

**PUEBLO CITY-COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES MEETING
November 21, 2019**

I. PUBLIC HEARING ON PROPOSED BUDGET FOR FISCAL YEAR 2020

This is an opportunity for citizen comment on the Budget proposal which has been made available for public inspection.

Doreen Martinez

Good evening everyone, we will begin tonight with the public hearing on the proposed budget for fiscal year 2020. I will officially now begin the public hearing.

Sherri Baca

It is my pleasure to be with you this evening to talk about the 2020 Annual Plan and Budget. You have a few documents at your space to review. You have the budget document, a summary of changes from the budget you saw in October and the budget you are seeing this evening, and an updated ten year projection. As you know, the Library District prepares an annual budget and we use three governmental funds. The first is the General Fund which reflects property tax and other general revenue and all of the operating expenses for the Library District. The Capital Project Fund, which reflects revenue and expenses for capital asset acquisition including the library replacement plan. We also incorporate InfoZone Museum updates, renovations and any special building and capital projects. Then finally the Special Revenue Fund. This fund reflects an annual donation from the Southern Colorado Community Foundation, Chamberlain Fund, and those dollars are restricted for purchasing books and equipment for the Library District. Here is a graphic presentation of the General Fund budget revenues for 2020. *(Presented from slide show.)* As you will see, the biggest portion of the pie is our property tax revenue. That represents 88% of the General Fund budget for 2020. Specific Ownership tax is 8%. Fines, Fees & Miscellaneous revenue is 1%. Contracts, Grants and Gifts is 3%. When we look at what revenues are made up for 2020, property tax is increased by 1.7 million dollars, which is a 19% increase. This is mainly driven as a result of the 2019 Pueblo County property valuation which increased valuation 7.3%. Also as you know, the good news of the ballot initiative 6B passing, with our mill levy now sitting at 5.865. This property tax number also includes \$28,059 for abatements and refunds. The law allows us to recoup prior year abatements and refunds in the current year tax collection. Specific Ownership Tax is up by 19% for the estimated 2019. All of these budget numbers that we are talking about this evening will continue to evolve until you have a final budget to take action on in December. Contracts, Grants and Donations are at 14%. Interest Earnings are decreasing from the 2019 estimates. However, the budget is pretty commensurate with the prior year budget so we are not looking at anything terribly different from the 2019 budget. Fines are increasing 13% and typically those are reflective of current collections. Photo Copier Revenue decreased 4% and Miscellaneous Revenue increased 8%. Both are based on budget forecast. We look at current year collections and try to forecast what next year could look like. Overall, total revenue is up by 18%, which is 1.9 million dollars.

Stephanie Garcia

Do we have any impact on budget this year for the de-Gallagher ballot initiative?

Sherri Baca

The RAR has dropped from 7.2 to 7.15. I don't have the exact number, I can bring that to you at the next meeting. It is roughly \$25,000 drop in property tax revenue.

Jon Walker

I do want to point out that the ballot measure that was passed, 6B, included a de-Gallagher provision. It doesn't come into play with this budget proposal. That is because the action occurred before the vote. So we won't know until the next ratchet down. Again, we did de-Gallagher with 6B and that is important for future years as those ratchet downs occur. We should be fixed at 7.15 for the foreseeable future.

Sherri Baca

There is a \$25,000 (roughly) impact on this budget for the drop in the RAR.

Stephanie Garcia

If the RAR goes up, do we get to go up as well or does it affect us only if it goes down?

Jon Walker

Yes, but keep in mind that the interpretation in the state of Colorado, is that RAR can only go down since TABOR. TABOR prevents it from ever going back up. There have been years since TABOR was passed that the RAR should have gone up but it didn't. So I do not anticipate that RAR will ever go up.

