

Jefferson County Public Library Board of Trustees
Study Session
June 8, 2017 – 5:30 p.m.
Administration Conference Room

TOPICS:

- 2018 Draft Budget Presentation
- Columbine Remodel Update and Change Orders

Call to Order

The Study Session was called to order at 5:30 p.m. by Julia Hill-Nichols, Chair.

Other Trustees present: Charles Naumer (Vice-Chair), Kim Johnson (Secretary), John Bodnar, Deborah Deal and Brian DeLaet.

Trustees not present: All Trustees were present.

Staff present: Pam Nissler, Executive Director; Donna Walker, Director of Public Services; Rebecca Winning, Director of Communications; Gloria Overholt, Acting Director of Budget & Finance; Steve Chestnut, Director of Facilities & Construction Projects; Pat Klein, Director of Information Technology; Julianne Rist, Director of Public Services; and Amber Fisher, Executive Assistant, Office of the Executive Director.

The Chair expressed appreciation to Gloria Overholt for her assistance in developing the 2018 budget. The Executive Director noted that the Board was advised of the change to the budget development schedule as soon as the library received the new budget calendar.

The Chair advised the Board that an item will be brought forward at the June 15, 2017 Board meeting to discuss recommendations and processes to enhance the Library Board's meetings with the Board of County Commissioners.

2018 Draft Budget Presentation

Gloria Overholt, Acting Director of Budget and Finance acknowledged and expressed appreciation to Susan Wilson-Madsen, Budget and Finance Manager and Sheena Freve, Budget Analyst, for their hard work and assistance with the 2018 budget. Gloria advised the Board that because of the schedule change, information on salaries, benefits and property tax have not been received and these numbers may change from what is being presented.

Fulfilling our Promises

The 2018 draft budget addresses the following community needs and priorities:

1. Provide Access and Support: All Jefferson County residents have equal opportunity to access information, resources, ideas and technology, and they are supported in using these resources. Family Place Library Designation (New Edgewater Library); Continue investment in technology (new system-wide telephone system, A/V equipment at Evergreen, Standley Lake, Golden and Edgewater; Adult Laptops at two libraries, Mobile Worklist iPads, Patron Education hotspots, continuation of security camera upgrade, Sierra Test/Training server, Text Message Notices, Next-Gen Firewall, Skype for Business, Decision Center upgrade; Sorter Replacements at two libraries plus the new Edgewater Library; Continue investment in books and materials; Library-2-You increased service (new smaller van for the new Lobby Stop service, increase service to low income youth populations and providing technology outside of library walls).
2. Create Great Spaces and Places: All Jefferson County Residents have safe, convenient and inviting places to go to access information and resources and participate in community life. Edgewater Library; Planning for the Belmar Library Remodel; Continue investment in Capital Maintenance and Investment in Operating Furniture.
3. Advance Shared Community Outcomes: Jefferson County will thrive as the library understands and supports community aspirations with the goal of advancing positive community outcomes. 1000 Books Before Kindergarten; Raise a Reader; Summer Reading Program; Family Place Library (Edgewater).
4. Be Good Stewards: All Jefferson County residents receive maximum return on their shared investment in library services. Base budgets on metrics and trends; Lean staffing costs; use fund balance for one-year, one-time costs (Edgewater).

Jefferson County 2018 Budgetary Guidelines

1. Merit Increase are initially estimated at an average of 2.6%
2. Health Benefit cost trend increase are generally 7-10%. Actual cost projections will be evaluated during the budget process and current assumption is that any increase will be split with the employees 50/50.
3. Business cases will be accepted. However, please consider the limited revenue resources when making requests.
4. Please limit capital requests to the dollar amount that was approved for 2018 in the 2018 Capital Improvement Plan; unless the request is related to safety, critical need, or offset by revenue.

County Budget calendar

- June 16 - Salary projections distributed to departments
- June 19 & 21 – Budget Kickoff Meetings
- June 30 – Revenue Estimates Finalized
- July 7 – Budget Requests & Business Cases Due
- July 7 – Budget presentations Due
- Aug 14 - 9:00 – 10:00 AM – Library Budget Presentation
- Oct 3 – Proposed budget submitted to BCC
- Oct 10 – Public Hearing
- Oct 16-19 Department Budget Meetings, if needed
- Dec 5 – Budget Adoption

Revenues - 2018 Assessed Valuation

- 2017 is a reassessment year
- Residential housing increased 22.82% over 2016
- Overall increase of 14% (all properties)
- Gallagher Amendment requires the allocation to remain at a 45/55 ratio between residential and commercial properties
 - Assessment rate reduced to 7.20%

Revenues - Mill Levy Calculation – Property Tax Revenue for 2018

Final Property Tax Revenue will be updated in August.

