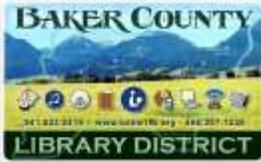


Baker County Library District
 2017-2018 Budget Committee
Meeting Minutes
 Monday, May 24, 2017

Call To Order	<p>Gary Dielman, President of the Library Board of Directors called the meeting to order at 5.00pm. The meeting was held in the Riverside Meeting Room at the Baker County Public Library, 2400 Resort Street, Baker City, Oregon.</p> <p>All five of the Library Board of Directors was present including Gary Dielman, Kyra Rohner-Ingram, Della Steele, Nellie Forrester, and Betty Palmer. Budget Committee Members present included Aletha Bonebrake, Bob Savage, and Maryalys Urey. Also present at the meeting was Perry Stokes, Budget Officer and Library Director; and Christine Hawes, Business Manager. It was noted that two committee members were unable to attend; with 8 members attending, a quorum was present.</p>
Elect Budget Committee Chair	<p>Dielman asked for nominations for the Committee Chair position. Savage nominated Bonebrake; Rohner-Ingram seconded. Dielman asked for other nominations. There were no further nominations given. Bonebrake said that she was willing to chair the meeting. Nominations were closed. Dielman called for a vote on the motion appointing Bonebrake as the Chair for the Budget Committee Meeting; motion passed unanimously. Dielman passed the meeting to Bonebrake.</p> <p>Bonebrake thanked Hawes for taking minutes. She was asked by Stokes to take the minutes, so he was free to make the presentation.</p>
Agenda Potential Conflicts of Interest	<p>Bonebrake asked for additions or changes to the agenda. None were given.</p> <p>Bonebrake asked if there were any conflicts of interest to be declared. There were none stated.</p>
Presentation of Proposed Budget by Budget Officer	<p>Bonebrake thanked Stokes for “an incredible budget packet.” She invited Stokes to present the proposed budget.</p> <p>Stokes thanked everyone for coming and for their participation on the committee. He had distributed a very large budget packet. He feels it is important to be transparent with the public who supports the library. It also helps make this meeting shorter, assuming everyone has read the packet before the meeting. Also, he joked that his strength is in documentation rather than public speaking. In the Budget Message, he noted that most comparison figures are to the prior year original budget, rather than the final budget, for clearer demonstration of annual goals. Comparison to the revised budget is sometimes helpful to explain unanticipated mid-year</p>



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changes.

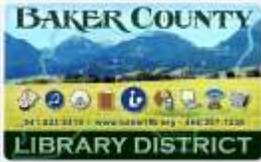
Stokes reminded the group that refreshments are available and invited everyone to get something at any time. Various office supplies and calculators are also provided for convenience.

Bonebrake asked the group if anyone had questions, she would like to have them ask them now. Some may be tabled if they are addressed in the presentation. Urey said she had written down a few questions. On page 2 of the Budget Message, the large drop in the property tax valuations. Stokes said it was a surprise as it had climbed rapidly the last few years and then suddenly dropped off. Bonebrake added the County Assessor re-evaluates property values every 3-5 years. This can give a false impression as it climbs in between valuations. On page 3, the graph titled Collection Investment vs. Use, she asked for an explanation. Stokes said there is growth in usage (circulation) after the levy passed. Our "Use" does seem to be directly correlated to the more we purchase new materials, the more "Usage" also increases. It is good for us to be aware of this trend and know that our investment in collections is needed. On page 6, the personnel changes. She thinks our staff is wonderful. She said this will be addressed in the presentation so will forgo that here.

Bonebrake asked if there were others that had questions before going on. Savage said that he will wait for the topic he has in mind to come up in the presentation. There were no other questions.

Stokes began with the General Fund Cash Carryover figure, noting it is sufficient to put the District in a good starting position. He was pleased to find it will not be as low as originally budgeted given the large projects this fiscal year (LED lighting project and Internet infrastructure improvements). Compression is increasing again this year. There are minimal changes in miscellaneous revenues. The growth rate dropped two percentage points from 4.7% to 2.8%. The compression continues to increase and will stagnate revenues in the upcoming fiscal year.

In **Personnel Services**, PERS rate have skyrocketed with a 35% cost increase, as many have read in the state and local news. Health insurance remains stable with a nominal 4% increase, although that is above the inflation rate so it is a little high. Savage asked about the insurance company. Stokes said that the library's insurance is provided by Special Districts Association of Oregon. The District raised the deductible on its policy many years ago and



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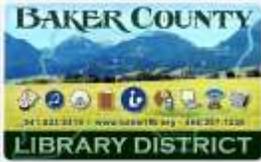
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pays one-half of the deductible to help keep costs down. Savage said that was a good strategy. Bonebrake commented on the Western Region Consumer Price Index in the budget notes. She asked if he had applied the CPI scale to the budget. Stokes said that the CPI is at 2.9%, we have budgeted for a 2% cost of living increase. Bonebrake agreed that the CPI covers larger areas. She said that the library has always tried to stay tied to the refined CPI for our area, and in line with COLI rates given by Baker County. Stokes affirmed that he does compare salaries with the County and with other libraries. She suggested an improvement for next year, would be to have the County comparisons with similar size libraries in similar geographic areas for the committee to see.