Sherri Baca

Unless the legislature refers it to the vote of the people to allow under TABOR's provision for the RAR to go up. We foresee that 7.15 will remain the RAR at which the Library District calculates property tax for residential properties. This budget does include that drop that happened earlier this year. Now take a look at the General Fund Expenditures, you are used to seeing this graph. (*Referenced slide show.*) The biggest portion of the pie at 55% is for personnel for salaries. Materials & Services is 16%. The next category, Facilities, is 18%. Operating is 7%, and Information Technology is 4%. As we look at the expenditures in terms of line items or categories, total expenditures are increasing in 2020 by 6% or \$643,234. As we look into the various categories that fall underneath, Personnel shows a total increase of 7%. The budget overall is increasing by 2.29 FTE's. Under this 7% also is \$100,000 for a market wage adjustment. Keep in mind that the market wage adjustment is expected to be a multi-year plan. It may cost us more than \$100,000 to move our wages more toward market, but we are still in the process of finalizing that. However, we are incorporating \$100,000 in the 2020 budget to get started.

Marlene Bregar

Do we know what are those 2.29 FTE's will be in?

Sherri Baca

I have a schedule for it, I do not have the details for you this evening, but I can bring that at the next meeting.

Jon Walker

I believe a couple of them are in I.T. As you will remember last year, we took I.T. out of the contract services and are now restoring those into regular jobs.

Sherri Baca

Other items within the Personnel Section include workers' compensation. Right now the budget has an increase of 19%. However, we do not yet have the workers' compensation renewal. That should be coming in the next two weeks and we will have it in the final budget in December. PERA, Unemployment and Medicare, those increased based on set percentages of total wages. Health related benefits are showing an increase of 11% versus the 2019 estimate. This is for medical, dental, vision, life and flex spending plan. We are still awaiting a final census. Open enrollment is going on as we speak and should finish in the next week or two. Employee Relations is decreasing 8% to reflect projected spending. Employee Training is decreasing 1%. Under Materials and Services we are showing an increase of 13%. This represents material spending at 15% of the total operating budget. In the current 2019 budget we did cut materials by a bit and dropped below 15%. So the 2020 budget brings it back up into the 15% range. Programs within this category include library programs increasing 21%. This is mostly due to carry over spending. In this case, for grants, we received the grant in 2019 but due to different factors, do not spend the money until 2020. So it drives an increase in program expenditures in the next year. Facilities as a category is increasing 6%. Utilities are up 21%. Building Repair and Maintenance is increasing by 3%. Our rent for the 622 Union Avenue (Books Again) location is holding to contractual agreement. Property Casualty and Cyber Insurance, we are estimating an increase of 11%. Operating Expenditures as a category is decreasing 12% overall. There is a 17% decrease in Contract Services because we are insourcing our systems administration for our I.T. network. Community Relations shows a decrease of 61%. There are some reductions of what we will spend in advertising.

However, our new Community Relations Director has just revamped his entire budget. So some of the increase in programs we mentioned earlier is because he is moving some of his dollars from Community Relations into Programs. A good example is All Pueblo Reads. Some of those expenditures have been down in Community Relations, but to the new Community Director, it makes more sense to put it in Programs. Office Supplies is increasing 14%. Photocopier increased by 30%. This reflects that we have a brand new copy machine and the maintenance that goes along with it. IT as a category is increasing 6%. Fund Balance is the other piece to discuss. In the document you will see that our Fund Balance is forecasted or budgeted to be at 2.7 million at the end of 2020. That is an increase of a little bit over \$100,000. What that basically means is, we are spending less than we are bringing in. Importantly we plan on maintaining an unrestricted Fund Balance at 39% of Operating Expenditures. The Board in 2008 or 2009 set an operating guideline of 20%. The reason why this is starting to bump up beginning in 2020 is because we are trying to get the library replacement plan funded to the level we would like it to be at. It is about 1.3 million and it needs to be closer to 2 million. So the more that we put money away in that library replacement plan, the more it is going to drive this increase. We need to update the finance policies and either set a new percentage for the operating guideline or look at a different version of fund balance that doesn't take into account the Library Replacement Plan. Right now we are using unrestricted which incorporates the Library Replacement Plan itself. We might want to use unassigned fund balance, which would not include the Library Replacement Plan. I will be bringing these options to you in the New Year.

Marlene Bregar

Is there anywhere that the Library Replacement Plan funds are restricted? Or, could that fund be assigned to do something else?

