

CLEVELAND PUBLIC LIBRARY
Finance Committee Meeting
May 17, 2016
Trustees Room Louis Stokes Wing
 12:00 Noon

Present: Mr. Seifullah, Ms. Rodriguez, Mr. Hairston, Ms. Washington, Mr. Parker
(arrived, 12:20 p.m.)

Absent: Ms. Butts, Mr. Corrigan

Mr. Seifullah called the Finance Committee Meeting to order at 12:06 p.m.

FINANCE COMMITTEE MEETING (Mr. Seifullah, Chair)

Alan Seifullah, Chair, John Hairston, Anthony Parker

Thomas D. Corrigan, Vice Chair (absent)

Joyce Dodrill, Chief Legal Officer, stated that because there was no quorum of Finance Committee members in attendance, items for consideration will be presented for informational purposes only until a quorum is present.

Fifth Amendment to the Year 2016 Appropriation

Carrie Krenicky, Chief Financial Officer, stated that the Certificate of Estimated Resources has been amended for the following reasons:

- An increase in Other Sources-General Revenue by \$8,000 relating to the IFLA Satellite Conference and Other Sources-Special Revenue by \$12,866.63 relating to the Founders fund for restricted gifts- \$2,866.63 from the Brody Estate Settlement and \$10,000 from OverDrive through the Friends of the Cleveland Public Library;
- An increase in Other Sources-Special Revenue by \$10,000.00 relating to the Founders fund for restricted gift of \$10,000 from the Cleveland Intellectual Property Law Association; and
- An increase in Other Sources-Special Revenue by \$6,200.00 relating to the Founders fund for restricted gift of \$6,200 from the Cleveland Foundation for being a 2016 Summer Internship Host Site Supervisor.

Director Thomas gave background on the International Federation of Library Associations (IFLA) and stated that their annual conferences are held at various locations throughout the world. This year the annual conference will be held in Columbus, Ohio, August 12-17, 2016. When it was decided that the conference would be held in Ohio, the Library offered to host an

aspect of the conference which is led by Cindy Lombardo here in Cleveland on August 10-11, 2016 and will be attended by approximately eighty IFLA members. The fee paid by attendees will cover the costs for food, building rental as well as other expenses.

Year 2017 Tax Budget

Carrie Krenicky, Chief Financial Officer, stated that this item represents the first step in the Library's annual budget process. After it is approved by the Library Board of Trustees in May, it is then brought before the Board of the Cleveland Metropolitan School District and approved at their June Board Meeting.

The Tax Budget shows that we really need to use the tax sources for 2017. Although this is not the actual amount the Library will budget in 2017, it is actually a request stating that the Library is in need of these tax sources. This year, the Library is requesting \$31,100,000 for our property tax revenue. We are also requesting \$23,776,000 for our Public Library Funds assuming that the State's next budget bill will remain at 1.7% of the total General Revenue Fund and a 3% growth annually.

The same is true with the Property Tax. The Library's current levies with the \$5.8 mil and \$1 mil perpetual levy is currently certified at 100% collection at \$29,989,607. We are currently at a collection rate of 79.25% with a certified revenue is \$23,766,764. However we will request \$31,100,000 on our tax budget.

Ms. Krenicky reported that the Public Library Fund distribution for the month of April was \$435,000 less than what we received last year at this time. This is because the April personal income tax revenues were down. Overall, the State is being conservative so that they will have a balanced budget to meet estimated revenues.

Director Thomas stated that this was a shock to the libraries and that many legislators were putting forth new tax initiatives to reduce taxes even further.

Ms. Washington stated that there is some sense from the Governor that he will roll out another tax plan that will work its way through the legislative process but will likely make cuts to income tax.

Ms. Washington asked how conservative this budget in its preparation..

Ms. Krenicky stated that the Library is on the optimistic side as we want to request as much as we can in case it comes in higher.

Director Thomas stated that Ms. Washington will be chairing the Library's Advocacy Taskforce to look closely at these issues.

Resolution to Accept Gift from the Believe In Reading Foundation through the Friends of the Cleveland Public Library

Carrie Krenicky, Chief Legal Officer, stated that this \$10,000 gift from the Believe In Reading Foundation was passed through the Friends of the Cleveland Public Library to be used to purchase books that will be distributed as prizes during the 2016 Summer Reading Club.

