

PUEBLO CITY-COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES
WORK SESSION MINUTES
February 18, 2020

I. CALL TO ORDER AND ROLL CALL

Doreen Martinez, President, called the meeting to order at 2:04 p.m. in the Ryals room at the Rawlings Library.

Board Members Present: Doreen Martinez
Marlene Bregar
Fredrick Quintana
Stephanie Garcia
Dustin Hodge
Phil Mancha

Board Members Absent: Lyndell Gairaud

Attorney Present: Doug Gradisar – Gradisar Trechter Ripperger & Roth

Staff & Guest Present: Sherri Baca – Chief Financial Officer
Terri Daly – Human Resources Manager
Sean Miller – I.T. Department
Robert Childress – I.T. Director
Jon Walker – Executive Director
Sonya Fetty – Executive Assistant/Board Secretary

II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA

Jon Walker

I would like to ask for two executive sessions. One is for the purpose of discussion of negotiations and giving instructions to negotiators. The second is to receive legal advice. I would like to ask that those be considered for addition to the agenda.

Fredrick Quintana

In addition to the executive session that is already listed on the agenda?

Jon Walker

Correct

Fredrick Quintana made a motion to add two executive sessions to the agenda. Dustin Hodge seconded the motion. All in favor 5-0 (Stephanie Garcia missed the first vote of meeting.)

III. WORK SESSION DISCUSSION ITEMS

A. Greenhorn Valley Library Manager

Jennifer Tozer will be introduced as the new manager of Greenhorn Valley Library.

Jon Walker introduced Jennifer Tozer and gave a brief bio about Jennifer.

B. Financial Report

The January 2020 PCCLD financial report will be provided by Sherri Baca, Associate Executive Director.

Sherri Baca

It is my pleasure to be here this afternoon. I am going to take you through what is the typical January report. I won't be at the regular Board meeting next week, so I won't be able to give the report at that time. I am going to be at PLA (Public Library Association) by the way, which is happening in Nashville. This is the January report, the finance office did get this done early enough for me to be able to present it to you this afternoon. Same format, just a week early. January's financial statement begins with the Balance Sheet. Couple of things I want to point out about the Balance Sheet. Our Cash Holdings are still very strong. You will see in a minute that we got a fairly large property tax payment in January, which is not typical. That is most likely the new property tax coming through from the additional mill levy. Our Cash Holdings are definitely higher than this time last year. We are still, in the finance office, working through audit. I do want to report that the interim field audit went really well. CLA (CliftonLarsonAllen) was onsite. The final field week will be in March. There was a request last year for the audit committee to meet with the auditors earlier in the year. That would happen this year during the week that they are back in March. I will be checking in with the audit committee to set that up. Usually they are here Tuesday

through Friday. That would be the opportunity for you to visit with the auditor and see how things are going. This would be in lieu of the day the Board hears about the CAFR (comprehensive annual financial report). As far as the Balance Sheet for January, there are some sections that are still under construction. We will be adjusting our asset items, debt, accruals for vacation and compensated absents. Everything else regarding the Balance Sheet as of the end of January is very typical. There is a little bit of timing differences in payables, but overall really strong. I am definitely really happy about cash being higher than this time last year. Let's look at the Revenue and Expenditure Statement for the General Fund. We are one month into 2020, so are target spent and collected should be at 8%. Here is where you will see that larger property tax number. It is almost \$500,000 higher than typical for us. You will see that as of the end of January, we are at 4% collected. This time last year and every year that I can remember, we have been at zero percent collected. As we go through Expenditures as a category, things are on track. *(Sherri Baca went through each of the categories with the Trustees.)* Again, very typical statements. Are there any questions?

Jon Walker

We would ask that next week, we will have an action item for you to approve the financial reports for January.

C. 2020 Property Disposal Request

According to policy, "In January of every year, a disposal of property request form will be submitted to the Board of Trustees so that a broad determination can be made to donate or discard weeded collection materials, which are considered to be fixed assets in the aggregate, as well as to dispose of miscellaneous surplus furniture and equipment." The Board of Trustees will discuss the recommended 2020 Disposal of Property Request. It is recommended that the Trustees approve the 2020 Disposal of Property Request presented for the disposal of discarded collection materials as designated retroactive to January 1, 2020.

