



**CITY OF NOVI LIBRARY BOARD
MINUTES, SPECIAL MEETING
BUDGET STUDY SESSION
January 16, 2016**

Call to Order and Roll Call

Library Board

Mark Sturing, President
John Lesko, Vice-President
Craig Messerknecht, Treasurer
Ramesh Verma, Secretary
William Lawler, Board Member
Tara Michener, Board Member
Doreen Poupard, Board Member

Library Staff

Julie Farkas, Director
Julie Prottengeier, Office 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. The pledge of allegiance was recited.

Documents provided at meeting:

- 2016-2017 Budget Narrative
- 2016-2017 Proposed Budget (Draft 1: 1/16/2016)
- Performance Appraisal Report

Approval of Agenda

- Trustee Sturing made a motion to approve the 2016-2017 Budget Planning Session Agenda for January 16, 2016.

1st—Doreen Poupard

2nd—Ramesh Verma

The motion passed unanimously.

Purpose of the Meeting

Initial thoughts from Library Board Members:

- Trustee Sturing explained that Budget Session meetings are very informative and provide an opportunity to ask questions.

Budget Narrative

1. Unexpected Costs

A. Unexpected technology costs as of January 12, 2016.

- Ms. Farkas explained to Trustee Verma that these were critical things that needed to be done that weren't in the budget.
- A new access reader has been added to the staff door in the lobby for security measures as a result of a theft. Somebody from the public was able to access the staff area and take a wallet. All volunteers must check in and wear a lanyard when in the building.
 - Trustee Verma inquired about the bids on the job and Ms. Farkas reported that the company that had done all the other access readers was chosen. The cost was around \$4,000.00.
- The Library is getting bids on new EMV Credit/Debit card devices for self-check workstations as a result of having to accommodate "chip" credit cards. The cost will run about \$5,400.00 for 9 workstations.
 - Trustee Lesko suggested limiting the number of workstations with this device to cut costs. Ms. Farkas would gather numbers to see how many credit card transactions are done at these stations, as well as which machines get the most use.
 - Trustee Michener commented that consumers are becoming more independent with their forms of payment and feels the convenience of paying at self-check-out is keeping on top of technology.
- Ms. Farkas reported that these unexpected costs have been added to the 2015-2016 budget's year end numbers.

B. Unexpected building and grounds costs as of January 12, 2016.

- Second floor glass panel was broken and replaced.
- Elevator repairs.
- The contract with Dalton Commercial Cleaning was increased to cover a larger area of monthly carpet cleanings. With the café, teen space, and new upholstered furniture, Ms. Farkas reported that the extra cleaning is needed and has helped.
- Trustee Verma had questions regarding the replacement of batteries for emergency lights that should have already been in the budget. Ms. Farkas explained that these batteries quit working before their expected expiration date.

- Well pump repairs were needed and the cost was split with the City of Novi. The Library paid \$2,947.50.

2. Personnel

A. Minimum Wage Increase

- A minimum wage increase has been put in the budget for 2016-2017 with a final increase in January, 2018.
- The Library currently employs 11 Shelves for a combined total of 152 hours. These employees work 12-16 hours per week and because they are under 20 hours per week they do not receive benefits.

B. Employment Compensation for 2016-2017

- A new performance management tool is being used to allow 0-4% salary compensation. Ms. Farkas is suggesting adding \$39,100.00 to the 2016-2017 budget to cover this, and she figures an average increase of 2-3% per employee based on their performance evaluation. Staff is currently going through mid-year reviews. Ms. Farkas explained that this amount is not included in the 2016-2017 budget draft because it is a topic that will require discussion with the Board members.

3. Technology and Capital Improvement

- The 2015-2016 year-end amount for account 268-000.00-976.000, Data Processing-Computers/Equipment, will be lower due to the decision to refrain from adding additional computers to public area.
 - The original amount budgeted was \$64,800.00 and the year-end amount will be \$55,800.00
 - Two computer pods (12 computers) were not needed based on usage.
- For 2016-2017 the Library is going to be replacing 59 public space computers. The computers are on a six to eight-year replacement schedule.
- Trustee Michener asked if people are bringing their own technology into the Library.
 - Ms. Farkas reported that more people are bringing their own technology with them so there is a need for additional work space. As reference material condenses into more electronic formats, she is hoping there may be an opportunity to add additional work space.

