

**CITY OF NOVI LIBRARY BOARD  
MINUTES, SPECIAL MEETING  
BUDGET STUDY SESSION  
January 7, 2021**

**1. Call to Order**

The meeting was held virtually with assistance from the City of Novi. The meeting was called to order by Melissa Agosta President, at 5:01 p.m.

**2. Roll Call**

Roll Call by Secretary, Torry Yu

In accordance with the Open Meetings Act, all members stated their physical location by stating the county, city and state from which they are attending remotely.

**Library Board**

Melissa Agosta, President

Kat Dooley, Vice President

Bill Lawler, Board Member (signed on at 5:15pm)

Craig Messerknecht, Board Member

Tara Michener, Board Member

Geoffrey Wood, Treasurer

Torry Yu, Secretary

**Library Staff**

Julie Farkas, Director

Barbara Cook, Bookkeeper

**3. Pledge of Allegiance**

The Pledge of Allegiance was recited.

**4. Approval and Overview of Agenda**

A motion was made to approve the January 7, 2021 Library Board Budget Session Agenda.

1<sup>st</sup>—Geoffrey Wood

2<sup>nd</sup>—Kat Dooley

The motion passed unanimously.

## **5. Public Comment**

Sharon Trumpy, Novi Resident, residing on Harvest Drive. She was pleased to see recent the approval making the Diversity, Equity and Inclusion Committee a standing committee. She recently visited the new DEI webpage and is really excited about all of the committee's goals. She is here tonight to remind the board that these goals will only be attainable if they provide funding. As the board makes budget decisions she hopes that the board will remember the statements that she heard from many of them about actions speaking louder than words. She is truly excited to see all that the DEI can achieve. She hopes the board will show their commitment to DEI through the budget.

## **6. 2021-2022 Budget Narrative, Proposed 268 and 269 Library Budgets – Julie Farkas, Library Director**

### **A. 2021-2022 Budget Narrative- 1<sup>st</sup> draft as of January 7, 2021 (Includes 2021-2022 269 Contributed Funds Budget as well as supplemental information for board discussion)**

#### **1. Unexpected Costs as of January 7, 2021**

- Custodial Services went to bid in late spring, 2020. Lowest bid was \$93,000 annually. Custodial services account 268-817.000 was adjusted.
- COVID-19 expenditures incurred from March 16, 2020-November 13, 2020 were \$42,659.06 (submitted to Oakland County for reimbursement).
- Building Maintenance costs as of 12/31/20: \$4,223 for panic button replacements and there was a backflow/boiler repair.
- The bid opening for air duct cleaning was yesterday.

#### **2. Technology Capital Improvements**

The computers are on a 5-year cycle of replacement. Security cameras are on a rotation of 5-7 years.

- Fiscal Year 21/22- workstation upgrade locations: 1<sup>st</sup> floor reference, IS-2<sup>nd</sup> floor reference, circulation desk, holds, tech holds, AST room, tech services, and support services. Budgeted to 268-986.000 for \$11,200.
- Fiscal Year 21/22- security camera upgrade locations: parking lot, 2 patio doors, DVD's, youth study rooms, youth media and southwest windows. Budgeted to account 268-986.000 for \$21,000.

#### **3. Capital Improvements Projects**

##### **A. Upholstery Project**

- Fiscal Year 21/22 upholstery improvements to staff chairs, youth area-3 stools, and teen stop upholstery. Budgeted to account 269-742.231 for \$15,000.

##### **B. Youth Area Renovation Project (3 Phases of work proposed)**

- Fiscal Year 21/22 youth department (Phase 1) includes 3 stools for pinwheel table. Budgeted to 269-742.231 for \$2,725.
- Fiscal Year 22/23 and 23/24 youth area enhancements can be found on page 3 of the budget narrative.

