

**Josephine Community Library District  
Budget Committee Meeting Minutes  
Thursday, November 30, 2017 at 5:15 pm  
Ben Bones Room, Grants Pass Branch Library**

**Members present:** John Harelson, Bill Kohn, Jay Meredith, Tom Miller, Jim Polk, Jennifer Roberts, Laurel Samson, Judy Williams

**Members absent:** Joanne Stumpf, Beecher Ellison

**Staff present:** Library Director Kate Lasky, Business Manager Kevin Mee, Transition Administrator Teresa Stover

**Guests:** Sue Beacham, Nancy Hitchcock

**CALL TO ORDER.** JCLD Board President Samson called the meeting to order at 5:16 pm.

**Introductions.** All present introduced themselves.

**Introduction to the budget process.** Ms. Samson summarized the work of today's meeting. She pointed out that as a new local government formed just this year, Local Budget Law does not require that an FY18 budget be prepared, and so this isn't a formal Budget Committee meeting. However, Library Director Kate Lasky, as Budget Officer, has indeed prepared a budget and will present it tonight, looking for advice, suggestions, and comments from committee members.

**Approval of agenda.** No changes were made to the agenda.

#### **FY18 BUDGET OVERVIEW**

**FY18 budget message.** Budget Officer Kate Lasky reviewed the FY18 budget message while referencing the budget forms including the Financial Summary All Funds, Budget Recap, Detailed Resources, Detailed Expenditures, and the Special Fund Resources and Requirements. The following are highlights:

- **Half-year Budget.** This budget covers January through July 2018. Historical data is the last three years of Josephine Community Libraries, Inc. (JCLI) actuals.
- **JCLI Grant.** JCLI granted the district \$122,000 for startup and transition costs, and it does not need to be repaid. Details of the grant are in the Memorandum of Understanding (MOU) between JCLI and Josephine Community Library District (JCLD) dated 7/12/2017. It was noted that because of JCLI's grant, the district did not need to take out a loan to build the organization's infrastructure and the district will have a cash carryover into FY19. It was noted that JCLI will no longer have payroll after December 31, 2017, will declare dissolution in January, and will dissolve no later than June 30, 2018. JCLI is investigating when assets, including intellectual property, may legally be transferred to the district.
- **Strategic Planning.** The district board went through a professional strategic planning process, which was one of the terms of the MOU and paid for by JCLI. The process resulted in the 2017-2020 Strategic Direction and includes the vision, mission, values, reputation, position, imperatives (goals), initiatives (activities), and objectives (measurements). The strategic plan was key in creating this budget. Mr. Harelson pointed out that monthly financial reporting to the board will include progress on the strategic plan. Ms. Williams pointed out that one of the key drivers of the strategic plan is carrying over the JCLI culture to the district.
- **Revenue.** Actual tax collection is expected to be \$1,276,153 of the total \$1,358,236 billed as shown in the Statement of Taxes & Summary of Assessment Roll for fiscal year ending June 30, 2018.
- **Personnel.** The budget was built for 15 FTEs, but the district will start the year with 13.1 FTEs and revisit the staffing plan in FY18 Q4. Benefits offered are modest yet competitive with the private

sector. The personnel numbers are not annualized; instead, they are what's expected to be spent from the date of hire through the end of FY18. Volunteer labor, which is valued at \$24.15/hour in Oregon, is expected to match paid labor.

- **Materials and Services.** The materials and services budget was driven by the strategic plan, which calls for an increase in books and programming.
  - **Library Catalog (Polaris).** The Polaris contract is being transferred from JCLI to JCLD in December.
  - **Collection Development.** To be on par with neighboring library districts, JCLD needs to spend \$3.50 per capita, where JCLI was spending \$1.50 to \$2 per capita. It was noted that 50 percent of library users live outside the district, for a population of 30,000 to 50,000 people. The committee pointed out that the Collection Development half-year amount of \$87,500 is a big win for the district. JCLI was only able to afford \$25,000 annually.
  - **Computer Maintenance.** JCLI hasn't spent a lot on hardware and software, and workstations and servers are now outdated. The district will move to hosted cloud services for Microsoft Office and Exchange.
  - **Telecommunications.** To help pay for fiber optic lines in Illinois Valley and Wolf Creek, the district is applying to the Federal Communications Commission (FCC) e-Rate program, which reimburses qualifying libraries and schools for telecommunications hardware and software. Mr. Miller asked whether changes are expected due to changing federal priorities. It's believed that the program is safe for at least the next two years.
  - **Library Service Supplies.** There are currently 35,000 library card holders. The district will redesign the library cards with new district branding.
  - **Communications & Outreach.** JCLI is transferring ownership of Constant Contact, bookmarks, and graphic design to JCLD. When the district expands hours, all communications materials must change.
  - **Volunteer Support.** Library volunteers don't want money spent on them, and if it is, they want the expenses to be as frugal as possible. For the past three years, 13 FTEs of volunteers have logged about 25,000 hours annually, equivalent to about \$500,000 worth of labor.
  - **Travel and Training.** Multiple employees serve on committees in various professional associations, and conferences are important for library and professional development. Several staff members like the volunteer manager and maintenance coordinator will have responsibilities across the four branches, so there will be more travel between branches.
  - **Utilities.** The JCLI utilities budget estimates have been highly accurate.
  - **Insurance.** JCLI never had any worker's compensation claims. The district will also obtain volunteer accident insurance.
  - **Legal Administration.** The committee discussed the district's legal services through its designated legal counsel plus SDAO legal services. It was pointed out that SDAO offers a field audit as part of its pre-loss services.
  - **Audit.** No audit is required for FY18, but the district will need to contract with an auditor soon so that processes, procedures, and internal controls are set up properly. The district will create its own financial statements and reports, and the auditor will suggest adjustments. The committee discussed the use of outside versus in-house accounting services and their relationship with their auditors.
  - **Facilities Plan.** The budget includes \$50,000 for a facilities master plan for the four branches, with \$25,000 of this coming from grants. The committee discussed several possible grant funders. It also discussed the district's strong partnership with Josephine County Library Foundation, which is a 501(c)(3) nonprofit organization in existence for 25 years. The district

will seek a grant writer in January. JCLI's grant writer consistently brought in five times her cost annually.

