

COMMITTEE NOTES

**Finance & Audit Committee Meeting
Kansas City Public Library
Board of Trustees
March 15, 2011**

The Finance & Audit Committee of the Board of Trustees of Kansas City Public Library, pursuant to official notification, met Tuesday, March 15, 2011, at 3:30 p.m. at the Bluford Branch Library, 3050 Prospect Avenue, Kansas City, Missouri.

COMMITTEE MEMBERS PRESENT:

David Mayta (Chair)
Joan Caulfield
Olivia Dorsey
Jonathan Kemper (ex officio)
Claudia Oñate Greim

MEMBERS PRESENT:

Leon Dixon
Fran Daniel

STAFF PRESENT:

Crosby Kemper III, Chief Executive
Claudia Baker, Director of Development
Reed Beebe, Purchasing Manager
Lillie Brack, Central Library Director
Dorothy Elliott, Deputy Executive Director for Branch and
Outreach Services
Henry Fortunato, Director of Public Affairs and Communication
Kathleen Hinton, Finance Manager
Pam Kannady, Director of Human Resources
Cheptoo Kositany-Buckner, Deputy Director
Heather Pedersen, Administrative Officer
Debbie Siragusa, Chief Financial Officer
Kaite Stover, Head of Reader Services

Mayta called the meeting to order at 3:32 p.m.

C. Kemper stated that legislation passed in 2008 (SB 711) mandates that the Library submit an informal projection of a nonbinding tax levy rate no later than April 8, 2011 and that the motion before the Committee would recommend to the Board that the Chief Executive be designated to informally project this rate.

Dorsey arrived at 3:34 p.m.

Siragusa explained that with assessed valuations going down, the levy calculations put the Library at the maximum amount of 0.5000 without a recoupment. She added that the Library will learn the final numbers from the County in July and that there is the option of doing a small recoupment of up to 0.5052 in September, since we were just under the maximum levy last year. Based on the projections, C. Kemper recommended that the estimated nonbinding tax levy be set at 0.5000.

Motion by Dorsey to refer to the Board the recommendation of the Chief Executive and the Finance and Audit Committee to designate the Chief Executive to informally project the Library's nonbinding tax levy for tax year 2011 pursuant to the provisions of 137.243(1) RSMo (2010). Second by J. Kemper. Approved unanimously.

Discussing the budget, Sirgusa explained that without the recoupment the Library is faced with a \$360,000 decrease in property tax revenue. Combining this with estimated operating cost increases of 3% and the second half of the merit increase approved last year, the Library has about a \$650,000 budget gap with a standstill budget. Siragusa added that the projections show that there is a two year effect on the budget since reassessment is done every other year.

C. Kemper stated that the Library currently has about 16 vacant positions open (not including those left open over the last couple of years) and the Library would need to keep about half of these open to avoid Library hours reductions. He added that the Library wants to re-engage with Annie Busch, former director of the Springfield Public Library, to help reorganize some areas of the Library to improve efficiency. The budget projection also includes some reduction in operating expenditures and a reduction in the capital budget, with plans to make up for the shortfall where possible through approaches such as securing grant funding for the replacement of computers. Materials would likely be the last area to be cut, but some reduction may need to be considered. Individual line items will be examined in more detail as the budgeting process begins with management staff.

Caulfield suggested that the Library pursue more corporate sponsorships for specific projects. C. Kemper commented that fundraising options are limited in scope because it is difficult to get fundraising for capital expenditures, but the Library will look at what other libraries are doing to raise funds. He added that projects like the expansion of the H&R Block Business and Career Center services and the Health & Wellness Center services might be good possibilities for sponsorships and that now may also be a good time to reopen the discussion of combining some back office services with other area libraries.

Daniel arrived at 4:08 p.m.

C. Kemper stated that the main alternative to cutting the capital budget would be to go to the voters with a levy increase to fund branch renovations and a small amount of operating costs to operate the newly renovated branches. Once the final numbers are in the Library will evaluate the options and bring them to the Board of Trustees as part of the budget discussion.

- C. Kemper summarized that the options to make up for the budget shortfall include:
- Close one or more branches
 - Reduce hours
 - Reduce materials and capital expenditures
 - Take a levy increase to voters

Discussing the procurement policies, Siragusa explained that staff are currently working on updating and clarifying the policies. One change being looked at is the bidding requirement, which currently requires 3 quotes on every purchase regardless of dollar amount (with Library materials and emergency purchases as the only current exceptions). The Library plans to recommend to the Board that the policy be changed such that purchases under \$1,000 would not require bids, purchases between \$1,000-\$9,999.99 would require informal bids/quotes (for which procedures and a purchasing manual will be developed), and anything over \$10,000 would continue to require Board approval and a formal bid process (unless exempted). The other recommended policy change would involve including language to clearly define what types of purchases and vendors would qualify for exemption from the bidding policy. Recommended exemption categories include: materials and emergencies (already exempted under the current policy), sole source, legal services, consulting services, insurance, and state and government contracts. A request to open the procurement policies will be brought to the Board at an upcoming meeting, followed by presentation of the revised policies for Board review and approval.

J. Kemper requested that the Board see a list of the top 10 exempt vendors based on the proposed changed policies. Additionally, he requested a review of the top uncollected patron debts.

Motion by Dorsey to adjourn. Second by Caulfield. Approved unanimously.

The meeting concluded at 4:28 p.m.

David Mayta, Chair
Finance & Audit Committee

Date