Sherri Baca

It cannot. We are not making up the terms assigned to the funds. These are all terms set aside for us through the Governmental Accounting Standards Board. This is GAAP. (Generally Accepted Accounting Principles for Governments) GASB Statement No. 54 says that unrestricted fund balance includes assigned and committed. Restricted means it is an outside legal requirement. Committed means the governing body has set aside funds. So it does put some safe guards around the Library Replacement Plan that leadership and management have to follow. Committed is board action. We are bound to follow that unless the Board takes action to change that. With the voters approving 6B, the continuation of that .6 mill will enable the district to sustain its' programs, services, operations and facilities into the future. Regarding the Capital Project Fund, there are four main purposes. The Library Replacement Plan is one. The Master Facility Plan, which I will start using that term regularly. That term will reference the renovation and refresh projects that you all just went through with the architectural design firm. The InfoZone Expenses and Upgrades are typically incorporated in the Capital Project Fund. Then acquisitions of assets overall. Whenever we are buying assets or making improvements to those assets, we run those through the Capital Project Fund. The budget is pretty basic. We are budgeting for 2020 Contributions/Gifts/Grants at \$100,000. Interest Earnings at \$30,000. You will remember in the Capital Project Fund, the cash holdings we have in that fund include the Library Replacement Plan and the Debt Service Fund. We earn interest on all of that money. Total revenue in 2020 of \$130,000. If we look on the expenditure side, there are a few categories here. Asset Repair and Maintenance for \$10,000. Information Technology for \$138,000. That is driven by the Library Replacement Plan. The plan for I.T. spending for equipment and upgrades will come from the Library Replacement Plan. Furniture/Fixtures/Equipment is \$94,000 and the Master Facilities Plan project is kicking off with this budgeted amount of one million dollars to begin the 3rd floor renovation for the Rawlings Library. We are budgeting a transfer of \$1,489,000 from the General Fund into the Capital Fund. One million dollars offsets that Master Facility Plan. \$489,000 is going into the Library Replacement Plan. Overall we will increase the Fund Balance of the Capital Project Fund by \$377,000 in 2020. The Special Revenue Fund is pretty easy. It is regular identified income from the Chamberlain Fund to be used specifically for library purposes. In 2020 we are budgeting \$5,075 in revenue as distributions from the Chamberlain Fund. We are budgeting on the expenditure side \$7,000 as a contribution to the Pueblo Library Foundation. The ending balance in the Special Revenue Fund is budgeted at \$327. Our hope overall with our 2020 budget is to continue our excellent service, plan for growth and provide competitive employee compensation and benefits. The Combined Unrestricted Fund balance of \$4,142,375 is 39% of the total combined annual expenditures. 20% is the minimum balance

adopted in policy in 2019. However, I will say it again, the 4.1 million dollars includes the Library Replacement Plan. The Library Replacement Plan as it is anticipated in 2020 would be \$1,350,000 (what we have in the bank now), and we are going to increase it by \$377,000 in 2020. So \$1.6 million of the \$4.1 million is a Board committed amount to the Replacement Plan. Then what is left would be unrestricted. The final budget will come in December. The numbers continue to evolve. *(Discussion amongst Trustees.)* Comments from the public will continue to be received until 5:30 p.m. on Thursday, December 12, 2019. At that time the 2020 Budget will be presented to the Board of Trustees for adoption and appropriation. Manager review of the approved budget is scheduled for January 26, 2020. That is the budget as it stands tonight. Are there any questions?

Doreen Martinez

Thank you for all the work you put into this. We will now close the public hearing on the proposed budget for 2020. I would like to call our regular meeting to order at 6:11 p.m. Sonya please call roll.

II. CALL TO ORDER AND ROLL CALL

Board Members Present:	Marlene Bregar Doreen Martinez Dustin Hodge Lyndell Gairaud Stephanie Garcia Phil Mancha Fredrick Quintana
Attorney Present:	Tony Perko – Gradisar Trechter Ripperger & Roth
Staff Members Present:	Jon Walker – Executive Director Sonya Fetty – Executive Assistant/Board Secretary Sherri Baca – Chief Financial Officer Terri Daly – Human Resource Manager Sean Miller – IT Department Robert Childress – IT Director

II. CORRECTIONS AND MODIFICATIONS TO AGENDA

The Board or Executive Director may suggest corrections or modifications to the agenda at this time.