Stokes said that **Personnel Services** has the most changes to review. Staff development has been a priority. The district is fortunate to have recently hired a couple of highly-qualified new staff. The Facility Specialist has background as a professional contractor and worked for FEMA. The Haines branch lead has an MLIS degree. Bonebrake asked what level they were started at. Stokes said that they are positioned at advanced classification tiers due to their experience. Other changes include a senior staff member fully retiring. That benefits-qualifying position will be eliminated. He would like to transfer those benefits to someone else but the PERS increase is essentially consuming that option. Some of these hours will be distributed to existing staff. The IT Manager is dropping one day to work 32 hours a week. He is very concerned about passing on his knowledge of the library network and systems. With the savings from one day, an intern can be paid for two days a week to work with him. The shelving position has changed after a long-time employee retired. The District replaced the position with two part-time shelvers which has worked very well. This year a third Page position will be added to help keep up with book donations. Personnel Services is at 69% of the operating budget and is on the upper end of the target range of 65-70%. When looking at the historical trend, fiscal year 2015-2016 is anomalous due to delayed hiring of two significant staff positions that year.

In **Materials and Services**, the book budget will start 4% lower than the previous year. The goal is to achieve a budget of 10% of the operating budget. The current level is 8.5% of the total operating budget. It is usually expanded later in the year as excess funds can be allocated to collection development. Bonebrake commented on BCLD Annual Circulation decline shown on the graph, she believes there is a problem with the algorithm targets for interlibrary loans. Stokes agreed and said the library often has



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the book that is borrowed; these errors are reported to Sage administrative staff when we found. He believes that BCLD has an excellent collection that meets the public demand more than the statistics show at this time. Facility maintenance will be kept at a high level to address several projects on the maintenance plan. Janitorial contract line increased due to an expanded scope of duties at the Baker branch. The District will finally compensate for the loss of weekly PRCF work crews. That loss has been a hardship for the District, requiring significant funding to hire a maintenance staff and expand the janitorial services contract. Insurance is decreased due to the board decision to decline adding earthquake and equipment failure insurance at this time. Materials & Services is at 31% of the operating budget.

The General Fund budget increases by a total of about \$15,000 -- Personnel Services \$9,696 plus Materials & Services \$5,378.

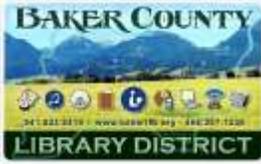
The Transfer Category has historically included a \$10,000 transfer to the severance fund annually. The Severance fund is on target to meet projected obligations so this year we are allocating one-half of that (\$5,000) to a Capital Reserve in Other Uses Fund. A transfer of \$1,000 will go to the Technology fund for future server replacements. There will be \$1,500 transferred to Election Reserve to offset future election costs.

Operating Contingency is on target with a projected carryover increasing to \$241,000. This fund is used to operate from July 1 to November when tax revenues are dispersed. Over the next five years, the District will aim to grow this reserve to approximately \$300,000 (\$15,000/year). If unable to sustain that reserve, the District would need to briefly assume debt by securing a Tax Anticipation Note (TAN) or other short-term loan for operations.

Bonebrake commented that "this is marvelous". Stokes is doing a good job of taking care of the facilities and keeping the budget on target. She is excited about the budget.

Stokes moved on to **Other Uses Fund** budget highlights. The grants activity is reduced for anticipated activity levels. Online book sales are doing well thanks to Diana Pearson and her team. Other Funds will continue to transfer \$4,000 to General Fund to supplement the book budget.

The **Sage Library System Fund** has a couple small changes after it was adopted by the Sage User Council. The cash carryover will be higher than



