

**BOARD OF TRUSTEES
PIERCE COUNTY LIBRARY SYSTEM
REGULAR MEETING, OCTOBER 15, 2014**

CALL TO ORDER

Chair Linda Ishem called to order the regular meeting of the Pierce County Rural Library District Board of Trustees October 15, 2014, 3:30 pm. Board members present were J.J. McCament, Allen Rose and Mr. Allen. Donna Albers was absent.

PUBLIC COMMENT

Julia Payne made a public comment via email requesting open hours be set from 8:00 am to 8:00 pm at the Milton/Edgewood branch.

CONSENT AGENDA

1. Approval of Minutes of the September 10, 2014, Regular Meeting
2. September 2014 Payroll, Benefits and Vouchers
 - a. Payroll Warrants 3575-3581, dated 09/01/14 – 09/30/14 in the amount of \$7,315.76
 - b. Payroll Disbursement Voucher dated 09/05/14 in the amount of \$566,763.93
 - c. Payroll Disbursement Voucher dated 09/22/14 in the amount of \$566,930.00
 - d. Accounts Payable Warrants 623205-623346 dated 09/01/14 – 09/30/14 in the amount of \$1,156,848.29

Mr. Allen moved for approval of the consent agenda as corrected. Ms. McCament seconded the motion and it was passed.

BOARD MEMBER REPORTS

Ms. McCament recognized Neel Parikh, Executive Director, for her years of service to the Library. She recalled the work they did together over the past two decades. She said Ms. Parikh has all the qualities of a leader and that she is both a good leader and a good manager. She presented Ms. Parikh with a floral arrangement and thanked her for her good performance as a director. She read from a quote by George Washington regarding living an honest life, adding it takes a lot of courage to live an honest life and she felt Ms. Parikh has done so.

Mr. Rose recalled when he first served on the Board and worked with Ms. Parikh on the DuPont project, the levy lid lift and the University Place library. He said he admired her leadership and patience during his tenure on the Board. He remarked on Ms. Parikh's solid reputation in the community, adding that Pierce County was very lucky to have her. He noted Ms. Parikh's leadership is the reason Pierce County Library has received so much recognition.

Mr. Allen said from the first meeting with Ms. Parikh he was impressed with her dedication to the library and her role. He said it was clear to him that her goal was always excellence. He added that as he is learning how to serve in a leadership position, watching her is an inspiration. He said it was important to look at the people you admire, consider the qualities that make them that way and strive to emulate them.

Chair Ishem said her earlier connections with Ms. Parikh were not in the library, rather in the community. She said Ms. Parikh has been a friend and an inspiration all these years. She said Ms. Parikh would be missed and that it had been a pleasure working with her.

Ms. Parikh thanked the Board, noting that while she has always had wonderful Boards, this was one of the best. She commented on Ms. McCament's over 25 year commitment to the Library. She said she has learned from each of the Trustees, noting they enrich her on the job. She added that she could count on them for various things she needed help with. Ms. Parikh also fondly recalled former Trustee and Chair, Steve Albers. She thanked Ms. McCament for her help with University Place and she thanked them all for being the voice of the community. She

said she will miss everyone but will attend events and would look forward to seeing where the Library goes in the future. She expressed her gratitude for being hired, having come with no prior experience as a library director. In closing, Ms. Parikh thanked her staff, adding the Library is fortunate to be left with this talent.

OFFICER REPORTS

Ms. Parikh reported on the process improvement work being done in the Reading & Materials department. She said they are training a small team to use value streaming maps and begin forming process improvement teams throughout the system, noting staff and the team are excited to be doing the work.

August Dashboard - Ms. Parikh said since Karim Adib, Digital Experience Director, has arrived staff has been working on obtaining more consistent data. She added there will be different data presented in the future, which Georgia Lomax, Deputy Director, will explain in an upcoming Board meeting.

September 2014 Financial Report - Dale Hough, Finance Manager, reported the data reflects activity as of September 30, 2014, which is the lowest point of financial standing during the course of the year. Currently, the Library is tapping into cash reserves. He noted that 43% of revenue is received in October and also in April.