In response to Ms. Rodriguez's inquiry about The Foundation's relationship with OverDrive, Director Thomas stated that The Believe in Reading Foundation, was created in 2016 by Steve Potash, owner of Overdrive. The Foundation is focused on improving literacy and reading, and invited the Cleveland Public Library to submit a proposal.

Director Thomas stated the Library is very appreciative of this gift.

Resolution to Accept Gift from the Cleveland Foundation to Host a 2016 Summer Internship

Carrie Krenicky, Chief Fiscal Officer, stated that The Cleveland Foundation's Summer Intern program provides a limited number of college students or recent graduates an opportunity to work in Cleveland-area nonprofit organizations or governmental agencies during the summer months.

The Library will host a summer intern who has already been hired as a full-time temporary sub from June 1, 2016 through August 12, 2016. The intern will reside within the Cleveland Digital Public Library ("CDPL") department under the supervision of the department's Coordinator and will help the Library develop an oral history program that will allow the CDPL to capture the stories of our neighborhood branches.

This \$6,200 grant will subsidize the intern's salary and benefits during this time.

Ms. Washington lauded The Cleveland Foundation's Summer Internship program and stated that she was once a participant.

Mr. Parker arrived at 12:20 p.m. and a quorum of Finance Committee members was confirmed by roll call.

Resolution to Renew OCLC Cataloging, Worldshare ILL and Access Subscription Services

Carrie Krenicky, Chief Fiscal Officer, stated that the Library's current subscription services are expiring at the end June 2016. The Board is being asked to approve the subscription renewal for the period of July 1, 2016 through June 30, 2017 for OCLC Cataloging and Metadata Subscription of \$231,010.47 and OCLC WorldShare ILL Subscription of \$6,447.39, for a total amount not to exceed \$237,457.86. This represents a 3.3% increase from last year.

Ms. Rodriguez asked for a clarification of these subscription services.

Tish Lowrey, Director of Technical Services, explained that the Cleveland Public Library has purchased OCLC cataloging records for many years from OhioNet, a subsidiary of OCLC and the Library's Interlibrary Loan and resource sharing services use OCLC software and require access to OCLC's WorldCat database. The Library acquires OCLC cataloging records and resource sharing services on an annual subscription basis.

Ms. Krenicky further explained the increase is an annual standard amount.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Hairston seconded the motion, which passed unanimously by roll call vote.

Resolution Authorizing New Agreement with Strategy Design Partners LLC

Timothy Diamond, Chief Knowledge Officer, stated that at one time, the Library had a Head of Public Relations and a Graphics Department supervisor. Those positions were combined into one and was overseen by Cathy Poilpre as Director of Marketing & Communications. Strategy Design Partners, LLC was engaged for the purpose of providing marketing and communications services and to supplement the Library's Marketing & Communications Office. This agreement with Strategy Design Partners has been revised several times over the years to accommodate the Library's marketing and communications needs.

Since Ms. Poilpre's recent resignation from the Library, effective May 6, 2016, the Library was without a designated manager to handle media relations, advertising, website and e-newsletter content, story cultivation, and strategy development. The Board is being asked to authorize a new agreement with Strategy Design Partners, LLC to expand the scope of services that they provide to the Library, to help fill the void in the Marketing & Communications Office until a new administrator is hired.

Mr. Diamond explained that the new agreement with Strategy Design Partners, LLC for media relations, crisis communications, advertising, vendor collaboration, story cultivation, website content, social media, e-newsletters, and strategy development and execution commencing on May 20, 2016, through September 20, 2016, at the rate of \$8,000 per month.

Mr. Diamond explained that since he, alone, is currently providing management oversight and administrative support for the Marketing & Communications Department, as there is no other manager in the department, he will rely heavily on Strategy Design Partners to work with outside media, write press releases and media advisories, strategize around marketing decisions, and handle all social media. This revised agreement will help the Library execute a number of projects that are outstanding.

David Fitz, Founding Partner, Strategy Design Partners, was present to answer any questions the Finance Committee may have had.

Mr. Hairston asked if this contract would be available for bid in the future.

Director Thomas explained that staff is examining how to proceed long term around the Library's public relations, marketing and communications needs. This new agreement will extend for four additional months and will allow the Library time to make necessary decisions on how to proceed, whether it be to hire someone or continue to contract these services.

