

**BOARD OF TRUSTEES
PIERCE COUNTY LIBRARY SYSTEM
REGULAR MEETING, JULY 9, 2014**

CALL TO ORDER

Chair Linda Ishem called to order the regular meeting of the Pierce County Rural Library District Board of Trustees at 3:32 p.m. Board members present were Donna Albers, Robert Allen, J.J. McCament and Allen Rose.

PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approval of Minutes of the May 30, 2014 Special Meeting
2. Approval of Minutes of the June 9, 2014 Study Session Meeting
3. Approval of Minutes of the June 11, 2014 Regular Meeting
4. Approval of June 2014 Payroll, Benefits and Vouchers
 - a) Payroll Warrants 3555-3563, dated 06/01/14-06/30/14 in the amount of \$6,481.22
 - b) Disbursement Voucher - Payroll and Accounts Payable, dated 06/05/14 in the amount of \$581,181.80
 - c) Disbursement Voucher - Payroll and Accounts Payable, dated 06/20/14 in the amount of \$549,480.38
 - d) Accounts Payable Warrants 622773-622908, dated 06/01/14-06/30/14 in the amount of \$867,688.74

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

BOARD MEMBERS REPORT

Ms. Albers said the ALA conference was amazing and the range of topics and caliber of speakers were very impressive. A presentation on *The Future of Libraries* was provided by the Executive Director of the Chattanooga Library, who noted that just because there is a need in the community, the library does not have to be the one that fills the need. She said attendees were encouraged to embrace technology, pursue creative collaboration, engage in faster decision making, be committed to what the libraries are doing, and stop trying to bring the organization back to what it was before the economic downturn. The speaker noted libraries have to focus on today and the future. She stated the days before the downturn are gone, and will not likely return anytime soon, if ever, and today's libraries need to adjust. Ms. Albers commented on a session she attended on building and planning.

Chair Ishem also attended the conference. She noted she reached out to potential candidates in minority caucuses and told them about the strengths of the organization and the beauty of Pierce County in general. People she spoke to said the Board should encourage Bradbury Associates to reach out to potential candidates that would not typically be seen because there are up and coming talented people in the field. She also said the best responses she received were from people who had previously been in the Pacific Northwest and Pierce County area.

Ms. McCament shared a conversation she observed at Virginia Mason. In the waiting room a man commented that his leg was injured on a hike. A woman immediately asked him if he had read *Wild*. She excitedly told him about PC READS and went on to tell him about the book. Ms. McCament stated this is just one example that shows the impact PC READS has in the community.

OFFICERS REPORT

May Dashboard

There were no questions about the Dashboard.

June 2014 Financial Report

Clifford Jo, Director of Finance and Business Operations, provided an overview of the financial report. He informed the Board that the Polaris contract renewal was charged to the wrong line item, and it will be moved to the correct line item (Contracted Maintenance). This can sometimes happen during the course of a year and it is standard practice to make adjustments to where expenses are charged.

IRS Tax Form 990 for 2013

Mr. Jo reminded the Board completing the 990 form is an IRS requirement for all 501(c)(3) non-profit organizations and asked if there were any questions or concerns, of which there were none.

Scout Report

David Durante, Customer Experience Manager – Virtual Services and Technology, informed the Board as of today's date 1142 have registered for the Scout program and 433 have registered to participate in the Teen Summer Challenge. He noted the Teen Summer Challenge has been up and running for three weeks and Scout has only been active for a little over a month. The target goal of 1000 participants has already been surpassed. He will continue to provide updates to the Board as the programs continue.

2014 Property Values for 2015 Tax Levy

Mr. Jo informed the Board that on June 21, 2014, the Pierce County Assessor-Treasurer's Office released their annual report on property valuations in Pierce County. County-wide, residential properties increased by 9.6% and commercial property values have increased by 0.5%. He is calculating what this impact will be on 2015 revenues, and will be developing a budget strategy during July and August.

