

PUEBLO CITY-COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES
WORK SESSION MINUTES
April 16, 2019

I. CALL TO ORDER AND ROLL CALL

Doreen Martinez, President, called the meeting to order at 2:00 p.m. in the Ryals Room at the Rawlings Library.

Board Members Presents: Marlene Bregar, Lyndell Gairaud, Stephanie Garcia, Phil Mancha, Doreen Martinez, and Frederick Quintana
Attorney Present: Kate Shafer, Attorney – Gradisar Trechter Ripperger & Roth
Staff Present: Jon Walker–Executive Director, Sherri Baca-Chief Financial Officer, Robert Childress Director of I.T. and Sean Miller-I.T Department

II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA

Doreen Martinez: I would like to add an item E. I would also like to invite Sherri Baca, Chief Financial Officer, to talk to us about the Special Districts Association (SDA) opportunity that we would like to take advantage of to nominate Jon Walker, Executive Director, for his leadership efforts. Sherri Baca will share some information about that later in the meeting. Are there any other corrections or modifications to the agenda?

None

III. WORK SESSION DISCUSSION ITEMS

A. EveryLibrary

John Chrastka with EveryLibrary will provide an update report on local library advocacy.

Jon Walker: John Chrastka is not here. He was stuck in Chicago due to weather. So we are rescheduling this update. In terms of this item, please refer to the "Community Engagement" sign-up sheet. (*Trustees were provided a copy prior to meeting.*) This has been updated and you are encouraged you to sign-up for any scheduled meeting that is still open that you can attend. We will probably try to schedule John Chrastka again in May.

B. Disposal of Assets

Robert Childress (Director of Information Technology) will provide a report and recommendations on surplus asset disposition.

Robert Childress: (*Referenced handout Disposal of Property Request form that was posted on website as well as hard copy given to Trustees prior to meeting.*) I.T. is requesting to dispose of some assets that we have that are either inoperable or are past their end of life use. In this particular case we have five dated microform scanners that have been replaced with newer models that are currently in-service here in Rawlings Library. We also have four book deposit drops that have exceeded their useful life and we want to dispose of those. For the five microform scanner readers, we want to donate those to the Steelworks Center Museum. They have expressed an interest in them and we are willing to donate them. For the book deposits, those will be used for scrap metal. Any questions?

Stephanie Garcia: What is your process of reaching out to non-profits or other groups that might be interested in items we are disposing of?

Robert Childress: We follow the established protocol. Maria Tucker (Special Collections/Museum Manager) reached out to a collection of groups and offered these to local non-profits, and the Steel Works Museum was the one that responded. They were also the only group interested.

Jon Walker: Microform scanners are pretty unusual technology, it isn't anything you see in most places of business. So we reach out to institutions that would be in the zone to use this type of technology, like museums, libraries, etc. We relied on Maria Tucker (Special Collections/Museum Manager) to make that outreach because she works in that arena quite a bit. She is very familiar with the different organizations that are working similarly and with same type of equipment. My recommendation would be to ask the Trustees to put this as an Action Item at the next Board meeting if you are so inclined.

WORK SESSION AGENDA

April 16, 2019 – 2

Doreen Martinez: We will set this as an Action Item for Thursday's Board meeting.

C. Long Range Financial Plan

Sherri Baca (Chief Finance Officer) will review an update of the Long Range Financial Plan

Sherri Baca: *(Presented from PowerPoint entitled: 10-year projection.)* The last time we talked about the 10-year projection was at your Work Session in January. You will recall, at the time we were pretty hard pressed to see what the future would hold especially as the Gallagher Amendment impact seemed looming. The RAR (Residential Assessment Rate) has been at 7.96 for a long time, it dropped down to 7.2 in 2017. The upcoming projection is at 6.78 and that is a pretty steep drop that would mean a real disruption of our general fund. You will see that the projections came back and they are not as bad as we thought. In fact, they look pretty good compared to what we were thinking back in January. The 10-year projection includes the current budget year of 2019 through 2028. Our financial goals have stayed steady. *(Sherri Baca provided Handout #1 – 10-Year Financial Projections worksheet.)*