Proposed Assessed Value \$10,005,918,024

Mill Levy	Property Tax Revenue
3.75	\$37,522,193
4.00	\$40,023,672
4.50	\$45,026,631

2018 Draft Budget Summary

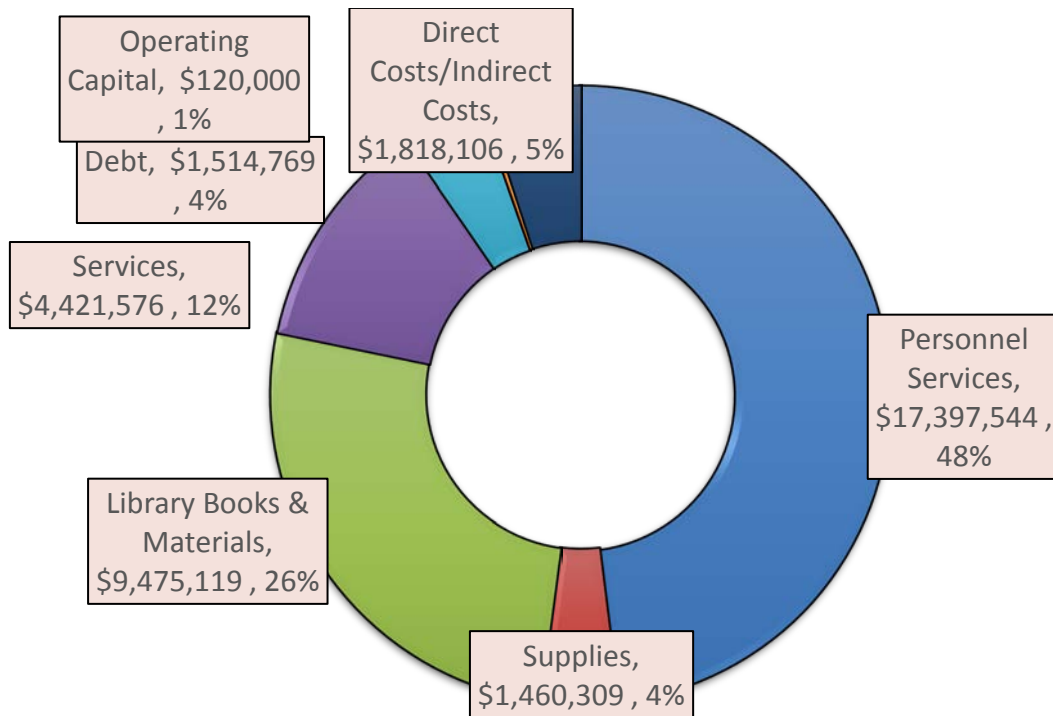
Summary	2017 Adopted Budget	2018 Draft Budget
Revenues		
Total Revenues	\$37,862,158	\$37,799,007
Use of Fund Balance	1,436,716	\$3,798,666
Total Revenues	\$39,298,874	\$41,597,673
Expenditures		
Operating	\$29,817,420	\$32,874,548
Debt Service	1,548,403	1,514,769
Capital	6,361,500	5,390,250
Interdepartmental	1,571,551	1,818,106
Total Expenditures	\$39,298,874	\$41,597,673
Full – Time Equivalent (FTEs)	215.00	218.50*

Revenues includes: Property Taxes, State Grants, and Charges for Services, Library Fines & Fees, E-rate, Foundation, etc. *FTE 2018 – Business case to increase 2018 FTE Authorized amount by 3.5 FTE for the Edgewater Library. Property Tax calculated at 3.5 Mill Levy.

Other Revenues: \$58,000

- \$50,000 ERate
- \$8,000 sale of non-capital assets
- Library Fines Discussion – 2018 Draft includes a reduction of fines for Children’s Print Materials. This is a reduction of \$154,000. If the Board would like to reduce fines for all Children’s Materials (not just print), the reduction in Library Fines revenue would be increased by an additional \$41,000 for a total reduction of \$195,000.