Knowledge Transfer - Ms. Parikh said the process of sharing information with the Administrative team and the Customer Experience Managers was very interesting. It was valuable to see the people who were involved in the past strategic planning process as well as the order of events that occurred.

Current Community Engagement - Ms. Parikh reported that she, Sally Porter Smith and Linda Farmer are capturing the information in new ways. Ms. Porter Smith noted the staff engagement is increasing with the implementation of Annual Branch Service Plans. Metrics are being created to better evaluate staff participation in the community.

University Place Cost Comparison - Ms. Parikh pointed out a chart that shows the costs involved in running the University Place Library are much higher than the similarly sized Gig Harbor Library. Ms. McCament wondered if this data gives the Library an opportunity to renegotiate on areas such as the atrium. Ms. Parikh said the reason she asked to split the costs of the atrium was because of her concern that the area would not be maintained and she wanted the Library to have a say about its own entrance. The atrium costs as a percent of the whole are not that large. The cost of the building is driven by the percent of ownership. Mr. Allen asked what is included in operating costs. Mr. Jo said that those are for areas that are not part of the Library. The way the contract was written, the Library's portion allocated is much less than that which the city bears.

Ms. McCament said when cities want to enter into talks about co-ownership, the experiences encountered through the University Place project would be useful to share. Discussion continued about the relationships between the Library and University Place. Mr. Rose said it will be important to choose strong partners whose ideas are similar. Ms. McCament said not to lose sight of the fact that the facility is an investment.

Mr. Allen asked how the value of the property is tracked. Ms. Parikh said the rental and leasing market will drive the value. Ms. McCament noted that owning the rights to the 80 parking spaces is extremely valuable. Mr. Allen said it is important to study the facility and its value every five years.

Florence Davis Obituary - Ms. Parikh noted Ms. Davis was a Friend of the Library who was responsible for the ongoing book sale located in the South Hill Library. Ms. Davis came nearly daily and tended to the space. Ms. Parikh and Ms. Lomax attended her recent memorial celebration. Two days after her death, her family contacted the Library and committed a major donation for the branch.

UNFINISHED BUSINESS

Board By Laws Revision - Ms. Parikh made four changes to the document after reviewing it with Dan Gottlieb, the Library's attorney. She reviewed the changes with the Board and asked for feedback. Ms. McCament asked whether Article III Section 3: Vacancies was in the Library's written policies. Ms. Parikh said there is not a specifically written policy in place since the process is at the discretion of the County Executive. She explained that when there is a new County Executive, he or she is contacted to see if the process is acceptable. Ms. McCament moved for approval of the Board Bylaws as presented. Mr. Rose seconded the motion and it was passed.

Code of Ethics/Code of Conduct - Ms. Lomax asked the Board for reaction to sample policies in order to get direction as to what they would like to see included in their code. Mr. Allen said he is not ready to give much direction but his reaction is that there are good examples. He will select those which make a lot of sense. Ms. McCament remarked that there are commonalities in the documents. The Board agreed the final document should be short, relevant and easily applied and understood. Chair Ishem said some of the responses are clearly articulated in the RCW and translated in the Washington State Library Wiki, as well as some of the items used in the self-evaluation. Ms. McCament recommends discussing further where they sign and when. Ms. Lomax reminded them to consider the purpose for the development of the code. The code is more about the identity and expectations of Trustees. Chair Ishem said some of the questions asked to Trustee applicants are relevant.

Mr. Allen suggested each member submit what they think should be included in the code. Ms. Lomax recommended having them send annotated copies to the clerk, after which time she would devise a draft document in preparation for the January Board meeting.

NEW BUSINESS

Pierce County Library Foundation Annual Report - Ms. Parikh noted it has been a great year and the Foundation has grown significantly since she arrived.

Michael Gordon, President, shared a quote from Cheryl Sandberg: "I want every little girl who's told they're bossy be told instead that she has leadership skills." He said the relationship with the Foundation and the Library has been incredible, adding that with Ms. Parikh's vision the Foundation has become very successful. The 2013-14 fiscal year was the highest revenue-generating year, bringing in over \$700,000 of gifts. There have been dramatic gains in donors and grants and the commitment to contribute to the Library. Board member ambassadors are fostering relationships and holding events to thank and honor donors. He acknowledged the enthusiasm of the Foundation Board. He shared the diverse background of the members.