He stated the preliminary estimate for the Library's taxing district will have increased in value between 8.8% and 9.2%. Mr. Jo anticipates considerable work will be done on the budget and much of the increase will be applied to restore the set-asides, which were greatly reduced to offset further impacts to services and staffing. He told members of the Board as the Library exits the economic downturn it is faced with the need to address the capital improvement fund and planning for cash reserves.

PAC Self-Service Lobby

Linda Farmer, Communications Director, and Lisa Bitney, Reading and Materials Director, provided an update on the self-service lobby at PAC. Ms. Farmer said she appreciates that decisions to make the changes in the way the lobby is staffed are data driven and staff took the time to do a pilot run to make sure it was the right thing to do. Neel Parikh, Executive Director, said the change had to serve the public's needs. It was also noted when public meetings are being held at PAC, the reception desk will be staffed.

The implementation date of the full-time self-service lobby is undetermined since the Union's recent filing of a formal notice demanding to bargain the impacts of this change on working conditions.

Ms. Parikh announced the reappointment of Ms. Albers by the Pierce County Council, which occurred on July 1, 2014.

Ms. Parikh informed the Board the new HVAC system received praise for improvements that took place in bringing the building's duct system up to current code and functionality.

Digital Experience Director Report

Mr. Jo informed the Board that Karim Adib has accepted the position of Digital Experience Director. Mr. Adib will arrive in mid-August. He said the hiring process was a nine-month journey that allowed the Library to get the right person for the job. Mr. Adib formerly held an IT Director position in Chicago. Mr. Joe added that Mr. Adib is looking forward to the opportunity to strategically lead the IT department.

UNFINISHED BUSINESS

Executive Director Search Update

Chereé Green, Staff Experience Director, informed the Board six candidates have formally applied. Bradbury Associates is actively seeking 25 prospects on their own, and sees promise for an additional 15 to 20 candidates to apply before the position closes July 24, 2014. She noted she is pleased with Bradbury Associates' service. Screening to narrow the finalist selection will take place on July 31, 2014. Interviews will take place on August 4 and 5, 2014, followed by background and reference checks. Ms. Green said the hope is to have negotiations completed by August 29, 2014.

Facilities Master Plan (FMP) Study Session Follow Up

Ms. Parikh reviewed items discussed in the June 9, 2014 Study Session and asked for guidance and a "To Do" list. The needs are outlined in the Board memo.

Ms. Parikh discussed ongoing activities and asked the Board for direction on the Executive Director transition plan and the importance of updating the Facilities Master Plan.

Ms. Parikh shared a recent meeting with the Bonney Lake Friends who indicated they were interested in placing a measure on the ballot for a new library that suggested interim funding.

Ms. McCament said it would be important to track the lid lift and bond elections and how the elections align. She asked what the options are, how elections are run and what the pros, cons and pitfalls are. She said there is an art to choosing when to go to an election and when to run ballot measures side by side. She noted the difference between school districts and the Library is that school districts renew funding measures and go out for bonds all the time and the public expects it.

Mr. Rose noted there are significant parts of the County that will not vote for any new taxes. The County was considering proposing the addition of a parks district and performed an analysis that showed people would not approve any additional tax dollars to run it.

Referring to the "To Do" list, Mr. Allen said he is in favor of staff providing a transition plan in general and not just for the Facilities Master Plan. He would also like to see what the Library

cannot do, what is important and what would simply be nice to have, and asked for these to be ranked in order of priority.

Election Options Available to Library Districts

Ms. Parikh gave the Board a list of election options available to the Library District. She said elections are expensive due to the cost of communications and putting it on the ballot. Although the Library cannot lobby for anything placed on the ballot, they can, and should, provide fact-based information to the public. Friends and Foundations can pay to advertise.

Levy Lid Lifts

Ms. Parikh said lid lifts can be for one time only or for six years. For a six year levy, the inflator must be determined. She said the common wisdom is not to place a lid lift on the ballot until the district levy rate is at 46 cents or lower.