Operating Expenditures



Salaries and Employee Benefits

Category	2017 Adopted Budget	2018 Draft Budget
Regular Salaries	\$11,398,213	\$12,007,317
Awards and Bonuses	\$100,000	\$120,000
Temporary Salaries (Pages, Subs)	\$1,876,245	\$1,901,432
Employee Benefits	\$3,793,380	\$4,255,215
Vacancy Savings	\$(865,966)	\$(900,550)

Vacancy Saving Trend – A Percentage of Salaries & Benefits

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
Vacancy Savings	\$285,005	\$294,734	\$796,353	\$498,628	\$865,966	\$900,550
% Calculated	2%	2%	5%	3%	5%	5%

Authorized Positions

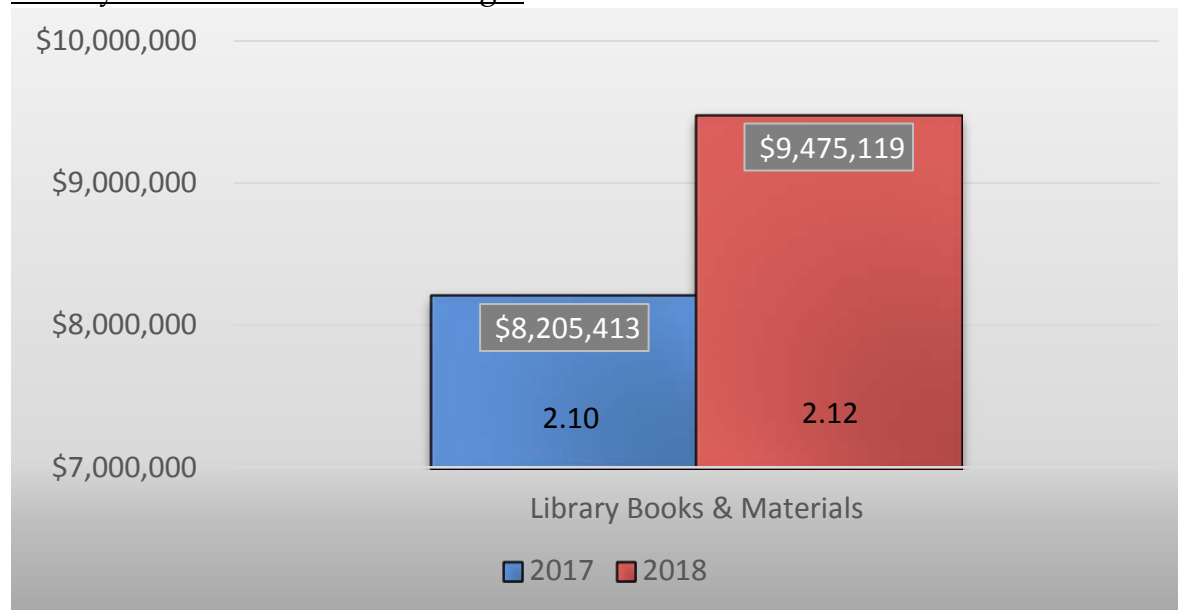
2018 – Request of Additional Staff for the New Edgewater Library

- Total of 10 New Positions for the Edgewater Library
 - 1 Public Services Manager
 - 5.5 Public Services Associates
 - 0.5 Operations Page
 - 3.0 Librarians
- 6.5 - Non-Budgeted/Reserve
- 3.5 – NEW Request above 2017 Authorized amount

FTE Summary		
	2017	2018
Budgeted Positions	208.5	218.5
Non-Budgeted/Reserved Positions	6.5	0
Total FTEs	215.0	218.5