##### **C. Teen Area Renovation Project (3 phases of work proposed)**

- Fiscal Year 21/22 teen area renovation (Phase 1) includes reupholster existing 4 chairs and 2 benches for \$3,150 and laptop tables for 4 existing chairs for \$2,393. Budgeted to 269-742.231 for \$5,543.
- Fiscal Year 22/23 and 23/24 teen area renovation plans can be found on page 3 of the budget narrative.

##### **D. Digital Marketing Displays**

- The library will not be moving forward with digital marketing displays.

#### **E. Main Entrance Area**

- Information about the temporary main entrance enclosure can be found on page 5 of the budget narrative.

#### **4. Employee Compensation for 2021-2022**

Director Farkas is recommending a salary increase of 2% for all staff members hired prior to 1/1/21 and meeting expectations. This percentage is factored in permanent and temporary salaries accounts, 268-704.000 and 268-705.000. The Department of Labor announced a hold to the minimum wage increase for 1/1/21.

#### **5. Health Insurance**

The contribution has not changed, still 20% employee, 80% City. The City is looking to add more incentives for wellness over the next year.

#### **6. Building Assessment Information for Future Planning of the 269 Contributed Funds Account**

- The building assessment on page 7 was also distributed at last year's budget meeting.

#### **7. What is currently under warranty with the Library building? (Information gathered as of budget time: January 2015)**

- The cost to pave the Library parking lot is factored into the 21/22 budget.

#### **8. What has been the fund balance overage/usage over the past few years?**

Director Farkas included a detailed summary of fund 268 overage/usage on page 8. For the last five years, the library has added revenue to the fund balance.

#### **9. QSAC (Quality Services Assessment Checklist) – Library of Michigan**

For Novi Library to remain at the excellent level a minimum 15% collections expense to overall expenses is required.

#### **10. New Service for Novi Community – NPL at Your Door**

Pages 9-11 includes detail for the Books by Mail program, which will allow Novi Library guests who are unable to get to the library receive materials by mail. Once approved a guests status would change to mail status. Trustees discussed the Books by Mail Program in depth with Director Farkas. Director Farkas will find out if the bags are trackable through the postal service.

#### **11. Patron Point Library Service and Marketing (compiled by Maryann Zurmuehlen, Head of Support Services)**

Details for the Patron Point Library Service is on page 12.

#### **12. Friends Wish List 2021-2022**

Page 14 includes detailed commitments from the Friends that Director Farkas presented to the Trustees for the 21/22 Fiscal Year. The 21/22 Wish List totals \$12,500 and Friends generously, annually contribute approximately \$15,300 to various programs. Resulting in the Library potentially receiving \$27,800 in support in the 2021-2022 fiscal year. Director Farkas was excited to announce that the Friends received a \$10,000 grant from Oakland County to help recover some loss from the Book Nook closure.

#### **13. Historical Commission Budget 2021-2022 (December 16, 2020)**

The Historical Commission 21/22 Budget can be found on page 15 of the budget narrative.

#### **14. Term Limit Expirations for Board Members**

Term limit expirations are at the bottom of page 15. Corrections to Trustee Michener and Trustee Wood expiration dates from 3/1/20 to 3/1/23 will be done.

Melissa Agosta – 3/1/22

Bill Lawler – 3/1/21

Craig Messerknecht – 3/1/21

Tara Michener-3/1/23 (updated to reflect correct expiration)

Kat Dooley-3/1/21

Torry Yu-3/1/22

Geoffrey Wood-3/1/23 (updated to reflect correct expiration)

#### **Student Representatives**

Tarun Tangirala- 12/31/20

Sarah Chang – 12/31/20

#### **B. 268 Library Fund Budget Document – 1<sup>st</sup> draft as of January 7, 2021**

##### **a. 2019-2020 Audited (6/30/2020)**

FY 2019-2020 revenue and expenditures (audited) can be found on the Library Budget 268 spreadsheet under column a.