4. Fund Balance

- Fund balance money is still being used. The amount used has come down considerably since 2013-2014.
- Trustee Poupard said that a millage to cut down on fund use is probably not feasible for the Library at this point in time, but the possibility of the Headlee rollback may be an option.

5. Building Assessment

- Ms. Farkas expressed her desire to have a building assessment done. The Library is approaching six years old and the future costs on roof repairs, HVAC repairs, and carpet replacement would be beneficial. Doing this would send a message of planning to the public.
- Trustee Sturing encourages escrowing for these repairs, and looking to a foundation or endowment may be an option as well.
- Ms. Farkas added \$6,000.00 to account 816.000, Professional Services, on the 2016-2017 Budget for this assessment.
- Trustee Lawler expressed concern about what the value of the assessment would have since many assessments aren't specific enough. Ms. Farkas has access to the MAC assessment and will reach out for the report and share the information with the Board.

6. Salary Study

- A salary study has not been conducted since 2008. Ms. Farkas believes that with using DSLRT statistics, resources at the Library of Michigan, and data from other libraries, this project can be completed by the HR committee in 2016-2017 without paying a consultant firm. Not paying consultant fees would be very cost-effective for the Library. The Board members agreed with Ms. Farkas.

7. Cost Savings using The Library Network (TLN) services

- Participating in the consortium offers the Library significant savings in delivery charges, cataloguing expenses, e-books and e-magazines, and also in internet services.
- \$4,500.00 is budgeted for the 2016-2017 fiscal year which covers delivery of materials five days a week. \$59,000.00 is budgeted for TLN Automation Services.
- Ms. Farkas explained that over four million items are available to patrons by sharing services with TLN. The Library would not have the resources to provide these materials without TLN.

8. Friends of the Novi Library

A. 2015-2016 Wish List

- Ms. Farkas explained to the Board that the Wish List is generated annually. The items on the list are added to the budget but if the Friend's choose to contribute to the list, these items are then taken out of the budget.
 - Trustee Lawler asked if the list is prioritized and Ms. Farkas let him know that it is not prioritized. The Friends have contributed to collections, technology, programming, marketing, furniture buying, and staff appreciation. Their hard work and generosity is greatly appreciated.
- The Friend's reallocated some money for purchasing a 3-D printer for public use. Staff continues to work on policies for the use of this device.

- o The Friends had originally planned to give \$500.00 toward My Coupon Genie, but that money was redistributed to purchasing the 3-D printer.
- The 3-D virtual tour is being completed and will be on the website soon.

B. 2016-2017 Wish List

- Trustee Verma inquired about the small bench on the Friend's 2016-2017 wish list and Ms. Farkas said that patrons have requested some seating in the vestibule while waiting for a ride. Ms. Farkas also responded to his question of new LOGO wear saying that it has been three years since any type of LOGO wear has been purchased for staff and Board members.

C. My Coupon Genie

- Ms. Farkas reported that most of the money from My Coupon Genie came in on the last fiscal year. Only a small amount came in on the 2015-2016 fiscal year. She would gather the numbers for the Board.
- Ms. Farkas will put out a letter to the businesses thanking them for their participation, but that the Library would be going back to a one-on-one relationship with businesses wanting to sponsor events at the Library. There were between 20-25 businesses involved with My Coupon Genie.
- Trustee Poupard commended Ms. Farkas for trying new ways of partnering with businesses in the community.

9. Revenue and Expenditures as of 12/31/2015 (6 months into current fiscal year as of 1/09/2016)

- Trustee Messerknecht said that the numbers are as expected and would be looked at in detail when going over the projected 2016-2017 budget.

