

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING
LAS VEGAS, NEVADA
APRIL 10, 2014
(approved May 15, 2014)

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in regular session in the West Sahara Library, Las Vegas, Nevada, at 5:30 p.m., Thursday, April 10, 2014.

Present: Committee: Y. Yturralde, Chair M. Saunders
S. Moulton R. Wadley-Munier
K. Crear (ex-officio) – via telephone

Board: S. Bilbray-Axelrod
M. Francis Drake

Counsel: G. Welt

Absent: R. Ence - Excused

Staff: Jeanne Goodrich, Executive Director
Fred James, Deputy Director, CFO
Numerous Staff

Guests:

Y. Yturralde, Committee Chair, called the meeting to order at 5:31 p.m.

Roll Call (Item I.) All members listed above represent a quorum. Trustee Wadley-Munier arrived at 5:30 p.m. Trustee Crear attended via telephone and called in at 5:34 p.m. Trustee Ence had a conflict and was excused.

Public Comment (Item II.) None.

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

Discussion regarding the Fiscal Year Ending (FYE) June 30, 2015 Tentative Budget submittal to the Department of Taxation and preparation for the May 15, 2014 Budget Public Hearing. (Item IV.) The Nevada Revised Statutes require that the Tentative Budget be filed with the State Department of Taxation by April 15, 2014. The Tentative Budget is an administrative report of anticipated expenditures and does not require Board action. The Tentative Budget is for discussion purposes only, and will be adjusted according to the final revenue estimates expected to be received in early May, as well as subsequent expenditures, for the District's Budget Public Hearing scheduled for May 15, 2014.

Executive Director Goodrich said she is pleased to report that, after six years of revenue reductions and service cutbacks, the District is finally turning the corner and is able, with the FY 2014-2015 budget, to make sustainable service improvements. The years of prudent cost reduction, expenditure management, and personnel cost containment have paid off as staff prepare the budget for the coming fiscal year. As the table below indicates, staff is projecting a 2% increase in property tax revenue and a 6.6% increase in consolidated tax revenue. The proposed budget will allow for the expansion of badly needed computer

lab and homework help services, expanded services to children and families at the renovated Sunrise Library, a positive response to service demands at two busy outlying branches, Sandy Valley and Moapa Valley, and the shoring up of critical support services in Human Resources, General Services and Information Technology.

This budget positions the District for the future through the establishment of a new Capital Projects Fund for needed furniture replacement, an opening day collection for new or enlarged facilities and the implementation of a comprehensive services and facilities master plan to address the needs of both the District's aging facilities inventory and the demands from population growth. The proposed budget maintains a prudent ending fund balance and the proposed budget level is sustainable, using conservative expenditure and revenue estimates over the next 15 years.

PROJECTED REVENUE

FY 2014-2015 Projection: \$57,535,000 FY 2013-2014 Revenue: <u>\$55,685,000</u> Increase: \$ 1,850,000	<ul style="list-style-type: none"> • Projection based on 2% increase in property tax revenues (estimated at \$36,300,000) • Consolidated Sales Tax (CTX) revenues estimated to increase by \$1,150,000, 6.6% • Other revenue sources projected to remain stable
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CURRENT AND PROPOSED OPERATING BUDGETS

CURRENT (FY 2013-2014)	PROPOSED (FY 2014-2015)
Salaries & Benefits: \$ 33,168,277 63%	Salaries & Benefits: \$ 35,563,576 64%
Services & Supplies: \$ 10,875,398 21%	Services & Supplies: \$ 1,414,238 21%
Library Materials: \$ 7,930,000 15%	Library Materials: \$ 8,035,000 14%
Capital Outlay: \$ 293,600 1%	Capital Outlay: \$ 391,000 1%
TOTAL \$ 52,267,275	TOTAL \$ 55,403,814
<ul style="list-style-type: none"> • This adopted operating budget is essentially flat when compared to the previous fiscal year • Capital projects have been moved out of the operating 	<ul style="list-style-type: none"> • Improved youth and teen services, e.g. TechArt Studios at Sunrise, Enterprise, and Sahara West and computer lab and Homework Help Center at Rainbow