##### **b. 2020-2021 Approved (1/23/20)**

FY 2020-2021 revenue and expenditures as approved 1/23/20, can be found on the Library Budget 268 spreadsheet under column b.

##### **c. 2020-2021 due to COVID-19 Yr. End (1/7/21)**

FY 2020-2021 revenue and expenditures approved 5/28/20, can be found on the Library Budget 268 spreadsheet under column c.

##### **d. 2020-2021 COVID-19 Yr. End (1/7/21)**

FY 2020-2021 revenue and expenditures COVID Year End (June 2021), can be found on the Library Budget 268 spreadsheet under column d. Director Farkas highlighted in yellow revenue and expenditure accounts that have monetary changes. Below are specific accounts that were mentioned in the meeting.

#### **Revenue - 268**

The projected revenue is \$3,123,886.24 for the 20/21 Year End Projection.

#### **Expenditures – 268**

The projected expenditures are \$3,167,504.94 for the 20/21 Year End Projection.

- 742.000-Library Books: \$171,000
  - Decreased from \$185,800 to \$171,000
- 817.000-Custodial Services: \$93,000
  - Increased from \$50,000 to \$93,000
- 880.268-Library Programming: \$15,000
  - Decreased from \$25,000 to \$15,000
- 880.271-Adult Programming: \$0
  - Decreased from \$8,000 to \$0

No changes were made to the revenue and expenditures for fund 269 through year ending, June 30, 2021. Director Farkas will have a better idea of the donations received for fund 269 this spring.

##### **e. 2021-2022 Proposed Budget (1/7/21)**

FY 2021-2022 proposed revenue and expenditures amounts can be found on the Library Budget 268 spreadsheet under column e. Director Farkas just received updated property tax revenue amounts from the City of Novi. These amounts are included below.

## **Revenue -268**

The proposed revenue, before the property tax revenue adjustment from the city, is \$3,296,117 for the 21/22 Fiscal Year.

- 403.000-Tax Revenue: \$3,005,458 (update from City)
  - Decreased from \$3,043,724 to \$3,005,458
- 567.000-State Aid: \$33,000
  - Conservative amount budgeted compared to 19/20 amount \$44,383
- 657.000-Library Book Fines: \$48,000
  - Consistent with 19/20 amount

## **Expenditures – 268**

The proposed expenditures are \$3,529,950 for the 21/22 Fiscal Year.

- 704.000-Permenant Salaries: \$983,000
  - Includes 2% increase
- 705.000-Temporary Salaries: \$725,000
  - Includes 2% increase
- 734.000-Computer Software/Licensing: \$99,000
  - Includes \$26,000 in new software for Patron Point
- 742.00-Library Books: \$203,000
  - Increase includes youth and DEI materials
- 744.000-Audio visual materials: \$129,000
  - Increase result of downloadable materials
- 745.300-Electronic Resources-online: \$70,000
  - Increase due to addition of Det. Free Press, NY Times, WSJ, and Washington Post online for Library Guests
- 816.000-Professional Services: \$10,500
  - Increase includes building assessment of \$5,000
- 817.000- Custodial Services: \$93,000
  - Increase due to new contract (lowest bid accepted)
- 880.268-Library Programming: \$28,000
  - Increase includes North End Programming and DEI Initiatives
- 934.000-Building Maintenance: \$100,000
  - Includes air duct cleaning of \$25,000
- 976.000- Building Improvements: \$15,000
  - Library entrance enclosure
- 976.100- Parking Lot Improvements: \$79,000
  - Paving of Library lot - Trustees discussed moving to 269
- 986.000-Computer Camera Replacements: \$32,200
  - Areas being upgraded discussed under budget narrative

### Various Discussions surrounding the 21/22 proposed budget:

Trustees discussed the decrease in property tax revenue as budgeted from the City. Director Farkas said the property tax revenue inflation rate multiplier previously used was 3.5% and the rate for 21/22 is 1.4%. Trustee Wood was surprised by the decrease in the property tax revenue and cited the number of houses being built in Novi and the increase in property values, even taking in consideration the cap.