Jon Walker

I would like to suggest that we move the Executive Session after the approval of minutes in order to accommodate some board members.

Doreen Martinez

We will move the Executive Session to item IV.

III. APPROVAL OF MINUTES

OVERVIEW: Minutes of the Library Board Work Session held on October 15, 2019 and Minutes of the Regular Library Board meeting held on October 24, 2019 were provided to Board members prior to the meeting.

RECOMMENDED ACTION: That the Library Board approve:

- Minutes of the Library Board Work Session held on October 15, 2019
- Minutes of the Regular Library Board meeting held on October 24, 2019

Fredrick Quintana made a motion to approve the minutes of the Library Board work Session held on October 15, 2019. Phil Mancha seconded the motion.

All in favor 7-0

Phil Mancha made a motion to approve the minutes of the Library Board meeting held on October 24, 2019. Lyndell Gairaud seconded the motion.

All in favor 7-0

IV. EXECUTIVE SESSION

The Board of Trustees will enter into Executive Session for the purpose of developing strategy for negotiations, instructing negotiators, and determining positions relative to matters that may be subject to negotiations pursuant to C.R.S. 24-6-402(4)(e).

Doreen Martinez moved meeting into executive session at 6:14 p.m. Phil Mancha made motion to move into executive session. Dustin Hodge seconded motion. Everyone left meeting except Board of Trustees, Jon Walker and attorney.

Board of Trustees returned from executive session at 6:45 p.m.

V. REPORTS

A. Executive Director Report

There will be a report provided by Nick Potter, Director of Community Relations and Development, regarding library social media engagement.

Jon Walker

Nick Potter had a death in his family, so he will give his report at a later date. I want to tell you that this was an eventful day for the library and I will hand out a few documents that will support that statement. Sherri Baca signed today to certify the election. Here is the official certification document. I am also passing out to you the Risk Limited Audit (RLA). They are very diligent to check to make sure the elections are fair and handled correctly. I am also handing out the Election Canvas which was held today. What you will see here is as close to final numbers as you can get in terms of the election. All of the ballot issues including ballot issue 6B are included. *(Discussion amongst Trustees regarding the handouts.)*

B. Friends of the Library Report

None

C. Pueblo Library Foundation Report

Lyndell Gairaud

We had our third quarter meeting a month later than usual, and we did that on purpose. We wanted to be able to have the data from the Book Lovers Black Tie Ball and other things. It was quarterly but in November. I have the treasurer's report. The investment account with Security Services is at \$197,220.44. The last statement was \$195,043.59. The prior year-end was \$178,738.51. The year-to-date performance was 12.46%. The annualized performance since November 2015 was 6.06%. Those are good results, our money is invested in a conservative manner and we are getting some benefit from it. The Balance Sheet as of September 30, 2019 showed year-to-date \$183,922.78 compared to the prior year-to-date of \$207,931.43. There was a \$22,000 loss in the 4th quarter of 2018 that explains the difference. The Statement of Revenue & Expenditures shows a \$66,395 contribution to PCCLD which included the \$50,000 for the Master Facilities Plan for the ten year program to update and maintain our facilities. The Pueblo Library Foundation is living up to its mission to help raise money to help the library. We reviewed and accepted the Auditing Engagement Agreement with CLA (Clifton Larson Allen). We also discussed board member terms and the possibility of expanding the board to include more members in order to represent the value and experience of our diverse community. That may need approval from the Board of Trustees. We currently have a maximum of nine board positions. The idea is to expand the number of community members we have on the board. This will probably come back to the Board of Trustees sometime in 2020 for consideration. We voted to accept the Whistleblower Policy and the Document Retention Policy that puts us in alignment with library policies. Nick Potter presented the third quarter fund raising report. We had a healthy discussion about the Leadership Academy and its effectiveness and fundraising capability. Nick has some interesting ideas about including boys as well as girls, and explained how the program can work with other charitable organizations. These organizations would provide funding for the boys and girls to dispense while learning about community service and volunteerism in a path that would ultimately lead back to PCCLD. He also updated the Foundation Board on the All Pueblo

Reads Program and the Book Lover's Black Tie Ball. He also has some great ideas about shaping the programs a little differently next year. Just a reminder that Colorado Gives Day is December 10th.

