



**CITY OF NOVI LIBRARY BOARD  
MINUTES, SPECIAL MEETING  
BUDGET STUDY SESSION  
February 21, 2015**

**Call to Order and Roll Call**

**Library Board**

David Margolis, President  
Ramesh Verma, Secretary  
Craig Messerknecht, Board Member  
Tara Michener, Board Member  
Mark Sturing, Board Member

**Library Board Absent/Excused**

Larry Czekaj, Treasurer (8:10 a.m. arrival)  
John Lesko, Vice President

**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 David Margolis, President, at 8:02 a.m.

Documents provided at meeting:

- 2014 – 2015 Budget Comparisons with New Budget Proposal 2015/2016 and Projection 2016/2017 (Provided by Trustee Margolis)
- How Novi Public Library Compares With Other Communities
- City of Novi Fiscal Fitness, November 2010
- Budget Narrative 2015-2016
- 2015-2016 Proposed Budget (Draft 1: 2/21/2015)

**2014-2015 Budget Comparisons with New Budget Proposal 2015/2016 and Projection 2016/2017 (Provided by Trustee Margolis)**

Disregard the document provided at the February 18, 2015 Library Board meeting as this document has been updated with figures provided following the Library Board meeting.

Account 268: The document shows the F/Y/E 2011/2012; F/Y/E 2012/2013; F/Y/E 2013/2014; 2014/2015 Adopted Current Budget; Extrapolated F/Y/E dated June 30, 2015; Second Year Forecast for 2015/2016 from March 19, 2014 compared to the Initial Proposal for the New Budget 2015/2016; and the Initial Projected 2<sup>nd</sup> Year 2016/2017 Budget.

The usage of the Contributed Fund 269 is used for expenses that typically exceed six (6) figures, and the Library's Operating Fund 268 expenses will typically fall below \$100,000. This also falls suit with the Investment Policy – 269 Long-term to obtain better returns; there are still reserves in the 268 account for technology, furniture, etc.

The 2015/2016 Budget for the Contributed Funds 269 will be provided prior to the end of the 2014/2015 fiscal year for approval.

### **How Novi Public Library Compares With Other Communities**

Director Farkas provided a comparison of other libraries throughout the United States showing their population and how the Novi Public Library compares with those with populations both higher and lower than ours. On average, the Novi Public Library meets or exceeds others with higher populations. The comparisons include: circulation, attendance, holdings, computer user sessions, number of computer terminals, and revenue as a percentage of expenditures, registered users, programs, and hours of operation.

Another part of this document is the National Citizen Survey findings for the City of Novi dated November 2014. The last study was taken in 2006 and the findings show that the City of Novi's overall rating has increased. There were only a few areas that need to be addressed – community engagement is weak and street repair ratings have declined, otherwise the City of Novi provides an exceptional quality of life and our residents feel safe.

### **City of Novi Fiscal Fitness, November 2010**

The Novi Public Library has a great relationship with the City of Novi departments. We primarily use the services of Human Resources and the Finance Department to assist with our operations. This document shows that the Library saves approximately \$109,000 by not having to replicate services. The Library is funded by a dedicated millage.

### **Budget Narrative 2015-2016**

#### **1. 2014-2015 Unexpected Costs (as of January 31, 2015)**

Account: Computer Equipment - 268-000.00-734.500 – Estimated cost of \$1,400 to replace a server (pending further investigation).

Account: Building Maintenance - 268-000.00-934.000 – unexpected costs that have already been paid - \$16,941.67 (already included in year-end)

Water Leak on February 15, 2015 - \$1,586.95 (have not received invoice to pay as of this date)

Account: Grounds Maintenance – 268-000.00-941.000 – costs that have already been paid - \$4,172.87; anticipate an approximate additional expense of \$10,000 to cover the increase in the cost for salting.

Mary Ellen Mulcrone and facilities staff have done a great job with the regular maintenance of the building and grounds.

## **2. Capital Improvements for Novi Public Library**

### **a. Grounds Repairs**

- \$15,000 estimated concrete repair of walkways and patio.
- \$1,500 estimated bed improvements and plant replacement in spring

Plan to have both projects completed in the 2014/2015 fiscal year. Neither has been sent out for bid, just received quotes.

The asphalt is still under warranty from the building construction. Rob Hayes, from the City of Novi, is assisting the Library with working with the contractor to have the work completed. The repairs should be finished by the end of June 2015.

