

CLEVELAND PUBLIC LIBRARY
Minutes of the Board Work Session
December 13, 2016
Trustees Room Louis Stokes Wing
11:00 A.M.

Present: Ms. Butts, Mr. Seifullah, Mr. Corrigan,
Ms. Rodriguez, Mr. Parker (arrived, 12:45 p.m.)

Absent: Mr. Hairston, Ms. Washington

Ms. Rodriguez called the Board Work Session to order at
12:01 p.m.

Financial Update

Carrie Krenicky, Chief Financial Officer, gave a
PowerPoint presentation on the Library's current
financial status for 2016 and what is projected for
2017.

Ms. Krenicky reviewed the 2016 Amended Certificate of
Resources that showed what is available to appropriate
for 2016 as of December 8, 2016. The slide showed
Funds, Unencumbered Balance, General Property Tax, PLF,
Other Sources and Total. The overall total of all funds
(General Fund, Special Revenue, Capital, Permanent, and
Agency) is \$112,927,248.44 available in resources.

Ms. Krenicky reviewed the 2016 General Fund Total
Resources Available chart which depicted the percentages
of each category and specifically noted that the 33.1%
is the Property Tax and 28% is the Public Library Fund.
Property Tax, PLS, State RBITPP and other miscellaneous
revenue is the Certified Revenue that we should
appropriate against, but we are currently using some of
our unencumbered balance for our appropriation. The
last Certified Revenue that we received reflected a
decrease in revenue from \$52.08 million to \$51.84
million because the PLF is coming in lower than
expected.

Ms. Krenicky reviewed the General Fund Amended
Certificate of Resources and General Fund Appropriations

and noted that Operating Appropriations are exceeding our Certified Revenue by \$3.1 million; the excess will be taken from the unencumbered balance.

Ms. Krenicky stated that the General Fund Ninth Amendment to the Year 2016 Appropriation totals \$56,476,214.86. We will be doing a transfer from our Purchased/Contracted Services into our Salaries and Benefits. The total Appropriation does not change as we are transferring from one category to the other.

Ms. Krenicky reviewed the Building & Repair Fund - Unencumbered Balance and stated that as of November 30, 2016, we had a \$10,636,064.645 cash balance with encumbrances of \$1,385,100.79 and an unencumbered balance totaling \$9,250,936.86. After a review of the 2016 available budget, Ms. Krenicky stated that at the end of this year, we will have an estimated Fund balance totaling \$3,887,071.71 in the Building & Repair Fund.

Ms. Krenicky reviewed the 2017 Amended Certificate of Resources as we move to appropriate our 2017 budget and noted that placeholders for Property Tax and PLF are based on TY15/CY16 current levy (\$29,683,447 at total collection rate 93.434%) and the PLF from ODT's 7/25/16 estimate. We are waiting on the Schedule A from the Budget Commission for Property Tax certification.

Ms. Krenicky also noted that although the statewide PLF distribution remains the same, there was a slight decrease in Cuyahoga County. This will decrease the next time we certify our revenue to \$22.1 million in our PLF.

Ms. Krenicky reviewed the chart that depicted the 2017 General Fund Total Resources Available (\$71.83 million) and stated that the Certified Revenue is \$51.91 million.

After reviewing the General Fund Appropriations 2017, Ms. Krenicky noted that our Certified Revenue is \$51.91 million and our Appropriations exceed the Certified Revenue by \$4.39 million. This excess will be taken from the unencumbered balance.

Finally, Ms. Krenicky stated the Library has a healthy General Fund unencumbered balance, but we are appropriating over certified revenues. If we continue

to do this, we will be in trouble. We need to get on track of appropriating up to our certified revenue.

Ms. Krenicky stated that we should maintain 2 to 3 months of General fund operating revenues or expenditures as a level of cash reserves in the General Fund. For us, with 2017's appropriation, that is about \$14 million.

The General Fund will not be able to transfer funds to the Capital Fund for major capital and technology improvements and other capital assets that include the renovation and construction of the Library's branches that is desperately needed.

Our Capital Fund is estimating a \$3.9 million unencumbered balance at the end of this year, including board approved projects that may not have been encumbered by 12/31. This only includes architect fees for South as the board has not approved a total budget for South yet.

Ms. Krenicky stated that we may want to consider developing a formal fund balance policy for our General fund unencumbered balance, where we specify purposes for various portions such as (1) working capital; (2) budget stabilization; and (3) catastrophic events.

