



www.BataviaPublicLibrary.org

MINUTES

Standing Committee on Finance • Board of Trustees • Batavia Public Library District

Special Meeting

Tuesday • 5 January 2010

1. **Call to Order**

Trustee Sullivan called the meeting to order at 7:04 p.m. in the Elizabeth L. Hall Conference Room of the Batavia Public Library.

2. **Call the Roll**

Committee Members Present: Douglas S. Sullivan and James F. Trefil

Committee Members Absent: J. Thomas Von Lunen

Other Trustees Present: None

Staff Members Present: Director George H. Scheetz, Business Manager Joy K. Ganster, and Deputy Director Joanne C. Zillman

Visitors Present: None

3. **Approve the Agenda**

Trustee Sullivan asked whether there were any changes to the agenda.

Motion by Trustee Sullivan to approve the agenda, as presented. Seconded by Trustee Trefil. All: Aye. The motion carried.

4. **Approve the Minutes:** Special Meeting, Tuesday, 3 November 2009

Trustee Sullivan asked whether there were any changes to the minutes, copies of which were included in the Committee packet.

Motion by Trustee Sullivan to approve the minutes of the special meeting, as presented. Seconded by Trustee Trefil. All: Aye. The motion carried.

5. **Financial Plan**

a. **Rolling Three-Year Financial Plan**

Director Scheetz reported that a revised and expanded, rolling three-year financial plan was included in the Committee packet. In addition, a letter from the City of Batavia regarding the electric utility was included in the Committee packet for purposes of information.

Business Manager Ganster noted that the column, “Projected Actual, 2009–2010,” was a projection based on actual expenditures through 31 December 2009.

Discussion followed on the projected “net surplus” in the Library Fund for the current fiscal year (which is positive), as well as the two following fiscal years (which are negative).

In response to a question from Trustee Sullivan, discussion followed on possible solutions to the negative “net surplus” in 2010–2011 (Tax Year 2009) and 2011–2012 (Tax Year 2010), including using reserve funds in the Library Fund for this purpose.

b. **Working Budget for 2010–2011**

Director Scheetz reiterated that, as the process of preparing next year’s budget begins on the staff level, he and Business Manager Ganster have determined that projected expenditures may exceed projected revenues. Therefore, based on a discussion that began at the November meeting, Director Scheetz proposed the following guidelines for the Working Budget for 2010–2011 in order to provide structure for the Committee’s discussion:

- Budget for books and other materials at least at the same level as the Working Budget for 2009–2010 (no reduction), which may cause Batavia to fall below the suggested standard in Illinois for books and other materials (12% of the operating budget)
- Budget a “salary pool” of at least 3.0% of the Working Budget for 2009–2010, in order to accommodate employees below the salary schedule, as well as merit pay
- Budget reserve funds (as may be needed) from the Library Fund, not to exceed 20.0% of the reserve balance as of 30 June 2010, in order to balance the Working Budget for 2010–2011
- Make a good faith effort to reduce expenditures and improve revenues without diminishing the overall quality of service

Director Scheetz reminded the Committee that the Working Budget for 2010–2011 was subject to revision (and recommendation of approval to the Board of Library Trustees) by the Standing Committee on Finance, as well as final approval by the Board of Library Trustees.

Finally, Director Scheetz reported that President Gibson—who was not able to attend the meeting—had asked Director Scheetz to express the opinion (held by President Gibson) that the Working Budget should be prepared without using reserve funds.

Discussion followed on the projected budget for 2010–2011 as it appeared in the rolling, three-year financial plan—and how it differed from the Working Budget that would be proposed by the Library Director.

Discussion followed on revenues versus expenditures, the parameters proposed by Director Scheetz as discussion points, and the return on investment (ROI) of Library services.

Trustee Sullivan reported that he and Trustee Von Lunen—who was not able to attend the meeting—would like the Library to meet the Illinois standard for the budget for books and other materials; that is, 12% of the total budget (using the formula provided by the Illinois State Library).

The consensus of the Committee was that the Working Budget should not use reserve funds. However, Director Scheetz was asked to provide specific options for the use of reserve funds.

The consensus of the Committee was that the Working Budget should address salary issues, with options, similar to the manner in which the current year's budget was presented in 2009.

In summary, the consensus of the Committee was as follows:

- **Books and Other Materials:** Budget at least at the level of the suggested standard in Illinois for books and other materials (12% of the operating budget)
- **Salary Issues:** Budget a “salary pool” of at least 3.0% of the Working Budget for 2009–2010, in order to accommodate employees below the salary schedule, as well as merit pay; present options
- **Reserve Funds:** Budget zero reserve funds from the Library Fund; present options
- **Overall:** Make a good faith effort to reduce expenditures and improve revenues without diminishing the overall quality of service; the Committee recognized that not using reserve funds could lead to a reduced budget for 2010–2011

A general discussion followed on specific expenditure codes and projects, including in particular future legal fees and the projected return on investment related to the annexation in Blackberry Township.

Discussion followed on the budget-preparation and -review schedule, which calls for the first review by the Committee in April.

6. **Capital Improvements Plan and Capital Budget for 2010–2011**

Capital Budget for 2010–2011 and Beyond

Director Scheetz observed that the source of funds for capital improvements is the purview of the Standing Committee on Finance. Options that do not require voter approval are limited, but worthy of review.

Director Scheetz reported that, in addition to simply using the balances in the Special Reserve Fund and perhaps the Building Equipment & Maintenance Fund, the Library could leverage its reserves in several different ways, including taking out a mortgage on the current building or issuing general obligation debt certificates. However, the repayment of such instruments would require greater cash flow than the Library can generate at the present time.

Director Scheetz noted that, notwithstanding the current economic situation, the Library probably could take on several smaller projects as identified in the Master Plan.

Capital Improvements Plan (CIP)

Director Scheetz reported that, in February, the Standing Committee on Facilities would meet to discuss approaches to implementation of the Master Plan. Project under discussion include, but are not limited to, improvements to the drive-up book return, improvements to the small study rooms on the Upper Level, selected building maintenance projects, and a security system for the Library. Discussion followed.

7. **Future Agenda Items**

Director Scheetz reported that a list of future agenda items was included in the Committee packet for purposes of information and planning.

8. **Comments from the Committee**

There were no additional comments from the Committee.

9. **Next Meetings or Events**

- a. *Board of Library Trustees (Regular Meeting), Tuesday, 19 January 2010, 7:00 p.m., Elizabeth L. Hall Conference Room, Batavia Public Library*
- b. *Standing Committee on Finance, Tuesday, 2 February 2010, 7:00 p.m., Elizabeth L. Hall Conference Room, Batavia Public Library*
- c. *Board of Library Trustees (Regular Meeting), Tuesday, 16 February 2010, 7:00 p.m., Elizabeth L. Hall Conference Room, Batavia Public Library*

10. **Adjournment**

Motion by Trustee Sullivan to adjourn the special meeting. Seconded by Trustee Trefil. All: Aye. The motion carried.

Trustee Sullivan declared the meeting adjourned at 8:31 p.m.

Respectfully submitted,

George H. Scheetz
Director