

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' MEETING
LAS VEGAS, NEVADA
April 1, 2010
(approved May 20, 2010)

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in regular session in the Las Vegas Library Boardroom, Las Vegas, Nevada, at 12:00 p.m., Thursday, April, 2010.

Present: Committee: V. Davis-Hoggard, Chair
K. Benavidez
R. Ence
A. Aguirre (via telephone)
K. Crear
F. Barron, ex-officio (via telephone)

Counsel: G. Welt

Absent: None

Staff: Jeanne Goodrich, Executive Director
Fred James, Deputy Director, C.F.O.
Numerous Staff

Guests: None

V. Davis-Hoggard, Committee Chair, called the meeting to order at 12:07 p.m.

Roll Call (Item I.) All members listed above represent a quorum. Trustee Aguirre called in immediately after the roll call. Both he and Trustee Barron (Board Chair and ex-officio member) attended via telephone.

Agenda (Item II.) Trustee Ence moved to approve the Agenda as proposed. There was no opposition and the motion carried.

Discussion and possible Committee action regarding the Fiscal Year Ending (FYE) June 30, 2011 Tentative Budget submittal to the Department of Taxation and preparation for the May 20, 2010 budget hearing. (Item III.) Executive Director Goodrich opened the presentation on the Fiscal Year Ending June 30, 2011 Tentative Budget by saying that the figures provided to the Finance and Audit Committee members for review are now incorrect. Ms. Goodrich reported that Deputy Director Fred James received an email late on Friday, March 26 from staff at the Nevada Department of Taxation with information that the state is now projecting lower property tax revenues than they earlier estimated. The email also included four caveats that stipulated that the numbers provided in the email are still far from final.

Ms. Goodrich continued to say that staff must continue to develop the District's Tentative Budget, which is an administrative filing due on April 15, 2010. With this new information, the materials staff provided to Trustees are now outdated. Staff will be providing Committee members with new financial information and will be recommending another Finance and Audit Committee meeting be scheduled prior to the April 8, 2010 Regular Board Meeting to review it.

Ms. Goodrich reported that, as a result of the information about the projected property tax revenues for FYE June 30, 2011, she is now projecting the worst case scenario as discussed with Trustees at the February Finance and Audit Committee meeting. The reduction of approximately \$11-12 million in property tax revenues from the 2009-2010 Fiscal Year figure means that District staff will now need to look

Minutes - Board of Trustees' Finance and Audit Committee Meeting

April 1, 2010

Page 2

at recalibrating District services and hours of operations. Goodrich noted that in the 2008-2009 Fiscal Year property tax revenue came to approximately \$52.3 million, property tax revenues for the current 2009-2010 Fiscal Year are estimated at \$48.4 million and, with the newest information, property tax revenues are now projected for the 2010-2011 Fiscal Year to be approximately \$36.3 million, a substantial reduction.

Mr. James said that the proposed Tentative Budget documents provided to the Committee reflected the direction given to staff at the March Board meeting regarding the tax levy rate to use to prepare the budget for the 2010-2011 Fiscal Year. James received the updated, but still preliminary, property tax revenue figures from the Department of Taxation late Friday, which come to approximately \$36.3 million using the approved tax levy rate. He reported that the 25% drop in property tax revenue from the current fiscal year amount (approximately \$46 million to \$48 million) means District staff must adjust expenditures for the 2010-2011 Fiscal Year while also accommodating the required medium-term bond interest payments.

Trustee Ence asked about the consolidated sales tax (CTX) projections for the next fiscal year. Mr. James said that the best information he has is that CTX revenue stabilized over the last year and is projected to stay the same into the new year. Staff will use the state's projection of \$14.2 million in CTX revenue in a \$13.9 million to \$14.6 million range.

Mr. James said that staff will be redoing the budget summaries provided to Trustees and will be providing them next week. He then suggested that the Finance and Audit Committee meet again on April 8, 2010, prior to the Regular Board meeting at 6:00 p.m. After discussion, Committee members agreed to schedule the next Finance and Audit Committee meeting at 4:00 p.m. at the Rainbow Library. All Trustees will be encouraged to attend.

