



**CITY OF NOVI LIBRARY BOARD
MINUTES, BUDGET STUDY MEETING
FEBRUARY 13, 2010**

1. Call to Order and Roll Call

Library Board

Laura M. Casey, President
Ramesh Verma, Vice President
Mark Sturing, Treasurer
Willy Mena, Secretary
Larry Kilgore, Board Member (10:40 a.m. departure)
David Margolis, Board Member

Absent and Excused

Larry Czekaj, Board Member
Emily Bank, Student Representative
Satya Dalavayi, Student Representative

Library Staff

Julie Farkas, Director
Margi Karp-Opperer, Assistant Director
Mary Ellen Mulcrone, Assistant Director
Marcia Dominick, Administrative Assistant

The meeting was held at the Novi Public Library, Local History Room, 45245 W. Ten Mile Road, Novi, Michigan 48375, and was called to order by Laura M. Casey, President at 8:05 a.m.

2. Public Comment

There was no public comment.

3. 2009-2010 Year End Projections

Revenue -

- Property Tax Revenue: The Year End Projections for Property Tax Revenue is expected to be \$2,673,000.00 (figure provided by the City) as well as the Township Taxes at \$6,900.00.
- State Aid: \$31,704 - The Library normally receives two checks, but depending on when the checks are received, it may fall in two different fiscal years. To date, the library has received only one check in the amount of \$15,852.
- Library Book Fines: The figure provided, \$35,208, is based on the Library being closed for two months.
- State Penal Fines: \$70,103 -The figure provided is lower than expected.
- Interest on Investments: \$9,700- This figure was provided by the City.
- Miscellaneous Income: \$8,000 -The Year End Projection is slightly higher than what was originally budgeted for. Additional items are to be sold on Bidnet, but with a small window of opportunity to finalize this arrangement, items may have to be auctioned.
- Copier: \$2,000.

- Electronic Media: \$5,500 -With the Library being closed for two months, the expected funds have been reduced.
- Meeting Room: \$4,000 - The figure is significantly higher than what was originally budgeted for. However, with the rental to the church being eliminated at this time, other options may have to be visited.
- Gifts and Donations: \$200 -The figure is significantly lower than what was originally budgeted for. This is for smaller, non-specific donations.
- Book Rental: \$12.
- Other Revenue – Grants: \$0.00.
- Fund Balance: \$0.00

Total Revenue:

2009-2010 Approved Budget: \$2,848,550.00

2009-2010 Year End Projections: \$2,846,327.00

Decrease of \$2,223.00

Expenditures –

Personal Services

- Permanent and Temporary Salaries (704.000 & 705.000): \$1,008,500.00 Permanent/ \$492,500.00 Temporary - The figures remain the same.
- Sick Bank Payout (709.100): Year End Projection is \$10,000. Final figures to be provided by the City when received.
- Social Security (715.000): Year End Projection shows \$89,737.00. Waiting on City for final confirmation of figure.
- Insurance (716.000): \$185,150.00 - Figure provided by the City
- Pension (718.000): \$45,100.00 - Figure provided by the City
- Unemployment Insurance (719.000): \$1,905 - There was one claim, but do not expect any claims in the new budget.
- Workers' Compensation (720.000): \$2,000 - Smaller figure than originally budgeted for.

Total Personal Services:

2009-2010 Approved Budget: \$1,851,150.00

2009-2010 Year End Projections: \$1,834,892.00

Decrease of \$16,258.00

Supplies & Materials

Supplies

- Office Supplies (727.000): \$26,500 -The figure remains the same as budgeted.
- Postage (728.000): \$7,500 - The figure is slightly lower than expected. Anticipating mailing the Grand Opening materials and Engage from this budget line.
- Computer Supplies (734.000): The figure shown should be \$80,000 and is on budget.
- Computer Supplies Equipment (734.500): The figure shown should be \$47,500 and is on budget.
- Operating Supplies (740.000): \$23,000 - The figure remains the same as budgeted. Too many unknowns to provide a final figure.