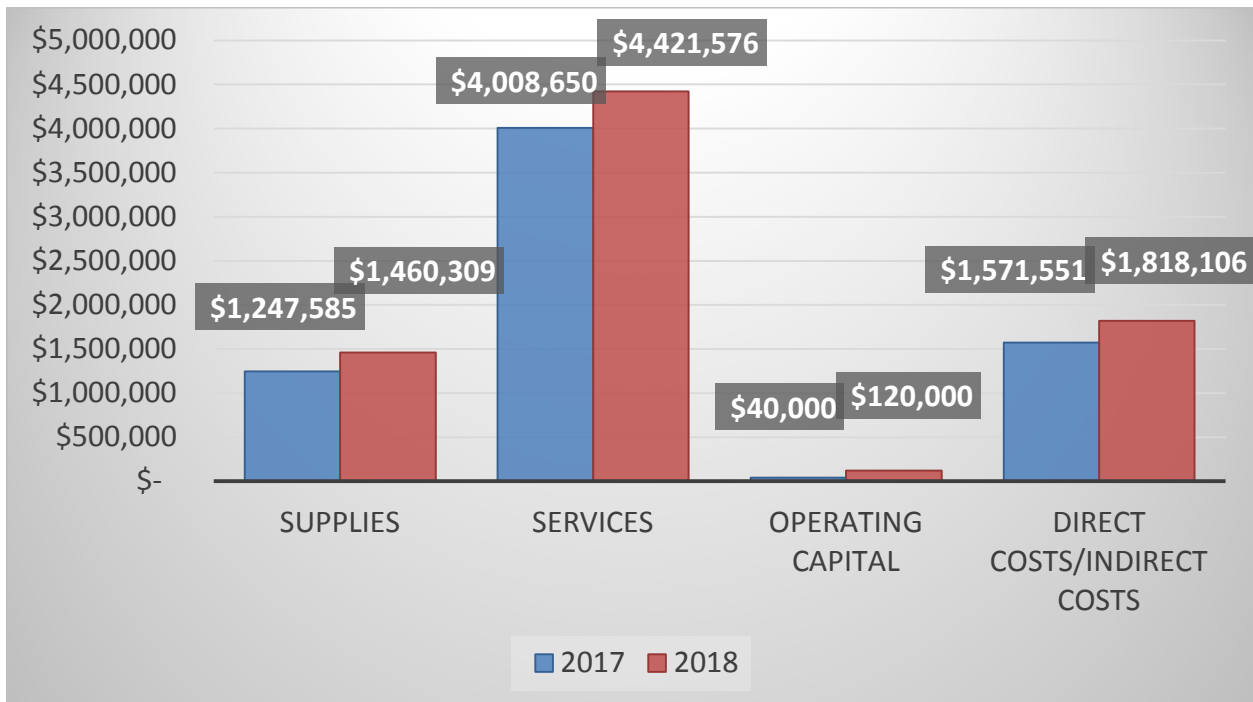
Library Books & Materials Policy - Adopted by the Library Board of Trustees April 21, 2016: The Library desires to maintain a responsible level of access to books and materials for Jefferson County residents as defined by demand and use measures of holdings per capita, circulation per capita and annual turnover rate.

Library Books and Materials Budget



Increase of \$ 1,269,706 or 15%. Goal: 50th Percentile Collections per Capita: 2.38. Increase is due to 1.2 M needed for opening day collection at Edgewater.

Supplies, Services, Operating Capital and Intergovernmental: Budget Comparison 2017 to 2018



Budget Highlights – Supplies

Used metrics to standardize Library Base Budgets based on door count, circulation, square footage, and number of programs

- Office Supplies
- Special Events Supplies
- General Supplies
- Food Supplies
- Programs

Increase in Furniture & Equipment

- Additional Ergonomic needs
- Continuation of replacing library furniture

Budget Highlights – Services

- Increased costs for All Staff Day - In order to provide exceptional training, workshops, and a quality conference experience for all employees, a conference venue is needed to house more than 300 participants.
- Continued implementation of branding recommendations, including printing and distribution of a new quarterly program guide
- New and increasing software maintenance costs, including Bibliotheca sorter maintenance
- Increase in Heating & Power Costs
- Additional Security Services- expanded to Belmar & Golden Libraries

Budget Highlights – Operating Capital

- Library-2-You addition of new Cargo Van for implementation of the Library-2-You Master Plan recommendations for:
 - Lobby stop service
 - Youth demographics service in low income areas
 - Tech instruction outside the library walls
- New Vehicle for Facilities

Budget Highlights – Interdepartmental Costs

Interdepartmental Cost	2017 Adopted Budget	2018 Draft Budget
Indirect Costs		
Accounting – Payroll	156,451	169,945
Budget	39,196	51,245
County Attorney’s Overhead	180	(1,584)
Human Resources	151,801	213,587
Public Information Office	1,818	2,196
IT Services	404,642	491,942
Purchasing	(3,633)	(4,824)
Total Indirect Costs	750,455	916,507
Direct Costs (Fleet & Motor Pool, Legal)	150,688	145,295
Intra-County Transactions (Insurance, Treasurer’s Fees)	670,408	756,304
Total Interdepartmental	1,571,551	1,818,106