Lynne Hoffman, Foundation Director, reviewed accomplishments showing a diversified fundraising program with annual giving, grants, business sponsorships and leadership giving. She then introduced Johanna Chestnutt, the new Development Associate, who is the Library's grant writer. Ms. Chestnutt's background is nonprofit grant writing. She formerly worked as an educator and a contractor's apprentice. She formerly served as Executive Director for a Seattle nonprofit who wrote government, state and federal grants. She has had good opportunity to get to know staff who are passionate and hopes to bring a broad experience writing federal grants to the Library. Ms. Chestnutt shared grant trends for fiscal years 2011-2014. The Library has 19 grants over \$5000. A goal is to improve numbers funds received from current donors. The Board thanked Ms. Chestnutt and wished her well.

Ms. Hoffman spoke on philanthropy, noting when Ms. Parikh arrived the Foundation was actively raising funds through events. Over time, the Foundation Board made a move to stop events and do something else to garner donations. Over the years she and Ms. Parikh worked to put Ms. Parikh in the position of talking to donors, which made it easier for the Library to ask for support. She added that Ms. Parikh spent a lot of time and energy on building relationships.

Mr. Gordon encouraged the Board to cultivate relationships and bring donors forward. He then issued a challenge to the Board to refer individuals passionate about libraries, children and the elderly from areas of the community other than University Place. The Board thanked the Foundation for their efforts and noted the Library cannot offer the services it provides without the work of the Foundation.

National Friends and Foundation of Libraries Week - Ms. Porter Smith introduced Bob Estrada, President of the Lakewood Friends. She noted the Friends groups have contributed over \$126,000 in the past year. She then asked the Board to issue a Proclamation. Mr. Allen moved to approve the Proclamation. Ms. McCament seconded the motion and it was passed. Mr. Allen read the Proclamation. The Board thanked the Friends for their contribution to the Library.

2015 Budget: Estimated Revenue and Expenditures - Ms. Parikh reported property tax law says the Library can tax up to highest level it can receive. The Library can grow its revenue to 2010 levels without limitation. However, after 2 years the Library will return to the 1% plus new construction limitation. She then reviewed and framed the rationale for the budget. She said the Library will pay attention to staff by conducting a compensation study since one hasn't been done for 8 years. It will also be conducting a climate survey at the beginning of year and doing internal work to create a communications plan. Plans for a leadership development program are underway also.

Two areas needing attention are the capital improvements fund and the cash flow. The capital improvements fund must be restored and strategies to increase the fund identified. The Library must also identify when it should be putting funds back into the budget.

Information technology has not been touched for four years. Based on consultations and Digital Experience Director Karim Adib's input the Library placed funds in this area to create the IT infrastructure. Mr. Adib stressed the importance of making smart choices for a sustainable future as well as the importance of security and stability.

Ms. Parikh indicated the materials budget must be studied since the use of materials is changing greatly. She stressed the importance of remaining up to date and relevant and that the Library must position itself to provide services to the community.

Mr. Allen would like to hear Mr. Adib's thoughts about the direction he thinks the Library should be going. He also wants to know what Mr. Adib feels are needs and gaps in the Library System, stating he would like more awareness from his point of view. Ms. Porter Smith reported David Durante is now part of Virtual Services and will be working closely with Mr. Adib.

Clifford Jo, Finance and Business Operations Director, framed the annual budget process noting the balanced budget is presented in October. Ms. Parikh's priorities are incorporated into the operating budget. The capital budget will be forthcoming in November. The Library has balanced the budget and is recommending using no cash to balance the budget next year. A large portion of the \$2.5 million new revenues will be used to restore capital transfers and funds that had been offset by cash reserves to balance the 2014 budget. Additional funds will also be used for increasing the materials budget by roughly \$278,000 and staffing IT. He added the importance of seeing what the cash situation will be over the next several years. He said the departmental budgets were thoughtfully proposed by the managers.