This is a projection showing no new funding. It projects if the Library District continues on in its normal course. *(Referenced lines in handout shaded in blue.)* A moment ago we talked about the RAR, this projection starts with that. There are a number of assumptions in this projection. 7.15 is the RAR projection right now, so that would be a decrease from the current 7.2. If you look at line 6: Property Tax Revenue, you will see that the percentage increase in property tax revenue in 2020 over 2019 is a 4.5% increase. That is really good news for us, that is about a half a million dollars in increased property tax. If you follow that blue line along through 2021, 2022, 2023 and so on. You will see that each year it increases about 2%. On an average over a ten year period, Pueblo County valuations have grown by 2.5% each year. Also, yesterday I sat in a Special Districts Association Legislative call. They talked about how since this is such a small change, that one of the potentials the Legislature is considering is to not make a change because it is such a small difference. So there is a potential that it just stays at 7.2. In any case, these are all really good news points. When we look at the general fund, if you look at 2019, you see that total expenditures on line 30 only increase .9%. You will see from 2020 forward, those expenses are just tracking at a normal, typical increase from year to year. These are all good things. We are not cutting budget, we are increasing in our property tax growth, and the RAR for 2020 has not taken a significant drop, *(Continued discussion and explanation of handout #1.)* *(Sherri Baca provided Handout #2 – Master Facility Plan)* We have 17.1 million in the master plan to refresh the library. These are the cost estimates as of today. This is a master facilities plan from 2020 to 2030. The first five years from 2020 to 2024 is \$2,000,000 per year, and then from there each of the six library staggers in over a two year period. You can see as you build up over the years you get to the \$16,950,000 total projection. You are probably wondering where we will come up with \$17,000,000? That is shown in the yellow section at the bottom of your handout. You are already familiar that we take property tax money into the general fund and we do a transfer from the general fund to the capital fund to pay for capital spending. Here is shown that capital fund general transfer and I have scheduled it out from 2020 to 2030. It would provide 12,950,000 from the general fund to the capital fund. Also in this funding plan there would be a 2.5 million dollar fund raising program from 2020 to 2024, and we have a line on a grant currently for another 1.5 million dollars paid out over five years starting in 2020. So there is where the 17 million dollars comes from. The second scenario I want to show you is if there is additional funding. *(Sherri Baca provided Handout #3 – 10-Year Financial Projections.)* With this projection it is still the same time period, 2019 through 2028. The white bullet points are exactly the same as handout #1. What is new about this projection are the last two bullets that are in yellow. It is adding in a .6 mill of additional property tax, which basically nets to a million eighty thousand per year in additional property tax revenue. Then there is an additional two million dollar supplemental book budget spread over ten years which boosts our materials budget spending to 17% of the annual operating budget. Our norm is to try to set that percentage at 15. You will see in this projection that 2019 we dropped it to 14% because we were cutting the budget. By adding in this two million over ten years we actually increase to 17%. The results here are interesting. If you take a look at the spreadsheet, you will see that the property tax revenue line changes significantly. *(Continued explanation of handout #3.)* Line 31 is the transfer to the capital projects fund. Each of these amounts of transfer include the master facility refresh and also the library replacement plans. If we look at the capital project fund, on line 37, that includes master refresh, the facility refresh, and the library replacement plan spending at the projected amounts each year. What this essentially means is that our goals are met. We are able to keep our operations moving forward, we are able to refresh our facilities, we are able to buy more books and keep the Library District moving in a good direction. Take a minute and look at the fund balance analysis. This shows the balance if additional funding is in place. Any questions?

WORK SESSION AGENDA

April 16, 2019 – 3

Lyndell Gairaud: Thank you for your presentation because it was presented well and I understood it.

Sherri Baca: Thank you, glad to hear that.

Marlene Bregar: With the RAR maybe kind of settling, that actually changes our conversation with the community. One of the talking points as we go out into the community has been the severe effect of Gallagher on us. So I think we need to be cognizant of the fact that this sort of changes that conversation.