Indirect Costs are the Cost Allocation Plan. Cost Allocation Plan for 2018 is calculated on 2016 Actuals. Increases are due to increases in expenditures in 2016 county-wide. Many areas are calculated based on number of FTEs. In 2016 the library had an increase in FTEs which contributes to the increases,

Debt Service

Total Debt Payments in 2018: \$1,514,769

Certificates of Participation (COPs)	Build America Bonds Series 2009 (BABs)	Certificates of Participation (COPs)
<ul style="list-style-type: none"> • \$8,886,000 • Arvada Library Building • 2024 last payment 	<ul style="list-style-type: none"> • \$6,293,000 • Lakewood Building <ul style="list-style-type: none"> • HVAC • Energy Conservation • Sorters • Library Service Center Remodel • 2020 Last Payment 	<ul style="list-style-type: none"> • \$995,000 • Belmar Roof • Columbine Parking Lot • Standley Lake Parking Lot • Columbine HVAC • 2021 Last Payment

Capital Projects – Annual Replacement & Maintenance

Project	2017 Budget	2018 Draft Budget
ARM-01 Capital Maintenance	\$250,000	\$250,000
ARM-02 Other Capital Replacement Plan/Furniture & Equipment	56,000	36,000
ARM-03 Computer 5-year Replacement Plan	250,000	250,000
ARM-04 Book Sorter Sinking Fund	200,000	350,000
ARM-05 IT Infrastructure Replacement	462,000	321,650
Total ARM	\$1,218,000	\$1,207,650

Capital Projects – 2018

Project	2018 Draft Budget
16-10 Records Management/Intranet	\$120,000
16-14 High Availability Internet Redundancy	36,000
17-02 Entry Door Replacement	18,600
17-07 Edgewater Library	2,600,000
18-01 Belmar Library Remodel (Planning)	350,000
18-02 Lakewood Fence Replacement	55,000
18-03 Lakewood Public Restroom Expansion	120,000
18-04 Lakewood Admin Restroom Remodel	48,000
18-05 Golden Library Parking Lot	125,000
18-06 Sorter Replacement (2 Locations)	500,000
18-08 LSC Garage & Loading Dock Planning	10,000
18-09 Bookmobile Replacement Sinking Fund	200,000
Total 2018 Capital Projects	\$5,390,250

5-Year Capital Improvement Plan – Annual Replacement

Project	2018	2019	2020	2021	2022	Total 2018-2022
Capital Maintenance	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,250,000
Capital Furniture & Equipment	36,000	36,000	36,000	36,000	36,000	180,000
Computer Replacement Plan	250,000	250,000	250,000	250,000	250,000	1,250,000
Book Sorter Sinking Fund	350,000	300,000	200,000	200,000	200,000	1,250,000
IT Infrastructure Replacement	321,650	200,000	200,000	200,000	200,000	1,121,650
Total ARM	\$1,207,650	\$1,036,000	\$936,000	\$936,000	\$936,000	\$5,051,650