Mr. Hairston suggested that Mr. Seifullah be a part of that conversation.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Parker seconded the motion, which passed unanimously by roll call vote.

Resolution Authorizing Agreement with The Chilcote Law Firm LLP for Legal Services

Joyce Dodrill, Chief Legal Officer, stated that this resolution authorizes the Library to enter into an agreement with The Chilcote Law Firm to provide legal services in connection with the Martin Luther King Jr. branch relocation project.

Ms. Dodrill stated that Mr. Chilcote, who was present, has already been working with the Library on this project since last fall and has had numerous meetings with the City and developers regarding negotiation of development agreement. Negotiations are ongoing and there is much to be accomplished such as developing plans for the new Martin Luther King Jr. branch, coordinating the plans for the new branch with the overall development project at University Circle, particularly the construction of the parking garage, obtaining financial assurances from the developers for the project, constructing the new branch, and exchanging the real estate upon which the current MLK Jr. branch sits with the parcel of real estate for the new branch on Euclid Avenue, and performing the necessary due diligence review prior to transfer.

Ms. Dodrill introduced Lee Chilcote to the Board and stated that Mr. Chilcote has 43 years of experience in real estate, financing, environmental, and construction law, and is a member of both the American College of Real Estate Lawyers and American College of Mortgage Attorneys. He was a partner with the former Arter & Hadden law firm and with Hahn Loeser for many years, and has experience representing public entities, having worked with Cuyahoga County to develop legal documents for its brownfields and residential housing lending programs.

Ms. Rodriguez thanked Mr. Chilcote for attending the Finance Committee Meeting and asked for an update on the Martin Luther King Jr. branch relocation project.

Mr. Chilcote explained that the project was announced last fall with the current developers University Circle City Center LLC ("UC3"), who was the successful selectee for that project. Since then, they have been working on appropriate legislation and a contract for the acquisition of the 3rd District Police Station, called Phase I. The expectation of that process would be that the contract between the City and Developer would be complete by May 31, 2016.

Mr. Chilcote stated that he is working on a development agreement with respect to the transfer of the existing library and the development and construction of the new library to be located on Euclid Avenue west of Fenway Tower on the corner of Euclid Avenue and Stokes Blvd. Although not as much progress has been accomplished as he would like, the first version of a

development agreement was insufficient and a revision was requested. A second version of the agreement was received on April 29, 2016 and is being carefully reviewed. The entire process is complicated. The ultimate goal is that a new library is financed and built in a quality manner and on time.

Mr. Hairston asked if there were any tax credits associated with all of this construction.

In response, Mr. Chilcote explained that in terms of historic tax credits, this has to do with rehabilitating existing property. There will be Tax Increment Financing (TIF), which is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects.

Mr. Hairston stated people want to know how revenues are being used in communities. The Library should be prepared to communicate how this project was financed.

Mr. Seifullah stated that the Library is a good position to get a quality new library that meets our expectations.

Mr. Chilcote stated that it is his role to ensure that this process is transparent and that the Library gets a quality building with minimal risk.

Director Thomas stated that it was important to understand that there are limitations to the library that they wish to build. However, with those limitations, we can build a quality library.

Ms. Dodrill stated that currently there is no formal agreement. Their response to our RFP stated that they would build a library for a cost not to exceed \$3.5 million in costs.

Ms. Washington asked at what point would there be a formal agreement.

Ms. Dodrill predicted that a formal agreement could be expected this summer.

Mr. Seifullah asked what would be an approximate time that we could move into a new library.

Ms. Dodrill, stated that although there is no rush on our part, it is more important to ensure that the process allows time for hiring a design architect, and estimated 25 months of construction.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Hairston seconded the motion, which passed unanimously by roll call vote.

Resolution Authorizing Amendment to Agreement with Robert P. Madison International, Inc. for Architectural Services

Joyce Dodrill, Chief Legal Officer, stated that Board of Trustees is familiar with Robert P. Madison International, Inc., who was involved in the design of the Louis Stokes Wing and designed the Langston Hughes Branch.

Ms. Dodrill stated that the Library has already engaged Robert P. Madison International to prepare a conceptual drawing of a potential new Martin Luther King Jr. branch. The original idea was to get one drawing of a building approximately 15,000-16,000 square feet in size, and obtain an estimate of the cost of constructing a new branch based upon that drawing.

