

**PUEBLO CITY-COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES**  
**WORK SESSION MINUTES**  
**October 15, 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 Present:	Doreen Martinez Marlene Bregar Fredrick Quintana
Board Members Absent:	Stephanie Garcia Lyndell Gairaud Dustin Hodge Phil Mancha
Attorney Present:	Doug Gradisar – Gradisar Trechter Ripperger & Roth
Staff & Guest Present:	Sherri Baca – Chief Financial Officer Terri Daly – Human Resources Manager Chris Currey – I.T. Department Dave Vecchio – Benefits Broker Holly Hanson – Benefits Broker Jon Walker – Executive Director Sonya Fetty – Executive Assistant/Board Secretary

**II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA**

None

**III. WORK SESSION DISCUSSION ITEMS**

**A. 2020 Employee Health Benefit**

OVERVIEW: The current employee health benefit package approved by the Board of Trustees ends on December 31, 2019. A proposed benefit commencing January 1, 2020 and ending December 31, 2020, will be presented for discussion. This will require Board of Trustee approval as it will exceed \$25,000.

Jon Walker

We have some folks with us to speak about this item today. We have a really robust health benefit plan here with the public library. We work on it very diligently every year, weighing costs against benefits, trying to make sure we can afford it within the district's budget, and trying not to impact employees more than we need to. I think we have a good proposal for you this year. I am happy to introduce Dave Vecchio who is going to speak to you about where we have been with our benefits the past few years, where we are this year and what we are proposing to move forward with into 2020.

*(Dave Vecchio had 3 handouts for the Trustees.)*

Dave Vecchio

I want to touch on the historical page, which is page one of the handouts. As you know, the district transitioned away from Kaiser to Cigna in January of 2018. At the time, the net savings to the PCCLD Library District was 14%. It is important to note that the 14% didn't reflect any plan design changes. Cigna had a bigger provider network, we had nationwide access and we didn't have any restrictions or limitations on pharmacy benefits. So we were literally paying less for more. That was a great transition and we had a lot of employee satisfaction. The renewal last year was a 6.75% increase and that equated to about \$36,000 in total premium. We are in a self-funded program and that provides a chance for a premium surplus or premium reward. Last year, that surplus was \$31,700. So when you apply that to the \$36,000 renewal, we really had a .09% increase which is \$4,300.00. That was with no plan changes or network changes. The medical trend last year was 9%. *(Dave Vecchio went over each of the handouts with the Trustees.)* On the second handout, you can see a comparison between the 2019 Plan with Dual Options and the proposed 2020 Renewal Option with an added 3<sup>rd</sup> option for your employees. *(At this point Mr. Vecchio went over the different options. He also stepped away from the microphone and audio recording level decreased to barely audible.)* So when you put it all together, you are looking at probably a two to four percent net increase. When you look at where we are at, you will see very few plan design changes and a new a third option (which is an HSA plan). It is a very positive position for both the district and employees. One of the things we have done is look at some comparative basis for the library versus an industry study from the Kaiser Family Foundation. Unfortunately Kaiser Family Foundation doesn't do it in real time so we had to compare our 2020 decisions to their 2019 data. We look at three bench mark points which

are plan design, overall premium and employee cost sharing. Very interesting information came back. With plan design, the library district is ahead of the national average. For employee cost sharing, library employees will pay less in 2020 with the recommendations than the 2019 data was. We have also had employee satisfaction with the move to Cigna. I think we have found a very nice triple option to look at which is on the excel spreadsheet I handed out. *(Mr. Vecchio went over the spreadsheet with the Trustees.)* Some minor changes to our base plan and some minor changes to our choice plan. Since we have all our data, we know there are a lot of people on the plan that have very low health care usages. So this high deductible HSA plan might be very attractive to them. Not only does it provide a low premium coming out of their check, it provides them a vehicle to fund their health savings account. It is a great fit along with the high deductible health plan. The triple option allowed us some premium savings and a better fit for all the employees who participate. We haven't impacted the other two plans much at all, and we haven't impacted a lot of what is coming out of their check. You will see the blue, green and yellow page handout that shows a breakdown of the employee's deductions. *(Mr. Vecchio went of the handout with Trustees.)*