Jon Walker

You will see this document in your packets. This is an annual process for the Trustees to consider allowing the District to discard weeded materials during the course of the year. You will see that the method of disposal is that we would first offer these as a donation to the Friends of the Library, which they will then resale at the Books Again store. We would also offer to other charities and non-profits like community book shelves. Then, if all else fails, we would recycle. Those are the three methods of disposal. What we would ask is that the Trustees consider taking action to approve the 2020 Property Disposal request at the next regular Board meeting.

Doreen Martinez

If you look at the Property Disposal Request form, I know in years past we have had miscellaneous furniture or equipment, but this time around we are looking at only materials and mainly books. *(Discussion amongst Trustees on how books are tagged for disposal.)*

D. Capital Asset Procurement

The 2020 PCCLD Budget allocates funds for a replacement pickup truck. Alan Rocco, Facilities Superintendent, will present a proposal for this procurement. It will require Trustee approval as it exceeds \$25,000 in cost.

Sherri Baca

Alan Rocco worked with the finance office from a procurement standpoint on this project. As you know, we have a purchasing policy, and there are various levels of requirements. There is a provision in our procurement policy that allows us to buy on government purchasing contracts. In this case, Alan Rocco has brought to you a proposal from Dellenbach Motors. They received the state contract for this particular series of pickups. Alan Rocco did go ahead and get three other bids in addition to this. This bid came back as the lowest bid. The price bid from Dellenbach Motors under the state contract came in at \$37,346. We did budget for this in our Capital Project Fund for 2020. It is definitely needed. Any questions?

Stephanie Garcia

Where does this vehicle live when it is not in use?

Jon Walker

Alan Rocco is with this truck day and night. Alan Rocco is on-call 24/7 for the Library District and is frequently here or other branches at all sorts of odd hours. It is for library purposes only, but he has access to it at all times and it stays with him. We did upgrade to a crew cab because they (facilities) frequently take teams to various locations,

so the extra space is needed. You will also see that this is equipped with a snow plow. We do contract for snow plowing, but wanted this option for the times when the contract service doesn't work out.

Stephanie Garcia

After it is purchased, does it have anything to identify it as the property of the Library District?

Jon Walker

We mark all of our vehicles with the library logo and vehicle numbers. Our request is that the Trustees make this an action item for next week.

E. Rawlings Library

Sherri Baca, Associate Executive Director, will provide a report on the Rawlings Library renovation financial plan.

Sherri Baca

You do have a paper copy of this presentation in your packets. This is really just to give you an update on where we are at with our Master Facility Plan. This is a cash flow and financing plan. The first slide that you see should be familiar to you. I took it straight out of Dennis Humphries (Humphries Poli Architects) conceptual design work project that they did for us in 2018/2019. Here is the probable cost details that Dennis Humphries provided. I am leveraging still, the cost estimates that came out of the conceptual design work. The Rawlings Library came in a little over eight million and the branch libraries totaled another almost seven million. So the potential costs of the Master Facility Plan, which is refreshing all of our library locations, could be as high as 15.3 million. However, I think you might remember Dennis Humphries mentioned that we need to be ready for potentially another two million dollars to add onto the Rawlings project based on final costs. If we added another two million dollars onto the 15.3 million, we will be up over seventeen million. The next slide is the ten year cash proforma. This is where I show you the potential of us having General Fund money coming over, fund raising dollars, and how would we spend those dollars. The next slide is the new part I want to dig into. Keep in mind that this is continually evolving. Some of these numbers are just my best guess at this point based on estimates and early conversations. It is the same set-up, so year 2020 through year 2032. You will see that I am bumping up the cash opportunity to 18.5 million. I shaded two lines in pink. One of them is the NEH Grant (National Endowment for Humanities). We discussed at the last Board meeting that we got notification that we received the NEH Grant for \$500,000. It was awarded to us to update the archives on the 3rd floor. It is a matching grant, it is a three to one match. So if we plug in the \$500,000 here, it would be up to us to raise another 1.5 million. This extra two million dollars is there for us if we can make that happen. What I also want to talk about is these new lines here. One of them is a COP (Certificate of Participation) potential new debt issuance of eight million dollars. The next stage, now that the ballot initiative has passed, is can we convert this directly into a construction project phase? We looked at the question, do we have any opportunity to change the time-line? So with that in mind, that is where the concept of a new eight million dollar debt issuance is coming from. What that eight million dollars does, is that it tightens up the Rawlings project from this five year plan to what is contemplated as a two year construction plan. That is one of the ideas we have. Obviously looking at whether we could afford to do that is important. Debt service that is here, is showing that for a new eight million dollar debt issuance, we would be able to envision paying back that eight million dollars plus interest over a ten to twelve year period. Our previous COP's (Certificate of Participation) were a twenty year pay, this new debt would be contemplated on a much shorter scale. What that does for us, is gives us either an option of doing a COP (Certificate of Participation) issuance through the normal municipal market, or potentially approaching a private bank. There is a little bit of flexibility introduced into a shorter debt service schedule. *(Discussion amongst Trustees on shorter debt idea.)* So the goal of my presentation today, is to let you know that we are digging into the issue of potentially this schedule of cash flow. It may not be the best construction schedule for us, but it is an option. My sense is, we really don't want to renovate for this long on one particular building. However, there are a whole lot of details that have to come about and lots of experts who need to come along side us. At the end of the day, I think the due diligence on our part is to determine what saves us money, what makes the most sense, and what the best option for us moving forward is. Our goals are to shorten the construction period for the Rawlings Library renovations. What that means is, less interruption of operations here at the Rawlings Library and less difficulty for the public to access the library during the construction phase. When you think about taking five years down to two that impacts the public positively. There has got to be a cost savings involved here as well. We have heard that there is a five percent inflation factor each year on construction costs. So if we wait the five year plan, things become more expensive as you go through each year.

