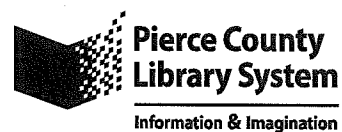


M E M O



Date: July 2, 2012
To: Chair Stephen Albers and Members of the Board of Trustees
From: Clifford Jo, Director of Finance & IT
Subject: 2012 Mid-Year Capital Improvement Plan

As part of the mid-year adjustment, the Capital Improvement Plan was reviewed and revised. Several changes are recommended on the attachment. Major changes are noted below.

- This year I accounted for payments made in 2012 towards 2011 projects that ended up having some activity in 2012, whether it be work or payments (this is especially noticeable with the Fife project). Those are noted as "CARRY FORWARD COSTS".
- For the remainder of 2012, we are revising some of the projects, such as roofs and HVACs, to reflect recent bid results. We also updated budgets for the branch workflow projects to match realistic costs. Each location requires different needs and analysis identifies accurate costs compared to the original budgets, which were created over 6 months ago.
- Note that Key Center has been pulled out of the Branch workflow budget and exists as its own budget. Neel and Sally will talk more about this during the Board meeting.
- We moved the PAC HVAC project out to next year with a study conducted this year to understand the true costs of the project, which could be higher if units must be replaced along with redoing the ductwork.
- The Customer Internet Experience Enhancements project completed with no cost to the capital budget.
- The Contact Center project was moved to 2014 with a study to be conducted in 2013.
- Other additions include security-related costs to reduce theft with HVAC and networking equipment.

The bottom line is that we are requesting the Board to increase the budget by \$226,860, mostly to reflect work Fife's carried forward from 2011 and payments made in 2012.

A resolution is required to approve the change to the capital improvement budget (attached).

2013 projects will be fully developed beginning in August and proposed in November as part of the fiscal year budgeting. Further refinements will be made to 2014-2016 projects.

Also note that we added calculations to show you the difference between a 3% transfer and a 2% transfer to the capital fund. We would like to have a discussion with the Board regarding this.

Capital Improvements 2012 Mid-Year Planning

DRAFT

	2012		MID-YEAR NOTES	2013	2014	2015	2016
	Original Budget	Mid-Year Budget					
Beginning Fund Balance (estimated)	3,855,066	3,855,066		2,447,069 2,447,069	1,984,636 1,731,314	2,354,298 1,867,422	2,069,467 1,353,201
REVENUES							
General Fund Transfer	800,843	814,563		759,968 506,645	700,662 467,108	688,169 458,779	688,319 458,879
			At 3% Transfer → At 2% Transfer →				
Total Funding Available	4,655,909	4,669,629		3,207,036 2,953,714	2,685,298 2,198,422	3,042,467 2,326,201	2,757,785 1,812,080
PROJECTS							
Commitments							
UP 5,000 sq feet expansion (10-year contractual)	120,000	120,000		120,000	120,000	120,000	120,000
CARRY FORWARD COSTS	0	609,000		0	0	0	0
UP	0	9,000					
Fife	0	600,000					
			Residual costs (e.g., LEED) Carryforward costs (on budget)				
Direct Customer/Branch Services Projects							
Branch workflow and service efficiencies	289,700	374,900		0	0	0	0
Key Center project	70,000	250,000					
Media Security	30,000	30,000					
Customer Printing Enhancement & Cost Recovery	152,000	152,000					
Contact Center Service	100,000	0		100,000		400,000	
Self Check-in/Sorting System							
Indirect Customer Support Service Projects							
Collection Services workflow efficiencies	100,000	70,000					
			Remaining work per L&I ergonomist's recommendations				
Major Maintenance							
HVAC replacements (PAC, SUM)	537,600	214,000		484,200	25,000	0	0
PAC	367,600	10,000		367,600			
SUM	170,000	204,000					
BLK				116,600			
LWD					25,000		
Roof replacements (EAT, SUM)	289,400	161,660		304,200	0	0	0
EAT	33,400	36,660					
SUM	256,000	125,000					
			Roofing quote came in higher Includes Summer reimbursement for half costs				

Capital Improvements 2012 Mid-Year Planning

DRAFT

	2012		MID-YEAR NOTES	2013	2014	2015	2016
	Original Budget	Mid-Year Budget					
KC				66,360			
SMT				166,200			
STL				71,640			
Interior painting	19,000	19,000		61,000	0	0	0
SUM	19,000	19,000					
GHM				20,000			
PKS				41,000			
Carpet replacements	0	0		110,000	26,000	0	0
GIG				110,000			
KC			Original \$26,000 budget in 2013 moved to 2012 KC project	0			
TIL					26,000		
Rekey IT Network closets in branches		38,000	Sonitrol security to IT network closets in the branches				
Sonitor HVAC security systems		16,000	Prevents theft of copper coils in HVACs				
Vehicles							
Bookmobile contingency for major repairs	35,000	35,000		35,000	35,000	35,000	35,000
Delivery van replacements	68,000	68,000		72,000		40,000	
Car replacement (#3)						150,000	
Bookmobile replacement (Bluebird)							40,000
Sprinter replacement							
Equipment and Technology							
Customer Internet Experience Enhancements	110,000	0	Project completed without cost			200,000	
Network Equipment Upgrades							
ILS Replacement							500,000
Total Capital Project Budget	1,920,700	2,157,560		1,186,400	306,000	945,000	695,000
Contingency Needs	75,000	65,000	Contingency is 3% of CIP budget, minimum \$25,000	36,000	25,000	28,000	25,000
Ending Fund Balance (estimated)	2,660,209	2,447,069	At 3% Transfer → At 2% Transfer →	1,984,636 1,731,314	2,354,298 1,867,422	2,069,467 1,353,201	2,037,785 1,092,080

RESOLUTION NO. 2012-__

**A RESOLUTION OF THE BOARD OF TRUSTEES OF THE
PIERCE COUNTY RURAL LIBRARY DISTRICT
TO REVISE THE CAPITAL IMPROVEMENTS FUND BUDGET OF
ESTIMATED EXPENDITURES FOR 2012**

WHEREAS, the Board of Trustees of the Pierce County Rural Library District on December 14, 2011 approved a Capital Improvements Budget of \$1,995,700, and

WHEREAS, in June 2012, the Pierce County Rural Library District conducted a midyear budget analysis to determine if any adjustments were warranted, including to account for payments made in 2012 towards 2011 projects, and

WHEREAS, in the year 2012 several unscheduled capital improvement projects needed immediate attention and adjustments needed to be made to existing or new projects, now, therefore

**BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PIERCE COUNTY
RURAL LIBRARY DISTRICT THAT:**

The 2012 Capital Improvements Budget of Estimated Expenditures be revised this date to the total amount of \$2,222,560 an increase of \$226,860 from the December 14, 2012 budget, to reflect the additions to, deletions from, modifications to, and/or the rescheduling of projects outlined in the overall Capital Improvements Plan.

PASSED AND APPROVED THIS 11TH DAY OF JULY, 2012.

Chair _____

