Call to Order and Roll Call

Library Board
Craig Messerknecht, President
Tara Michener, Vice-President
Melissa Agosta, Treasurer
Ramesh Verma, Secretary (Absent and Excused)
Bill Lawler, Board Member
Doreen Poupard, Board Member
Geoff Wood, Board Member (Arrived 9:00 a.m.)

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 Craig Messerknecht, President, at 8:07 a.m. The pledge of allegiance was recited.

Documents provided at meeting:
- 2017-2018 Proposed 268 Library Budget (Revised 02/04/17)
- 2017-2018 Budget narrative (Revised)
- Revenue and Expenditure Report through 12/31/16 (Updated 1/19/17)
- Novi Public Library Salary Structure 2016-2017
- PIK Inc. Book Drop Quote

Approval and Overview of Agenda
A motion was made to approve the 2017-2018 Budget Planning Session Agenda for February 4, 2017.

1st—Doreen Poupard
2nd—Melissa Agosta

The motion passed unanimously.
Welcome

- Trustee Messerknecht welcomed and thanked the Board members for attending the second budget session meeting.
- Ms. Farkas explained that looking at the Budget Narrative, anything written in the color red is information that has been edited.
  Anything in yellow has been changed from the January 7, 2017 2017-2018 Library Budget 268.

Budget Narrative

1. **Unexpected Costs for Facilities and Technology**
   No changes from the January 7, 2017 Budget Planning Session meeting.

2. **Personnel**
   - **Minimum wage increase**
     The Board is aware that effective January 1, 2018 the minimum wage will move from $8.90 to $9.25 per hour. This increase is reflected in the proposed temporary salary line (705.000) for 2017-2018.
   - **Employee Compensation for 2017-2018**
     Ms. Farkas informed the Board that The City of Novi uses a performance management scale of 0-3%.
     - 0%—Unsatisfactory
     - 1%—Needs improvement
     - 2%—Meets Expectations
     - 2.5%—More than meets expectations
     - 3%—Exceeds expectations.
     Based on her projections $32,000.00 will be needed to allow for this compensation. This amount is factored in across Permanent and Temporary salaries and also includes Social Security.

     A motion was made to approve the Salary Compensation scale of 0%-3% for 2017-2018 effective July 1, 2017 in the amount of $32,000.00

     1st—Doreen Poupard
     2nd—Melissa Agosta

     The motion passed unanimously.

3. **Technology (Budget 734.000/734.500)—Capital Improvement**
   No changes from the January 7, 2017 Budget Planning Session meeting.

4. **Fund Balance Overage/Usage over the past few years**
   The chart reveals the use of fund balance is coming down to its lowest amount since 2010.

5. **Salary Study/Comparison**
   - Trustee Michener explained the minimum wage increase that goes into effect in January, 2018, will leave a much smaller pay gap between those employees and employees on the next rung of the pay scale. This means that some staff members that were in the mid-range will be in the bottom range. Ms. Farkas explained that there are 12 employees, from various departments in the Library, that need to have their salary raised and is requesting $22,000.00 be added to the 2017-2018 Library Budget 268 to accommodate this increase. Due to the loss
of tax revenue in the past, Ms. Farkas explained that there were some years where no salary increases were awarded and staff received a one-time stipend based on being full-time or part-time. The use of stipends, instead of salary increases, contributed to the offset salaries.

- Ms. Farkas assured the Library board that these 12 employees are meeting expectations.
- Trustee Messerknecht asked if they would be receiving both a salary increase and a performance increase and Ms. Farkas said they would not receive the performance increase.
- Ms. Farkas explained that the imbalance of the 12 employee’s salaries is based on the Salary Study from 2008 that the Novi Library uses as a guide.
- In addition to this, Ms. Farkas and the HR committee is working on a pay comparison between the Novi Library and other comparable class 6 libraries. The committee is finding that there is a lot of data to go through and needs more time before presenting any numbers to the Library Board.

A motion was made to approve $22,000.00 for 12 employees for additional increases based on the current salary structure, this amount is already factored into the salary lines of the 2017/2018 budget.

1st—Doreen Poupard
2nd—Melissa Agosta

The motion passed unanimously.

6. Health Insurance
No changes from the January 7, 2017 Budget Planning Session meeting.

7. Pension Contribution
- Ms. Farkas shared information from Carl Johnson, City of Novi Finance Director, about Library Employee pensions. The Library has 16 Full Time employees as of December 31, 2016. Eleven have defined contribution and five have defined benefits.

8. Friends Wish List
No changes from the January 7, 2017 Budget Planning Session meeting.

9. Capital Improvement Projects
Ms. Farkas reminded the Board that at the January 26, 2017 Library Board Meeting they agreed not to move forward with the installation of an electrical sign on Ten Mile Road near the entrance of the Library.