### **b. New Van/for Outreach Services (information compiled by Julie Farkas, Mary Ellen Mulcrone and Wendy Teagan)**

The present Library van is a 2002 Ford Econoline E150 which was purchased on 2/6/2002 at a cost of \$20,434.65. The vans current miles show 26,081.

The Library has investigated coordinating efforts with the Novi Senior facility to use their vehicle to make deliveries to the various senior communities. We provide service to approximately 190 patrons each month. Fox Run is not included in the service area as they already have in-house services.

With the shared usage, the Library would:

- Pay mileage
- No CDL is required
- Move the lift from the present van to the City's van for the lifting/lowering of book carts.
- The Library would sign-out for the usage of the City's van
- Sell the Library's van
- Library not have the vehicle expense it presently has with owning its own vehicle

The Library doesn't want to end the Outreach services.

**c. Traffic Study and Option for Library Parking Lot/Entrance**

Memo dated January 9, 2015 indicates options provided by the study. The options listed below are the two best, which is at an estimated cost of \$115,000.

1. The existing Library access drive on 10 Mile Road should be widened to provide two exiting lanes, one marked and signed for left turns and one marked and signed for right turns.
2. A secondary access route should be created by providing a two-way local driving connection between the Library and Novi Way. This route would provide a much-needed signalized egress for Library patrons desiring to go west, and it would also provide for convenient local traffic circulation (not involving the use of 10 Mile Road) between the Library, High School, and City Hall. Creating this route would require High School agreement. City staff investigated further and determined that approximate costs would be \$53,000 for improvement #1 and \$62,000 for improvement #2. Estimated cost: \$115,000.

Per conversation with Rob Hayes on 2/19/2015 this would be the preferred option for the City to propose during a future City goal setting session (date not determined yet for next meeting). His team would work closely with the Library to expedite the process working with planners and contractors to complete the project. The City would also continue conversations with the Novi School District. Ideally, the project could be shared by 3 partners.

The shared expenses would be with the City of Novi, Novi Public Library and the Novi Schools each sharing one third of the costs. These funds have been included in the budget.

A trustee stated that he would advocate using the Library's fund balance to solve the problem with expanding the entranceway. They'd like to encourage either a two-way or three-way cost share to fix the traffic flow.

New signage is being created first to see if it helps with traffic flow prior to expending funds.

Trustees offered to commit to spending \$40,000 to take the lead with the project.

The City of Novi will create the plans.

**d. Bioswales**

The bioswales on the Library's property have not been maintained properly and are not appealing. The parking lot's location is in the worst condition; the one located between the High School and the Library is a little better with 50% in good condition; and the one located directly behind the Library the best with 75% of the plants in good condition. Bioswales should be attracting and encouraging insects, butterflies and bees to the plants. Bioswales should be self-maintaining once established. The estimated cost to bring them back

would be approximately \$16,800 (included in the budget). Once brought back to proper order, signage would be placed to educate the patrons. A trustee suggested having a sponsorship for the garden project, or seeing if there was an opportunity for a Michigan State University student/intern to take on the project of restoring the gardens.

**e. Refinish Corian countertops in the Library (\$1,500)**

The costs are included in the budget, but would have to request a quote.

**f. Replace/Reupholster some of the furniture in the Youth Area (\$9,000)**

The Library's furniture gets a lot of usage. The cost to replace/reupholster is included in the budget.

It was suggested preparing a list of maintenance projects and have a study done by a company to assess a maintenance plan – average cost \$5,000.

**3. Personnel**

**a. Minimum wage increase**

As of September 1, 2014, the minimum wage increased to \$8.15 per hour. On January 1, 2016, the rate will increase to \$8.50; January 1, 2017, \$8.90; and January 1, 2018, \$9.25 per hour. This rate increases, but does not for the other staff.

**b. Employee Compensation for 2015-2016**

Director Farkas didn't request a salary increase or stipend for the staff so as not to use as much of the fund balance. Salaries are 70% of the budget and the Director was directed to bring this percentage down to 60% of the budget.

The Library is adapting a new Performance Management tool starting in April 2015, which mirrors the City of Novi's. (Performance Management Appraisal Report provided in Narrative)

It was suggested that the Director reconsider a one-time stipend or percentage increase and build it in the budget - \$20,000 - \$25,000. The Library Assistant/Shelver staff would not be included in this increase. The Director is to bring back to the Library Board the dollar amount based on a 1% - 1.5% salary increase. It would be the Director's responsibility as to how to distribute the funds.