Sherri Baca: I think that the needs that the Library District have, go back to our goals which are: adequately funding our operating and capital needs, keeping our facilities welcoming and refreshed, developing a good work force, and keeping an adequate fund balance. So your question about Gallagher, I definitely feel like it is a mixture of all things. Gallagher is becoming less of a burden even more than it was three months ago, but it still has had a significant impact on the Library District. *(Sherri Baca provided Handout #4 – Total Reduction in Revenue due to Gallagher Amendment.)* If we de-Gallagher I would feel much better about being able to take on a ten year plan that really gets us in the zone of where we have been and what we are used to providing to the public. I have also printed out the slides from my presentation today for you. *(Sherri Baca provided Handout #5 – Power Point slide show.)* There are a couple of things that will happen now. One is the Legislature will set the RAR and that happens in two weeks. Then in August by law, the County Assessor has to give us the preliminary evaluation. I told you that in the property tax line, the state tax administrator is saying that Pueblo County is going to grow 10 or 12 percent on residential and one percent on commercial. I will be refreshing these numbers for you and we will stay ahead it. It is going to be an interesting budget process for this next year I think. We might have to do more than one budget, depending on the outcomes.

D. Finance Report

Sherri Baca (Chief Finance Officer) will review the March 2019 PCCLD financial reports.

Sherri Baca: *(Referenced the posted March 2019 Financial report. Sherri Baca is reporting tonight as she will not be available to report at the next Board meeting.)* Thank you to Robert Childress and his I.T. team. They helped the finance office upgrade our finance software. Our targets are a quarter of a year in and it is a pretty standard year for the Library District. Not a whole lot of changes as far as operations go. The balance sheet is important, it shows our current cash holdings. Last month I talked about how we were living on reserves and we were waiting for our property taxes to come in. You are seeing here that the funds have been received. As far as the balance sheet goes, everything is pretty standard. If we look at the statement of revenues and expenditures for the month of March, again we are right on target. For personnel cost we are at 20% spent year-to-date. Facilities wise, we are at 13% spent which is the same as last year. Operating expenditures are 35%, which is a little higher than last year at 27% spent. We do a lot of contracting services at the earlier part of the year for the entire year. Year-to-date total spent is 22% which is the same as this time last year. Pretty standard month and quarter for the year. The capital fund had a little bit of activity, we earned interest on our cash holdings at \$4,191. Again, all very standard. The special revenue fund did not have a whole lot of activity, although we did get our first quarter contribution from the Chamberlin fund, it was about \$5200.00. The employee Nesbit fund has a current balance of \$5,608.66. The checks as I went through them all were standard and nothing unusual. That is my report. March was pretty good, no budget concerns and pretty standard for us.

Doreen Martinez: The recommendation will be to set this as an Action Item for next Thursdays Board meeting to approve the Financial Report as presented today.

E. The Special Districts Association (SDA) has offered an opportunity that we would like to take advantage of to nominate Jon Walker, Executive Director, for his leadership efforts.

Sherri Baca: The Special Districts Association of which we are a member, have an annual conference in Keystone, Colorado, on September 18th to September 20th. As part of that conference schedule, they do a couple of awards. One of them is for Manager of the Year, and this goes to managers, executive directors, and fire chiefs of special districts who have made outstanding contributions to their district and community. In recognition of the dedicated service, SDA will pay special tribute to one manager who will be chosen to receive the Manager of the Year award. The award will be provided at the awards luncheon on September 20th at the SDA annual conference. The recipient will also be recognized in the awards video which will be played during the luncheon. In addition, the award winners

WORK SESSION AGENDA

April 16, 2019 – 4

will have their photos taken during the conference and press releases will be sent to the winner's local newspapers. The process is that SDA will allow a nomination from the Board of Trustees, and that has to come through a Resolution, which Kate Shafer (attorney) created. Upon passing the Resolution to nominate Jon Walker for this award, which I believe is so deserving, then we fill out a nomination form on the SDA website.

Doreen Martinez: I would recommend that we set this as an Action Item next Thursday to put the Resolution into effect and to move forward with the application through the SDA website. Sherri Baca and I can work on getting the application and provide it to the Trustees so that anyone can make suggestions to add or change things.

Frederick Quintana: I am glad that we have an executive director that qualifies so well for this award and truly deserves to receive such a recognition.

Stephanie Garcia: I would like to make a recommendation. Since it is likely that we will pass this Resolution, perhaps you should start working on the application and have that for comment at the next Board Meeting.

Sherri Baca: Yes, we can get that together. Good idea.

IV. ADJOURNMENT

Reminder: The Regular Board Meeting will be held on Thursday, April 25, 2019 at 5:30 p.m. at the Lamb Library.

Meeting adjourned: 3:18 p.m.

Respectfully Submitted By:

Sonya West

Executive Assistant