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<p>budget into the Capital Projects Fund, a more accurate placement of these expenditures</p> <ul style="list-style-type: none">• As part of a phased-in effort to restore services, an additional evening hour of service has been added back to the urban branches (7-8 p.m.)• The Library Materials budget increases by \$125,000 and is maintained at 15% of operating• The budget reflects negotiated increases in salaries and benefits• This budget level is sustainable, using conservative expenditure and revenue estimates over the next 15 years	<ul style="list-style-type: none">• Staffing levels are stabilized to meet service demands and to meet increased demands at the Sandy Valley and Moapa Valley libraries.• Long deferred support in areas of Human Resources, General Services and Information Technology addressed• Comprehensive Services and Facilities Master Plan implemented• Planning process for East Las Vegas branch funded• \$8 million budgeted for Library Materials; future allocations indexed for inflation• Transfers to Capital Projects Fund build up reserves and provide funding for identified repairs, maintenance, and construction projects• This budget level is sustainable, using conservative expenditure and revenue estimates over the next 15 years
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READ LEARN ACHIEVE

The proposed budget provides for service enhancements identified as priorities within the Read Learn Achieve Strategic Framework by staff and managers during the last year. These enhancements include an expanded Youth Services area at the Sunrise Library, an expanded Computer Lab at the Rainbow Library, the creation of a Homework Help Center at Rainbow and the opportunity to prototype new staffing and customer service delivery methodologies at both branches. In addition, four Family Place libraries (Clark County, Las Vegas, Whitney and Windmill) will become fully operational during the next fiscal year with plans in place to expand the Family Place concepts to all urban branches over the next two years. In addition, staff are pursuing grant funding which will allow the District to expand tutoring services to four additional branches (Clark County, Las Vegas, West Las Vegas, and West Charleston), all of which are within the city of Las Vegas' Downtown Achieves school feeder zone.

In response to citizen requests and usage, service hours are expanded at the Sandy Valley branch. Additional staff are assigned to branches that have had trouble meeting service load requirements, including the Moapa Valley branch. The teen TechArt Studio services become operationalized, with dedicated spaces planned for the Enterprise and

Sahara West libraries. As the demand for library space increases to include services such as tutoring, computer labs, collaborative and training spaces, the physical Library Materials collection size will be reassessed in order to optimize both the size and makeup of the District's collection. As the District service mix shifts, the allocation to the Library Materials budget must be reexamined. Older allocation models have simply allocated a percentage of the operating budget to Library Materials. This approach no longer makes sense as the services which are not related to a physical collection continue to grow. At the same time, the District now has tools which allow staff to be smarter in selecting and allocating materials and in moving materials to meet shifting needs. Electronic formats (both downloadables and streaming media) will continue to grow and plans will begin for a Library Materials redistribution center to ensure that materials move throughout the District to meet customer needs.

While 71% of the District's operating budget goes to support direct public services (through branches, outreach, and the Library Materials budget), these services cannot be effective if they are not supported adequately. During the Great Recession years, no additions were made to the support service areas. As with deferred maintenance and repair, we are now feeling the impact and public services staff and managers are voicing concerns. Consequently, this budget proposal includes two additional Human Resources professionals (who will focus on benefits and training, as well as supplementing other staff in the recruitment and selection functions), two laborers in General Services (so that the District is not using skilled technicians to move furniture and equipment) and two Systems and Network Analysts, required to keep the District's many systems functioning and to provide needed technical expertise as staff begin planning for a new or migrated Integrated Library System. The current system is nearing the end of its supportable life.