2016-2017 Library Budget 268-1st Draft January 16, 2016

1. 2016-2017 Proposed Budget Revenue

- 403.000 Tax Revenue: \$2,522,777.00 budgeted for 2016-2017.
- 567.000 State Aid: \$27,000.00 budgeted for 2016-2017. The state allocates this money two times a year.
- 633.100 Insurance Reimbursement: \$0.00 unknown number.
- 657.000 Library Book Fines: fines for print and audio materials. \$70,000.00 budgeted for 2016-2017.
- 658.000 State Penal Fines: \$77,000.00 budgeted
 - o State penal fine revenue is much higher than what was originally budgeted in 2015-2016. There is always discussion at the state level that this revenue could be redistributed. The amount of money earned from state penal fines is equivalent to half of the Library's book budget. Trustee Sturing and Trustee Lesko both suggested that the 2016-2017 budget reflect the lowest amount that Novi Library

has received in the last couple years. Ms. Farkas agreed to increase this line item to \$83,000.00 for the 2016-2017 fiscal year.

- 664.000 Interest on Investments: \$24,000.00 budgeted for 2016-2017.
 - At this time the Library is earning about \$3,000.00 per month as opposed the \$2,000.00 per month that is budgeted for in 2016-2017. At the suggestion of Trustee Messerknecht, Ms. Farkas will increase this line item to \$30,000.00 for the 2016-2017 budget.
- 664.500 Unrealized gains(loss): \$0.00 unknown number.
- 665.000 Miscellaneous income: Flash drives, earbuds, print outs, library cards \$16,500.00 budgeted for 2016-2017.
- 665.100 Copier: Public usage \$2,200.00 budgeted for 2016-2017.
- 665.200 Electronic Media: fines for DVDs \$200.00 budgeted for 2016-2017.
 - This amount has gone down over the years due to the change in renewal policies. Originally these items were not renewable. Allowing for renewal has allowed for fewer overdue fines.
- 665.266 SRP- T-shirt sales: \$0.00 budgeted.
 - At one time the Library sold the Summer Reading shirts. The City keeps this line item in the Budget.
- 665.289 Adult Programming: \$0.00 budgeted. On the Road program.
- 265.290 Library Fundraising: \$3,000.00 Budgeted for 2016-2017.
 - There hasn't been an actual fundraising event in 2015-2016 that has brought in funds.
- 665.300 Meeting Room Rentals: \$30,000.00 budget for 2016-2017.
 - Half-way through the fiscal year the meeting rooms total \$16,832.00. Trustee Messerknecht suggested to raise the budgeted amount for 2016-2017. Ms. Farkas will increase this line item to \$32,000.00.
- 665.400 Gifts and Donations: \$6,000.00 budgeted for 2016-2017.
- 665.404 Novi Township Assessment: \$6,000.00 budgeted for 2016-2017.
 - The exact number is provided by the City. Trustee Sturing recommended increasing this amount based on the fact that the Tax Revenue is increasing. Ms. Farkas will increase this amount.
- 665.650 Library Café: \$5,000.00 budgeted for 2016-2017.
 - This amount is 10% of the café's sales. The contract expires in June, 2016. Ms. Farkas will put out a Request for Proposal through the City in an attempt to find new leasers.
- **The total budgeted revenue for 2016-2017 is \$2,758,357.00.**

2. Proposed 2016-2017 Budget Expenditures

A. Personnel Services

- 704.000 Permanent Salaries \$789,000.00 budgeted for 2016-2017.
 - The 2015-2016 ending amount will be higher because of the final payout of \$19,000.00 for two retiring full-time employees. Some of the staff was also compensated for taking on more duties after the retirement of two assistant directors.
 - Trustee Messerknecht requested that Ms. Farkas investigate the final 2015-2016 amount of \$855,000.00 as it seems high.

- The Library employs 17 full time staff members.
- Ms. Farkas explained to Trustee Verma and the rest of the Board that the reason the permanent salaries did not reflect a salary wage increase for 2016-2017 was because an amount has not been decided. Once it is discussed and agreed on, she will make the change to that line item.

Break at 9:30 a.m.

Resumed at 9:45 a.m.

