



**CITY OF NOVI LIBRARY BOARD
MINUTES, SPECIAL MEETING
BUDGET STUDY SESSION
February 9, 2013**

1. Call to Order and Roll Call

Library Board

Mark Sturing, President
Willy Mena, Vice President
David Margolis, Treasurer
Scott Teasdale, Secretary
Larry Kilgore, Board Member (departed at 10:35 a.m.)
Ramesh Verma, Board Member

Absent and Excused

Larry Czekaj, Board Member

Library Staff

Julie Farkas, Director
Mary Ellen Mulcrone, Assistant Director
Barbara Rutkowski, IT/Facilities Department Head
Marcia Dominick, Administrative Assistant

The meeting was held at the Novi Public Library, Board Room, 45255 W. Ten Mile Road, Novi, Michigan, 48375, and was called to order by Mark Sturing, President, at 8 a.m.

2. Budget Narrative 2013-2014

1. Personnel: Salary Considerations for Library Employees / Accounts: 704.000/705.000

a. One-time pay-out for Library Employees

Discussed following B. Hours of Operation.

2. Hours of Operation: Consideration for an Increase

With the creation of the Fund Balance Policy, it has given the Library Board direction as to its uses. It is the Trustees obligation to not waste assets and use them in the best interest of the patrons and residents.

Julie has brought to the Trustees five options for increasing the Library's hours of operation and the costs associated with each. After the Trustees reviewed each of

the options, they were most interested in Option E: Adding one hour of service on Fridays/Saturdays and Sunday hours 12-6 p.m. year round. A total of four (4) hours per week, plus an additional twelve (12) Sundays per year. Implementation July 2013. Cost: \$57,517.00. This was also the most popular among the Focus Groups.

The Trustees stated that now that the building has been opened, it is now a good time to increase the number of hours of operation and give back to the patrons. They commented that it is more essential to be open later on Fridays, but not so much on Saturdays, and open year round on Sundays.

The Focus Groups were more interested in longer hours, but not so much interested in opening earlier in the day. Staff arrives at an appropriate time in the morning to set-up and prepares for opening to the public.

A Trustee inquired about opening early and allowing the patrons to use a self-serve mode, but Julie remarked that the Library staff gives 100% quality service, and this would not allow us to do so.

The Trustees also discussed Option E, but with a slight change to the hours on Friday – by increasing the closing time to 7 p.m., and not increasing the hours of operation on Saturday. Continue to be open on Sundays from 12-6 p.m. year round. Julie stated that with the increase in hours on Fridays, she'd have to look at the personnel issues due to it not being an 8-hour day. She will look at staggering the staff start/end times on Fridays as an option.

A Trustee stated to aggressively look at all the options presented; salaries; hours of operation and decide which is the most important. The Library still has a fund balance to use. It was stated that the Trustees would contact Mr. Nazarko, Director of Finance for the City of Novi, to see how long the funds will last based on usage.

The Trustees would like to add an Option F: Add two hours of service on Fridays – 10 a.m. – 7 p.m.; no additional time on Saturdays – 10 a.m. – 5 p.m.; Sundays – 12 p.m. – 6 p.m. year round. Julie is to provide costs associated with this Option.

1. Personnel: Salary Considerations for Library Employees / Accounts: 704.000/705.000
a. One-time pay-out for Library Employees

The City of Novi provided to their full-time Administrative staff a one-time incentive of \$500 and 1.25% of their salary in January, 2013. Julie is asking the Library Board to consider the same accommodations for the Library's full time staff and \$200 for the part-time staff along with 1.25% of their salaries. The total cost based on the number of eligible employees would be \$43,080. Employees eligible for this incentive must have been employed by the Library as of July 1, 2012.

Julie stated that it looks like the Library will not be using all of the fund balance allocated for the 2012-13 fiscal year as projected, but is expected to use approximately \$144,000 instead of the budgeted amount of \$305,000.

A Trustee offered the option of providing the staff with a one-time stipend at the end of the 2012-13 fiscal year and then budget for a staff stipend for the 2013-14 fiscal year instead of an increase in salary. Stipends would then be

budgeted for moving forward. Another suggestion was offered to earmark \$50,000 or \$100,000 from the fund balance instead of pulling from the operating budget.

A motion was made to allocate \$50,000 of the fund balance reserves for the specific purpose of the Director creating a stipend pool for the current fiscal year and to be given to the staff prior to June 30, 2013.