Capital Facilities Area

Ms. Parikh stated Sno-Isle utilizes this funding mechanism. Using this practice would allow the Library to draw a district, around Fredrickson for example, then take it to those voters in that district to build a library. The Library could draw a district that includes a city, and its surrounding area or could group multiple areas together.

Ms. McCament said it is not legal for the Library to do design/build, but a city could use that method. If a city placed a bond measure on the ballot to build a library, they would own it and do the design/build themselves. Ms. Parikh mentioned the Library learned a great deal from its experience working with University Place regarding occupancy of their civic building and will be in a far better position if this opportunity arises in another location.

District-Wide Bonds

Ms. Parikh discussed general obligation bonds noting they must include the whole district, which encompasses all unincorporated Pierce County and any annexed cities. After a bond is passed, if a municipality pulls out of the Library District, those taxpayers are still obligated to pay on the bond. She noted excess levies are not used very often. It was attempted by the Library once and failed, but has never been done since.

Annexation

Ms. Parikh moved on to a discussion regarding annexation, which is a method by which a city legally becomes a part of the Library's taxing district. She noted that cities annex to the library, not the other way around. When a city annexes into the Library District it is saying it wants to be a part of the District; therefore the city, not the Library, places the measure on the ballot. The city does not have the only say in the matter, as the Library has to agree to the addition. When an unincorporated area becomes a city, it is no longer part of unincorporated Pierce County. At that time the city has to decide if they want to be part of the District and have one year to make that decision.

Members of the Board complimented Ms. Parikh on her work and noted it was very informative.

NEW BUSINESS

Maker Movement

Jaime Prothro, Customer Experience Manager, shared two poems: "*Lament to Makers*" and "*Advice to the Players*" from the book "*Star Dust*" by Frank Bidart.

She explained that the Maker Movement has been developing quite rapidly and the lifelong learning aspect of the movement connects well with libraries.

Ms. Prothro added that the Maker Movement will help the Library in its future endeavors in serving people of all ages, backgrounds, abilities and interest levels. She recommended an informative book titled *"Makers: The New Industrial Revolution"* authored by Chris Anderson.

3D Printing in Gig Harbor Pierce County Library

Terri May, Gig Harbor Librarian, provided a presentation on 3D printing. She brought several projects designed and created by customers who attended workshops conducted at the Branch.

She explained 3D printing and how the printers work using a digital file that prints a 3D object layer by layer. Mr. Allen explained 3D printing reverses the current process and techniques used in manufacturing. Instead of starting with a big piece of material and whittling it down (subtractive manufacturing), 3D printers start with something small and build it up.

Some popular industries using 3D printing applications include architecture, medical, culinary arts, automotive, aerospace, art and fashion. 3D printing allows the design of objects, with a complete internal structure strictly for function, which could not be accomplished using traditional manufacturing processes.

Ms. May shared a video showing the 3D printer in use at the branch. She noted the enclosures around the 3D printers were provided by Friends and stressed that no taxpayer dollars have been used on the 3D printers. She invited members of the Board to visit the Gig Harbor branch and see the printers in person.

Ms. May said the Library currently offers two classes on 3D printing: *Introduction to 3D Printing* and *Printing for Beginners*

Mr. Allen asked about the costs involved in running the printers. Ms. May said all equipment and materials have been donated.

2014 Mid-Year Budget Adjustment

Mr. Jo referenced the memo in the Board packet and its attachments, identifying the mid-year budget chart that summarizes the budget for the remainder of the year. The primary goal of the mid-year budget is to ensure that spending is on track for the remainder of the year, make corrections and adjustments as needed, and begin planning for the 2015 budget.

Mr. Jo said they are predicting a balanced budget without the need to use cash reserves for the remainder of the year.

Ms. McCament moved for approval of the Operating Budget. Mr. Rose seconded the motion and it was passed.

Capital Improvement Budget

Mr. Allen asked about beginning fund balance estimates, where they came from and what the mid-year projection is. Mr. Jo explained the original \$2M was estimated in November last year. He said because the Library operates on a cash basis, not an accrual basis, it makes it difficult to know how much cash the Library has on hand at any point in time. He explained that billing spans the fiscal year and warrants payable clear out over a period of time. Mr. Jo said he will

work with Dale Hough, Finance Manager, to find a way to provide the Board with a more definite projection.