- 704.200 Wages (non-pensionable): \$0.00 budgeted for 2016-2017.
- 704.250 Final Payout: \$0.00 budgeted for 2016-2017.
- 705.000 Temporary Salaries: \$648,000.00 budgeted for 2016-2017. 2015-2016 final numbers will be lower than what was budgeted.
 - Ms. Farkas stated that there is regular turn-over with some of the staffing in Support Services. If there isn't staff, then the Library isn't paying salaries. Much of the turnover is due to these part-time employees finding full time work elsewhere. Currently three clerk and 2 shelving positions are open.
 - Part-time Librarian positions don't have the turn-over that Support Services positions do.
 - The DSLRT report compares salaries between metro Detroit libraries and Ms. Farkas feels that Novi Library pays competitively compared to other libraries.

Salary Increase

- Ms. Farkas expressed her desire to have an employee compensation based on their performance appraisal for both full-time and part-time employees, but not including the Director. The Library is adopting this form of evaluation from the City of Novi.
 - The Performance Appraisal Report is based on a 5-grade rating scale: Exceeds Expectations, more than Meets Expectations, Meets Expectations, Improvement Needed, Unsatisfactory.
 - Ms. Farkas is proposing adding \$39,100.00 to the 2016-2017 budget to allow for a compensation that would range between 0 and 4% of their salary. Ms. Farkas said that these percentages could be adjusted.
 - Trustee Verma was concerned that the revenue was only going to increase 1.5-2% and that giving a 3% wage increase would require using money from the Fund Balance.
 - Trustee Michener inquired about patron's ability to leave comments when staff provided excellent service. Ms. Farkas said that patrons do this and she shares it with the employee and the rest of the staff but providing good service is an expectation and doesn't necessarily mean the employee is exceeding expectations. Trustee Michener requested further information explaining each rating level with specific

examples. Ms. Farkas said she would contact the City for further information

- Trustee Verma feels it is the Supervisor's role to evaluate their employees as they see them working on a daily basis, and Trustee Poupard commented that there are many staff members working behind the scenes that never interact with the public.
- Trustee Sturing proposed programing in the 2016-2017 budget, based on performance evaluations, an increase of 0-3%, with the average being 2.5%, based on the assumption that the 2016-2017 salary numbers are lower than what was budgeted for in 2015-2016. This would bring Ms. Farkas' original budgeted amount down from \$39,100.00 to \$31,000.00. This amount would be more than the 1.5% that was awarded to staff in 2015-2016. By restructuring and eliminating two full-time positions, the Board is able to reward the staff without effecting the overall cost.
- 715.000-720.000 \$0.00 budgeted. Numbers plugged in are not accurate as Ms. Farkas is waiting on the City to provide these numbers.
 - Blue Cross Blue Shield (BCBS) went up 28%; Priority Health went up 7%; HAP went up 2%. Not many staff use BCBS for their insurance.
 - Trustee Messerknecht asked about the amount of contributed money to medical insurance. Ms. Farkas said both Library and City employees contribute 20%. Trustee Messerknecht suggests looking at this line item in the future, as it may be a bit low compared to other industries.
- Total 2016-2017 Personnel Service Expenditures budget: **\$1,796,462.00**

B. Supplies

- 727.000 Office Supplies: \$23,000.00 budgeted 2016-2017. Remains unchanged.
- 728.000 Postage: \$700.00 budgeted 2016-2017.
- 734.000 Computer software/licensing: \$82,000.00 budgeted for 2016-2017.
 - Ms. Farkas explained that the reason there is such a difference in the 2015-2016 ending number and where the Library was through December 31, 2015 is because the contracts on these items come due in March and April. The money in this account will be used by the end of the 2015-2016 fiscal year.
- 734.500 Computer supplies equipment: \$60,000.00 budgeted for 2016-2017.
 - A significant increase from earlier years is due to the replacement of servers. The Library has eight servers that are at the end of their life. Four will be in 2016-2017 and four 2017/2018.