D. Attorney Report

None

E. Employment Changes

OVERVIEW: The Board is asked to ratify the October 2019 Employment Changes as presented by the Executive Director.

RECOMMENDED ACTION: That the Library Board ratify the October 2019 Employment Changes as contained in the October 24, 2019 Board materials.

Fredrick Quintana made a motion to ratify the October 2019 Employment Changes as contained in the board materials. Marlene Bregar seconded the motion.

All in favor 6-0 (*Stephanie Garcia was not present for vote.*)

F. Financial Report

OVERVIEW: The Board is asked to ratify the October 2019 bills and accept the October 2019 Fund Statements.

RECOMMENDED ACTION: That the Library Board ratify the October 2019 bills and accept the October 2019 Fund Statement as contained in the November 21, 2019 Board materials.

Sherri Baca

This is the October 2019 financial report. (*Presented from a slide show.*) It will be a fast and easy report. It is typical for this time of year. Our cash holdings are doing well. Things are right on track for this time of year. (*At this point she reviewed each of her slides for the Trustees.*) Nothing out of the ordinary.

Phil Mancha made a motion to ratify the October 2019 bills and accept the October 2019 Fund Statement as presented. Dustin Hodge seconded the motion.

All in favor 6-0 (*Stephanie Garcia not present for vote.*)

V. BOARD COMMENT

None

VII. PUBLIC COMMENT

None

VIII. OLD BUSINESS

None

VIII. NEW BUSINESS

A. Announcements

- ☐ The next regular Work Session of the PCCLD Board of Trustees is scheduled for 2:00 p.m., Tuesday, December 10, in the Ryals Room at the Rawlings Library.
- ☐ The next regular meeting of the PCCLD Board of Trustees is scheduled for 5:30 p.m., Thursday, December 12, in the Ryals Room at the Rawlings Library.

B. Action/Discussion

1. Computer Server Procurement

OVERVIEW: Robert Childress, Information Technology Director, will present a recommendation for procurement of computer server equipment. This will require Trustee approval as it exceeds \$25,000.

RECOMMENDED ACTION: That the Board of Trustees take action to approve the procurement of IT computer server equipment.

Robert Childress

Good evening. I have some handouts for you. *(Gave handouts to Trustees and presented from slide show.)* Since the work session, I have gathered some data and organized the content for you. As we go through this presentation, if you have questions please let me know. I hope that the way it is presented tonight is a little clearer for you. I also will pass out the actual quote to you. First of all we want to talk about the challenges that we are experiencing. Our current Citrix version that we are on now is 7.6, and its end of life is scheduled for January 10, 2020. Also we have some storage capacity issues. We are just running low on space with our server. We also have some concerns with performance issues on our staff machines, specifically when watching videos. The video and the audio do not match. So for training purposes and other content absorption, it is difficult. These type of concerns also come up when patrons or staff are using large intensive applications. Another point and challenge that we have to consider is that coming soon we will have to move from Windows 8 to Windows 10. Windows 8 extended support ends in 2023, but that is only providing patches and security fixes. If you have any trouble shooting that needs to happen, that actually expired in 2018. Windows 10 is extended into 2025, but it also expires next year. So we are waiting for the next version with Windows, but this procurement is going to help us to bridge that gap. It will also make sure the hardware and software we are using are compliant and fully supported both with support and security. Our objectives with the procurement are, as I just mentioned, bringing the hardware to be compatible with Citrix 8. *(Went through slide show and provided visual examples of infrastructure changes.)* Out of this we will get increased storage capacity and better computer performance for staff as well as patrons. We will also procure Microsoft Data Center licensing. What that means is that when we create a new server, the data center licensing automatically makes the Windows server fully licensed and ready for our use. There would be no licensing constraints or bridges or need for additional licensing. Also, as part of this procurement, is a new back-up appliance. The total amount that is budgeted currently for 2019 is \$80,000. Note that we are keeping the current servers that we have as well and they will be a part of this new infrastructure. *(Again went of slide show pictures to show visual diagram of new infrastructure.)* Regarding the procurement process, we used the states' procurement process. The state issues RFP's and competing vendors respond and provide quotes and bids. The state also verifies that the vendors have complied with the RFP and the winning bids are selected and published so that participating entities can take advantages of these winning bids. The states procurement process meets our own purchasing policies that we have here at PCCLD. The Dell quote, which I prefer, is part of an existing state awarded contract. To maintain transparency and do due diligence, I also reached out to HP. This was just to ensure that the quote received from Dell was fair and so that we know we are getting a good deal. *(Passed out the quote from Dell and went over it with the Trustees.)* Currently this quote is just above \$80,000. However, Dell assured me today that they will make sure that this quote is \$80,000 or less. We are getting better than state contracting pricing. They are finalizing that and I should have it soon. As long as you are comfortable with up to \$81,000, and no more than that amount, then we can move forward. Dell is changing the numbers to make sure they come in at the \$80,000. *(Discussion amongst Trustees regarding the prices per line items.)*