CAPITAL PROJECTS

The Capital Projects Fund accounts for the acquisition, replacement or construction of major capital projects and facilities. It has consisted of six programs to accumulate available resources to be appropriated in subsequent budget years. The programs are: Integrated Library Systems, Technology Replacements and Upgrades, Building Repair and Maintenance, Capital Construction, Library Materials (opening day collections for new or expanded facilities), and Vehicle Purchase and Replacement. This budget adds a seventh program designed to accumulate funds for the replacement of library furniture. As with the other funds, staff knows that furniture wears out over time and, as the District renovates buildings, 20-30-year-old furniture can look very shabby.

During previous tight budget years, building maintenance and repair projects were budgeted at the absolute minimum. District-owned facilities now range in age from three to 27 years old. Staff must respond to both deferred maintenance and current maintenance and repair needs to ensure that District facilities are safe, attractive and functional. The latter requirement can be challenging and expensive as

staff work with buildings that were not designed to provide space or power and data outlets for numerous computers, the types of meeting and work space now needed or to be easily modified as needs and uses change over the years. Staff is also finding that manufacturers no longer support or provide parts for older component systems.

Staff recommends the following:

- Expenditures for needed major building repair and maintenance: youth services and Computer Lab enhancements at Rainbow, carpet replacement at Summerlin and Whitney, HVAC repairs and replacements at Sunrise, Spring Valley, and Sahara West, and rigging maintenance and repair at Clark County, West Las Vegas and Summerlin, as well as numerous smaller repair and maintenance projects throughout the District.
- Replacement of five vehicles, in accordance with the replacement schedule established FY 2012-2013.

Much of the District's building stock is now 20 to nearly 30 years old and the population of the District continues to grow. Rather than making piecemeal decisions regarding building renovations, additions and new construction, a comprehensive services and facilities master planning process is required to systematically inventory current needs and project the optimal ways to meet future needs. The proposed budget provides funds to hire experienced library building planners to take an overall look at trends in library services, District demographics, the condition of current buildings and their suitability to provide required services (as determined by community input processes) as well as the trends in population growth in both the urban, suburban and rural parts of the District service area. Because the East Las Vegas and Mesquite needs have long been documented, we feel comfortable proceeding with those projects in tandem with the master planning process.

FIFTEEN YEAR PROJECTION

As the 15-year budget projection spreadsheet shows, the proposed spending levels and projected revenue levels result in a balanced, sustainable budget going forward. Based on the economic forecasts that staff are aware of, staff believes the revenue projections are realistic. Staff projections scale up to the 4% level in five years, which takes the District to the recovery level now projected by other public jurisdictions.

In the next fiscal year, staff plans to continue to expand services in response to articulated needs, add back needed support services, and continue to increase the Library Materials budget. The District will continue to meet its ending fund balance target (\$6.5 million) and is able to contribute to the Capital Projects Fund balances so that the District can continue to replace outdated equipment, make necessary repairs and conduct necessary maintenance to our buildings.

Deputy Director/CFO Fred James then discussed his 15-year budget projections and explained that this is the most critical part of putting the District in the best position for the long term. Everything that staff

does is designed so that the District is in a comfortable position for the next five years and this is projected out for the next 15 years as well. If something happens over the next five years, changes can be made and forecast for the next 15 years. Mr. James emphasized that the District has no control about the amount of revenue the District receives each year and the staff can only make projections and manage the budget expenditures to coincide with the revenues.

Mr. James explained the assumptions regarding the FYE 2015 expenditures and projected revenues: Salaries and benefits are expected to increase 5.45% for FYE 2016 and 5% thereafter, while services and supplies are expected to increase 1.5% until FYE 2018 and 2% thereafter. The Library Materials budget will be \$8 million in FYE 2015 and indexed thereafter. The transfers of \$8.1 million from the General Fund to the Capital Projects Fund in FYE 2015 will fund the new Furniture Purchase and Replacement Program and put money back in the Library Materials Program. Staff always plans for a minimum ending fund balance of \$6.5 million and used the following revenue assumptions, a 3.32% increase for FYE 2015, a 3.75% increase for FYE 2016-2019, a 4% increase in FYE 2020-2024 and a 4.25% increase for FYE 2025-2029.