In order to advance negotiations of the development agreement, the Library would like to engage Madison to prepare two more conceptual drawings of different sized buildings, and Madison has provided an estimate of \$5,600.00 to prepare the additional drawings, for a total contract amount of \$28,600.00.

The Library already has engaged an estimator who will provide the approximate costs of the various sized conceptual drawings.

Once the development agreement has been negotiated, the Library plans to engage in a formal qualifications-based procurement process to select the design architect for the new Martin Luther King Jr., branch.

Ms. Dodrill introduced Kevin Madison, the nephew of Robert Madison, who was in attendance.

Ms. Dodrill stated that the developer has indicated his willingness to provide a garage with a portion of the garage that would overhang the first floor of the library and provide a connection from the garage to the new library.

Mr. Madison showed the Board conceptual drawings and floor plans of the library measuring 24,000 square feet. Mr. Madison's presentation also included but was not limited to garage options, interior spaces, materials, implementing a design of Martin Luther King and structure systems. Finally, Mr. Madison stated that he looked forward to providing additional conceptual designs.

Ms. Rodriguez thanked Mr. Madison for his presentation.

In response to Mr. Hairston's inquiry about designated spaces for the parking garage, Ms. Dodrill stated that the developer has promised the Library fifty parking spaces.

Discussion continued about current parking spaces at the branch, staff parking accommodations, parking options during times of library programs, and possible sources of revenue from vacant library parking spaces after regular library hours of operation.

Director Thomas concluded by stating that this is an opportunity to examine the use of parking spaces when the branch is closed.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Parker seconded the motion, which passed unanimously by roll call vote.

Resolution Authorizing Amendment to Lease with the City of Cleveland for the Eastman Garden

Joyce Dodrill, Chief Legal Officer, stated that this resolution requests that the Board authorize the Library to enter into an amendment to lease with the City of Cleveland for the Eastman Garden.

Ms. Dodrill explained that in 1994, the Board of Trustees of the Cleveland Public Library authorized the Library to enter into a lease of the surface space of a parcel of land owned by the City of Cleveland and known as Eastman Park for a term of twenty (20) years at a rental rate of One Dollar (\$1.00) for the entire lease term. In addition, the Cleveland Public Library and the City of Cleveland also entered into an easement agreement for the land under Eastman Park for a term of fifty (50) years commencing upon completion of the construction of the Louis Stokes Wing. The easement is set to expire on March 1, 2048.

Ms. Dodrill, on behalf of the Library, requested that the City extend the lease term and on March 14, 2016, the Cleveland City Council passed Ordinance 153-16 to extend the term of the lease to the Cleveland Public Library of Eastman Park to run co-terminously with the easement, at a rental rate of One Dollar (\$1.00) for the entire extended lease term.

After Director Thomas commended Ms. Dodrill for her work on this issue, Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Hairston seconded the motion, which passed unanimously by roll call vote.

Resolution to Amend Agreement with Family Connections of Northeast Ohio

Carrie Krenicky, Chief Financial Officer, stated that the initial agreement with Family Connections of Northeast Ohio will expire this month. Since the program has been successful, this resolution authorizes the Library to amend the agreement to extend the program for another year and increase the number of sessions per week from two to three.

The cost to the Library for these services will be \$37,046.00, and will be paid from the grant received from the Saint Luke's Foundation, through the Friends of the Cleveland Public Library, that this Board accepted on October 15, 2015.

Mr. Seifullah motioned that this item would go to the full Board for consideration. Mr. Parker seconded the motion, which passed unanimously by roll call vote.

Resolution to Accept Gift from the Cleveland Intellectual Property Law Association

Carrie Krenicky, Chief Financial Officer, stated that the Cleveland Intellectual Property Law Association has donated \$10,000 to Cleveland Public Library for Children's Programming and the Creative Process. These funds have been deposited in Founders Fund with this restriction.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Hairston seconded the motion, which passed unanimously by roll call vote.

Ms. Rodriguez motioned that Exhibits 2-5 would go to the full Board for approval. Mr. Parker seconded the motion, which passed unanimously by roll call vote.

Mr. Seifullah adjourned the meeting of the Finance Committee at 1:12 p.m.