

## **Budget Committee**

### **Meeting Minutes**

Tuesday, May 14, 6:00pm

Jean Marie Gaulke Community Meeting Room

502 State St, Hood River

Budget officer: Rachael Fox

Meeting notes prepared: Rachael Fox and Mo Burford

Present: Rachael Fox (Staff), Mo Burford (Staff), Jen Bayer, Karen Bureker, Jazmin Contreras, Brian Hackett, Megan Janik, Andrea Krol, Sara Marsden, Jean Sheppard, Eric Stasak.

#### **I. Nomination and election of Chair**

Library Director Rachael Fox called the meeting to order at 6:01pm. The committee conducted introductions. Bureker nominated Hackett to serve as Committee Chair. Bayer seconded. The motion carried unanimously.

#### **II. Additions/deletions from the agenda (ACTION)**

Hackett

Library Director Rachael Fox called the meeting to order at 6:01pm. The committee conducted introductions. Bureker nominated Hackett to serve as Committee Chair. Marsden seconded. The motion carried unanimously.

#### **III. Conflicts or potential conflicts of interest**

Hackett

None stated.

#### **IV. Budget message**

Fox

Fox read through the budget message included in the budget committee packet. Hackett asked if the projected figures for the Westside Urban Renewal Area would change. Fox stated that we would keep an open dialogue with the Urban Renewal Agency to get updated figures annually. The consultant hired by the City of Hood River had projected a huge growth at the beginning of the Westside Urban Renewal Area, but this has not been the case. Sheppard asked if this was the best estimated projection. Fox explained that the projection listed was the best estimate as of today.

Bayer asked if we had ever discussed the impact of Urban Renewal. Bayer stated that we have known about Urban Renewal since the beginning when the District was formed, and the Library District has benefited from it, but there are no comments stating the benefit. Hackett stated that a larger area was created in the Westside, and it overtakes the gains we had from the other districts that closed, 122 million versus tens of millions downtown.

Bayer stated that overall, if we invest in the community, the overall tax stream grows, but these discussions are negative, and we are not including the positive. Sheppard stated that it still takes money out of the budget. Stasak stated the Library Director is the budget officer, and it is her job to identify reductions in revenue. Janik mentioned that we are never actually getting the money back because a new Urban Renewal Area starts.

Bureker stated that we should look at the maximum impact the urban renewal areas would have on the budget to ensure we are projecting correctly, as there is a maximum amount of

acreage. Sheppard remembered being told last year that the waterfront was supposed to end, and it was a surprise that it did not. Bayer stated that it was a surprise to the City as well. Bayer recalled when the Downtown Urban Renewal ended early, and the District had an additional \$20,000, emphasizing the importance of looking at the bigger picture.

Hackett stated that his negative view stems from the fact that the Library District had no say, and the voters had no say, and as an elected official for the library, he is an advocate for the library. Fox stated that she did not have a breakdown in the past because the urban renewal areas were in place when she became the Library Director. She explained that it is important to have this information to project funding for the library and plan for the future.

Bureker stated that it is important to plan ahead for the maximum amount of increments and it will be great if it ends early. Now, we need to think about the future and plan ahead. Stasak asked for clarity regarding Urban Renewal. Bayer stated that the concept has existed since the District was formed, and Stasak raised the point that if we are raised at a certain rate within an inflationary period, we are going to have conflict. Sheppard stated that we cannot raise our millage rate without a levy or bond, and the Library District has to stay within that budget while there are mandated minimum wage increases, health insurance increases, and inflation, with no other revenue coming in. Sheppard mentioned that we have a limit because of Measure 5. Stasak stated that we benefit as citizens and is glad we are budgeting. Fox continued with the budget message, moving forward with our current budget and sustaining it without expansion. She mentioned that we can expand within a container, like using volunteers and other innovative ways. Fox then reviewed the Strategic priorities and goals listed in the budget meeting packet.

#### **i. General Fund**

Fox read through the budget message included in the budget committee packet. Fox then reviewed the list of revenue in the budget committee meeting packet. Stasak asked for clarification around the fine-free library policy. Fox explained that the District did not charge late fines, but would charge patrons for the cost of an item if it was kept past four weeks. She mentioned that if a patron accumulated over \$15.00 in fees on their account, their account would be blocked. When the items were returned the fees were removed from the account. There was also a mention of auto-renewals being allowed up to two times.

Krol asked for clarification regarding the reserves. She asked how much of the \$900,000 was reserves since a portion was needed to carry the District over to the next fiscal year. Fox mentioned that they would get to the specifics of expenditures later and asked Krol to let her know if her question was not fully answered.

Fox moved on to the expenditures listed in the budget committee meeting packet. In the section regarding personnel costs Sheppard asked if the increase of two hours for the Children's Services Assistant was for the Librarian II category. Fox explained it was for the Library Assistant II category and the one and two were cut off in the documentation. Krol asked for clarification if this was to make the change permanent. Fox stated it was to make it permanent since it was increased this fiscal year.