Trustee Lawler recommended continuing to collect book fines, but with a liberal approach accepting reasonable excuses due to COVID. Director Farkas mentioned the book fines revenue line 268-657.000 for 21/22 includes late fees, since the board has not ruled to eliminate them. Trustee Michener reminded the board that this was a big conversation at the budget meeting a year ago, suggesting a need to re-visit this conversation perhaps in July.

Director Farkas discussed Patron Point, an online library card renewal program. It has tons of marketing opportunities within the program, with the ability to inform Library guests of other services and programs that may interest them. The cost amounts to \$1 per patron. Trustee Michener stated the Patron Point looks really smart and resources like this are very valuable. Trustee Michener asked if there are compatible programs to this that can be benchmarked and leveraged. Director Farkas will look into Patron Point's competitors, but she is not aware of any.

Trustee Michener inquired about the users of Novi Library's periodicals and asked if magazines and newspapers can be home delivered. Director Farkas said hard copies of magazines/newspapers are available at the library in addition to the opportunity to provide these resources online. However, magazines/newspapers at the library are not for checking out. Additionally, due to the flimsy nature of these materials they will probably not be part of the mail service.

Trustee Wood reminded the board that the 21/22 budget calls for fund usage of \$233,833.

Trustee Dooley mentioned that the Patron Point system will provide more access for all the people in the community and streamline processes, as well as take down barriers. Trustee Dooley and Director Farkas discussed digital displays and the probability of Patron Point being a better fit for the Library at this time.

Trustee Messerknecht asked about the decrease in building maintenance expenditures from \$112,000 to \$100,000. Director Farkas said that in addition to having a new HVAC company, the facilities team reduced expenses by painting the library instead of hiring a contractor to paint. Additionally, other smaller maintenance expenses that could have been expensed to vendors have also been completed by the facilities department.

Trustee Michener inquired about the building enclosure for the entrance and is concern due to COVID about people being enclosed in a close vicinity and would currently not be in favor of the enclosure. Additionally, she feels the parking lot paving is necessary and a safety issue. Trustee Messerknecht agrees with the two points Trustee Michener just made. Trustee Lawler asked if there are any specific areas of concern about the parking lot. Director Farkas said an area in the parking lot near the bioswale was cracking and was repaired a few years ago. Currently, Director Farkas is not aware of any major spots and she will reach out to DPW for their assessment before engaging any

contractors. DPW will be asked to evaluate the parking lots condition after the winter months.

President Agosta asked about the library books budget. Director Farkas said \$185,800 was originally proposed for 20/21 and this was decreased to \$171,000. Director Farkas is recommending to increase to \$203,000 for 21/22. President Agosta said with uncertainties of COVID and the proposed budget using \$233,000 of the fund balance that she may not be comfortable with the additional increase to the library book budget.

Trustee Wood asked what expenses qualify to come out of 269 instead of 268 for example the parking lot paving. Director Farkas explained 269 is donated money and not tax payer dollars; essentially it is the rainy day fund and verified that the parking lot paving could be expensed to 269.

Trustee Wood inquired about fund 269 beginning and ending balances. Director Farkas carries the prior years ending fund (audited) balance forward, following the audit. Trustee Wood mentioned by not using money from the 269 fund balance (for 19/20) that it created approximately a \$65,000 positive swing, which Director Farkas confirmed is correct.

**f. 2022-2023 Proposed Budget (1/7/21)**

Updated for Tax Revenue changes Director Farkas received from the City, column f.

- 403.000-Tax Revenue: \$3,058,054 (Updated from the City)
  - Decreased from \$3,165,473 to \$3,058,054

Future AST replacement concerned for 22/23 or 23/24 budget for \$159,000

**g. 2023-2024 Projected Budget (1/7/21)**

Update for Tax Revenue changes Director Farkas received from the City, column g.