1st – David Margolis

2nd – Larry Kilgore

The motion was passed with a 5-yes, 1-no vote.

Trustee Margolis mentioned that the Library, in the past 6 months, is trending \$100,000 below expenditures for the 2012-13 fiscal year; fund balance allocations was at \$305,000. Another Trustee commented that the budgets are very predictable based on past treasurer's experience; at this time of the year, you can tell what the surplus is expected to be at the end of the year. It was suggested to not do a formal salary commitment, but use the fund balance reserves for another stipend at the 2014-15 fiscal year budget session.

b. 2013-2014 Salary Considerations for Library Employees

The salary consideration for Library employees is based on the present Library hours of operation. The proposed 1.5% increase in salaries is an annual increase, not a one-time.

The Trustees discussed the proposed salary increase and commented on not doing a commitment for any percent, but have a fund balance reserve giving the Board the capability to provide a stipend if they are able to again and not use of the entire deficit allocation and discuss it at next year's budget session.

It was discussed to have Julie put the proposed increase in the budget so the Board can see what impact it would have and then prioritize after. The staff has not had an increase in three (3) years and one Trustee commented that he would like to see the staff receive an increase, and to keep pace with what the City of Novi is doing. The City of Novi has not determined a salary increase at this time. The Trustee would also like to see what a one-time \$50,000 stipend, to be given in the spring of 2014, would look like in the budget and then make a decision at the next budget study session.

The 2013-14 Proposed Budget (green section) does not take into consideration any increase in hours of operation and the additional staff to cover those hours; it does not include any of the proposed narratives.

Expenditures for line item Temporary Salaries (705.000) the approved 2012-2013 fiscal year, this line was approved at \$561,000, and the proposed 2013-14 is at an increase of \$3,000 to \$564,000. The increase is due to the projected

after-hour meeting room usage. It is lower due to the turnover of the part-time staff. There are part-time employees who do not receive benefits, so if they don't work, they don't get paid. In line item Permanent Salaries (704,000) takes into consideration the .3 hour Communication Coordinator's salary; the City carries this employee as a full time employee.

If the staff were to receive a 1.5% increase in salary, this would increase the budget by \$25,000; a \$50,000 stipend was proposed; and an additional \$50,000 for the increase in hours of operation salaries, the total would be \$125,000.

Trustees were asked of their philosophy of the proposed salary increases and the following were stated:

- Mimic the City of Novi's salary increase; it makes sense to stay consistent.
- If we set aside \$125,000, then we would be hovering around the 78% mark, which is not out of line and there are reserves to cover these funds.
- Like the idea of not doing it as a salary increase but as a stipend at the end of the fiscal year. This is due to doing deficit budgeting.
- Based on the property tax revenue, the 2013-14 shows a proposed increase of 2.2% over the 2012-13 fiscal year; a proposed 2.3% increase for fiscal year 2014-15; and a proposed 2.3% increase for 2015-16.
- There is a 5-year history of not going beyond the fund balance allocations. If we were not in a deficit because of declining revenues, but at a breakeven point, would your philosophy of how you spend change? What are we carrying the reserves for if we aren't going to invest it, and one of the ways that we can invest it would be with our people?
- Salary increases or stipends should come from the fund balance and not out of the operating budget because we have the reserves. If we didn't have those funds, then we wouldn't be in a position to advocate for a salary increase.
- The Library is offering a level of service because of the reserves, but in the long-run, the reserve is not a forever. The reserves will disappear when we are operating at a breakeven or better, when tax revenues have risen. We should plan to spend down the reserves over the coming years, but how fast? We should look how long the reserves should last based on the funds in the reserve.

Fund Balance Usage:

2010-2011 \$83,000 was spent

2011-2012 \$130,000 was spent

2012-2013 \$150,000 approximately will be spent from the fund balance (final figures will not be available until after the closing of the fiscal year, June 30, 2013).

