

NCW Libraries Board Minutes
November 19, 2020

I. Call to Order:

Denise Sorom called to order the November meeting of the NCW Libraries Board of Trustees at 1:02 PM November 19, 2020. The meeting was held as a Zoom Teleconference and was open to the public.

II. Attendees:

The following persons were present: Board Members Denise Sorom, Jim Brucker, Lisa Karstetter, Nancy Spurgeon, Kathleen Allstot. Barbara Walters, Executive Director, Kim Neher, Deputy Director, Mike Githens, Director of Finance, Bill Carroll, Director of Branch Operations, Tracy Hazen, Director of HR, and Tim Dillman, Executive Assistant.

* All attendees participated via Zoom.

Guests:

Bob Clarke, Resident of Wenatchee

III. Consent Agenda:

Denise entertained a motion to approve the consent agenda which included the:

1. November Meeting Agenda
2. Minutes of the October 15, 2020 regular board meeting
3. Payroll & Vouchers
 - i. October Payroll for \$494,422.39.17 and Benefits for \$192,060.96
 - ii. October Accounts Payable for \$542,963.24
4. Staff Reports

Jim Brucker moved to approve the Consent Agenda as presented. Kathleen Allstot seconded the motion which passed unanimously.

IV. 2021 Budget Public Hearing:

Denise welcomed members of the public and read the following statement to open the public hearing of the 2021 NCW Libraries budget:

"We will now begin our public review of the 2021 NCW Libraries budget. Pursuant to RCW 84.55.120 the Board of Trustees will consider its regular tax levy and/or potential increases in property tax revenues. Members of the public have been notified of this hearing through publication in the newspapers on record in each of the five service counties. Attendees have been invited to submit written comments to be read into the public record. Having received no written comments, we will proceed with the hearing."

Mike Githens began by reviewing the projected revenue for 2021. Administration is recommending a 1% increase on the levy rate. It is estimated that there will be plenty of new construction revenue in 2021.

Next month the board will get the actual property tax levy amount. This will be slightly lower

than what is shown in the November preliminary budget. Mike has already met with the Chelan County Assessor and will be reaching out to the assessors in the other four counties. Mike said that the library will likely not see a property tax reduction in 2021. The remainder of the revenue did not change from 2020. The library is projecting 2021 revenues of \$14,925,297.

Mike explained that the board would approve a resolution in December to set the 2021 levy rate (with a statement of substantial need) and a resolution to adopt the 2021 budget. Library administration is submitting a balanced budget with expenses matching revenue.

Mike reviewed the expenses for 2021. Salaries and wages are set at \$6,862,000. This accounts for maintaining staffing at the current 2020 levels. Administration is proposing a COLA of 1.75% to keep staff compensation competitive with other area employers.

Mike mentioned that the benefits section will be more broken out in the 2021 budget to show greater transparency in presentation and track the expenses better throughout the year. The only significant benefit increase was medical insurance premiums which went up \$60,000. Administration is also expecting a rate increase for PERS sometime mid-2021. Currently the library is planning for a 6.8% increase, but cannot predict the exact amount.

Overall, Salaries and Benefits are budgeted to increase 3.1%. Denise asked where the COLA increase would show up if there is no increase or decrease in staffing levels. Mike responded that the district was slightly over budgeted and underspent for salaries in 2020. This was partly due to not knowing how the salary study would get implemented as well as due to the reduction in staff in response to COVID. Therefore, the 2020 and 2021 expenses for salaries will be roughly equal.

Mike pointed out that Admin Supplies has increased 300%. This is due to expenses that must be incurred for COVID PPE and other related supplies.

Mike said that the biggest change to the budget (presentation wise) is to break out the Public Services line items. The 2021 budget will show Supplies, Library Materials, and IT in separate categories. Library Materials is increasing 20.2% from last year. This increase will have NCW Libraries spending more comparably with other library systems in the state. IT will be increasing in the Hardware expense category. There are fairly nominal increases in other areas of Public Services. Administration is budgeting \$50,000 more for postage due to the increase in Mail Order Library.