Ms. Krenicky stated that as an example, we transfer annually \$3 million for working capital to fund short term capital projects to the building & repair fund and return \$2 million for budget stabilization to cushion for budget short falls and \$10 million for responding to extreme event.

Mr. Corrigan stated that 12% is the smallest percentage of the Library's materials budget since the fiscal crisis and expressed concern that the Library was not doing what it used to as the public research library for which it is known.

Tish Lowery, Director of Technical Services, stated that there is a decline in circulation and that the Library is maintaining a flat but steady budget for videos and increasing electronic resources. Some items that the Library used to purchase are no longer being published.

Items such as journals, which we used to purchase in hard copy, are now in electronic versions.

Mr. Corrigan stated that he would like to be informed annually of the fifty most significant material items that the Library no longer makes available to patrons. This will help the Board to stay informed that we are maintaining the values of a research library.

Ms. Krenicky stated that we also use our endowments or smaller restricted gifts to purchase specialized library materials.

Mr. Corrigan stated that he would like for the Friends Foundation to make some endowments available to maintain collections that are not circulating but are critical for the Library to maintain.

After further discussion about the 2017 materials budget and the reduction in spending, Director Thomas requested that Sandy Jelar Elwell, who will soon become the interim Director of Technical Services, prepare a report on the research materials which we are continuing to buy, and perform an examination of what is no longer being purchased as well as items that are no longer being published or are being purchased in another format.

Director Thomas requested that Ms. Krenicky assist Ms. Jelar Elwell with this report.

Mr. Seifullah asked for clarification on the increase in Property Tax collection.

Ms. Krenicky stated that we actually collected over 90%. Last year we were certified at 76.25%. We have not received what we will be certified at for 2017.

Ms. Butts stated that she agreed with Ms. Krenicky's suggestion to consider a formal fund balance policy as the annual sacrifice would be worthwhile.

Mr. Corrigan stated that this would also create targets for the Friends Foundation and would provide information as the development team communicates with perspective donors.

Director Thomas stated that the reason that we have not gone into the red at the end of the year as a result of these tax collection rates is because we get the delinquency funds at the end of the year. Our unencumbered fund has remained at this level because we have not had to dip into it. However, we do not know if the delinquencies will decrease.

Ms. Krenicky stated that as we close each year and there are unencumbered balances, these encumbrances are carried forward and added to the current budget. Some of those encumbrances will be expended in 2017. Others may never be expended. Also, we may collect more revenue that we are not certified at and we may expend less than our appropriations.

Director Thomas stated that although we are currently stable, for the future we are going to examine our service model to make sure that it can be sustained.

Capital Projects Update

Joyce Dodrill, Chief Legal Officer, gave an update on South Branch and stated that the design development has been completed. Eric Herman, Capital Projects Manager, is in the process of doing a technical review of the plans. HBM Architects met with Landmark Commission and Library representatives met last week. Although feedback on the design was positive, redesigns for the rear door and façade were requested. The skylight is being reassessed to determine if it can be re-opened.

Mr. Herman showed designs of South Branch to the Board and gave an explanation of the concerns of the Landmark Commission of the rear door and façade. Mr. Herman also identified meeting space, restrooms, greenspace, patio, fireplaces and other areas of interest.

Discussion continued regarding parking spaces, handicapped parking space, short-term drop off parking spaces and shared parking agreement with the neighboring church.

Mr. Corrigan stated that he had no problem accommodating the Landmark Commission's requests.

Mr. Herman explained that when we complete our 50% construction documents, we will return to the Landmark Commission with their comments included. At that point, we will ask them to approve our concepts.

Ms. Dodrill stated that Higley is now on board and will beginning the process to prepare the first estimate to compare against the Library's budget, which should be available next week.

Ms. Dodrill stated that if everything continues on schedule, construction should begin in July 2017.

Ms. Dodrill gave an update on Safe, Warm & Dry and stated that assessments were performed in 2011 by Westlake Reed Leskosky that identified four priorities for maintenance and repair: (1) critical conditions; (2) serious conditions; (3) moderate conditions; and (3) minor conditions. Osborne Engineering has updated that assessment, submitted their reports, and we are currently reviewing them. Although the cost estimates are preliminary at this time, it appears that the \$5 million budget will only be sufficient to accomplish the first and second priorities.

After Mr. Corrigan stated that ADA accessibility should be among the first priorities, he requested examples of third priorities.

Ms. Dodrill stated that third priorities were items that were recommended repairs such as: upgrading the HVAC, replacing handrail segments and insulating ductwork.