Chair Yturralde was happy to hear about plans for location renovation taking place in an organized fashion and happy to see the use of experienced library building planners. She asked where their cost would be in the budget. Ms. Goodrich said fees for these services would come out of the Capital Projects Fund.

Trustee Saunders asked what drivers would District staff use when calculating the rate of inflation to use when determining the amount spent on collection materials. Ms. Goodrich said staff has not yet determined whether to use CPI or another similar index, especially since library materials cost increases are usually higher than those of consumer goods. Instead, the experts in Collection Development and Bibliographic Services will be approaching the question in terms of, how much money do we need to buy the collections that the District needs to buy, both physical and electronic; and, do we have an adequate amount? So, it really is not adding in an inflation factor but based upon expenses, need and feedback.

Ms. Goodrich added that staff does receive feedback from branches and sometimes it is that they are receiving too much material for their specific branch. Ms. Goodrich said that this is coming back to how librarians' work is changing. To add a computer lab at Rainbow, for example, staff will have to take out some shelving. That means that it does not make sense to keep sending the branch as many books if they do not have the same amount of capacity. Staff must look at what material is really working and what meets the needs of patrons.

Ms. Goodrich said there will be a continual shifting of material resources to meet the needs of patrons. She drew a comparison to what has happened in the world of technology. Even the process to acquire material has changed. Some material the District is no longer able to purchase, but must "lease," such as Ebooks, for a specific number of uses.

Trustee Saunders asked for an explanation of the materials redistribution center and how it would work. Deputy Director/COO Tom Fay explained that the District currently has what is considered a "floating collection." Now, the library materials collection rotates between branches as needed and does not belong to one physical space or location. This situation helps with movement as materials presumably go to the branch where they are required. There are several issues with this approach, one of which is that the District has several branches which are known as "surge" locations because more materials come back to these particular locations than there is a demand for. This results in too much of one type of material at a branch that does not require it. Rainbow is a surge location due to its placement next to several major intersections and the freeway. Library staff at these locations then have to work with staff at other locations to see if one of the other locations wants or needs the excess material.

Mr. Fay continued to say that one piece of the materials distribution center will be to manage the above process better, so that the surge materials can be managed and held at the materials redistribution center location. The materials will still be available to patrons via the catalog and available in a day or so at most branches. Also, looking at the long-term view, developing the comprehensive services and facilities master plan, one of the things that is going to change is how staff and patrons utilize District spaces. Branches will evolve to meet the needs of patrons, providing a different mix of collections and services.

So when that happens, Mr. Fay said, the District will still want to have a good, strong and deep collection of materials. The District may not have every single item at a specific branch but it will be available in the materials redistribution center with a quick delivery. The District may not be able to provide daily service immediately, but that is the goal. Other ideas include a will-call center at the distribution center for same or next day service.

Mr. Fay said that he is not sure yet where the materials redistribution center will be located, but ultimately it will always ensure the District maintains a depth of collection as well as ensuring the types of materials that are in high demand, will be located at the branches at the point of contact with the patron. He promises it will be interesting as staff develops the comprehensive services and facilities master plan. It will also help the District as the staff changes the process to buy materials, not tying the amount to a specific percentage of the budget. Staff will also be able to really analyze the types of materials that the District is selecting and determining the best location, whether at a branch or the materials redistribution center. The redistribution center may be best for material that is only used two-three times per year, but it is still very important.

Ms. Goodrich said that what staff are saying is that the size of the collection in terms of items will remain the same, but it will be housed a little bit differently. The proportions of physical items and downloadable items purchased will change. It is not about trying to reduce the overall size of the collection, but about trying to use the

overall space in our branches in some different ways and still have easy access to the collection.