In response to questions from Committee members, Ms. Goodrich and Mr. James emphasized:

- Cuts made to District operations in the 2010-2011 Fiscal Year Budget will be permanent and cannot be eliminated in the next few years.
- Due to property tax increase caps, even if assessed valuation increased by 50% next year, the 3% cap on residential property tax increases and the 8% cap on commercial property tax increases will slow property tax revenue increases. It will take approximately 10 years for property tax revenue to rise to the level the District received in the 2009-2010 Fiscal Year.
- The sharp drop in property tax revenue means the District must restructure its operations.

Trustee Aguirre asked about the status of union negotiations. Ms. Goodrich said that the District has contacted the union to set a time but has had no response from the union.

Chair Davis-Hoggard commented that everything must be considered including salary cuts and furloughs, District hours of operations and the

Minutes - Board of Trustees' Finance and Audit Committee Meeting

April 1, 2010

Page 3

costs for outside groups to use District facilities. Ms. Goodrich said a report on public use and the cost of the District's conference rooms and theaters will be presented at the April Board meeting.

Counsel Welt asked if it was still possible to change the property tax levy rate approved by Trustees at the March Board meeting. Mr. James said that would be up to the Trustees but that the tax levy rate can be changed.

Trustee Aguirre asked about Library District Foundation fundraising plans, such as a capital campaign. Ms. Goodrich reported that foundations and large donors are reducing the amount of money they donate. She has spoken to many local organizations that depend on grant funding and that is the case for every group. Aguirre followed up to ask about fundraising from library patrons, commenting that small amounts can add up quickly. Goodrich and Chair Davis-Hoggard both responded that fundraising is down across all levels and that people who may have given \$10-25 in the past are not in a position to do so at this time.

Trustee Barron asked for clarification on the union contracts so that she can understand what is allowed and not allowed. Counsel Welt said that District labor counsel Scott Abbott would be the best person to discuss the specifics of the contracts. He did say that until the current contract with the four separate District bargaining units expires, all items affected must be discussed if either side wants to change or amend the current agreements. Some items, while not specifically covered under the contracts or are a District right (such as layoffs) under the contract, are best accomplished through discussion with the union representatives. Mr. Abbott would be the best person to clarify what is what.

Ms. Goodrich will arrange to provide copies of the contracts to Trustees. Mr. Welt said he would be happy to set up briefings with Scott Abbott, the District's labor counsel, for Trustees Barron, Aguirre and any other Trustee who is interested and Trustee Barron will provide a report to the Committee.

Trustee Crear then asked if staff could provide a budget comparison between the current tax rate and a different tax rate. This led to a discussion about the estimated property tax revenues and the information Committee members needed to make a recommendation about the tax rate for staff to use to prepare the Tentative Budget.

Trustee Barron moved to direct staff to prepare a Tentative Budget for review using tax levy rate .0941.

Trustee Ence said he was concerned about staff using a different tax levy rate than the one approved by the full Board in preparing the Tentative Budget.

After further discussion which focused upon Committee members desire to compare the impact of different tax levy rates upon overall District operations, Trustee Barron withdrew the motion.

Trustee Barron then moved to direct staff to provide separate tentative budgets for review to the Finance and Audit Committee at the April 8

Minutes - Board of Trustees' Finance and Audit Committee Meeting

April 1, 2010

Page 4

meeting using tax levy rates .0809 and .0941. There was no opposition and the motion carried.

Trustee Crear said that all Board members should be encouraged to attend the Committee meeting.

Trustee Aguirre said he believed that he spoke for the entire Board when he extended his thanks to Ms. Goodrich, Mr. James and all the staff for their long hours and hard work in dealing with the budget issues. Committee members present agreed.

**Public Comment
(Item IV.)**

None.

**Adjournment
(Item V.)**

Chair Davis-Hoggard adjourned the meeting at 12:42 p.m.

Respectfully submitted,

Verlia Davis-Hoggard, Committee Chair