

# Yakima Valley Libraries

## Board of Trustees

*Study Session – 2013 Budget*

Tuesday, October 23, 2012 - 3:00 p.m.

**Board Members Present:** President James E. Barnhill, Vice-President Melba Fujiura, Secretary Jerry Maggard, Trustee Richard E. Ostrander, Trustee Pamela J. Perryman

**Staff Present: Director:** Kim Hixson, Deputy Director Linda McCracken, Human Resources Darline Charbonneau, Accounting Manager Nancy Heilman, IT Manager Sergio Razo, Administrative Coordinator Terri Reeder

- The Study Session opened at 3:00 p.m. with a review and discussion of the 2013 budget.
- The total 2013 Library property tax request will include the 101% levy to include unanticipated funds such as changes in State Assessments or other Added Value revenue; however, it is anticipated that the actual request will be held at .7800% for property taxes. Based on the estimated information received from the Yakima County Assessor; there is a slight overall increase in the property tax base of approximately 1.07%. The overall effect provides for a slight increase in the estimated levy rate. The levy rate for 2012 was .47241; based on preliminary date, the estimated levy rate for 2013 may be .47484. the one percent limit is still in effect which presumes an increase of \$49,756.07 over last year not including new construction, State Utility Assessment or Added Value funds. New construction is estimated to provide the library with additional taxes of \$59,071.20. By law, the maximum levy rate allowed for library districts is .50 cents per thousand.
- Yakima Valley Libraries contracts library services with five non-annexed cities in the County: Granger, Mabton, Naches, Tieton and Union Gap. Granger and Naches have a projected decrease in their estimated property tax value which will decrease the 2013 anticipated contract revenue from these cities. Union Gap will not renew the contract due to the closure of the library prompted by demolition of the City buildings.
- The collection budget will be reduced by 3.94% due to the closure of the Union Gap Library.
- Benefits will have an 11.92% increase for the 2013. There is a 1.94% increase anticipated for employers by the Department of Retirement Systems scheduled in July of 2013 which will increase the portion from 7.21% to 9.03% and is included as a budget contingency.
- Capital Projects include plans for painting Yakima Central Library's exterior structure and modifying the granite planters. Other projects around the district's facilities include paint, book drops, and some carpet repair.

- The overall general fund revenues and expenditures are balanced with a 1% increase in revenues and a 1.28% increase in expenditures from April 2012 amended Budget. The overall budget contains a 7.56% decrease from 2012 due to the completion of the capital projects. The debt service will be 50% at the end of 2013. Carry forward cash from the 2012 budget will offset the capital and debt service for 2013 and a portion of the 2014 debt service. The cash carry forward will be compromised of payroll and benefit contingency, savings in capital project, and an underspent collection for 2012.
- Total Expenditures (including capital projects and ending cash balance) for General Fund are \$10,064,102.
- The budget includes a detailed breakout of line items and recap of the five designated funds.

**Discussions**

**Trustee Ostrander:** *What is our annual cost for Terrace Heights? Is maintenance included?*

**Director Hixson:** There is no rental cost for Terrace Heights; however, YVL does allow them a \$6,000 annual maintenance to offset utilities and janitorial. Total costs including direct and indirect are budgeted at \$236,547 annually.

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**Trustee Fujiura:** *What is the situation on the roof at Sunnyside?*

**Director Hixson:** The roof at Sunnyside was replaced in 2012 – the cost was approximately \$44,000. Sections of the Yakima Central roof are expected to be replaced over a five year period. Susan Miller (Facilities Manager) has received different options and costs from a roofing vendor.

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**Trustee Ostrander:** *What is your biggest concern?*

**Director Hixson:** I had hoped for more flexibility. Union Gap's closing has changed our funding. Also, IT equipment will prompt some aggressive spending. We must be vigilant about moving forward and be proactive with our resources.

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**Trustee Perryman:** *I really like the Budget packet with the photos. It's very attractive and I appreciate the breakout of the different departments.*

**Director Hixson:** We don't do an annual report so this is a composite of both an Annual Report

and Budget report. We will post the Budget on the web after it is approved next month.

**Trustee Ostrander:** *Where do you plan to put in more Book Drops?*

**Director Hixson:** Granger, Toppenish and Harrah. The Book Drops are very expensive and range from \$3,000- \$5,000 each. We will speak with the cities to determine their regulations. The Book Drop from Summitview was removed is now used at Buena.

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**Trustee Barnhill:** *The City is having trouble with the cost of benefits for their budget next year. My experience has been: "It is easy to add something on, but harder to take it away."*

**Director Hixson:** Normally we go out to bid for our benefits; however, we will stay with the current insurance provider. Our cost for medical insurance will be \$597 per eligible employee. Employees pay out of pocket for their own dependents if they choose to add them on. The City is expecting to pay over \$1,000 per person in benefits next year. We opted out of paying to contract with an insurance broker and work directly with the insurance company. WCIF is a good provider so we will stay with them this (coming) year. Full-time employees working 32-40 hours are eligible for benefits. In 2014, we will be required to also cover employees with benefits who work 20 hours a week.