Materials

- Books (742.000): \$200,000 - This figure is slightly less than budgeted based on lack of space at the present library facility and with the Opening Day Collection purchases for the new building.
- Books – Misc. Grant (742.666): \$1,200 - A grant was awarded to the Library.
- Periodicals (743.000): \$13,276 - The figure is slightly higher than originally budgeted. Additional titles were included in the restructuring process for purchasing from one vendor.

- Audiovisual Materials (744.000): \$40,100 - This figure remains the same as budgeted. An increase in purchases is usually made at the end of the fiscal year.
- Electronic Media (745.200): \$33,000 - This figure remains the same as budgeted. This is a popular collection and the funds are expected to be spent.
- Online Resources (745.300): \$65,200 - This figure is slightly lower than what was budgeted. Next year, more online resources are expected to be purchased from the State.

Total Supplies & Materials:

2009-2010 Approved Budget: \$571,600.00

2009-2010 Year End Projections: \$537,276.00

Decrease: \$34,324.00.

Services & Charges

- Bank Services (802.100): \$500 - The figure remains the same as budgeted.
- Independent Audit (803.000): \$810 - The figure is slightly lower than what was budgeted.
- Medical Services (804.000): \$500 - The figure remains the same as budgeted.
- Legal Fees (806.000): \$3,000 - This line item is not typically used, so the year end projection is lower than budgeted.
- Memberships & Dues (809.000): \$5,000 - The figure is slightly lower than originally budgeted.
- Professional Services (816.000): \$8,500 - Additional funds will be used to pay for the Customer Service Model provided to the staff in May.
- Custodial Services (817.000): \$25,000 - The figure remains the same as budgeted. This figure may decrease due to the closing of the present building and with only staff in the new building.
- TLN Central Services (818.000): \$2,500 - This is for deliveries.
- Telephone (851.000): \$15,500 - Will have additional charges with phone systems in the two buildings. The new building will have dedicated phone lines for areas such as Fire, elevators, etc.
- TLN Automations Services (855.000): \$43,000 - This figure is lower than what originally budgeted.
- Mileage (862.000): \$550 - This line item shows a decrease from the approved budget.
- Community Promotion (880.000): \$21,000 - The figure remains the same as budgeted. Funds will be used for the Grand Opening and Artwork promotions.
- Programming (880.268): \$27,000 - The figure remains the same as budgeted. Funds will be used for the Grand Opening events.
- Design, Printing, Publishing (900.000): \$28,500 - The figure remains the same as budgeted. Funds will be used for Grand Opening, redesign of the Library logo, Lunski and Ritter artwork information.
- Property & Liability Insurance (910.000): \$6,000 - Figure provided by the City. The figure is expected to increase to \$22,000 in the 2010-2011 budget based on the value of the new building.
- Heat (921.000): \$16,000 - This figure is slightly lower than budgeted. With taking ownership of the new building the end of March, there will be approximately 3 weeks of service to two buildings.
- Electricity (922.000): \$60,000 - This figure is slightly lower than budgeted. With taking ownership of the new building at the end of March, there will be approximately three (3) weeks of service to two buildings. The figure for the new building has been estimated at \$142,000 per year.

- Water and Sewer (923.000): \$3,000 - The figure is slightly lower than budgeted. With taking ownership of the new building at the end of March, there will be approximately three (3) weeks of service to two buildings.
- Office Equipment Maintenance (932.000): \$0.00 - No funds were utilized.
- Building Maintenance (934.000): \$12,000 - The Library has spent approximately \$10,000 to date.
- Vehicle Maintenance (935.000): \$5,000 - Interior cab improvements were conducted; bumpers were replaced.
- Grounds Maintenance (941.000): \$10,000 - The grounds for the new building will come from this line item for April – June. Still have snow removal and associated expenses in present building.
- Office Equipment Lease (942.000): \$16,000 - The lease for copiers runs through September 2010.
- Conferences & Workshops (956.000): \$15,000 - There is a decrease in funds used – no staff attended the PLA or ALA conferences this fiscal year.

