



**CITY OF NOVI LIBRARY BOARD
MINUTES, SPECIAL MEETING
BUDGET STUDY SESSION
March 1, 2014**

1. Call to Order and Roll Call

Library Board

Mark Sturing, President

Willy Mena, Vice President

Larry Czekaj, Treasurer

John Lesko, Board Member

Craig Messerknecht, Board Member

Ramesh Verma, Board Member (departs at 10:52a.m.)

Absent and Excused

David Margolis, Board Member

Library Staff

Julie Farkas, Director

Marcia Dominick, Administrative Assistant

The meeting was held at the Novi Public Library, 45255 W. Ten Mile Road, Novi, Michigan, 48375, and was called to order by Mark Sturing, President, at 8:07 a.m.

Documents provided at meeting:

- Budget Narrative 2014-2015 (revised 3/1/2014)
- 2014- 2015 Proposed Budget (Draft #2: 3/1/2014)
- Friends Wish List 2014-2015
- Novi Public Library Meeting Room Costs with Schedule of Loans, Fines and Fees
- Learn4Life for Public Libraries – Career, Personal Enrichment, Life Skills (Gale Cengage Learning)
- Historical Commission Budget Report 2014-2015

Budget Narrative 2014-2015 (revised 3/1/14)

1. 2013-2014 Budget Confirmations

Final Tax Revenue (\$2,254,000)

Based on the financial report of January 31, 2014, the expected final tax revenue is \$2,254,000. This is not a guaranteed figure.

Jessica Dorey, Deputy Finance Director for the City of Novi, ran the Permanent Salaries figures for 2013-14 (account #268-000.00-704.000) and determined that the figure \$947,457 was a good number to base our final expected data on.

2. Walker Fund

The Walker Fund was not discussed.

3. 2013-2014 Unexpected Costs

The unexpected expenses for the Building Maintenance Account #268-000.00-934.000 are at \$20,732, and unexpected expenses for the Grounds Maintenance account #268-000.00-941.000 are at \$22,100. We are still working on the sprinkler line that has broken under the parking lot causing a sinkhole, but repairs cannot be made until spring. Expected cost: \$15,000.

A contingency line was suggested for these two accounts, but Members stated they were not in favor of having one for certain lines as there could be created a contingency line for every expenditure line.

4. Additional Cost Consideration 2013-2014

a. Plumbing Issue (\$14,401)

There were two suggestions made to repair the water lines of moaning, 1. Install a 53-gallon expansion tank at the cost of \$14,000 or, 2. Install a 3" reduced pressure valve on the 3" main domestic line at the cost of \$7,167. These suggestions were made by two different companies, but both indicated that there was no guarantee. Other companies were contacted but declined to submit quotes as they couldn't diagnose the issue. It was suggested that Julie reach out to the City inspectors for their suggestion.

Budget Considerations for 2014-2015

1. Pay schedule adjustment stipend (August 1, 2014)

Typically, there are three pay dates in August, but due to a change in the payroll structure, the August 1, 2014 pay date is being eliminated. The last pay date in July is the 18th and staff will not be paid again until August 8 leaving a 3-week gap in pay. As a means of filling this gap, Julie proposed that full time staff be paid a flat rate of \$500 and 2% of their salary. The total cost for full time employees is: \$28,849. This stipend system is being instituted by the City for their staff. Part-time Library employees will be paid a flat rate of \$50 - \$200 (based on their position) plus 2% of their salary at a total cost of \$18,851.

2. 1.5% Salary Increase for Library Staff members (employed by 1/1/2014)

Julie is requesting Library staff receive a 1.5% salary increase (performance base) for the 2014-2015 fiscal year.

This cost is not figured in the budget.

A Trustee asked Julie to contact the payroll department to ask why the City is not on a 15/30 monthly payroll schedule.

3. Outreach Services (\$1,100)

a. Budget Line: 862.000

Subsidize the cost for seniors to be brought from Meadowbrook Commons to the Library and return.

Discussion on this subject:

- Like to reach-out to our older adults, but is this the core of our business?
- Look at expenditures
- A lot of staff time is involved
- Biggest bang for our dollar?
- City program already supplemented; cost by City - \$2, now Library to supplement more?

Comment:

- Engage magazine comes at a large cost to the Library. Julie explained that the magazine is at a cost savings compared to what we were spending on our previous newsletter. The magazine drives a large portion of our services.
- We do all these things, but can't afford to continue to do.
- Hiring of two more part-time staff; where big bang for our dollars?

4. Phone System Upgrade (\$15,000 - \$20,000)

The City of Novi will be implementing a new phone service in 2014-15 fy. The City is presently working with an analog system, where the Library has an upgraded phone system. The Library currently utilizes two services located at the City: voice messaging and auto attendant. The cost to upgrade our system to coincide with the City's would be \$15,000 - \$20,000. In preparation for the City's implementation, the Library will need to upgrade its Avaya software for the phone system from 5 to 6 at a cost of \$2,750. These funds are already reflected in our budget. Trustees wanted to know what the cost would be to divorce from the City's phone system.