Julie is to bring to the February 23, 2013 Budget Study Session the following scenarios:

1. Add a line item 706.000 (internal line item – not official)
 - a. Take 704 and 705 and increase them by 1.5% as a permanent raise.
2. Add line item 707.000 (internal line item – not official)
 - a. A 1.5% stipend allocation
 - i. Include the extended hours of operation and how it impacts the numbers

This would be two separate proposals for the Board to see the figures and how it impacts the budget.

c. Consideration for a Full-time Communications Coordinator for the Novi Public Library. Additional cost of the Library: \$45,800 (salary and benefits)

At present time, the Library is sharing a full time Communications Coordinator with the City of Novi. We have usage of this employee for 15 hours per week; City has this staff person for 25 hours per week. The Communications Coordinator was hired as a full time contract employee with no benefits, but due to the changes in the Labor Laws of 2013, the Library will have to contribute to some healthcare costs for 2014. On the 2013-2018 Strategic Plan, 50 of the 98 items listed are marketing related. The increase to the salary would be an additional cost on the budget of \$31,800 (the Library already pays \$14,000 toward this employee).

We want to move with social media, an app, e-newsletters, Engage, website, and programming coordination, and more cable spots, but we don't have all the capabilities. The Trustees would like to offer this person assistance to the Friends. We would like to see this person also coordinate our volunteers. Another suggestion would be to do more outreach to obtain diverse volunteerism.

Julie is to place these figures in the proposed budget to be brought back at the next Budget Study Session.

If approved, this staff person will not be hired until after July 1, 2013 in the 2013-14 fiscal year budget.

The \$50,000 One-time stipend will be reflected at the bottom of the General Ledger, but the funds will be deducted from 704.000/705.000.

3. Staff Training: Consideration for an Additional Staff In-Service Day

The Library staff always benefits from the staff in-service day, which is the third Friday in November. This is a day that we close to the public allowing our staff to come together and review/train on new products, emergencies, customer service, etc. Because we have so much coming up and with the new strategic plan closing one more day during the year, a spring session, would be beneficial. Julie is proposing the third Friday of May, but a Trustee would prefer it be the second Friday in June. We don't wait for the staff in-

service day to complete trainings that come up during the year, but this would be one additional training day for staff to come together for a mass training instead of individual training during the year.

Discussion:

- Consider a ½ day training then open to the public
- Not comfortable for closing one additional day
- Consider a Sunday morning for training

A trustee suggested considering a reinforcement of policies as a training option (communicate with patrons on changes to policies). Give consideration to the patrons who follow the protocol and what we could do, a perk that doesn't cost us money, to reward those patrons that are low maintenance.

This is a one-time additional staff in-service day to be held on the second Friday in June 2014. Based on the outcome of the June 2014 in-service, then it will be determined if it will continue in future years.

4. Friends 2013-2014 Wish List items

The Friends gave a \$20,000 gift to the Library and the following items are being considered.

- Laminating Machine & supplies
- Featured Collection Signage
- Board Book Display (custom built)
- Tabletop Book Displays
- Paper Roll Cutter Rack/Paper
- Clear Play Tunnel
- Professional Mother Goose Costume
- Art hanging System for Teen Area/Quiet Study
- Additional CD Music Display Shelving
- Teen Space Additional Shelving

The total of the above costs was calculated at \$24,004.00 and would be discussed as to their priority or purchase.

5. Historical Commission 2013-2014 Budget

The Historical Commission is requesting a 2013-2014 Budget totaling \$12,000. The Historical Commission will not be planning their annual Heritage Festival, but included funding for historical markers to be installed throughout the community.

The new computer has been placed in the Local History room.

6. Fundraising Efforts as of July 1, 2012

The Library's Fundraising efforts from July 2012- January 2013 brought in \$5,203.07. Efforts include: Macy's Shop for a Cause, On the Road series, Varsity Lincoln auto testing campaign; and Scrapbook for a Cause.

The Fundraising budget line still shows \$5,000, which is the same amount as last year's budgeted amount, even though the Library raised five (5) times the budgeted amount.

Ideas brought forward for future fundraising opportunities:

- Bingo
- Volunteer time to collect money for poker/black jack tournaments

The Book It! Fundraiser is very similar to other community fundraising events. The Green Gala and Toast of the Town are both the same types of fundraising events.

7. Library Awning for Staff Entrance

The Library investigated the purchase of an awning for the staff entrance at the rear of the Library, which is to be installed in the spring 2013. A mock-up of the awning is attached for review. The purchase of the awning will be paid from the \$10,000 donated by the Friends. The cost of the awning is \$2,750.00. The Planning Commission still has to provide final approval of the sketch and prints.

The Board would like to see the Library's motto placed on the awning.

A Trustee suggested the same type of awning be placed at the front entrance to hinder the cold winds of winter to enter the Library when the doors open.

Julie will be bringing to the February 23, 2013 Budget Study Session a comparison of other five (5) star Libraries and the Novi Library.