- Trustee Verma asked if technology would be included in the building assessment and Ms. Farkas was uncertain.
- 740.000 Operating supplies: \$30,000.00 budgeted for 2016-2017. Toiletries and book processing supplies.
- 740.010 Gifts and donations expense: \$0.00 budgeted for 2016-2017.
 - Ms. Farkas was going to find out why there is a negative \$565.70 in this year-end line. It is likely due to a reimbursement.
- 740.200 Desk, chairs, cabinets: \$3,500.00 budgeted for 2016-2017.
 - Teen Stop table and display.
 - These items are also on the Friend's wish list which would bring the money back to the Library if the Friend's make the purchase.
- 741.000 Uniforms: \$300.00 budgeted 2016-2017.

C. Materials

- 742.000 Books: \$190,000.00 budgeted for 2016-2017.
 - More electronic and self-published books contribute to a lower budget.
 - Trustee Messerknecht asked about pricing on books. Ms. Farkas reported that book prices have remained the same but the demand has gone up which requires purchasing more books. Fall and Spring are the two big book buying seasons.
- 742.100 Book Fines: \$1000.00 budgeted for 2016-2017.
 - Fees to other libraries for patrons lost items.
- 742.666 Books-Miscellaneous Grants: \$0.00 budgeted 2016-2017.
 - The Friends are writing grants for new materials.
- 743.000 Periodicals: \$23,800.00 budgeted for 2016-2017. No increase.
- 744.000 Audio Visual materials: \$76,000.00 budgeted for 2016-2017
 - Increased due to more downloadable books and music.
- 745.200 Electronic Media: \$51,000.00 budgeted for 2016-2017. Dvds and Blu-rays.
- 745.300 Online (Electronic) Resources: \$60,000.00 budgeted for 2016-2017. These online databases include Value Line, Gale Resources, and Tutor Time.
- Total 2016-2017 budget for supplies and material expenditures: **\$601,300.00.**

D. Services & Charges

- 801.925 Public Information (cable): \$500.00 budgeted for 2016-2017.
 - This line item has gone down due to reevaluating the need of cable stations.
- 802.100 Bank Services: \$4,800.00 budgeted for 2016-2017.
 - This is what the Library pays to allow the use credit cards for fines, meeting room rentals, donations and sale items. What the Library brings in exceeds what the Library spends on this line item.

- 803.000 Independent Audit: \$700.00 2016-2017 budgeted for 2016-2017.
 - Completed through the City of Novi.
- 804.000 Medical Service: \$1,500.00 budgeted for 2016-2017.
 - The Library pays \$66.00 each time a new employee is hired.
 - The amount went up in 2015-2016 due to staff turnover.
- 806.000 Legal Fees: \$1,000.00 2016-2017 budgeted for 2016-2017.
- 809.000 Memberships & Dues: \$5,000.00 budgeted for 2016-2017. Includes MLA, PLA, ALA, Rotary, Oakland County Historical Resource, and ABWA.
 - Increased a small amount due to the request from the teen librarian to join a teen librarian organization.
- 816.000 Professional Services: \$10,000.00 budgeted for 2016-2017.
 - Typically, it is \$4,000.00 but Ms. Farkas added \$6,000.00 for the proposed building assessment. The Board is in agreement with this proposal as long the results of the assessment are financially planned for.
- 817.000 Custodial Services: \$46,800.00 budgeted for 2016-2017.
 - Renewed at the same rate for 2016-2017 but will need to go out for bid in 2017/2018.
- 818.000 TLN Central Services: \$4,500.00 budgeted for 2016-2017.
- 851.000 Telephone: \$11,800.00 budgeted for 2016-2017.
- 855.000 TLN Automation Services: \$59,000.00 budgeted for 2016-2017.
 - The audited number was higher than budgeted so Ms. Farkas increased this line item.
- 861.000 Gasoline and Oil: \$1,500.00 budgeted for 2016-2017.
 - The City is not charging for anything but gas and they are allowing the van to be kept at the Library.
 - The Library benefits greatly from the City by utilizing their financial/administration services.
- 862.000 Mileage: \$300.00 budgeted for 2016-2017.
- 880.000 Community Promotion: \$20,000.00 budgeted for 2016-2017.
 - There is a significant increase for this line item due to new charges the Library will be responsible for paying. The Library will now be charged once a month for Beyond Books cable show as well as additional cable costs.
 - The Library will also be paying for their own volunteer and staff recognition plaques.
- 880.267 Library Programming-Book It: \$0.00 budgeted for 2016-2017.
 - It would be too late for 2016-2017 but it could be done for 2017/2018.
 - The Friend's Gala held in October has become an excellent way to reach out to supporters.
- 880.268 Library Programming: \$22,500.00 budgeted for 2016-2017.