Fredrick Quintana

Even that five years is just for Rawlings, so we amplify that for the other projects as well.

Sherri Baca

The original plan contemplated starting the Lucero project in 2025. If we can accelerate it, Lucero starts in 2023. So all the rest of the library branches move up in terms of timing. So that definitely builds in some savings to the projects as well. As I come back in future months, one of the things that I will be doing is taking all of this data and putting it into the ten year projection. So we will all keep abreast as to what does the next decade look like based on these construction dollars and different information and data. There is a whole lot of reasons to think about accelerating the construction time-line. This ability to reset our COP's (Certificate of Participation) may have some built in benefits. We are holding over \$800,000 in a debt service reserve, that money has to stay there until the current COP's (Certificate of Participation) are paid off in 2032. If we could get those funds released and put them into active use, that would be fantastic. That is another idea and question we need to find answers too. There are a lot of upsides and a whole lot of things to work out.

Phil Mancha

On the fourth slide there is a hi-lighted area that indicates "use for prepayment" can you explain what that is?

Sherri Baca

Each year we have total available cash and total building project spending. When we get over into 2030 you are seeing that there is a favorable balance between what money is available and the fact that we are done with the capital plan as it is contemplated at the end of 2029. So my hi-lighted note here is, could some of those dollars that are available be used to pre-pay some of this new debt, which would save us money on interest. Pre-payment is definitely an option that we are talking about with this new eight million dollars. Frankly, we have the ability to do some pre-payment on our current COP's (Certificate of Participation) after the year 2022. We want to be able to determine if we can do some pre-payment or paying down of debt. This is really exciting. It is going to be a lot of work and we are already starting lots of conversations. There will be lots more information to come. *(Discussion among Trustees about options for projects.)* We will continue to keep you informed and also ask for support and approval on different parts of the projects.

F. Universal Services School and Libraries Program Grant

Robert Childress, Information Technology Director, will provide recommendations for telecommunications equipment procurement as part of the Rawlings Library renovation project and the Universal Service Administration Company federal eRate grant program.

Robert Childress

You should all have a copy of the presentation at your places. So first slide asks, what is E-rate? Schools and Libraries Universal Service Support program, commonly known as the E-rate program, helps schools and libraries to obtain affordable broadband. Eligible schools, school districts and libraries may apply individually or as part of a consortium. Funding may be requested under two categories of service. Category one is services to a school or library and category two are services that deliver internet access within schools and libraries. The E-rate program is administered by the Universal Service Administrative Company (USAC) under the direction of the FCC. Specifically, USAC is responsible for processing the applications for support, confirming eligibility, and reimbursing service providers, eligible schools and libraries for the discounted services. So what is our plan? We plan to leverage our remaining category two budget funding within the E-rate/USAC program, and coordinate this with the Rawlings Library renovation plan. We currently have \$379,586.74 in eligible funding for the entire District for the 2020 funding year. To comply with the USAC requirements, our RFP which we are working on with finance, must be posted for no fewer than 28 days. That 28 days is when all bids can be submitted. Our finance policies require board approval for any procurement over twenty five thousand dollars. Category two funding is divided into eligible products and services that are basically earmarked by USAC saying "these are things you can buy under category two funding". The first thing we are dealing with right now is this form 470 deadline for funding year 2020. We have to have that in before 2/26/2020 so that we have the 28 days prior to the need to have our form 471 completed. Our plan currently, is to get this filed by tomorrow. With this RFP, we have the opportunity to get almost four hundred thousand dollars' worth of E-rate funding which aligns with the Rawlings renovations plan. The current projected retail costs that I put together, and will be showing you shortly, is around \$397,000. Of course it complies with category two funding. The scope currently that we have is wireless access points to provide