Total Services & Charges

2009-2010 Approved Budget: \$415,800.00

2009-2010 Year End Projection: \$324,360.00

Decrease of \$91,440

Capital Outlay

- Building Maintenance (976.000): No funds were utilized.
- Furniture (990.000): No funds were utilized. Working with the Building Authority to have 30-60 days of funds available after opening for additional needs.

Total Capital Outlay

2009-2010 Approved Budget: \$10,000.00

2009-2010 Year End Projections: \$0.00

Decrease of \$10,000

Total Expenditures:

2009-2010 Approved Budget: \$2,848,550.00

2009-2010 Year End Projection: \$2,696,528.00

Net of Revenue & Expenditures of \$152,022.00

The Board determined that a realistic goal for a 2009-2010 fiscal year-end balance is \$135,000.00.

Per the City of Novi Finance Department, a majority of the items not utilized in the new building will be auctioned rather than placing them on Bidnet due to the time factor of moving and the tearing down of the existing structure.

Proposed 2010-2011 Budget

Revenues

- Property Taxes – 268-000.00-403.000 – Proposed Budget \$2,390,000.00. This is due to a decrease in property taxes of -10.2% with an expected decrease in the 2011/2012 fiscal year of -9.1%. Figures are provided by the City of Novi Finance.
- Township Taxes – 268-000.00-404.000 – Proposed Revenue \$6,900. This is due to a decrease in property taxes similar to City property taxes. Figure is provided by the City of Novi Finance.

- State Aid – 268-000.00-567.000 - The Library receives two checks annually. With the unknowns in State cuts, the Library may see a decrease. The Board chose to reduce the figure provided from \$25,000 to \$15,000.00 and reduce the forecasted figure for the 2011/2012 fiscal year from \$20,000 to \$10,000.
- Library Book Fines – 268-000.00-657.000 – Proposed budget \$30,000 – this is due to the increase in traffic in the new building.
- State Penal Fines – 268-000.00-658.000 – Proposed Budget \$70,000.
- Interest on Investments – 268-000.00-664.000 – Proposed budget \$15, 000 – figure provided by the City of Novi Finance.
- Miscellaneous Income – 268-000.00-665.000 – Proposed budget: \$3,000.
- Copier – 268-000.00-665.100 – Proposed budget \$4,000. With new building opportunities, expect to receive additional traffic.
- Electronic Media 268-000.00-665.200 – Proposed budget \$12,000. With new building opportunities and additional materials.
- Meeting Room – 268-000.00-665.300 – Proposed budget \$6,500. Additional rooms available for rental options.
- Gifts and Donations – 268-000.00-665.400 – Proposed budget \$500.
- Book Rental – 268-000.00-665.500 – Proposed budget \$0.00. No longer offered.
- Library Café – No line item number at this time - \$4,500. This figure is based on 10% of sales and figures provided by the Farmington Library.
- Other revenue – Grants (248-000.00-666.000) – Unknown figure.
- Appropriation of Fund Balance – 268-000.00-680.000 – No figure provided.

The Proposed Revenue for 2010-2011 Fiscal Year: \$2,552,400.00.

Based on a previous meeting, there are three different types of budgets – Surplus Budget; Deficit Budget; and Breakeven Budget. Based on figures, Julie is looking to use some of the fund balance for the first time in the 2010-2011 fiscal year and may have to until either the tax revenues increase, the operating budget figures increase, or the Library changes its expenditures in its budget.

State Aid checks may or may not arrive in the same fiscal year. The Board is comfortable with the State Aid figure provided in this year’s budget, but in the future, figures are unknown.

Expenditures

The Board requested of Julie a chart indicating the salary ranges for staff in relation to the Library Organization Chart.

The Personal Services line items are blank due to the increase in hours for the exempt full time staff from 37.5 hours per week to 40 hours per week effective July 1, 2010. Also, the additional staffing required for the new building is unknown.