- 403.000-Tax Revenue: \$3,119,215 (Updated from the City)
  - Decreased from \$3,165,473 to \$3,119,215

**C. Revenue & Expenditure Report through 1/4/2021**

Printed 1/4/21 ending 12/31/20, included to consider activity recorded for the past 6 months.

**7. Board Members Individual Reflections**

Trustee Michener enjoyed the opportunity to review the library financials. She added that the library serves many people in the community in so many different ways. Although the library offers many services, Trustee Michener feels that books are a priority. Specific books are often requested by the community and she would endorse a budget increase for library books. She prefers to be as updated and safe as possible and would approve the parking lot paving. Also, she is open to allowing the parking lot paving be expensed from fund 269. Trustee Michener 100 percent stands behind Patron Point and feels that the library is actually a little behind with this offering. Additionally, she endorses the Books by Mail opportunity stating it is very wise and a community enhancement that is needed.

Trustee Dooley revisited the books budget (account 742) clarifying that what is actually requested (\$203,000) is about an \$18,000 increase from what was originally requested (\$185,800). She further explained that if the main entrance temporary enclosure is not approved, that would free up \$15,000. Additionally, she added that building facilities saved approximately \$30,000 as a result of painting. This allows the library to free up money for Patron Point and library collections. This keeps the library in the 15% range for QSAC excellence, and allows the library to diversify and keep the collection base for DEI initiatives. Trustee Dooley considers the parking lot a building maintenance improvement and is comfortable looking at moving the parking lot paving to fund 269. She is aware the big concern is to keep 269 sustainable. She inquired about the investment mix of the 269 fund and noticed some growth and mentioned enhancing the 269 fund with corporate endowments. Additionally, Trustee Dooley believes there is wiggle room to give awesome enhancements to the community. Director Farkas mentioned that endowment opportunities are on our radar and the library will be following up and meeting with the City, soon.

Trustee Yu was pleased that there a lot of great projects in the budget narrative and loves the barrier free initiatives that the library is offering, such as the Books by Mail Service and Patron Point. These opportunities create an ability to connect with the people that may not visit the library, but are interested in using online resources/databases. The opening of the North End Lending Library allows a Novi resident to be a library user without physically going to the library building but by using the library kiosk. Trustee Yu supports the Library Book budget, he is aware of the 15% base to keep the QSAC excellence level and mentioned why keep it at the bare minimum if an opportunity presents itself to go above. Additionally, Trustee Yu pointed out the DEI initiative is a new initiative and being new it will initially cost money to grow the collection, which is beneficial at this point. Hopefully, down the road DEI will be integrated in the library's regular spending habits for book budgets. Trustee Yu asked how the library decides what expenses get spent out of fund 269. Director Farkas commented it can be used for building, technology, services and even collections. She added that usually a Trustee comes forward and shows their support for an expenditure to get expensed to fund 269, so there is flexibility. Trustee Yu is finding it a little difficult to grasp the parking lot paving expenditure coming out of 269, compared to a service the library could offer. Trustee Yu sees benefits of an entrance awning but is open to pushing that off another year, if needed. Trustee Yu believes the Friends wish list captures all the different categories/divisions at the library where everyone benefits; staff and patrons. Trustee Yu added that he loves how the iCube continues to grow and suggests that available space in the iCube could be a future conversation to consider.

Trustee Lawler does not have any unique comments relative to the individual budget items that the other Trustees have covered. He commented about the year in general stating that it was an unbelievably challenging year, probably the most of the 5 or 6 years that he has served on the Board. He is most proud of, as a board, the ability to pay the employees all the way through and that everybody was kept safe. He said that others things are important too, but to him probably none more important than that. Trustee Lawler mentioned that the library has dealt with the loss of revenue and he liked the discussion today along that topic. He is not anywhere near where the City is in projecting the (property tax) revenue over the years and personally suspects it will be in the opposite direction, but believes they have their reasons for their approach. He felt that one of the board's big challenges was the social issues that arose this year and it did test the board's cohesion for a while, but he is real pleased with where the board is at now. He thought the (DEI) committee was a good idea and some very good recommendations are making their way forward and the board is handling that in excellent

fashion. Overall, he feels they have had a good year of being stewards of the taxpayers' money.