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**Trustee Barnhill:** *Explain about Shared Leave.*

**Director Hixson:** I have built a contingency into the budget for Accrued Leave. Eligible staff accrues 8 hours a month for sick leave with a maximum of 960 total hours. Some staff have 960 hours on the books. Upon retirement, an employee receives payment for one-fourth of their accrued Sick Leave. The shared leave policy allows for an unlimited donation from one staff to another – it far exceeds the FMLA guidelines. This year we have paid out an equivalent of a half-time FTE through the Shared Leave Program. We have been discussing a modification that will match the FMLA requirements - which is 12 weeks (3 months). Medical benefits and other benefits continue to be paid by the library while the employee is on Shared Leave. Their accruals also continue to generate. Our current policy allows employees to also request donated Shared Leave from other staff. There's no cap regulating how much an employee can donate over time. FMLA only guarantees a job for 12 weeks. The cost of our current Shared Leave policy is significant.

**Trustee Ostrander:** *When was this Policy formed?*

**Director Hixson:** During Ann Haley's term between 1997-2000. I'm working with Human Resources to develop a new version of the policy for the Trustees to review and adopt. I may recommend that some of the policy be reviewed by an attorney prior to adoption.

**Trustee Maggard:** *How exactly does this happen?*

**Director Hixson:** The Personnel Policies allow staff to request shared leave when they are facing a significant health crisis and their current leave will be exhausted. Per our Policies, staff is asked if they want to donate their Leave to the employee. Our staff is very generous and have donated close to 900 hours for one employee.

**Trustee Perryman:** *And we still had to pay them?*

**Director Hixson:** Yes, we had to cover their benefits even though they weren't coming back. Staff doesn't see the cost factor.

**Trustee Barnhill:** *Can we have the new policy in place by June 1<sup>st</sup>?*

**Director Hixson:** Yes, we can. It is challenging to line out everything we want to take out and add in. Again, we may want to run some parts of it by an attorney.

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**Director Hixson:** When developing the annual budget, I start by looking at the payroll spreadsheet. We are not disbursing cost of living raises, but will continue with merit raises. We only have one FTE we are not filling. Wages and benefits are our biggest cost. I look at what we budgeted the year before. Our Managing Librarians this year prepared budgets for according to their Zones.

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**Trustee Barnhill:** *What impact are we building up for future retirees?*

**Director Hixson:** PERS is projecting a significant increase in July of 2012 – we have also included this projected increase in 2013 benefit budget.

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**Director Hixson:** In summary, the figures I've arrived at are based on the 96.60% of new revenue. The total 2012 Library property tax request will include the 101% levy to include unanticipated funds such as changes in State Assessments or other Added Value revenue; however,

it is anticipated that the actual request will be held at .7800% for property taxes. Based on the estimated information received from the Yakima County Assessor, there is a slight overall increase in the property tax base of approximately 1.07%.

**Trustee Maggard:** *Is the maximum levy for libraries 50 cents per \$1,000?*

**Director Hixson:** Yes, that is the maximum allowed by law.

**Trustee Barnhill:** *I understand there is 138 million dollars of new construction in the county?*

**Director Hixson:** The County records show a little over 125 million which will translate to approximately \$59,000 in additional revenue for the library with new construction funds.

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**Director Hixson:** There are some changes with the contracting cities. We will pay \$2,500 a year in utilities to the Town of Naches. We will be going more in that direction with the contracting cities. We must reassess all facilities in the coming year. We pay \$6,000 to Terrace Heights Association to offset janitorial and maintenance.

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**Director Hixson:** I've learned that with the building of West Valley, the remodel of this building, and that of Buena, excellent staff, hours and space help us to provide quality service. I do think the people need us to be in White Swan. The question is how do we provide quality service to rural areas? Currently we do provide Outreach Services. Other library districts, such as King County Library System have developed a mobile "Library2Go" program which travels to areas best meeting the needs of the public.

**Trustee Ostrander:** *Are you talking about a modified book mobile?*

**Director Hixson:** Yes, but not as big and it would contain a computer lab.

**Trustee Ostrander:** *We eliminated book mobiles when we found out that people were driving up to them. I don't know if we can afford book mobiles.*

**Director Hixson:** We are trying to find different ways and options of providing services to the rural community.

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**Director Hixson:** Changes such as Union Gap and technology expenses will alter our funding. We may need to really look at each of our libraries and make some future determinations. We are aware that some teens prefer White Swan than Harrah. The goal for our Managing Librarians is to

look at the Zones in the district. They are trying hard to nurture their communities. Looking at all these factors is how I built the budget. I want to concentrate on core services and locations.

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**Trustee Maggard:** *I'm curious about the breakdown on debt services on the new building.*

**Director Hixson:** Yes, it is in the budget.

**Trustee Ostrander:** *We have made two payments?*

**Director Hixson:** Yes, the repayment schedule provides the details.

**Trustee Maggard:** *I can't believe we are only paying a little over \$136,000. What is our interest rate?*

**Director Hixson:** 1.9% on the loan.

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**Trustee Barnhill:** *We will lose \$100,000 from Union Gap, is that right?*

**Director Hixson:** Yes, which also caused a reduction in the Collection.

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**Trustee Ostrander:** *What does "van for general use" mean?*

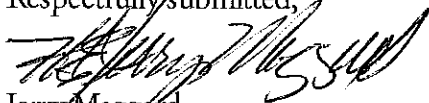
**Director Hixson:** This refers to the van available for library use in the fleet. Our Managing Librarians use their own cars for transportation between libraries. We pay the Federal rate for mileage on personal vehicles. There are no plans to replace any of the six vehicles in the fleet. We will drive them until their wheels fall off.

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**Trustee Barnhill:** *I'd like to close by saying this budget is put together better than any I've ever seen from previous Boards I've served on. The Trustees unanimously agreed.*

The Budget Study Session adjourned at 3:55 p.m.

Respectfully submitted,



Jerry Maggard  
Secretary