It was suggested to start calculating the budget with fixed costs (known) and work backward and address the variable costs.

An option with salaries is to provide Julie Farkas with a set dollar amount and have her work with those figures.

Energy: BEI provided figures to correspond with the usage of both a primary and secondary service for the new Library building. However, the City finance director calculated different costs. Based on recommendations, the Library installed a primary transformer on site. With a

primary transformer, the costs are to be less based on hours used and a minimum KW hours needed to be used to get this lower figure.

The Library has a total of \$3.6 million in reserve— Walker Fund has \$1.5 million; Fund Balance has \$2.1 million. The fund balance divided by ten (10) years will allow for approximately \$200,000 available funds to assist the budget, if necessary. If deficits continue, the Library Board may have to look at taking funds from the fund balance. The Library has done a great job in saving over the years.

The Library might explore getting an endowment, but will defer this option for one year. The Library Board will explore a strategic plan with goals for the future – to move forward.

Personal Services

- Permanent Salaries – 268-000.00-704.000 – No figures were provided.
- Temporary Salaries – 268-000.00-705.000 – No figures were provided.
- Sick Bank Payout – 268-000.00-709.100 – Will no longer be provided as an option.
- Social Security – 268-000.00-715.000 – Need to calculate further and want to have discussions based on the increase from 37.5 – 40 hour work week for full time exempt staff; additional staffing needs; hours of operation.
- Insurance – 268-000.00-716.000 – No figures were provided.
- Pension – 248-000.00-718.000 – No figures were provided.
- Workers' Compensation – 248-000.00-720.000 – No figures were provided.

Total Personal Services is \$0.00 (based on further discussion).

Supplies & Materials

Supplies

- Office Supplies – 268-000.00-727.000 – \$31,500 - Additional printers, copiers, cash/printer tape. We do charge patrons for printing. The Board inquired if the Library could partner with another local company for printer /copier supplies.
- Postage – 268-000.00-728.000 – \$6,000. No additional mailings are anticipated.
- Computer Supplies – 268-000.00-734.000 – No figure was provided. There are maintenance agreements, license and software.
- Computer Supplies Equipment – 268-000.00-734.500 – No figure was provided. The Library will purchase all new equipment for staff and public (5 year life span). The Board discussed the possibility of creating a new line item strictly as a savings for the replacement of computers in the future.
- Operating Supplies – 268-000.00-740.000 – \$23,000 – Unknown costs for additional security cases for audiovisual materials.

Materials

- Books – 268-000.00-742.000 – \$215,000 – With the Opening Day Collection, the Library will still need to update the collections; 10% increase from 2009-2010 fiscal year.
- Books – Misc. Grants - \$0.00.
- Periodicals – 268-000.00-743.000 – \$14,500 – Industry increase for printed materials for the 2010-2011 fiscal year; new titles and options.
- Audiovisual Materials – 268-000.00-744.000 – \$43,100 – A 7.5% increase for fiction downloadables through a new service; 10% increase for 2011-2012 fiscal year.
- Electronic Media – 268-000.00-745.200 – \$35,500 – A 7.5% increase with the adding Blu-ray to the collection.
- Online Resources– 268-000.00-745.300 – \$50,500. This figure was based on usage. The State provides free services.

Total Supplies & Materials is \$ 419,100.00

If the blue areas of expenditures remain constant, then it can be expected that the expenditures for the 2010-2011 fiscal year will reach \$500,000.

The digitization of the Novi News is expected to be completed in the near future.

The Building Authority paid for a core of the technology for the new building, however, the firewall, SAM software and Evanced software didn't qualify for purchase from bond funds.

