop a new visionary look that will not be completed until 2015. The Pay-for-Performance project is underway, and staff are in the midst of it now, and the pilot year will be completed in 2015 so they will refine what they learn this year. The district, under the leadership of the Board of Trustees, will review the Employment policies to make sure those are proper. The Pueblo Library Foundation is transitioning, and the district will support that. Mr. Walker concluded that those are some of the highlights for 2015, and he expects it will be a great year.

Mr. Miltner said there are not enough feathers to go around for everyone's contributions, because it has been a remarkable year with great effort by the full team. Mr. Walker agreed.

2. Health Benefit Renewal

Ms. Bregar said the current employee health benefit package approved by the Board of Trustees will end December 13, 2014. A proposed benefit renewal commencing January 1, 2015 and ending December 31, 2015 was presented and discussed at the Board Work Session on October 14, 2014. The total cost of the Health Benefit package is expected to be \$517,078 based on anticipated enrollments. The Trustees are asked to take action to approve this expenditure because it exceeds \$25,000.

Mr. Stuart made a Motion, seconded by Mr. Miltner, that the Board approve the 2015 Health Insurance Benefit package at a total cost not to exceed \$517,078.

Ms. Rose distributed a corrected package of information, and noted she discovered an error in the formula which increased the total from \$516,570 to \$517,078, about \$500 more. The contracts are ready, and if the Board approves this, those will be signed tomorrow.

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

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Ms. Bregar thanked Ms. Rose and the Steering Committee for all their hard work, and it is a good package for the library employees.

3. Pueblo Library Foundation Board of Directors

Ms. Bregar said Jim Stuart serves as a PCCLD Trustee on the Pueblo Library Foundation Board of Directors. Mr. Stuart's current term on the Foundation Board expires effective December 31, 2014. According to the Foundation bylaws: "At least one, but not more than two members of the Board of Trustees of Pueblo City-County Library District (the 'Board of Trustees') shall be members of the board of directors. The representatives of the Board of Trustees shall be appointed by the Board of Trustees." The Trustees discussed future representation on the Foundation Board at the Work Session on October 14, 2014.

Ms. Gairaud said she is willing to serve on the Pueblo Library Foundation Board.

Mr. Quintana made a Motion, seconded by Dr. Mancha, that the Board of Trustees reappoint Jim Stuart to represent the Trustees on the Pueblo Library Foundation Board of Directors and appoint Lyndell Gairaud as a second representative.

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

4. New Libraries Construction Changes

Ms. Bregar said an update report on changes to the new libraries construction project will be presented.

Mr. Walker apologized that this was not available in time for the Work Session and requested the Board consider action, and he distributed a Change Order Approval Request. Mr. Walker said to date the Trustees have approved changes to PCCLD's contract with H.W. Houston: \$36,850 for the Lucero Library; \$22,107 for the Giodone Library; and \$32,308 for the Greenhorn Valley Library. The most recent changes were approved by the Trustees on July 24, 2014.

Mr. Walker reviewed a list of additional changes to the contract as follows: \$17,018 for the Lucero Library; \$38,823.79 for the Giodone Library; and \$7,086.40 for the Greenhorn Valley Library. The total of the requested changes to PCCLD's contract with H.W. Houston is \$62,928.19. Mr. Walker referred to the second page and reviewed the uncommitted funds and unbudgeted expenses which include the proposed changes, leaving \$74,909.89 in uncommitted funds. Mr. Walker said the changes are manageable financially and offered to address any concerns.

Mr. Stuart said it looks like the budget is still in a strong position. Mr. Walker said most of the change at the Lucero Library is due to the vacated alley, and the library is mandated to do some drainage and landscape work on the north end of the lot, but there is a deduction for some of the site work completed by the City of Pueblo. At the Giodone Library most of the change is to add seeding, and some of that will be reimbursed by the Board of Water Works. The seeding of the north end was not included in the original contract, but once the land was disturbed, the library was required to plant something there, and that has been done. The changes at the Greenhorn Valley Library are a few small changes that are included at all three locations. Mr. Walker said signage was not included to the full extent needed, and the signage includes additional lighting.

There was additional discussion with Board members suggesting highway signage for the library and electronic signage to announce early closures, differences in the costs for the manager window due to different exteriors and progress, and the need for operable door locks in the movable walls to use the meeting rooms as intended.

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Dr. Mancha made a Motion, seconded by Mr. Stuart, that the Board approve changes to the construction project totaling \$62,928.19.

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

5. 2015 Trustee Meeting Dates

Ms. Bregar said PCCLD is reserving meeting room locations for 2015. Although the Board of Trustees will not approve the 2015 scheduled meeting dates until January 22, 2015, the Board discussed preferences with regard to times, dates and meeting locations at the October 14, 2014 Work Session and may make further recommendations at the regular meeting.

Ms. Bregar said the recommended action is that the Board make any recommendations for the Scheduled Meeting Dates for 2015 in order to secure the meeting rooms. No formal action is required at this time, and no further changes were suggested.

6. CAL Conference - Reports Postponed to November 13, 2014 Work Session.

7. November Trustee Meeting Site

Ms. Bregar said the PCCLD Board of Trustees adopted a meeting schedule on January 23, 2014 indicating the November 20, 2014 regular meeting of the Trustees will take place at the "East Side Library." This facility will not open to the public until December 9, 2014.

Mr. Quintana made a Motion, seconded by Ms. Gairaud, that the Board of Trustees move the November 20, 2014 regular meeting to the Rawlings Library.

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

VIII. ADJOURNMENT

Having completed all the items on the agenda, Ms. Bregar adjourned the meeting upon Motion made by Mr. Quintana at 6:38 p.m.

Respectfully submitted,

Jane Carlsen
Secretary