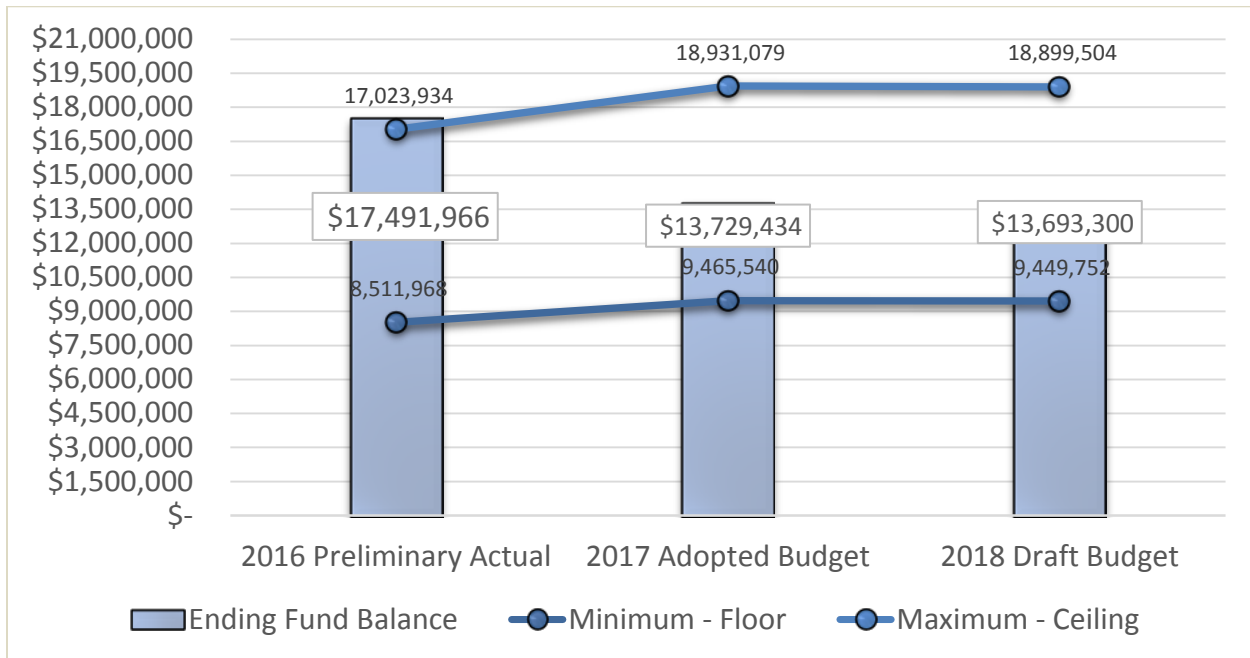
5-Year Capital Improvement Plan

Project	2018	2019	2020	2021	2022	Total 2018-2022
16-10 Records Management Software/Intranet	\$120,000					\$120,000
16-14 High Availability Internet Redundancy – System-wide	36,000	36,000	36,000			108,000
17-02 Entry Door Replacement	18,600					18,600
17-07 Edgewater Library Tenant Finish	2,600,000					2,600,000
18-01 Belmar Remodel	350,000	4,712,000				5,062,000
18-02 Lakewood Fence Replacement	55,000					55,000
18-03 Lakewood Public Restroom Expansion	120,000					120,000
18-04 Lakewood Admin Restroom Remodel	48,000					48,000
18-05 Golden Parking Lot	125,000					125,000
18-06 Sorter Replacement	500,000	500,000	500,000			1,500,000
18-07 LSC Garage & Loading Dock Design & Construction	10,000	150,000				160,000
18-08 Bookmobile Replacement	200,000	200,000				400,000
19-01 Belmar AHU		165,000				165,000
19-02 Belmar Chiller Replacement		145,000				145,000
19-03 Belmar Parking Lot		300,000				300,000
19-04 Evergreen Remodel		250,000	2,676,000			2,926,000
20-01 Lakewood Remodel			250,000	3,681,000		3,931,000
20-02 South County Tenant Finish			3,780,000			3,780,000
21-01 Arvada Remodel				250,000	5,586,000	5,836,000
22-01 Standley Lake Remodel					250,000	250,000
Total CIP	\$4,182,600	\$6,528,000	\$7,242,000	\$3,931,000	\$5,836,000	27,719,600
Total 5-year Plan (ARM & CIP)	\$5,390,250	\$7,564,000	\$8,178,000	\$4,867,000	\$6,772,000	\$32,771,250

All Library Remodel Costs are based on cost per square ft. from the Columbine remodel. Then a 3% increase for inflation per year. Columbine cost per square foot: \$141.00

Jefferson County Public Library Fund Balance Reserve Policy

- Minimum = 25% of budgeted revenues
- Maximum = 50% of budgeted revenues



Next Steps – Board Meeting June 15, 2017

- Authorize Executive Director to submit the budget
- Sign the Trustee’s budget cover letter

In response to questions, the Board was advised of the following:

- The Library will calculate the exact percentage increase in direct costs and provide that information to the Board.
- The Board can determine whether or not to include all Children’s materials in the proposal to eliminate fines. The phased approach was presented to provide the Board with options and information on the impact on the budget.
- The proposal on children’s fines does not include fees for replacement of items. If an item is not returned, the account will be charged a replacement fee for that item.
- Personnel costs for Jefferson County Public Library are at 48% compared to our benchmarking peers which are at 65%.
- Salaries and Employee Benefits could change. The draft budget reflects a 5% increase in the cost of benefits. Final information from the County has not yet been received.
- The current level of authorized positions is 215. Increases to the authorized positions are presented from the Library Board of Trustees to the Board of County Commissioners.