The Facilities expense increased to budget more for janitorial and ongoing maintenance of the systems owned by the district.

Mike made the statement that he hopes to be underspent at the end of 2021 by no more than 3-4%, or about \$500,000. Barbara reminded the board that square footage reimbursement rates will go up to \$3.75 per square foot on January 1, 2021, as outlined in the Building Use and Maintenance Agreements.

Denise asked if due to the size of NCW Libraries' service area if 20% for library materials is a little high? Barbara clarified that this area would be about 13% of the overall 2021 budget but represents a 20% increase from the 2020 budget.

Mike reviewed the Fund Balance Reserve Policy with the board. This was a first reading of the policy and the final draft will be presented to the board for approval at the December meeting. Mike explained the several funds outlined in the policy. The Contingency Fund could be considered a “rainy day” fund. It is a modest amount to continue to provide library service to the public in an economic downturn and can only be accessed through board action. The General Reserve Fund represents a redefining of what has been common practice for the district. This fund ensures the library can fund operations and meet obligations between the two tax revenue collections.

The Strategic Initiative Fund has been in operation since 2018 and funds projects related to the Strategic Plan. Kathleen asked if Part B should be defined as a percentage of the budget, just as Part A. Mike agreed that this would be wise, and added that Part A also needs clarification regarding how the fund gets replenished once the balance has been drawn.

Mike explained that the Capital Fund defines the plan to set aside designated funds for replacement of large assets and predictable upgrades.

Mike reviewed Strategic Fund 647 on the Strategic Initiative. In the 2021 budget a transfer of \$1,315,583 is being transferred out of 647 and into 645 Capital in order to start planning for replacement on vehicles, roofs, HVAC, etc. The 2021 budget has \$396,875 budgeted for Capital Fund 645.

Mike asked if there were any questions on the 2021 budget. The board had no questions and thanked Mike for the thorough presentation.

Mike then explained the various resolutions that will come before the board in December. The board will adopt the levy rate and approve the 2021 budget at the December meeting, as well as adopt the Fund Balance Reserve Policy.

V. October 2020 Financials:

Before beginning the presentation of October financials, Mike gave an update on the audit covering 2018-2019. The auditors would like to have an entrance meeting with administration and representatives of the board. NCW libraries requested that the audit be moved to an annual timeframe.

Mike explained that NCW Libraries is making substantial changes to payroll procedures starting in December. This includes moving to twice a month pay periods and reclassifying certain staff as non-exempt. Administration felt that NCW Libraries was not appropriately categorizing exempt vs. non-exempt staff.

Kathleen asked for an explanation of exemption, which Tracy gave. Mike further explained the plan for implementing these changes. Nancy said she appreciates that it seems administration is communicating these changes well to staff.

Denise asked how the numbers changed once HR audited exemptions. Tracy answered that almost all staff were marked as non-exempt. The primary determinant now will be if someone has manager or director in their title, they will be an exempt employee.

Kathleen asked if there is any estimate for how much overtime might end up being paid with this change. Mike said right now we have a lot of employees who may work over their scheduled hours and not be paid for it. Tracy added that with twice a month pay periods, the look back will be much more immediate so any trends in overtime can be corrected sooner. Nancy added that there will need to be a process for employees to get approval from supervisors before incurring overtime.

Jim asked what the feedback has been from staff. Barbara responded that the feedback has been good on the change to twice a month pay periods. Nancy predicted that there may be grumbling in the beginning but that staff will likely appreciate it once it's fully initiated.

Mike then presented the October 2019 Financials. The district received \$1.8 Million in property tax revenue in October. Mike expected to see more so he has reached out to the Chelan County Treasurer and is waiting to hear back.

On the expenses, salaries and wages are higher than usual in October. By year's end the district should be underspent in salaries and wages by around \$900,000. There was nothing important to note on expenses for October. Nancy asked about whether lack of mortgage payments would affect the district. Mike said that at this point the Chelan County Treasurer doesn't think it will be a concern. It seems mortgages are continuing to be paid.

IV. George Library and Moses Library Contracts

Kathleen moved to approve the new Building Use and Maintenance Agreement with the City of George. Jim seconded the motion. The motion passed unanimously.