#### Jon Walker

I do want to mention one of the things that is important to do is compare our employment here versus other employers and what they are doing. What is the market place and how do we compare? Are we too rich or too lean? *(Mr. Walker referenced the handout showing the employee costs and discussed it further with Trustees.)* If you take the Cigna 1500 choice plan and you look at the family portion, it is showing a proposed \$202 per pay period payment. We take these deductions at 24 pay periods per year. If you multiply 24 times \$202 you end up with \$4,848. That is what the employee is paying for that family coverage. I read through the Kaiser Family Study, which I have a copy of here with me. The national average for all employers for a \$1600 deductible plan is \$6,015 again that is the national average. We are under that pretty significantly when you compare it nationally. I think we are in a pretty competitive position on the benefits side with this proposal. Our cost for that family coverage is about \$19,500. The national average cost is \$20,576. So we are coming in just a little below that national average for family coverage. We are paying out quite a bit more, so the employee is paying quite a bit less in terms of the percentages. I believe we are in a competitive position. *(Mr. Walker went over the proposal again with the Trustees.)* With the three options, this gives the employees more choice. One of the important considerations here is the overall budgetary impact of the plan. I want to refer you back again to the sheet with the yellow box. You will see that the total budgetary impact is anticipated to be \$511,917. That is a not-to-exceed amount. There are a couple of considerations in terms of where we end up in regards to the final employee/employer split and that really has to do with what happens on November 5<sup>th</sup>. Our current budgetary scenario allows for what you are seeing in this proposal. We will see what happens on November 5<sup>th</sup> and then we may have to come back and make adjustments. However, it is important that we contract with the carrier in a timely fashion. So we won't know our final numbers until November 5<sup>th</sup> but we have to get a contract in place with the carrier in October. What we are asking is that you approve the \$511,917 contract with the carriers. Again that is a not-to-exceed amount.

#### Marlene Bregar

I am familiar with the HSA plan, but I hope we keep educating our employees on the potential of that option. I can see younger people seeing the HSA plan as a great plan.

#### Doreen Martinez

Are there some ways for employees to take a quick review of their past benefits they used or didn't use, so that they can make a decision on which plan to take next year.

#### Dave Vecchio

Everyone who is on the plan now has access to the personal information and it tells them exactly what the cost of medical bills have been spent by them and the insurance company. This information includes all their history from their used coverage. Cigna is also throwing in a program at no cost that will allow employees to enter the data they have on past coverage and the program will they give them ideas of which plan might be best for them.

#### Doreen Martinez

We will set this as an action item for the board meeting next Thursday.

B. **2020 Preliminary Budget**

OVERVIEW: Sherri Baca, Chief Financial Officer, will provide a report on the preliminary 2020 PCCLD Annual Budget, which is officially presented for public inspection. A public hearing on the proposed budget will follow at the November Trustees' meeting, and the Trustees will be asked to adopt a 2020 plan and budget, set the mill levy, and appropriate sums of money for the 2020 budget in December.

*(Handout provided by Sherri Baca)*

**Sherri Baca**

It is really a pleasure to bring this to you and a lot of work has gone into it. Two things, so this date is important *(referenced handout)* because in today's newspaper we have published a notice of budget, and that is required by law. Second thing is, by state law we are required to present to you a preliminary budget so here you go. Also, this budget, as it is presented right now, is currently on our website for public inspection. Right after this meeting, I will be emailing it to all of our branch and division managers so that they can have a public inspection copy printed out and ready for the public as well. We met all of our requirements as far as the law. I am going to jump into the document, but by all means if you have questions along the way, feel free to stop me. I am not going to talk through the narrative, you can take a look at that on your own. This is a budget based on the assumption that 6B does pass. We will talk about what is the alternative in a minute. *(At this point she referenced the handout and slide show.)* Here is the mill levy calculation, it does show a 5.85 mill. You will remember that our current mill is 5.25 so that is taking into consideration adding the .6 mill. That is the biggest piece of this budget that is what this all hinges on, the property tax going up by virtue of our valuation. This valuation information is what is called a preliminary valuation. By law, we get the preliminary valuation from the Pueblo County Assessor's Office. They are required to give it to us by the 25<sup>th</sup> of August, which is what this budget is built on. They also have to give us the final version by December 10<sup>th</sup>, and then we update our numbers and present to you the final version of the budget based on the final assessed valuation. I do not have that percentage in front of me right now, but from memory I am thinking that the Pueblo County valuation increased by ten percent. I will have that number firmly for you next time we talk about budget. In any case, those are pretty healthy numbers. The 5.85 mill levy is in here and that increases property tax by double digits. If you look in the narrative below the mill calculation, it is saying that the total dollar increase over prior year in property tax is almost 1.8 million dollars in 2020. Good news on all fronts as far as this budget is concerned with 6B passing and of course the Pueblo County valuation. Part of the budget we do a five year General Fund Revenue and Expense history. You will see 2015 was pretty flat for us and then every year since, including the estimate for current year, we are forecasting our revenue to exceed our expenditures. Where I want to focus as far as the budget goes, is the General Fund, Capital Projects Fund, and the Special Revenue Fund. I am going pass over the narrative, you can take some time to read the narrative and it will explain the budget impacts almost line by line. If we dig into the General Fund on page 15, I will give you some highlights. You will see the budget for 2020 property tax is \$10,797,516 which is a 1.7 million dollar increase (19% increase overall). The variance column is comparing budget to estimated current year. It is not budget to budget, it is budget versus what we think 2019 will be. Property tax, 19% increase, that is 6B passing and the valuation increasing. Specific Ownership kind of hand holds Property Tax, it follows suit and the way we budget for it is a percentage of property tax. So if property tax goes up, Specific Ownership goes up as well. *(At this point she went over some of the different line items.)* This is the early version of the budget, keep in mind that you will see this again in November and then you will see the final version in December. Overall, total revenue is \$12,284.000 which is an 18% increase. Under Expenditures, we are seeing an increase by only 6%. So we are holding the line, we are not just going to spend everything that we have coming into the General Fund. Under Personnel you will see that it is increasing 6% overall. The 5% for salaries is high, but the reason is because HR has initiated a market salary survey study. We hired a consultant and are at the very end stage of that process. In that 5% is

\$100,000 set aside to try to lift the wages that are not quite at market and get them in that range. There is not a whole lot of detail that we have for you yet, that will be forthcoming. Is there anything else you want to say about that Jon?