Minor priorities include finishes and upgrades such as new electrical panels and circuit switches. These items are not necessary but desired.

Ms. Dodrill stated that originally, the Board approved the Library to divide the \$5 million budget evenly among the Safe, Warm & Dry branches. Some branches have needed repairs that are more critical than others. Therefore, the Board may wish to consider allocating more funds to those branches and perhaps less to others.

Ms. Dodrill stated that a schedule and description of construction at each branch will be compiled and presented to the Board in January or February.

In response to Mr. Corrigan's inquiry, Ms. Dodrill named the branches which have been identified for the Safe, Warm & Dry initiative: Addison, Collinwood, Glenville, Harvard Lee, Langston Hughes, Carnegie West, Fulton, Jefferson, Lorain and Rockport.

Director Thomas stated that West Park will have to be discussed at some point.

Cindy Lombardo, Deputy Director, stated that West Park has some concrete and brick work issues.

Timothy Diamond, Chief Knowledge Officer, stated that as a part of the Community Vision Plan, the Urban Design Collaborative recommends more in depth conversation about the future of the building.

Mr. Corrigan stated that West Park is older than Addison and is not receiving the attention of Addison.

Director Thomas stated that the ten branches identified for Safe, Warm & Dry are located in communities that are set and a lot does not have to be done.

West Park and Memorial Nottingham are in our future and have larger issues that need to be considered as soon as Safe, Warm & Dry branches have been completed.

In response to Mr. Corrigan's inquiry, Mr. Diamond confirmed that West Park has ADA issues that need to be addressed.

Mr. Herman stated that among the ADA concerns, there are concrete issues outside and meeting rooms are not accessible.

Mr. Corrigan stated that our most used branch is getting the least amount of our capital efforts. Although there may be good reasons for that decision, there may be an inquiry on how those decisions were made.

Director Thomas stated that the Community Vision Plan will give patrons and neighborhood residents the opportunity to present ideas on the use for that building or recommending that the branch relocate to another.

Ms. Dodrill gave an update on Martin Luther King, Jr. branch and stated that the Library signed its development agreement with UC3 on August 31, 2016. The agreement allows the Library to terminate the agreement if the UC3 and the City fail to enter into an agreement by the end of this year. We were recently advised by UC3 that they will not be entering into an agreement by the end of this year although they are working hard towards that. The delay is due to the traffic pattern study and plan that the City is insisting be in place and approved by ODOT before the City will sign an agreement.

In response to Mr. Corrigan's inquiry, Ms. Dodrill confirmed that the issue is not a conflict of priorities between UC3 and the City regarding what is to be developed first, but rather a traffic issue.

Ms. Dodrill stated that the Library was informed that it is anticipated that the agreement should be signed in January. Although the Board has the option of saying that it no longer wants to go forward with the project, it is recommended that the Board wait until January.

Ms. Rodriguez stated that the Board will wait until January before decisions are made.

In response to Ms. Butts' inquiry, Director Thomas stated that although patrons and community residents who attend the Library's Annual Martin Luther King, Jr. Commemoration may inquire about the construction of new branch, we have no further information to provide as decisions are yet pending.

Mr. Herman stated that the construction of the new building should be completed by 2020. However, the project time could also depend on the decision to issue a standard RFQ for design or whether this project is looking more like a design competition which will add time.

Ms. Butts asked if the parking garage would be on two levels.

Mr. Herman stated that there would be a parking garage that is a part of the overall project.

Ms. Dodrill stated that the garage would be multiple levels and the Library would have fifty designated spaces.

In response to Ms. Butts' inquiry, Ms. Dodrill stated that the current branch has at least seventy parking spaces.

Mr. Herman stated that in the garage, additional spaces will be available at a commercial rate.

Director Thomas stated that when the branch has large programs that will require additional parking spaces to accommodate attendees, the Library can purchase additional spaces for that day.

EXECUTIVE SESSION

Mr. Corrigan moved to adjourn into Executive Session to discuss status of personnel matters and collective bargaining issues. Ms. Rodriguez seconded the motion, which passed unanimously by roll call vote.

The Board adjourned into Executive Session at 12:54 p.m.

Mr. Corrigan moved to adjourn into the Regular Board Meeting. Mr. Seifullah seconded the motion, which passed unanimously by roll call vote

The Regular Board Meeting resumed at 1:22 p.m.

Ms. Rodriguez adjourned the Board Work Session at 1:23 p.m.

Maritza Rodriguez
President

Thomas D. Corrigan
Secretary