**c. Consideration for a Part-Time Teen Space Monitor**

The Teen Space has done well since its inception.

The cost to the Library to have a consistent monitor on-site is \$1,800.00 per year. This person would be on-duty from 2-5 p.m. daily (when school is in

session), 15 hours per week. This person must be able to work well with students, build a relationship with the teens, follow rules of conduct, and monitor the space. With this arrangement, it would free up Library staff from monitoring the room. This monitor would be considered an employee of the Library.

**4. Technology (Budget 734.000/734.500)**

The Library has earmarked 68 computers (first and second floor reference, public kids and public adults) to be replaced in 2015/2016 fiscal year at a cost of \$64,800. The old computers would be recycled, placed in auction, or donated.

In the 2016/2017 fiscal year, 59 computers (Express, catalogs, lab, Rosetta Stone, Universal Access, SAM monitors, IT facility, Creation Station) are to be replaced at a cost of approximately \$56,200.

In the 2017/2018 fiscal year, 27 computers (staff – Administration, Information Services – first and second floor, circulation desk, and Welcome desk) are to be replaced at a cost of approximately \$25,700.

In the 2018/2019 fiscal year, 30 computers (self-checks, AST room, Holds desk, circulation staff, tech services) are to be replaced at a cost of approximately \$28,588.

There would be a two-year break and then begin the cycle again in 2021/2022.

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

- Fiscal year 2008-2009 \$427,650.55
- Fiscal year 2009-2010 \$409,509.00
- Fiscal year 2010-2011 (\$83,127.00)
- Fiscal Year 2011-2012 (\$129,771.35)
- Fiscal Year 2012-2013 (\$198,873.94)
- Fiscal Year 2013-2014 (\$267,316.17)

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

Most of the new building warranties were for one or two years. One contractor, Nagle Paving, had an extended warranty for five years. A list of vendors is provided in the narrative with the number of years each of the products will be under warranty.

**7. What fines are currently outstanding for our NPL (Novi Residents) patrons?**

- Unpaid overdue fines for 2012-2013 for Novi card holders = \$14,283.80
- Unpaid overdue fines for 2013-2014 for Novi card holders = \$12,979.80

Patrons can pay fines online or at the Library by using cash, check or credit card. A suggestion to have fines paid at the self-check stations be provided a discount or be abated.

**8. Café**

The Trustees stated that the café doesn't provide a good reflection on the Library and they feel that the Library is being taken advantage of. Once the lease was renewed, there has been a noticeable downslide. The Trustees have asked Director Farkas to put together a letter indicating that the owner is in default of his lease agreement.

**9. What has been the usage of the building for the additional hours added since September 2013 vs. 2014?**

There has been a sizeable increase in patron usage from September 2013 vs. September 2014 with the change in hours. A contributing factor is also the increase in the meeting room usage.

**10. What is the benefit to being a part of the TLN shared automation system and cooperative?**

The patrons of Novi are benefitting considerably with the Library being in the Shared System by sharing the costs. See chart of services provided and the savings incurred which is included in the Narrative.

**11. OverDrive Statistics for Downloadables in the TLN Cooperative**

OverDrive reports an overall increase of 33% in checkouts for 2014 vs. 2013; an increase of 32% in eBook checkouts for 2014 vs. 2013; and an increase of 38% in Audiobook checkouts for 2014 vs. 2013.

**12. Friends Wish List 2015-2016**

Each year, the Friends request a list of items that the staff/departments would like to have the Friends provide for the Library that would be over-and-above what could be expensed from the budget.

A Trustee noted that the tool cart and tools for facility department at a cost of \$600 might be donated by an area home improvement store, i.e. Home Depot, Lowe's, or the new Menards being built in the area.

A break was taken at 9:48 a.m.

The Budget Study Session resumed at 10:02 a.m.

**2015-2016 Proposed Budget (Draft 1: 2/21/2015)**

Looking at the 2015-2016 Draft Proposed Budget dated February 21, 2015, the chart shows the 2013-2014 Audited and Budgeted amounts; 2014-2015 Approved and the Estimated Year-end figures; 2015-2016 Projected and Proposed budget; and the 2016-2017 Projected amounts. There is not a lot of change between the 2015-2016 Proposed budget and the 2016-2017 Projected budgets. The Property Tax revenue numbers have been verified by the City with a proposed 4% increase for the 2017-2018 fiscal year. The Board approved an appropriation from the fund balance of \$490,000, but expects to have a fund balance usage of approximately \$313,000 (\$177,000 less) barring any

unforeseen major expenses. Director Farkas has already included the unexpected costs listed in the February 21, 2015 narrative.