- The amount remains the same due to diligence of the staff at finding cost effective programs.
- 880.271 Adult Programming: \$3,000.00 budgeted for 2016-2017.
 - This is money needed to set-up the On the Road event.
- 900.000 Printing/Graphic Design/Publishing: \$29,500.00 budgeted for 2016-2017.
 - Summer Reading, Engage, and any other promotional activity.
- 910.000 Property and Liability Insurance: \$14,800.00 budgeted for 2016-2017.
 - Ms. Farkas was told to increase 10% each year by the City.
- 910.001 Insurance deduct/Uninsured Claims: \$0.00 budgeted for 2016-2017.
- 921.000 Heat: \$11,500.00 budgeted for 2016-2017.
 - Trustee Poupard suggested that Ms. Farkas check with the City to see what they increase each year for utilities.
- 922.000 Electricity: \$106,000.00 budgeted for 2016-2017.
- 923.000 Water & Sewer: \$5,500.00 budgeted for 2016-2017.
 - 2015-2016 fiscal year end will be high due to the watering of the bioswales.
 - Trustee Michener suggested Ms. Farkas reach out to other utility resources for an evaluation. There may be further ways to save money and have more efficient devices installed for free.
- 934.000 Building Maintenance: \$92,500.00 budgeted for 2016-2017.
- 935.000 Vehicle Maintenance: \$0.00 budgeted for 2016-2017.
- 941.000 Grounds Maintenance: \$32,000.00 budgeted for 2016-2017.
 - The bioswales were added to this line item instead of capital improvement. Ms. Farkas will check with the City.
- 942.000 Office Equipment Lease: \$15,000.00 budgeted for 2016-2017.
 - The Library is allowed so much printing at their contract rate. Because the printing needs are going up, the Library is paying extra. Staff is looking into raising our numbers based on the lease that we have.
- 942.100 Records Storage: \$300.00 budgeted for 2016-2017.
- 956.000 Conferences & Workshops: \$13,500.00 budgeted for 2016-2017.
- **Total Services & Charges 2016-2017: \$513,500.00**

E. Capital Outlay

- 962.000 Building Maintenance: \$0.00 budgeted for 2016-2017. Number unknown.
- 934.000 Building Improvements: \$7,500.00 budgeted for 2016-2017.
 - The fabric panels through-out the Library need professional cleaning. Ms. Farkas will move this line item to the regular maintenance account.
- 941.000 Grounds Maintenance: \$53,400.00 budgeted for 2016-2017.
 - This money is specific for the parking lot to be resurfaced and resealed.

- 976.000 Data Processing/Computers/Equipment: \$56,000.00 budgeted for 2016-2017.
 - 59 computers are to be replaced for 2016-2017.
- 986.000 Data Processing-Phone upgrade: \$0.00 budgeted for 2016-2017. Number unknown.
- 990.000 Furniture: \$0.00 number unknown.
- Total Capital Outlay: **\$116,900.00**

Total Expenditures budgeted for 2016-2017: \$3,028,162.00

Total fund balance usage is projected: \$269,805.00

Trustee Messerknecht hopes that the 2016-2017 projected fund usage is better than the fiscal year end of 2015-2016. With the adjustments to revenue as discussed earlier along with changes to salary line items it will be close.

Public Comment

There was no public comment

Adjournment

A motion was made to adjourn the January 16, 2016 Library Budget Planning Session at 11:35 a.m.

1st—Ramesh Verma

2nd—Doreen Poupard

The motion passed unanimously.



March 16, 2016

Ramesh Verma, Secretary

Date