#### Jon Walker

You know our philosophy is to try to peg our salaries to market, that has been a long time philosophy. We did hire a national firm and they have done a survey, and will be reporting that to you later. Preliminarily, I would say we are seeing that we are shy of market. That is why the \$100,000 is in the budget. Also, the \$100,000 will not get us to market, but it will make good progress toward that. We are anticipating a two year to market process to get us back to market level. More to come on this matter.

#### Sherri Baca

Also included is a 2.5% wage increase across the board for everybody on payroll. Our pay for performance program sometimes puts people a little higher or lower than the 2.5% depending on their performance scores. However, it is a typical wage increase budget. PERA is an interesting category. In 2018 the State Legislature passed a PERA reform. It gave them an ability to adjust the mechanism of PERA moving forward based on their projections and they are doing that in 2020. So the employer contribution for all categories is increasing and ours is doing the same. July 1, 2020 our percentage is going from 13.7% to 14.2%. What is driving that is the stock market decline that happened in 2018. Under Workman's Compensation I have a 5% renewal increase. I want to also give a quick kudos to the HR and Finance departments. We just underwent a Department of Labor Unemployment audit and we came through with flying colors. So I am really happy to report that to you. *(Sherri Baca continued to go through each of the line items from the handout and PowerPoint.)* Under Materials and Services you will see a 12% increase. In 2019 we did cut our materials budget down to 14.2% of operating expenses for the year. Typically the Board of Trustees and the organization want to keep that at 15%. Jill Kleven and her budget for books, periodicals, and data bases kick in about \$200,000 extra and backfilled what we cut in current year and so we are back at the 15%. All of that \$200,000 in increase went completely to books. Remember one of the things we have been talking about in 6B is that we will do a concerted book buying project of \$200,000 a year for the next number of years. That is why you are seeing such a huge increase here under Bindery and Processing. When you buy books, you have to pay for them to be bound, processed and cataloged. Library Programs shows an 8% increase, but what is in that number as well is about \$30,000 of grant spending that won't happen in current year. So it is an example of getting money in 2019, but we are running out of time to do those grant activities so we budget for them in 2020. So all though it looks like an increase in budget, it really is carry over spending from one year to the other. *(Continued discussion on line items from handout.)* Nick Potter, our new Community Relations Director, re-categorized a number of his things and moved them from Contract Services to Library Programs. There is slight movement trying to get things in the right category. Photocopier shows a pretty hefty increase. However, in 2019 we purchased a brand new copy machine for the Community Relations department.

#### Fredrick Quintana

My question has to do with the statement that Nick Potter reclassified some of his stuff from Contract Services to Library Programs. Do we have a set of criteria to outline what constitutes a Library Program? How do we go about that classification? To save some time, we don't have to discuss this now during the budget presentation, but can we discuss this in future? Can we add this to Decembers work session? *(Board agreed to have this discussion added to the December work session agenda.)*

#### Sherri Baca

For the copier we are now just budgeting for maintenance and supplies on the copier that was purchased. Information Technology as a whole is decreasing by 1%. Some of the savings is happening in the category entitled Technology Support. The ILS cost that we are paying for KOHA is much less than what we were experiencing with SIRSI. *(Continued to discussion throughout rest of report.)* To recap, revenue going up 18% if 6B passes and expenses going up 6%. In the narrative you will also see that this budget is based on 6B passing and that if it does not, there is an alternative to this budget.

Jon Walker

We are not presenting the alternative budget to you, but we are working on that as well. If November 5<sup>th</sup> goes positive then we will continue to work with these projections. If November 5<sup>th</sup> goes the other direction, during the work session in November you will see the revised budget presented. We have those numbers in draft form. We will see what happens on November 5<sup>th</sup>.

C. **2020 Holiday Dates**

OVERVIEW: The Board will review proposed 2020 holiday closures. The Board of Trustees will be asked to approve 2020 scheduled holiday closures in December.

*(Handout provided of 2020 Holiday Dates)*

Doreen Martinez

I would suggest that everyone just take a look at this at your leisure. We have until December to vote on this.

D. **2020 Trustee Meeting Dates**

OVERVIEW: The Board will review proposed Library Trustee 2020 meeting dates and locations. The Board of Trustees will be asked to approve their 2020 meeting dates and locations in January 2020.

Doreen Martinez

I took a look at these, and don't see anything that seems to have a conflict. Again, everyone please take a look at these and be prepared to vote in December.

**IV. ADJOURNMENT**

Reminder: The Regular Board Meeting will be held on Thursday, October 24, 2019 at 5:30 p.m. at the Giodone Library.

Meeting adjourned at 6:57 p.m.

Respectfully Submitted,

*Sonya Fetty*

Board Secretary