Mr. Allen moved for approval of the Capital Improvement Budget. Ms. McCament seconded the motion and it was passed.

Circulation Report

Sally Porter Smith, Customer Experience Director, provided an overview of the circulation report, a review of how circulation has changed over the past 3 years. In 2013, the Library reported a 6.1% loss in circulation while implementing a 23.34% reduction in materials budget. A review of prior three year's data provides a broader perspective in understanding the 2013 circulation loss. This report identified specific areas of circulation loss, the administrative decisions impacting circulation, as well as other contributing factors to declining circulation for specific types of materials.

Ms. Porter Smith went on to say how and what the Library now circulates, for example downloadable books and music as well as online access to articles and databases is different than what it was 10 years ago. She said the purpose of the report is to look at and understand circulation historically noting the levy lid lift brought additional dollars for collection as shown in the chart tracking circulation and materials budget. Reviewing circulation in comparison to other libraries on a national and regional basis is informative. This year, a national report shows libraries of comparable population are showing a 1% average increase in circulation ; King County, Sno-Isle, Kitsap and Timberland have all reported increases in circulation ranging from 1% to 6%. The Library's overall circulation has decreased , however, downloadable circulation increased 39%. Database use is not included in circulation statistics.

Ms. Porter Smith discussed decreases in DVD circulation, which is the highest contributor to circulation loss. Many factors contribute to the decrease, including administrative and operational changes made to manage theft (dispensing units and change in holds pickup), budget reductions and holds caps on DVD items, as well as marketplace changes (i.e., Netflix, Redbox, streaming movies). Ms. Porter Smith said budget cuts have been made due to DVD loss reduction and having 30% of the collection in machines has contributed to fewer unreturned DVDs. She also noted early Hoopla (online streaming video) use is strong, giving evidence that customer preferences and needs are changing, making it clear the Library needs to evaluate how much it spends on DVDs because it represents a large part of the circulation budget.

Lisa Bitney, Reading and Materials Director, discussed changes in circulation of CDs, reporting a 27% decrease in circulation since 2011. She said changes in the CD industry which has been in decline since 2007. The way people read today (e-Books, downloadable audio, etc.) has also changed. While print reading circulation has declined, e-Book circulation has increased 13% from last year and audio book circulation increased 20%.

Ms. Bitney noted when the levy lid lift was passed, the materials budget increased, peaking at \$4.7M in 2011 the same year circulation started to decline. This happened regionally as well. In 2012, a decision was made to cut the materials budget by 23%, influenced not only by declining Library budgets but the lack of e-Books available for purchase by libraries, space limitations for collections in libraries, and other marketplace considerations. Ms. Porter Smith added the Library remained mindful of what the community wanted and needed during this budget reduction process.

Ms. Bitney reviewed a list from the packet that demonstrated how the Library's circulation numbers compare to other libraries both regionally and state-wide. 2013 information was not available at the time the report was prepared. Ms. Parikh pointed out that even when you look at circulation per capita, the Library is ranked in the top two. She noted the per capita percentage is the best way to compare what the Library is spending. She informed the Board that the Library's per capita is ranked lower because of its space constraints, which mandates that the collection stays the same size. Electronic use is reported separately, and because it does not require space in the buildings, this gives the Library the ability to provide more materials to its customers.

Ms. McCament thanked Ms. Porter Smith and Ms. Bitney and said it was an interesting report and analysis. Mr. Allen mirrored Ms. McCament's comments.

EXECUTIVE SESSION

There was no Executive Session.

ANNOUNCEMENTS

There were no announcements.

ADJOURNMENT

Ms. McCament moved to adjourn the meeting at 6:12 p.m. Mr. Allen seconded the motion and it was passed.

Neel Parikh, Secretary

Linda Ishem, Chair