- **Special Contracts.** This includes contracts for grants and other writing and marketing services, IT support, and the Online Computer Library Center (OCLC) cataloging service.
- **Building improvements.** Beyond security improvements for the IV branch, other improvements will be addressed in the Facilities Master Plan to be developed in 2018. The committee discussed building ownership. Ms. Lasky explained that Josephine County is transferring ownership of the land and building for the IV branch, transferring ownership of the Williams branch building (Three Rivers School District owns the land), and transferring the existing lease for the Grants Pass branch for \$1/year through 2020. The Josephine County Library Foundation owns the Wolf Creek branch land and building and will transfer the lease from JCLI to JCLD. When Josephine County gifts the ownership of land and buildings to JCLD, it will increase the district's holdings. Mr. Kohn and Mr. Polk pointed out this might need to be reflected in the FY19 budget. It's presumed that Josephine County will start charging rent for the Grants Pass branch as of January 1, 2021, and the Facilities Master Plan will need to address this situation. Ms. Roberts stated that the Josephine County Library Foundation (JCLF) is committed to working on this issue with a building fund.
- **Special Fund.** This fund is for grants and other donations. Current grants include the JCLI grant for startup activities, a grant proposal to JCLF for fundraising activities (referring to the November 15, 2017 memo titled "Library Development Program Proposal"), and the Oregon State Library Ready to Read grant (referring to the 2018 Ready to Read Grant Application dated August 31, 2017).
  - **Individual donations.** Mr. Meredith asked about the future of JCLI fundraising. Ms. Lasky said that JCLI's fundraising operation is being transferred to JCLF as part of the Library Development Program. As a private nonprofit foundation, JCLF can invest the funds for better return. The committee discussed the effort to obtain authorization from JCLI donors to share their donor information with JCLF. It also discussed the JCLF end-of-year fundraising drive. Donations are allowed for the district, but district staff will ensure that donor intentions are honored.
  - **Other grant opportunities.** Mr. Miller mentioned the federal Institute of Museum and Library Services (IMLS) Library Services and Technology Act (LSTA) and Meyer Memorial Trust (MMT) grants programs. MMT is making a big commitment to programs promoting equity and diversity.
- **Capital Fund.** An RFP will be developed for a qualified vendor to analyze the library facilities, collect community input, and develop the Facilities Master Plan.

The committee discussed interfund transfers, which is transferring between the general fund to the special fund. It also discussed the Unappropriated Ending Fund Balance amount of \$265,307. Unappropriated funds go toward the starting balance for the next fiscal year, and cannot be spent unless the Budget Committee approves a supplemental budget. This funds the months of July through October before the next year's tax receipts come in. Ms. Lasky noted that because of JCLI's grant to the district, there will be funds each year for the period between July and October. The suggestion was made to adopt a fund balance policy which would specify the percentage of the budget that's intended to carry over to the next year. It was recommended that a good percentage for contingency and unappropriated funds is about 45-55 percent (about \$450,000), with about half in contingency and half in unappropriated. Board action is required to use contingency funds, and allows the board more flexibility.

**Action:** A fund balance policy will be drafted and reviewed by the JCLD board.

The committee commended Ms. Lasky for the thorough budget message presentation.

**PUBLIC COMMENT.** Ms. Sue Beacham stated that the budget forms were somewhat confusing. Ms. Nancy Hitchcock stated that she's very impressed with the work reflected in the budget package, and that she appreciates the volunteerism of all the Budget Committee members.

### **FY19 BUDGET PLANNING ORIENTATION**

**FY19 budget development process.** The committee reviewed the "FY19 Budget Development Process and Tentative Committee Calendar" memo from Ms. Lasky dated November 30, 2017. The following suggestions and points were made:

- Have a draft budget by mid-February.
- Have actuals from the first two months of library operations (January and February) to inform the FY19 budget development.
- Don't include the budget summary sheets, as the detail sheets are sufficient.
- Focus on appropriation categories: materials, capital, personnel, contingency.
- Instead of line items for each personnel position, there should be one line item for all management, another for all other personnel, and another for benefits.
- Include a reserve fund to save for a big capital expense or emergency like a new roof or other building maintenance.
- After the budget is approved by the Budget Committee, the district board may change the amount spent in an appropriation category by 10 percent.

**FY19 Budget Committee calendar.** The three Budget Committee meetings are tentatively proposed for the weeks of February 26, April 2, and May 7. The dates will be confirmed in early FY19 and approved at the first Budget Committee meeting. The following suggestions were made regarding the FY19 Budget Committee calendar:

- Add an orientation workshop before the first official Budget Committee meeting.
- Three Budget Committee meetings will probably not be necessary.
- Have all meeting notices state that the budget could be approved.

### **DISCUSSION**

**Questions about the budgets or process.** Mr. Harelson pointed out that because this is the first year of district operation, Ms. Lasky may make changes to the FY18 budget based on the committee's suggestion without reconvening the Budget Committee. Ms. Lasky announced that the FY18 budget will go to the district board for review and adoption at its December 7 meeting.

**Information requests.** There were no information requests.

**ADJOURNMENT.** The meeting adjourned at 7:21 pm.

Respectfully submitted,



Teresa Stover for Board Secretary Kate Lasky  
Josephine Community Library District