Jim moved to approve the new Building Use and Maintenance Agreement with the City of Moses Lake. Kathleen seconded the motion. The motion passed unanimously.

VI. Okanogan County Board Vacancy

The board reviewed two applicants for the upcoming vacancy on the board for Okanogan County. The appointed candidate will begin their term at the completion of Jim Brucker's term on December 31st, 2020. Jill Sheley of Winthrop and Martin Straub of Leavenworth (who owns property in Okanogan County) applied. The board discussed the merits of each candidate and agreed to recommend both candidates to the Okanogan County Commissioners with a statement of preference for Martin Straub due to the IT experience he could bring to the position.

IX. Board By-Laws

Kathleen presented a first reading of recommended amendments to the board by-laws. The proposed changes would give more definition to the roles of Chair and Vice Chair and would formalize the procedures for evaluation of the Executive Director.

Nancy moved to adopt the proposed changes to the bylaws. Jim seconded the motion. The motion passed unanimously.

X. Executive Director Report

Barbara gave a brief report on items presented in the written report provided to the board which included the NCRL Virtual Reads events and personnel changes.

XI. COVID Response Report

Tim gave an update on the steps the administration has taken in response to COVID since the last board meeting. On November 2, all NCW Libraries branches were able to open to the public with limited hours. Curbside Pickup services continue to be offered at all branches. Members of the public are required to wear masks and are encouraged to limit their stay to 30 minutes or less. The response from the public has been overwhelmingly positive.

Tim also notified the board that a staff member that offices occasionally in the distribution center tested positive for COVID. Since the exact locations the staff member had been in could not be isolated to one area, the entire building received a special cleaning from the janitorial staff and was able to open up the next day at 9 am.

XII. Strategic Plan Update

Kim reviewed the progress that has been made on Goal 20. At the end of October all staff took part in a “Foundations of Culture Competency” class hosted by Cultures Connecting. This class will be followed up with a class in December on Implicit Bias.

Kim notified the board that as part of Goal 10 work, La Conexion de NCW Libraries will start to meet quarterly instead of monthly and will focus more on providing in-depth feedback on priority projects and how they relate to bilingual, bicultural groups.

Kim reported that the FCA reports will be sent out to cities in a few weeks and a couple Zoom calls will be scheduled to answer any questions that cities may have about the reports. The FCA visits identified about 11 buildings that do not have mechanical ventilation. NCW Libraries will be ordering portable HEPA filter units to improve air quality in these locations.

The second workshop with Margaret Sullivan Studio took place in November. Margaret Sullivan and another member of her team were able to visit Wenatchee in late October and toured several of the library facilities.

XIII. Branch Report

Bill reported that many of the branch staff had anxiety about patron interactions going into reopening to the public, but many of these have been allayed.

Bill has been working with the City of George and the manager of Saint Martha’s Plaza to finalize the details of relocating the George Library. The hoped-for timeline for staff to enter the building is mid-December, with the branch reopening to the public in January.

The Brewster Library will soon be receiving new flooring which has been purchased by the city. NCW Libraries will be purchasing new shelving as a part of the project as the old shelving must be torn out to replace the floor. NCW Libraries is hoping the city will be open to painting at this time as well. The building will have to be shut down for around 7-10 days while the project is underway.

XIV. HR Report

Tracy reported that an MLIS Librarian has been hired in Omak, as well as a Customer Technician in Omak. The Mail Order Library is also adding a Customer Technician.

Tracy mentioned that of the 6 patron-facing employees who have recently been hired, 3 are Spanish speakers and 4 have their MLIS degree.

Tracy notified the board that there have been 5 responses to the HRIS RFP. The deadline to respond has passed and HR and Finance will narrow down the submissions to three that will then be asked to make a presentation.

XV. Announcements

Denise asked if there were any announcements. There being no further business, the meeting was adjourned at 2:48 pm

The December Board of Trustees meeting will be held via Zoom on December 17th, 2020 at 1pm.

Respectfully submitted,

—
Denise Sorom, Chairwoman

—
Katherine Meade, Secretary