5. Awning/Partition for Main Entrance of Building (\$5,000)

On Friday, February 21, 2014, Trustees Czekaj, Sturing and Verma, along with Director Farkas, met with Brian Schwing from NSA Associates to discuss various options for the front entry vestibule. One suggestion was the implementation of an air curtain. Another option suggested would be to allow one set of doors to open/close at a time. Chris Arnold, owner of NSA Associates will discuss the options with Brian Schwing and report to the Library.

6. Upholstery Replacement in the Youth Services Area (\$7,800)

This suggestion was put on hold until the 2015-16 fy.

Future Capital Outlay

1. New Van/Bookmobile for Outreach Services

This is a future expense. A possible donation from a local dealership was mentioned. The Trustees inquired as to the KBB cost of the van and it was determined to be valued at \$3,065.

2. Facility Concept Plan for a Teen Center (\$20,000)

No discussion at this time.

3. Minimum Wage Increase

The possibility of the minimum wage being increased to \$10.10 per hour on a step process was discussed as brought forth by the US Government.

The Historical Commission approved their budget of \$13,000 for the 2014-15 fy.

Additional Supplement Information

- The Library makes \$.61 per flash drive it sells. Trustees would like the price paid by patrons for the purchase of flash drives to increase.

Trustees suggested that the Library display the services that we provide; provide slides indicating costs; post on the public information board.

Additional Questions

1. Concerns about touchscreens for the public to use if deployed in 2014/15 – how do we currently address the sanitary issues in the building for screens and keyboards/how often are they cleaned?

The public workstations are cleaned on a weekly basis. Clorox wipes and Purel are available near the workstations.

2. What is the expected lifespan of a touchscreen monitor – will it need to be replaced earlier than the 5 years we projected?

Touchscreen monitors last approximately 3 years.

3. Cost to purchase jackets for the library staff (70 employees) due to the colder temperatures in the building.

The cost for 70 jackets would be at the cost of \$2,300. This item may be added to the Friends Wish List.

4. Library's Workers Comp

The Library pays annually .0026 for each Librarian's salary into Workers' Comp.

5. What has been the fund balance usage over the past few years?

The Library started to dip into the fund balance in the 2010-2011 fiscal years (\$83,127); in 2011-2012 the Library used \$129,771, and in 2012-2013, the Library used \$198,874.

6. What is currently under warranty with the Library building?

A list of warranted items for the Library building was provided.

The 2014-2015 Friends Wish List was provided. The total requested to be paid on behalf of the Library is \$13,900.

A break was taken at 9:30 a.m.

The Budget Study Session resumed at 9:42 a.m.

2014-2015 Proposed Budget Draft #2: 3/1/2014

Revenues: Draft #2: 3/1/14

Highlights of some of the Revenue Accounts addressed:

- Property Tax Revenue 403.000 – 2014-2015 fy Proposed: \$2,309,000; Finance Department confirmed tax revenue figure on 2/14/14.
- Library Book Fines 657.000 - 2014-2015 fy Proposed: \$74,000; slightly higher than the previous fiscal year.
- Interest on Investments 664.000 - 2014-2015 fy Proposed: \$25,700; slightly higher than the previous fiscal year.
- Miscellaneous Income 665.000 - 2014-2015 fy Proposed: \$17,000; higher than the previous fiscal year.
- SRP – T-shirt sales 665.266 - 2014-2015 fy Proposed: \$2,800; fundraising opportunity.
- Meeting Room 665.300 - 2014-2015 fy Proposed: \$23,000; higher than the previous fiscal year; anticipating a price increase on the per hour rate charged; compared to the City, our prices are lower.
- Novi Township Assessment 665.404 - 2014-2015 fy Proposed: \$5,900; figure provided by the City.

Expenditures: Draft #2: 3/1/14

Highlights of some of the Expenditure Accounts addressed:

Personnel Services

- Permanent Salaries 704.000 - 2014-2015 fy Proposed: \$952,200; recommend split of IT/Facilities
- Wages (non-pensionable) 704.200 - 2014-2015 fy Proposed: \$0.00; if a stipend is offered to staff, this is where those funds would be expensed.
- Temporary Salaries 705.000 - 2014-2015 fy Proposed: \$642,800; adding Intern position, 2 Library Assistant positions, part-time facilities.

Supplies

- Computer Software/Licensing 734.000 - 2014-2015 fy Proposed: \$104,200; VMware upgrade, phone upgrade \$2,750.
- Computer Supplies Equipment 734.500 - 2014-2015 fy Proposed: \$27,000; replacement batteries, tape to disc upgrade.