up to fifty wireless access points (Cisco Meraki MR55). We are thinking that this will be around \$100,000 retail and not what we would pay for it necessarily. Firewall licensing is another \$30,000. This is for our current firewalls in place. Firewall hardware licensing. So a new firewall to go in front of our existing one that is a little bit more robust. Uninterruptable power supplies. That would provide new ones through Rawlings Library. Branch switches, which provide a faster back bone throughout the entire library which gives better service to our patrons and to our staff. Then one of the biggest pieces out of this is when we are tearing out the old building, how are we going to re-wire it? That is the last piece you see here (*referenced slide show*) and we are expecting that to be at least \$100,000 to rewire the whole building. Given the E-rate funding requirements and timelines, it is likely we will ask for a special meeting of the Board in March. USAC's timelines and our Board meetings don't match up exactly the way they need to. The final RFP will be provided to all PCCLD Board members at the Board meeting on February 27, 2020.

Jon Walker

What Robert Childress is showing you here is that we have the opportunity to get another up to \$400,000 for I.T. telecommunications infrastructure in this building from federal dollars. If we are able to do this, we will have another significant portion of funding coming back to this ten million dollar renovation project. The challenge that we have is the timing. To get that grant for E-rate, we have put together the statement of work in the data that he just showed you, but USAC and E-rate requires that it be approved by March 25th. The Trustees have a couple of meetings in March already scheduled. The PCCLD Work Session is on March 17th and then the PCCLD Regular meeting on the 26th. We are going to try to leverage those meetings in alignment with these USAC requirements. It may be that during your work session on the 17th we ask that a special meeting be held the same night for the purpose of approving the RFP returns that we get.

Fredrick Quintana

Could we consider moving the work session for that month?

Jon Walker

I would encourage you to consider that.

Fredrick Quintana

I would ask that you (Jon Walker) and Doreen (Martinez) work out some dates and then let us know. I would rather us move the entire work session and not have to schedule another meeting.

Jon Walker

We will work on that date and let you all know.

Doreen Martinez

I would like to complete item H before moving into our executive sessions.

G. Executive Session

The Trustees will enter into Executive Session for the purpose of discussing a personnel matter with respect to the Executive Director pursuant to C.R.S. 24-6- 402(4)(f)(I). The involved employee has been notified of this Executive Session and given the opportunity to have the matter discussed in open session.

H. Outstanding Women Awards

PCCLD's Outstanding Women Awards are scheduled and an update report will be provided on Trustee nominations for recognition.

Jon Walker

Rhonda Gonzales is the nominee. She was a member of the Board of Trustees years ago. She is the Dean of Libraries at CSU-Pueblo and is a great supporter of libraries in general.

Phil Mancha made a motion to move into executive session at 3:20 p.m. Fredrick Quintana seconded the motion. All in favor 6-0

Fredrick Quintana made a motion to move out of the first executive session at 3:24 p.m. Dustin Hodge seconded the motion.

All in favor 6-0

Fredrick Quintana made a motion to move into two simultaneous executive sessions at 3:26 p.m. Phil Mancha seconded the motion.

All in favor 6-0

Marlene Bregar made a motion to move out of executive session at 4:09 p.m. Dustin Hodge seconded the motion.

All in favor 6-0

V. ADJOURNMENT

Reminder: The Regular Board Meeting will be held on Thursday, February 27, 2018 at 5:30 p.m. in the Ryals room at Rawlings Library.

Meeting adjourned at 4:11 p.m.

Respectfully Submitted By:

Sonya Fetty

Board Secretary