The air curtain, plumbing and phone system have all come in at a lower figure than was budgeted for. The plumbing was expensed from the previous fiscal year so this year wasn't impacted. The air curtain was budgeted for \$24,000, but the Library only paid \$7,600. The phone system update was budgeted for \$15,000, but only \$9,000 was spent.

A Trustee stated that the funds required to bring the Bioswale back to fruition might be spent from the Contributed Funds 269 instead of from the Operating Funds 268.

### **2015-2016 Proposed Budget - Revenue**

- Property Tax Revenue 403.000 – budgeted \$2,449,491 This figure provided by the City of Novi. Anticipate a 4% increase in 2016-2017 fy and 2017-2018 fy.
  - State Aid 567.000 – budgeted \$27,000 State of Michigan allocates funds two times per year. Should receive the second installment for the 2014-2015 fy by the end of June 2015.
  - Library Book Fines 657.000 – \$70,000 Fines collected for print/audio materials
  - Interest on Investments 664.000 - \$24,000 Unknown figure
  - Unrealized gain (loss) investment 664.500 - \$0.00. Unknown figure
  - Miscellaneous Income 665.000 - \$16,500 Flashdrives, earbuds, print outs, library cards
  - Copier 665.100 - \$2,200 Public usage
  - Electronic Media 665.200 - \$200 Fines for DVDs
  - Adult Programming 665.289 - \$0.00
  - Library Fundraising 665.290 - \$3,000 On the Road; misc.
  - Meeting Room 665.300 - \$28,000
  - Gifts and Donations 665.400 - \$6,000 Annual letter; myCouponGenie
  - Novi Township Assessment 665.404 - \$6,000
  - Library Café 665.650 - \$5,000 10% of sales; 3 year lease expires June 2016
- Total Revenue: \$2,714,391** (Increase of \$90,000 from what was previously projected)

### **2015-2016 Proposed Budget – Expenditure**

#### **Personnel Services**

- Permanent Salaries 704.000 - \$914,000 Full Time Employees (19)
- Wages (non-pensionable) 704.200 - \$0.00
- Temporary Salaries 705.000 - \$609,000 Part-time Employees (51)
- Social Security 715.000 - \$122,300 7.65% of salaries
- Insurance 716.000 - \$235,147 Anticipated 12% increase annually per City
- Insurance Employee Reimbursement 706.999 – (\$43,202) Employee contribution co-pay
- Pension DB 718.000 - \$0.00 Fully funded
- Pension Defined Contribution 718.200 - \$26,400 City provided figure
- Unemployment Insurance 719.000 - \$0.00



- Workers' Comp 720.000 - \$4,300 Policy the Library pays into  
**Total Personnel Services \$1,870,945.00**

A Trustee asked the Director to provide the Board with a comparable number of full time employees (19) and part-time employees (51) with other libraries of our size.

In regards to the Wages (non-pensionable) 704.200 account, Director Farkas was prepared to bring back to the Board the cost for 1%, 1.5% and 2% increase for the staff, but the figures are up for discussion. Trustees gave Director Farkas a \$25,000 figure to work with, which equals a 1.5% increase.

**Total Personnel Services \$1,895,945.00 (revised showing the funds added to account 704.200)**

### **Supplies**

- Office supplies 727.000 - \$23,000 Toner cartridge cost increase; investigating other options for printing
- Postage 728.000 - \$700 Mailings
- Computer Software/Licensing 734.000 – \$86,400 Phone maintenance plan; Dell, VMware This figure has decreased from the previous budget year
- Computer Supplies Equipment 734.500 - \$28,000
- Operating Supplies 740.000 - \$30,000 Toiletries; book supplies
- Desk, Chairs, Cabinets, etc. 740.200 - \$800.00 Local History Room table repair
- Uniforms 741.000 - \$300

### **Materials**

- Books 742.000 - \$195,000 Reduced based on need; HQ software usage
- Book Fines 742.100 - \$1,000 Fees to other libraries for patron loss
- Library Periodicals 743.000 - \$23,800 Increase based on cost/need; print and downloadables (example: Zinio)
- Audio Visual Materials 744.000 - \$71,000 Downloadable books (ex. OverDrive)
- Electronic Media 745.200 - \$51,000
- Online (Electronic) Resources 745.300 - \$55,000 Lower based on usage/need; Gale Resources Courses