Mr. Allen was pleased to see the transfer into the capital budget. He asked why PC hardware was moved from the operating budget into capital budget. Ms. Parikh said it is a project since PCs have been replaced every four years in a rolling cycle. All PCs will be replaced at once and deployed so maintenance costs will be reduced and similar PCs will be operated throughout the system. During the technology planning process, the administrative team realized the budget was part of the technology plan and since it is a project it belonged in the capital plan with other projects. There will also be a proposal to add more dollars to the capital fund showing a long term projection.

Mr. Allen questioned the telephone data lines amount in the budget. Ms. Parikh noted those were line fees for data, not just the phone system. The number of circuits are being doubled and the Library is increasing bandwidth. This will be an ongoing cost. More than half will be recovered by E-Rate reimbursements.

Mr. Allen was curious about anticipating a drop in cost for water and an increase in sewer costs. Mr. Rose said rates are increasing for storm water costs.

Ms. McCament inquired about the nature of capital projects and whether they were determined by depreciation. Mr. Jo explained the Library reports on a cash basis and that internally the finance department looks at modified accrual basis; the Library does not depreciate assets.

2015 Materials Budget Summary - Mr. Allen asked how publishers are treating libraries with regard to pricing. Ms. Lomax said strategies will be examined in the next year with the big five libraries to decide what works best for libraries. The purchases will be treated differently based on terms. Mr. Allen asked how publishers are feeling about eBooks. Ms. Lomax said they have accepted the situation. She said the concern is that libraries are at their mercy and the next step for library communities will be getting tougher about what is acceptable in the interest of fairness.

2015 Implicit Price Deflator - Mr. Jo reported the Municipal Research and Services Center predicts 1.59% and noted that no Board action was needed.

2015-2019 Cash Flow - Mr. Jo said updated versions will be presented in future months. The purpose is to plan what to do with deficits in the budget as revenue was decreasing. He said in 2015 the Library will need no cash to balance the budget. Operating reserves are four months and the Library anticipates having at least that much to pay for expenditures. He anticipated at end of 2015 the Library would have \$2.6 million in cash in addition to the operating reserve. The \$2.6 million is higher than the 2% unrestricted fund balance that the Board had asked the Library to have available. In years 2016-2019, he would address strategies to avoid using cash funds to pay for

operations. Mr. Allen was interested in knowing why cash reserves increase by \$200K in year 2016-2018. Mr. Jo noted this is due to budgeting cash back into the fund.

Facilities Master Plan: How Other Libraries Funded Capital Projects - Ms. Parikh reviewed the document identifying project funding sources from other library systems. Pierce County Library is one of only three systems owning all of its buildings, with a fair amount of libraries in unincorporated parts of the county. The general obligation bond in 1986 was very successful and adding all the buildings at once was extremely important to the Library. She reviewed the various strategies used by the library systems. She said most systems raised funds branch by branch rather than system wide. She also identified the LCFA process.

Ms. Parikh said the Facilities Master Plan shows Pierce County Library System has buildings that need to change. Perhaps the Library should look closer at improvements branch by branch. She said there are areas in the county looking to improve themselves which affords the Library the opportunity to leverage partnerships. She said another possibility would be to do a bond regionally but this would require great care. She noted Ms. Hoffman is working with the Foundation to prepare them so they can be full partners and aid the Library by more effectively leveraging resources.

2015 Board Meeting Schedule - Ms. McCament moved to approve the 2015 Board Meeting Schedule. Mr. Rose seconded the motion and it was passed.

EXECUTIVE SESSION

At 5:48 pm, Ms. McCament moved to enter into Executive Session as per RCW 42.30.110 for 15 minutes for discussion of personnel matters. Mr. Rose seconded the motion and it passed. The session was reopened to the public at 6:00 pm.

ANNOUNCEMENTS

There were no announcements.

ADJOURNMENT

The meeting was adjourned at 6:01 pm on motion by Ms. McCament seconded by Mr. Allen.

Neel Parikh, Secretary

Linda Ishem, Chair