Trustee Messerknecht is in agreement with other trustees that Director Farkas has put together a really solid packet of information for review. He crunched some numbers and without the \$38,000 drop in revenue, there is a proposal of about an 11 percent increase in expenditures from the blue column (21/22) compared to the peach column (20/21), and it is about 17% higher than it was 2 years ago in 19/20. Taking a look at the revenue for that same 2 year period there is only a projected increase of about 3% in revenue. This is a pretty big increase in expenditures which, of course, leads to a pretty big increase in fund usage. Trustee Messerknecht said that the budget projection starts out this way and usually there are savings to be found, as the year progresses. Leaving a question as to whether this big negative fund usage is as bad as it is going to be or if it will be better. He agrees with skipping the enclosure, which frees up \$15,000. Also, he says there is a possibility the City may allow the library to put off the parking lot paving another year. Trustee Messerknecht referred to the list of various building expenditures on page 7, which on the downside the sum is over \$1 million dollars and on the upside it is probably double that. Although, the 269 fund balance is really attractive, building projects may come up and there is uncertainty as to whether they are months or years away and they could consume all of the fund, so he suggests a cautious approach. Trustee Messerknecht said Books by Mail is interesting and not really expensive and Patron Point provides a nice service and asked for the library to be aware of the possibility of patrons being over targeted with ads/options.

Trustee Wood echo's a lot of what has been said. Also, he recognizes that it is an immense amount of work putting budgets together. Trustee Wood was crunching similar numbers to Trustee Messerknecht as far as tracking the increase in expenditures and comparing it to the increase in revenue, year over year. He is aware that Director Farkas has been able to work magic in the past, but this proposal requests using approximately \$233,000 of the fund balance, however with modifications the number is closer to \$300,000. Trustee Wood asks for a budget cutting at least half, if not more from that number. Trustee Wood leaves Director Farkas to the details. He also mentioned that if 2 out of 435 libraries are achieving 15% (QSAC) and although the distinction is important, if the decision were to come to cutting a person or personnel he would defer to keeping the person and services that person provides.

Trustee Agosta said the budget was very well put together by the team and based on simple wants and not extravagant. She added that the needs are for the entire community. She endorses Patron Point and the ability to renew without having to come into the library. She loves the Books by Mail and the ability to reach out to people that may feel forgotten. She would like to see the book collection remain at the 15% (QSAC). Additionally, she feels the library can still reach out with the DEI initiative within that 15%. Entrance awning although it can save on heat, she does not see it as a priority right now. Regards to the 269 fund, she does not see a problem expensing the parking lot paving to the 269 fund. Trustee Agosta noted the proposed fund use of \$233,000 and referenced page 8 noting that over the last 5 years around ½ million dollars of taxpayer money has been put back in.

## **8. Public Comment**

None

**9. Consider approval of 2021-2022 268 and 269 Library Budgets (which includes 268 Budgets 20/21 Year End, Projected budgets for 22/23 and 23/24)**

No approvals. Further budget discussions to continue at the next budget meeting.

**10. Next Budget Session: Thursday, January 21, 2020 at 5-7 p.m. by Zoom**

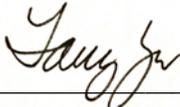
**11. Adjourn**

A motion was made to adjourn the meeting at 7:23 p.m.

1<sup>st</sup>—Tara Michener

2<sup>nd</sup>—Torry Yu

The motion passed unanimously.



\_\_\_\_\_  
Torry Yu, Secretary

January 28, 2021

\_\_\_\_\_  
Date