Fox explained benefits for staff members. Sheppard asked how much they give to staff utilizing the HRA Veba. Fox stated it is half the cost of the medical insurance, which costs around \$680, and then it is divided in half and prorated based upon the number of hours an employee works. They would pay between \$200-\$300 per person instead of the \$680 if they

paid for the full medical benefits. Bayer stated the figure on page 20 shows the actual costs of health benefits is \$75,000 each year, although the District budgets almost twice that. Fox stated on page 44 it is about \$115,000. Bayer stated the actual cost it is about half. Sheppard stated those figures are only through February 2024. Bayer looked at the previous years, and it was around \$77,000. Fox stated they had a large increase, a 15% increase overall, and three more staff members switched over to the District health insurance. Bayer stated the District has never been at the maximum. Fox agreed they have never been at the maximum, but the District has flexibility if we need to pay more. Sheppard asked if the premiums begin in January. Fox stated they do. Fox stated we had people add after the enrollment period, which means the rates are fixed at the time of enrollment. Bureker asked why the maximum projected amount for health insurance was less than last year. Fox stated she found a slight calculation error on the maximum amount.

Stasak asked who does the payroll. Fox stated they have an accountant that actually processes the payroll, but Fox is the one that enters the numbers as the Human Resources manager, but the accountant processes the checks.

The budget committee discussed the cap of \$1,300 for health insurance, and it was raised two years ago and was generous. Last year, they had a reduction in health insurance premiums, and then they discovered Providence was no longer in-network, so they had to switch three months early. Bureker asked if the insurance was for every employee. Fox stated they provide insurance for everyone working over 20 hours, and then it is prorated based upon the number of hours they work each week. Bureker stated if you are under 20 hours, you do not get any benefits. Fox stated that was correct. Stasak asked if the part-time employees were just underneath that threshold. Fox stated that was correct. They have three employees right underneath that threshold, and then one position at 12 hours per week.

Fox moved into the Materials and Services section of the General Fund listed in the budget committee packet and discussed each line item. Bureker asked about the length of the contract for the Cascade Locks. Fox stated it was an annual contract because it made accounting purposes easier for them. Fox explained the telephone line item increased because they switched to a new company. Sheppard asked about the new outdoor phone. Fox explained it is VOIP and costs \$15 per month to have the phone, and it breaks down barriers to access. Sheppard asked why the internet line item went down. Fox stated she wanted to speak to the Library Foundation to use the funds previously allocated for a new fish tank to fund the patron WiFi hotspots. Fox explained the cost in time was greater than they wanted to take on, as they were going to partner with the Fish and Wildlife to raise the salmon and release them. Sheppard stated there were compliments about WiFi outside. Fox explained they will install a covered, weather-protected area.

Hackett stated for some service providers, they have a regular process with a competitive bidding process. It can be a challenge because they have limited options and get only one bid. Hackett stated we are always looking best use our resources. Fox stated it is recommended to go out for bids every 3-5 years, and public contracting rules raise the amount to \$25,000 when bids are needed. However, it is still important to get multiple bids for costs below \$25,000.

Fox explained they belong to a consortium called SAGE, which has an administrator that oversees the consortium, and it covers their library material courier system. Marsden asked if there were other options. Fox stated they used to belong to Gorgelink, and there were only a

few member libraries. They do not have many options for other consortiums, and their former Library Director made the decision that SAGE was the best option for them. Burford stated many small libraries banded together, and it saves them fees. Fox stated they used the professional services category in the past for hiring a consultant for the strategic plan for \$25,000. Hackett expressed that the consultant did a phenomenal job. Fox agreed.

Fox stated she left \$10,000 in the program line item in case they get a donation, but they are actually having all programs funded by the Friends and Friends of the Library Pat Hazlehurst endowment. Fox stated we have extra funds budgeted in case they spend additional funds, and then we do not have to reconvene the budget committee.

Sheppard asked why they are not transferring funds to the Capital Fund this year but planned to do so next year. Fox stated she hoped she could work with the budget and create a plan to transfer funds in the future. Sheppard asked if that was directly related to Urban Renewal, and Fox explained it was the unanticipated extension that she needed to move around \$35,000. Sheppard stated Fox listed all the projects of what they would do with funds we have saved. Hackett stated it is the forward budgeting, and they anticipated expenses of what they need to replace. Hackett stated even the way they are replacing 20% of the physical stock of technology equipment, which doesn't create a crisis. Sheppard stated they do not want to go back to the voters, and they need to live within their means, but it all should not be spent on operating costs, and they should be saving funds every year.

The board discussed vacation rollover and how the Library District allowed 80 hours of carry over which is prorated based upon weekly hours.

The committee discussed the carryover of \$910,000, and they need \$480,000 to operate from July through mid-November, with \$100,000 of that being contingency. Bayer asked why it is so high. Fox stated the carryover is for capital projects. Bayer stated they should spend the money and not hold onto it, as it is almost double what they need to operate, and it is a bad way to budget. Stasak stated the ending fund balance is the same as last year, so they are holding steady as long as they do not spend the contingency. Hackett states it is a conservative budget. Bayer stated they are planning for things that fail, and they have insurance. Hackett states, but it also includes expenses that are not known.