Jon Walker

What we would ask that the Board consider tonight is to approve a "not to exceed" acceptance of this proposal. The not to exceed price is \$81,642.23.

Robert Childress

The HP quote came in about \$20,000 higher. Any other questions or concerns?

Fredrick Quintana made a motion that the Board of Trustees approve this procurement in an amount not to exceed \$82,000. Marlene Bregar seconded the motion.

All in favor 6-0 *(Stephanie Garcia is present for vote)*

2. Annual Performance Payments

OVERVIEW: Terri Daly, Human Resources Manager, will present background information and recommendations regarding the PCCLD Annual Performance Payment policy (02.03.04).

RECOMMENDED ACTION: That the Board of Trustees consider the recommendations for action updating PCCLD policy.

Terri Daly

You do have two documents in your packet and will go over those with you. I want to take just a moment to give you a little bit of history as to what you are looking at. You may remember that in October 2018, you reviewed and approved the Annual Performance Plan policy. There was a revision to our policy that was current in our handbook at that time. The revision was for a couple of reasons. First of all, we wanted to make sure we had specific guidelines of how the increases were figured and which employees were eligible. Secondly, we wanted to make sure that the PERA requirements were met. So that is why we had revised the policy in 2018. At that same time, we established a Performance Evaluation Review Committee. That committee reviewed our current pay for performance plan, garnered feedback and gave recommendations to the executive director. One of those recommendations was that we move from the three point rating scale to a five point rating scale. We have implanted that and are now looking at how that translates from the scores and the increases from the three point scale to the scores and increases in the five point scale. That brings me to the documents you have in your board packets. *(Terri Daly went over the documents with the Trustees)*

Phil Mancha

Was this discussed at the last work session?

Jon Walker

This was not discussed at the last work session, you are hearing this for the first time tonight. I asked Terri Daly to bring this to you tonight in preparation for a subsequent vote. You don't have to vote tonight, but we will ask that you take action by the December 12th meeting.

Terri Daly

The reason for that is that we want to be able to communicate what the increases will be by December 19th.

Jon Walker

We are getting ready to adjust salaries upward based off of performance plans. Again, we don't need to take action tonight. *(Discussion amongst Trustees regarding the 5 point scale.)*

Doreen Martinez

My question to the Board is, are we ready to take action on this tonight? *(Board indicated they are ready to take action on this now.)*

Phil Mancha made a motion to approve the recommendation action updating the PCCLD Annual Performance Plan policy. Lyndell Gairaud seconded the motion.
All in favor 6-0 (Stephanie Garcia not present to vote.)

IX. ADJOURNMENT

Meeting adjourned at 7:52 p.m.

Respectfully Submitted by,

Sonya Fetty

Board Secretary