A 10-minute break was taken at 10:35 a.m.
The Budget Study Session resumed at 10:45 a.m.

Treasurer David Margolis took us to a year ago to compare what was approved and what our estimated year-end will be for the 2012-2013 fiscal year budgets. Last year the Board budgeted:

	Budgeted 2012-2013 fiscal year	Estimated Year End 2012-13
Personnel Services	\$1,821,300	\$1,792,000
Supplies and Materials	\$ 490,200	\$ 559,900
Services and Charges	\$ 441,100	\$ 426,600
Total	\$2,752,600	\$2,778,500
Expected Shortage	\$ 198,200	\$ 295,000

The proposed budget was not that out of line based on projections.

Other revenues were received to offset the decline in tax revenues; State Penal fines were increased; Library Book fines increased; Meeting Room rentals; and State Aid brought in additional funds.

Supplies and Materials – Computer Software/Licensing, account #734.000, has increased from \$73,000 to \$88,000 due to the Library purchasing a Library app (new to NPL and costs associated), Muniweb hosting costs, and maintenance support for Dell San; and Computer Supplies Equipment, account #734.500 (highlighted) has increased from

\$12,000 to \$48,000 due to nine (9) staff members receiving new computers (still using computers from old building); going to Smartphone readers, iPad's for reference department, and AST support.

Treasurer, David Margolis, suggested that since computer equipment has a 3-5 year life span, that these funds should be deducted from Capital Outlay as a current year expense and not come from the Computer Supplies Equipment account. Trustee Margolis suggested that all one-time costs be moved to Capital Outlay. Julie will leave \$12,000 in Computer Supplies Equipment and move the \$36,000 to Capital Outlay indicating that the funds are for computer equipment supplies.

The Finance Department at the City of Novi advised Julie to add \$2,200 to cover MERS actuarial assumptions for account 718.000 Pension DB.

Materials: A Trustee questioned why additional funding was not put in Electronic Media as previously discussed. Julie informed the Board that the cost to purchase Blu-Ray's has gone down in price and Play-aways are no longer going to be available. Trustee Margolis suggested that an additional \$50,000 be added to purchase more movies and electronic media. Increase funding in accounts 745.200 and 744.000.

Julie commented that she feels she has provided sufficient funding in the utilities and maintenance costs. Funding for weeding and mulch has been included in the budget for 2013-2014.

When we increase the hours of operation, utilities will increase. Julie incorporated utility costs when figuring the proposed budget. The utilities will be factored in when completing the budget to accommodate the increase in operating hours.

Unrealized Gain (loss) invest 268-000.00-664.500. This line was added in 2012-2013 by the City.

Recap:

- Stipend \$50,000
- Salary Increase 1.5% = \$25,000
- Extra Hours of Operation \$50,000
- Communications Coordinator = \$32,000
- Movies; Audiovisual = \$50,000
- No Revenue Changes

Fund Balance allocations \$500,000

Strategic Plan Review

No changes to programming

Reward staff for outstanding performances

Increase hours of operation

Emphasis on Electronic Media

*Footnote disclosure- \$24,000 of Walker Fund will be expended in 2013-2014 on the bottom of the Budget. (Friends gift of \$20,000 provided in the 2012-2013 fy)

Advise Mr. Nazarko that the Library needs no more than \$500,000 usage of the fund balance, and the remainder can be invested.

Trustee Mena and Trustee Verma will not be at the February 23, 2013 Budget Study Session.

8. Reports

- 2013-2018 Strategic Planning Goals – Goal Tracking and Updates
- Public Library Marketing: Methods and Best Practices – November 2012
- Public Libraries in the United States Survey- January 2013
- Benchmark of Libraries (Comparing NPL to five (5) Star Libraries based on the Library Journal report – 2011) – available February 23, 2013.

The next Library Budget Study Session will take place on Saturday, February 23, 2013, 8 a.m. at the Library.

When presenting the revised 2013-2014 Proposed Budget, drop the 2011-2012 fy column and keep the 2013-2014; 2014-2015; and 2015-2016 fiscal years.

Note in the 734,500 Computer Supplies Equipment in the 2014-2015 fy, there will be a large purchase of 60 computers.

9. Adjourn

A motion was made to adjourn the meeting at 11:35 a.m.

1st – Willy Mena

2nd – Scott Teasdale

The motion was passed unanimously.



Scott Teasdale, Secretary

March 20, 2013

Date