Trustee Bilbray-Axelrod wanted to clarify the book return process. Her understanding is that currently, the location that she returns the book to is where it remains until another patron checks it out. She asked if there any exceptions to this practice. Mr. Fay did say there are some exceptions and added that, as the District gets into the process and looks at other types of library systems equipment, there are other capabilities that can be added. If, down the road, staff wants to establish a certain number of these types of materials at a particular branch, the current system cannot handle that.

Mr. Fay continued to say that a lot of these questions will be asked as staff moves forward with planning these new types of collections and services. Part of the task of the comprehensive services and facilities master plan is also making sure staff identifies what things are going to be required in a future computer system for collections. Staff will be looking at these types of systems in the next two to three years as they will be critical to making sure this process flows seamlessly.

Trustee Saunders asked how the TechArt Studio program is going and said that he would love to see this program expand to include the whole community, not just teens. Ms. Goodrich said that the Chicago library system, one of the first locations for this program, also had a lot of demand for this program from the patrons who had "aged" out of the teen program and it was expanded to serve them. Goodrich anticipated that the District will see much the same and she says this is a good example of the future use of District space. The process would start by prototyping the area and staff have several ideas already. It is a process of experimenting and seeing what the interest is.

Trustee Moulton was excited to hear about the start of the planning process for the East Las Vegas branch and wanted to know if there any ideas or specific locations that have been identified. Ms. Goodrich said that the District and City of Las Vegas staff are at the beginning of the process but that the City has a piece of property they have talked about, at the former Variety School site, which District staff believes is an excellent location.

Trustee Moulton asked if there was any desire or need to consider extending the branch hours. Ms. Goodrich said that staff so far have advised her that they do not see an expansion of the 8-9 p.m. hour as a higher priority at this time. In some parts of town, patrons do not feel especially safe out at that hour. Goodrich continued to say that staff have looked at the statistics and use during the 7-8 p.m. hour is spread out and staff have not seen a big change in circulation or door-count since the hours were expanded to 8 p.m. The expansion from 7-8 p.m. simply made it more convenient for families to get to the libraries after dinner.

Trustee Moulton then asked about an earlier opening hour, at 9 a.m. versus the current 10 a.m. Ms. Goodrich said that staff will continue monitoring the statistics but that the arguments are the same for that time period. She said that the first hour of the day and the last hour of

the day were the least busy times across the District. Staff will continue to evaluate the statistics, especially when communicating with the community during the work on the comprehensive services and facilities master plan.

Trustee Saunders asked when Trustees could expect to see the master plan staff have been talking about. Ms. Goodrich advised Trustees that there is a process and the District is at the beginning, in the information gathering phase. Staff anticipates getting an RFQ out in the next few months.

Trustee Moulton said she thought that the work done on the 15 year projections for the District's financial period were phenomenal. She also asked if Ms. Goodrich's reference in her narrative to the "Great Recession" is the term people seem to be using. Ms. Goodrich said that has been her experience.

Trustee Yturralde commented that the Rainbow Library was home to her and her daughter for over a decade and she is happy to know there will be many changes. Ms. Goodrich cautioned Trustees that the District is not able to do everything that was initially talked about for Rainbow once the planning process was begun. Actually, Ms. Goodrich said that was the trigger to determine that a master plan for services and facilities was necessary, not to complete work in a piecemeal fashion. At Rainbow, the Homework Help Center and the Computer Lab are top of the list for the staff and, they believe, the community as well. Yturralde added that she is very happy that the District is responsive to the needs of the patron community and thanked staff for their hard work.

**Public Comment
(Item V.)**

None.

**Adjournment
(Item VI.)**

Chair Yturralde adjourned the meeting at 6:05 p.m.

Respectfully submitted,

Ydoleena Yturralde, Committee Chair