Services & Charges

- Bank Services – 268-000.00-802.100 – No figure provided. This is for credit card services for fines and fees. Varies based on the number of transactions and the amounts charged.
- Independent Audit – 268-000.00-803.000 – Figure not received from the City Finance Department.
- Medical Service – 268-000.00-804.000 – Proposed budget - \$500.
- Legal Expenses - 268-000.00-806.000 – Proposed budget - \$2,000.
- Memberships & Dues – 268-000.00-809.000 – Proposed budget - \$5,500.
- Professional Services – 268-000.00-816.000 – Proposed budget - \$25,000; Strategic Planning Consultant.
- Custodial Services – 268-000.00-817.000 – No figure provided. The daily cleaning of the building is anticipated to be with the City contract.
- TLN Central Services – 268-000.00-818.000 – Proposed budget - \$2,500. Delivery service fees.
- Telephone – 268-000.00-851.000 – Proposed budget - \$1,200. TelNet – Phone system, Verizon– Mobile/Outreach, AT&T – POTS line.
- TLN Automation Services – 268-000.00-855.000 – Proposed budget - \$50,000.
- Mileage – 268-000.00-862.000 – Proposed budget - \$800.
- Community Promotion – 268-000.00-880.000 – Proposed budget – \$21,000. 50th Anniversary Celebration, September 10, 2010; Community Reads, August – October 2010.
- Programming – 268-000.00-880.268 – The means of evaluating the success of some programs is based on attendance. Proposed budget - \$23,000.
- Design, Printing, Publishing – 268-000.00-900.000 – Proposed budget - \$24,000. Community Reads; Annual Report; 50th Anniversary publications.
- Insurance – 268-000.00-910.000- Proposed budget - \$22,000. Figure provided by the City based on the new building and value computations; future inventory.
- Heat – 268-000.00-921.000 – Proposed budget - \$42,000. Figure provided by the City based on size of the building and the hours of operation.
- Electricity – 268-000.00-922.000 – Proposed budget - \$142,000. BEI provided the computations based on primary service.
- Water and Sewer – 268-000.00-923.000 – Proposed budget - \$12,000. Figure provided by the City and is based on the size of the building. There will be no irrigation fee due to service provided by a well.
- Office Equipment Maintenance – 268-000.00-932.000 – Proposed budget - \$3,000.
- Building Maintenance – 268-000.00-934.000 – No figure was provided. This line item entails windows, carpets, mats, security/fire alarm, etc.
- Vehicle Maintenance – 268-000.00-935.000 – Proposed budget - \$3,000. No expected maintenance.

- Grounds Maintenance – 268-000.00-941.000 – No figure was provided. Landscape, snow, waste, etc. is expensed from this line item.
- Office Equipment Lease – 268-000.00-942.000 – No figure was provided.
- Conferences & Workshops – 268-000.00-956.000 – Proposed budget - \$15,000. MLA, Staff In-Service, Spring Institute, etc.

Total Services & Charges is \$ 394,500.00

Capital Outlay

- Building Improvements – 268-000.00-976.000 – Proposed budget - \$5,000.
- Furniture – 268-000.00-990.000 – Proposed budget - \$5,000.

Total Capital Outlay is \$ 10,000

Total Expenditures: \$823,600.00

Julie provided a budget forecast for the 2011-2012 fiscal year for the Board to review. Julie also provided 2010 – 2011 Budget considerations for Personnel; Hours of Operation; Additional Staffing Needs of the new Novi Public Library; and provided Findings Regarding Increased Usage/Circulation in New or Expanded Library Facilities

The Library’s full time staff has indicated that they prefer to have a ½ hour lunch period, but Julie has stated that she has scheduling issues especially if operational hours are extended.

Alternate dates for the Budget Study Session were discussed. The Board will meet on Saturday, February 27, 2010, 8 a.m. An additional date is reserved if the Budget Study Session must continue – Saturday, March 6, 2010, 8 a.m.

4. Public Comment

There was no public comment.

5. Adjourn

A motion was made to adjourn at 10:56 a.m.

1st – Willy Mena

2nd - David Margolis

The motion was passed unanimously.



Willy Mena, Secretary

March 17, 2010

Date