Materials

- Books 742.000 - 2014-2015 fy Proposed: \$211,000; lower than the previous fiscal year; funds placed in online resources.
- Audiovisual Materials 744.000 - 2014-2015 fy Proposed: \$70,000; higher than the previous fiscal year; Freegal, demand for ebooks and downloads.
- Online Resources 745.300 - 2014-2015 fy Proposed: \$60,000; eliminated some databases; Gale/Cengage Learn4Life courses – cost \$5,000.

Learn4Life will be launched at Fall for Novi and will be highly publicized. Database is for Novi residents only- accessed online at home or at the Library. Learn4Life is a free, 6-week course and upon completion participant will receive a Certificate of Completion. All instructors are Master degreed.

Services & Charges

- Custodial Services 817.000 - 2014-2015 fy Proposed: \$37,800; slightly higher than the previous fiscal year; new contractor eff. February 2014.
- TLN Central Services 818.000 - 2014-2015 fy Proposed: \$4,750; slightly lower than previous fiscal year. (Delivery Service)
- TLN Automation Services 855.000 - 2014-2015 fy Proposed: \$66,500; increase in Internet connection fees, adding catalog user account.
- Mileage 862.000 - 2014-2015 fy Proposed: \$1,250; approved \$1,100 for Older Adult transportation from Meadowbrook Center to NPL.
- Library Programming – Book It 880.267 - 2014-2015 fy Proposed: \$1,000; expenses for event, i.e. entertainment, decorations, etc. if needed.
- Property & Liability Insurance 910.000 - 2014-2015 fy Proposed: \$13,000; slightly higher than previous fiscal year.
- Heat 921.000 - 2014-2015 fy Proposed: \$17,500; remains the same as the previous fiscal year.
- Electricity 922.000 - 2014-2015 fy Proposed: \$93,200; slightly higher than previous fiscal year; after hour events.
- Water and Sewer 923.000 - 2014-2015 fy Proposed: \$6,500; 7% increase based on a potential increase in costs.
- Building Maintenance 934.000 - 2014-2015 fy Proposed: \$63,900; higher than last fiscal year to cover higher costs.
- Building Maintenance Contingency 934.100 - 2014-2015 fy Proposed: \$10,000; this category is to be removed.
- Grounds Maintenance 941.000 - 2014-2015 fy Proposed: \$31,800; higher than last fiscal year to cover higher costs.
- Records Storage 942.100 - 2014-2015 fy Proposed: \$250; higher than previous fiscal year; charged monthly instead of as needed.
- Conference & Workshops 956.000 - 2014-2015 fy Proposed: \$15,500; staying consistent as previous fiscal year.

Capital Outlay:

- Data Processing (computer equipment) 986.000 - 2014-2015 fy Proposed: \$106,800; to deploy first set of replacement terminals/equipment.
 - This is on a three-year cycle: 1. Public, 2. Computer lab, 3. Staff.

Discussion:

- Can this be held off until the next fiscal year? Yes, they can be placed on a 6-8 year replacement cycle. There isn't any reason to replace unless they break.

- The replacement cost for each of the workstations is \$1,200 for a total of \$82,500; covers touchscreen monitors, keyboard, and upgrading to Microsoft 8.
- The cost for the replacement for the staff laptops is \$24,300 (7).
- The cost for six (6) security cameras is \$13,800, which includes installation.
 - The floor plan and locations of cameras is to be provided to the Board.
- The Board proposed to reduce account #268-000.00-986.000 from \$106,800 to \$25,000 with the elimination of the cost to purchase the 68 terminals (cycle 1) this fiscal year.
- The Board discussed keeping the Walker Fund separate and reserving the funds for capital items. Concern was addressed about the fund balance usage.
- The Board has requested a copy of the audit.
- The parking lot repair is in the budget.
- The plumbing issue has not been budgeted for.

Direction:

- Propose the Board adopt the stipend, but promote it as a bonus. They are not in favor of a 1.5% salary increase.
 - Find \$65,000 in the budget to cover the cost of the stipend and the security cameras.
- Phone system stays in the budget.
- The Board asked that Julie go back to the management team and ask where they can cut more items from the budget.
- Control expenditures and work on revenue to equal a balanced budget without the use of the fund balance.
- Provide the usage by hour since the Library has been open the additional hours.
- Aside from the phones and the air curtain, not to exceed \$450,000 from fund balance usage for 2014-2015 fy, leaving in the laptops (capital), security cameras (capital), and Option#1 for employees; \$425,000 for operational expenses.
- The Board requested that the 2014-2015 fy budget be brought to the March 19, 2014 Regular Board Meeting with discussed changes

Adjourn

A motion was made to adjourn the meeting at 11:38 a.m.

1st – Larry Czekaj
2nd – Craig Messerknecht

The motion was passed unanimously.



March 19, 2014

Willy Mena, Interim Secretary

Date