Fox stated they had the increase in the unappropriated fund balance because they had \$83,000 and reduced costs during COVID. The projections moving forward show the budget is not going to increase each year, and they are maintaining, and they are not going to be able to save for the future, which is what she is looking at. They used to be able to transfer funds to the capital fund. Bayer stated every year they have this conversation. Bayer does not think it is the best way to spend funds. Sheppard stated they have been cautious, and rising materials and services and personnel costs may create a tipping point, and costs will be more than revenue. Fox stated they are at that point. Sheppard stated \$400,000 sounds like a lot, but it could go away in a heartbeat.

Bayer stated they have had more funds every year. Bureker asked what is an appropriate amount of carryover. Sheppard stated they could spend the funds on projects and not increase the carryover each year. Bayer stated they should not cut staff due to URA but spend the funds instead. Sheppard stated they should not add personnel or open Mondays and not overextend if we can't maintain those costs. Bureker stated maybe they can increase part-time hours. Fox stated she does not want to add more personnel if they cannot sustain

them, and she does not want to lay off employees. She added the Bookmobile Specialist position because she thought they would be getting more revenue but the URA was extended. Sheppard stated they could add to the Collection Development.

Bayer stated there seems to be turnover. Burford explained subs leave for more employment, and the last two employees that left were due to opportunities in their field.

Stasak stated they need a fund balance of \$500,000 to operated from July through mid-November. They will have a \$400,000 balance with \$100,000 for contingency, which is about \$300,000 unappropriated. The Governor's Finance Association recommends 10% of revenue coming in as a minimum baseline. The District should have at least \$200,000 as a minimum, and an independent body recommends at least \$200,000.

Sheppard asked if staff want more pay. Fox stated she most often hears a request for more hours. Bayer suggested hiring a marketing person or website person. Bureker stated giving the four employees twenty-two hours and benefits. Fox stated they would need to use the unappropriated funds. Hackett stated the unappropriated funds are to cover future expenses. Fox stated we are currently spending as much as we are receiving in income and this includes having to make up \$35,000 due to the extension of the URA.

## **ii. Capital Equipment Reserve Fund**

Fox stated she did not recommend transferring funds this year. Fox went through the planned expenditures over the next twenty years.

## **iii. Grants Fund**

Fox went through the Grants Fund as outlined in the budget committee packet.

## **V. Budget Committee questions and deliberations**

Hackett

Krol thanked the team and expressed a lot of respect for the time and energy put into preparing the budget. Krol's question was about the growth and concern about big expansion to add an extra day and whether the limitation is due to the source of revenue. Krol asked if the library can get any additional revenue beyond taxes, Friends, and Foundations. Hackett stated he does not want to use levies for funding like the county, school district, and parks and rec. Sheppard stated the first time the library went out for a special district, it failed, and they do not want to have to go back to the voters. If they use a levy, they have to ask every four to five years.

Sheppard stated if we want to spend additional fund we can wait until the next budget year or reconvene the budget committee and spend money if they want.

Sheppard states 10% of reserve is too low, and 15-20% would be safer. Bayer stated they could put funds into the Capital Fund. Bureker and Sheppard agreed that would be more appropriate. Fox stated she has been conservative, and last year she tried making it so they are expending the amount they are taking in. Hackett stated these are not extra funds but funds they plan to use in the future for planned expenditures. Sheppard stated they could transfer \$100,000 to the Capital Fund, and it would accomplish the same purpose. Bayer stated it would be more accurate and transparent. Krol stated it would be more accurate to know how much they have in the General Fund they can spend. Bureker asked what if they keep 15% and move the rest to the Capital Fund. Sheppard stated the unappropriated fund balance expanded exponentially due to COVID, and they received \$83,000.

Stasak stated they could make the move tonight to move funds from the General Fund to the Capital Equipment fund. Fox stated they typically move between \$15,000 to \$25,000 from the General Fund to the Capital Equipment Fund. Committee members discussed the amount they should transfer. Hackett proposes transferring \$100,000 from the General Fund to the Capital Equipment Fund for the expenses they plan to incur. Fox agreed they could transfer the \$100,000. Fox stated they needed to make adjustments to the figures in the Recommend Budget Committee Motion. Hackett asked would it be \$2,093,334 in the General Fund, the Capital increase would be \$215,000, and the Grants would maintain at the same level. Fox stated that was correct.

**VI. Approval of budget (ACTION) [if applicable]**

Hackett

Bayer made a motion to approve the recommended budget committee motion modified with the General Fund be reduced to \$2,093,334 in the General Fund, Capital increase \$215,000 and the Grants with \$477,000 for a total of \$2,785,334 with a tax rate of \$.39 per thousand. Bureker seconded. Motion unanimously carries.

**VII. Recess or adjournment**

Hackett

The meeting was adjourned at 8:13pm.