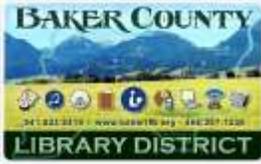
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	<p>the Council expected and the personnel benefit expenses are adjusted from estimates to new, more accurate figures. Sage is facing a challenge of staff recruitment. The System Support position remains open despite being advertised twice, perhaps due to the salary being too low. Since Sage cannot increase the salary, the position may be revised to part-time or independent contract. Another concern is that the White House has proposed to reduce or entirely eliminate the federal Institute of Library and Museum Services agency and thereby LSTA funding. These funds are received through the Oregon State Library and pay for half of the Sage courier services for the Interlibrary Loan network. Sage will increase membership fees by 3% this year, which covers PERS and other cost increases.</p> <p>That concluded Stokes' presentation.</p>
<p>Public Comment Opportunity</p>	<p>Bonebrake stated that there were no members of the public present for public comment period. Bonebrake proceeded on to questions.</p>
<p>Budget Committee Questions and Deliberations</p>	<p>Bonebrake asked the committee if there were any further questions.</p> <p>Urey inquired about a reference on page 7 to an increase in revenue due to eclipse revenues. Stokes said that he has read that local agencies may somehow receive additional tax revenues as result of the massive tourism for the eclipse event. The proposed increase is quite small at \$1,000, so is mostly symbolic.</p> <p>Bonebrake asked about the increase in prior year taxes, inquiring if a large business went off the tax roles. Stokes said that the increase was due to the Sunridge Inn recently being sold which resulted in payment of back taxes.</p> <p>Stokes asked for ideas to improve the packets for next year.</p> <p>Rohner- Ingram said that discussion about the Director's salary was missing. It appears that a due step increase is being deferred again. Stokes explained to the group that the District does have a Director salary development plan for a series of five 7% step increases. To date, four of those five increases have been adopted. The final one has been repeatedly deferred due to budget constraints and other priorities.</p> <p>Bonebrake added that the plan was intended to get the salary up to comparative levels so the District could attract and keep a quality person.</p>



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	<p>Rohner-Ingram asked for an explanation of how “step increases” work in the wages matrix. Stokes explained that within each job classification, a “step” is a 5% salary increase distributed over five years; once one reaches the 5th step, or top level for that classification, the employee stays at that rate with Cost of Living Increases only unless awarded a promotion. There was some discussion as to whether the Director salary should be increased next fiscal year as it has been deferred 4 or 5 times. Stokes commented that he is always concerned with the administrative salary ratio as compared to regular staff and in regards to the economic climate. He feels it would risk negative public image for the district and staff should the executive get a raise when some staff levels are a little low and economic growth is sluggish. He sees the current Director salary as adequate, so available funds are better invested toward compensation of other staff such as mid-level employees. Bonebrake commented that it is time for a whole new salary matrix based on State statistics for comparable areas. Stokes agreed. Dielman said that he has been pointing out the Director salary issue for more than 10 years. He said that next year the board may need to make a directive to have Stokes take the last step in his salary matrix. There was some discussion with board members agreeing to discuss this for next fiscal year.</p> <p>Bonebrake pointed out that salaries are less than 70%. If that ratio were over 70%, she would recommend it be reduced in order to maintain the facility. She was glad to see that the budget is keeping the facility in high priority. The District needs to be good stewards for the patrons who have supported it.</p> <p>Savage said that if the Director salary development plan is not achieved, the District may run the risk of recruitment struggle for a new Director should that need arise. And if a salary must be increased to recruit adequate candidates, it means the prior employee was not being appropriately compensated according to market value. Nevertheless, he agreed that a big jump would not look good at this time. Bonebrake said that the salary is good for now. The Board and Committee can visit the topic again next year.</p> <p>Bonebrake asked for any further comments. She asked everyone to take a few minutes to look over the budget for any changes or advice.</p> <p>There were no further comments or questions.</p>
<p>Approval of Budget</p>	<p>Bonebrake said that hearing no further questions, she invites anyone to make a motion on the budget proposal.</p>



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	<p>Savage made a motion to approve the Fiscal Year 2017-2018 Budget of the Baker County Library District as proposed for the total amount of \$1,935,328 and the amounts per fund as shown below: General Fund \$1,318,893, Other Funds \$192,500, Sage Library System Fund \$423,935, Totaling \$1,935,328 as presented. I also move to approve the tax rate of \$0.5334 per \$1,000 of assessed value in support of the General Fund, and a tax rate from the Local Option Levy of \$0.249 per \$1,000 of assessed value in support of the General Fund; Urey seconded.</p> <p>Dielman asked for any further discussion; there was none. The motion passed unanimously (Yea – 8 members present; Nay – none; Abstain – none).</p> <p>Bonebrake commented that she is pleased that the budget is holding steady in light of current economic climate and PERS challenge. Other agencies are having a harder time. The Library District appreciates the community support. Rohner-Ingram thanked everyone for coming.</p>
<p>Next Meeting Date</p>	<p>The second Budget Committee Meeting scheduled on May 31, 2017 at 5:00pm will not be needed and is cancelled.</p> <p>The regular Board of Directors meeting will be held June 12, 2017 at 6:00pm at which time the budget will be adopted.</p>
<p>Adjourn</p>	<p>The meeting was adjourned at 5:55pm. Respectfully submitted,</p> <p>Perry Stokes, Secretary to the Board PS/ch</p>