- The Library has a formula for calculating the number of positions required for the operation of JCPL's service model. The staffing model has been tested for four years and the Library is confident in the accuracy.
- The staffing model/formula is not necessarily calculated or impacted by only the square footage of the building, but includes variables like the number of floors, service points, number of peak hours, etc.
- The proposed budget for books and materials includes the opening day collection for the new Edgewater Library.
- The goal to reach the 50th percentile in collections (per capita 2.38) will require additional square footage. It is not a matter of not increasing the materials budget fast enough but a matter of not having the space to put the materials. The data indicates that JCPL will need an additional 50,000 square feet to reach the 50th percentile among its peers.
- The Library will provide the Board with more detailed information on supplies and services and the corresponding increase(s).
- The Library is expanding security services to include regularly scheduled services at the Belmar Library and to cover the Golden Library during the farmers market. The Library has not had discussions with the City of Golden on sharing the cost of security services because those services only cover the Library's parking lot.
- The County uses the 2016 costs to determine the 2018 payment/cost allocation. Because many of the costs are based on the number of FTEs, and in 2016 the Library increased hours and FTEs, there is a noticeable increase.
- The Library is increasing the annual amount set aside for replacement of the sorters for a couple of reasons: (1) funding for the Columbine sorter was taken from this account and the library wants to replenish the fund and (2) parts for the sorter series the Library has throughout the system are no longer being manufactured and the current service contract for those sorters is cost prohibitive at \$199,000. The Library would like to accelerate replacement of the sorters.
- Remodel of the Belmar Library has been included on the 5-year capital plan for the last few years. The Wheat Ridge Library has not yet been included in the 5-year capital plan. The Library is issuing an RFP for long range facility planning this year and that plan will include all libraries, the Fehringer Ranch land and proposals for libraries from other entities including Westminster and Candelas. The Library will present the long-range facility plan to the Board as soon as it is completed.
- The \$80,000 in the current year for facility expansion is being allocated to the Edgewater project and will be included in the next budget transfer.
- The 2016 fund balance amount, \$17,491,000 is the actual fund balance. The County has closed the books on 2016.
- The book sorter replacement sinking fund is included in a section of the fund balance as designated funds.

- The Library acknowledges that there are a number of variables and data that is unknown at this time. There are options available to the Board with regard to the cover letter and setting the mil levy until that data is available. Additionally, adjustments to the budget can be made after the initial submittal, especially if any data received after submittal has substantive impact (i.e., assessed valuations, salaries and benefits, etc.) on the Library's budget.
- The Library acknowledges that the Board needs to have discussions regarding the mil levy, fund balance and communicating to the community.

The Chair asked the Board to review the draft 2018 budget information and send questions to the Executive Director and copy her on the email. It was clarified that there would be no email discussion about the questions, but is intended to expedite the process by providing the Library with the opportunity to review the questions and prepare answers for the June 15, 2017 Board meeting.

Columbine Remodel Update and Change Orders

Pat Klein, Director of Information Technology, shared a video of the progress at the Columbine Library. The Board expressed appreciation to Pat for providing the images.

Steve Chestnut, Director of Facilities & Construction Projects, advised the Board that there are some additional costs for Owner Requested Change Orders that will increase the not to exceed contract price for Fransen-Pittman. The change orders include some unexpected items and changes that the Library, as the Owner, requested. The change orders will include installing new grid and ceiling tiles in the ceiling in the meeting room (the Library intended to reuse the tiles and grid, however, they were not in good enough condition and will have to be replaced), fixing water damaged cabinets that the Library planned to reuse in the staff break room, removal of the existing island light for the new drive up, adding additional floor boxes and changing location for others increased flexibility in use/design. At the June 15 Board meeting, the Library will recommend that the Board authorize the Executive Director to make a payment to Fransen Pittman in the amount of \$17,469. All of the costs are covered by the contingency that NV5 is holding for construction. The funds to cover these costs will be transferred from the project's contingency budget. This transfer will leave \$85,109 in the NV5 contingency budget.

In response to questions, the Board was advised that:

- There might be some other surprises. For example, the area around the windows has not yet been opened up.
- The mechanical systems all look good.
- The contingency budget looks good.

ADJOURNMENT

The study session was adjourned at 6:50 p.m.

A handwritten signature in cursive script that reads "Kimberly D. Hanson".

Kim Johnson, Secretary