**Total Supplies & Materials \$566,000**

### **Services & Charges**

- Public Information (cable) 801.925 - \$1,000 Cable fees
- Bank Services 802.100 - \$2,000 Credit card transactions
- Independent Audit 803.000 - \$700 Completed through City of Novi (October)
- Medical Services 804.000 - \$300 New employee physicals (ft/pt)
- Legal Fees 806.000 - \$1,000
- Memberships & Dues 809.000 - \$4,500 MLA (ft only), PLA, ALA(institution only), Rotary, OCHR, ABWA

- Professional Services 816.000 - \$4,000 IT consulting fees, In-service
  - Custodial Services 817.000 - \$46,800 Increase based on bid from 8/20/14
  - TLN Central Services 818.000 - \$4,500 Delivery 5 days a week
  - Telephone 851.000 – \$11,500
  - TLN Automation Services 855.000 - \$56,000 Online catalog, datamailers, TLN services
  - Gasoline and oil 861.000 - \$500 Van usage/Outreach changes
  - Mileage 862.000 - \$300
  - Community Promotion 880.000 - \$11,800 Promotional items; Muniweb services
  - Library Programming – Book It 880.267 - \$0.00 Seeking other fundraising options
  - Library Programming 880.268 - \$22,500 Increase due to SRP changes; prizes
  - Adult Programming 880.271 - \$0.00 On the Road costs
  - Printing, Graphic Design, Publishing 900.000 - \$29,500 Engage
  - Property & Liability Insurance 910.000 - \$13,200 Provided by City
  - Insurance deduct/Uninsured claims 910.001 - \$0.00
  - Heat 921.000 - \$11,000
  - Electricity 922.000 - \$103,000 Open longer/after hour events
  - Water and Sewer 923.000 - \$5,500
  - Building Maintenance 934.000 - \$80,000 Unexpected costs for 2014-2015  
\*The Library Board has chosen to increase the budget for this line to \$90,000
  - Vehicle Maintenance 935.000 - \$1,500 Brake repair and ignition repair in fall 2014
  - Grounds Maintenance 941.000 - \$28,600
  - Office Equipment Lease 942.000 - \$12,000 Copier lease
  - Records Storage 942.100 - \$300
  - Conferences & Workshops 956.000 - \$14,500 PLA this next fiscal year
- Total Services & Charges \$476,500 (includes the additional \$10,000 for Building Maintenance)**

A Trustee suggested that DTE be contacted to do an energy audit of the building.

Also suggested was the timing of the parking lot lighting be reviewed.

### **Capital Outlay**

- Grounds Maintenance 941.000 - \$71,400 one-third of the traffic study; sidewalks; three (3) Bioswales
- Data Processing – Computers/Equipment 976.000 - \$64,800 Workstations for public (68); workstations for 2016-2017 (59)  
The Trustees asked if we need all 68 public workstations.
- Furniture 990.000 - \$10,000 Reupholster youth chairs/couches

**Total Capital Outlay \$146,200**

**Total Expenditures \$3,084,645 (includes \$25,000 salary stipend/increase; \$10,000 Building Maintenance)**

**Total Fund Balance usage \$370,254 (includes \$25,000 salary stipend/increase;  
\$10,000 Building Maintenance)**

The parking lot is scheduled to be sealed in 2017. A Trustee suggested that the parking lot be sealed after this winter in the 2015-2016 fiscal year after it is recoated. Suggested using funds from the Contributed Funds 269 account for this project.

Installation of the sidewalks 2015-16 fy, but pay for in 2014-2015 fiscal year.

It is believed that in the 2017-2018 fiscal year the Library will reach the breakeven point or better for the fund balance.

Trustee Margolis offered to meet with the newly appointed trustees with Director, Julie Farkas, when the meetings are scheduled.

A motion was made to cancel the March 14, 2015 Budget Study Session.

1<sup>st</sup> – Mark Sturing  
2<sup>nd</sup> – Larry Czekaj

The motion was approved unanimously.

**Adjourn**

A motion was made to adjourn the meeting at 11:18 a.m.

1<sup>st</sup> – Craig Messerknecht  
2<sup>nd</sup> – Tara Michener

The motion was passed unanimously.



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Ramesh Verma, Secretary

March 25, 2015

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Date