- Lending Library
Ms. Farkas feels that with the addition of two drop boxes to the price of the project, the numbers are as accurate as can be. Two drop boxes would add an additional $4,390.00 to the project. Trustee Verma had requested a contingency of $7,000.00, but since Ms. Farkas has included the cost of the drop boxes, she feels a $3,500.00 contingency is adequate. In order to hold the price the company would require a 50% deposit.
- Unfortunately the City’s timeline for Lakeshore Park is tentative. There is a potential for opening in June, 2018, but it is not guaranteed. Because of this, the money may not be needed until the 2017-2018 Fiscal year.
• Trustee Verma requested that since additional money is going to be used to increase unbalanced salaries, he requested Board discussion about how much money should be put into the Lending Library.
• Trustee Messerknecht is wary of the value that these kiosks will bring to the Library. He feels it is important to wait to see what the City plans to do. He is very hesitant to put a large deposit down.
• Trustee Poupard has reservations about the Lending Library, although she understands the desire to reach out to the North end of Novi. As costs go up it becomes less desirable.
• Trustee Lawler is in favor of the project as it reaches beyond brick and mortar but feels it would be premature to do without the park being planned out.
• Trustee Wood struggles with the concept of having to take the book right on top. With so much technology he feels you should have an option to choose the book you want from a selection.
• Trustee Michener asked about the frequency of changing materials and Ms. Farkas plans on having staff out there every day to change out materials.

A motion was made to move forward with the purchase of one lending library vending machine and drop box for fiscal year 2017-2018, at the quoted price of $39,965.00, from fund 269.

1st—Geoff Wood
2nd—Doreen Poupard

The motion passed unanimously.

Break 9:35-9:45

10. Outstanding Fines
• For the fiscal year 2016-2017 to date there is $16,676.93 in outstanding overdue fines and $10,612.69 in outstanding lost fines, totaling $27,289.62, that are on Novi Library patrons’ cards.
• Trustee Messerknecht asked if the Library uses agencies to retrieve the money and Ms. Farkas informed the Board that the Library does not use a collection agency. It would be an additional cost to use such a service. Ms. Farkas said she would add this statistic to the Board packet quarterly.

11. Term Limits
• For the two Board positions that are up in March, both Trustee Michener and Trustee Wood have applied to the City of Novi to remain on the Library Board.

12. LED Lighting Project
• The Library was presented with two options for the LED lighting project. One option offered by the Energy Reduction Coalition required no upfront money but took a percentage of savings over an extended period of time. The second option is to pay upfront charges, but all savings go to the Library as soon as the project is complete. Generally the project can be completed in two weeks.
  o Trustee Messerknecht informed the Board it would be a $70,000.00 investment but the Library would get back that money in 2-3 years. If they went with ERC it would take 10-20 years before they would see significant savings.
Ms. Farkas said that she would need to include $2,000.00 for an electrical engineer.
Trustee Messerknecht reported on behalf of Trustee Verma that Trustee Verma felt it took too long for these other companies to get the quotes and wished to go with ERC.

A motion was made to initiate a bid for the LED replacement lighting project not to exceed $70,000.00 out of 268-000.00-976.000 and to allocate $2,000.00 for a bid spec out of 268-000.00-816.000.

1st—Geoff Wood  
2nd—Doreen Poupard

The motion passed unanimously.

13. Property Tax Revenue and Definitions
Ms. Farkas has requested that Carl Johnson from the City of Novi provide written information explaining the different tax revenues which will be added to the Library Board of Trustee Orientation manual. She said it will take some time for him to gather this information.

2017-2018 Library Budget 268 February 4, 2017
Ms. Farkas projects that year-end 2016-2017 expenditures to be $2,945,839.00 and total fund balance usage to be $103,036.00. This is significantly lower than was approved. There were significant savings in Temporary Salaries due to part-time staff turn-over.

A motion was made to approve the 2017-2018 Library Budget 268 with revenue totaling $2,901,020.00 and expenditures of $3,090,996.00 using a fund balance of $110,045.00.

1st—Melissa Agosta  
2nd—Geoff Wood

The motion passed unanimously.

Total Revenue budgeted for 2017-2018: $2,901,020.00
Total Expenditures budgeted for 2017-2018: $3,090,996.00
Total Fund Balance usage is projected: $110,045.00

Board Member Reflections

- Trustee Lawler was happy with the budget discussion.
- Trustee Agosta is excited about the upcoming LED project and the Lending Library. And sees the work with salaries as a positive actions.
- Trustee Poupard complemented the Board on their ability to talk and clarify issues. She also complemented Ms. Farkas's ability to be so open to discussion with the Board.
- Trustee Wood commended Ms. Farkas for all the work she put into preparing for the meeting.
- Trustee Michener was grateful for the meeting and glad to be a part of the discussion.
- Trustee Messerknecht felt everybody was able to express their views and contribute to further cost savings. He also thanks Ms. Farkas and all the committee members.
- Ms. Farkas thanked her staff and management team for their hard work.
A motion was made to adjourn at 10:17 a.m.

1st—Bill Lawler
2nd—Melissa Agosta

The motion passed unanimously.

February 23, 2017

Ramesh Verma, Secretary

Date