

MEETING MINUTES
Olean Public Library Board of Trustees
March 20, 2013
5:30 P.M. – Conference Room

The mission of the Olean Public Library is to provide equal access to materials in various formats, programs, services, and professional staff to assist all people with their educational, informational and leisure needs.

A Certificate of Compliance and Notice of Meeting Posted was signed, notarized and made a part of these minutes along with a copy of said notice.

Call to Order at 5:35 p.m. by Lanna Waterman. Present were Trustees Kasperski, Tenglund, McElfresh, Casey, Wolfrom, Wagner, Director Chaffee, and Assistant Director Mahar.

1. Consent Agenda Items: A motion was made by Tenglund, seconded by McElfresh, and was unanimously approved to:
 - A. Waive the reading of the minutes of the previous meeting and approve as mailed.
 - B. Approval of Warrant Sheets for March:
 - Operating Fund: March #814 - \$55,756.96
 - Cafeteria 125 Fund: March #125-95 - \$174.14
 - Capital Fund: March CF-238 - \$1,325.00
 - C. Correspondence:
 - Ed Wagner regarding the budget proposal
 - D. Director's Report
 - Chaffee received an email about the 2013 materials plan from the Library System. This money comes from the system and a formula is used to divide it between libraries in the system. The money does not come directly to the library, but instead is held at the system. After we have spent a certain amount of our own money, the materials plan kicks in until it is spent. That money is \$14,560 for our library, and it does not show on our budget, but it is a great benefit. It is \$337 more than we received the year before.
 - There are two openings on the library board. One is a five-year term and one is a one-year term. There was a discussion as to whether there would be an appointment to fill the one-year position if there were no petitions to fill it. The board can appoint for a one-year term.
 - National Library Week is coming up, April 14-20. Chaffee suggested that the Board President put a letter to the editor in the newspaper for that week.
2. Review of Financial Statements
 - Kasperski noted that our balance statement continues to be strong.
 - The bulk of our revenues are in already.
 - The difference of average vs. actual was discussed. There were no problems identified.
3. Committee Reports:
 - Library System Board – McElfresh said that they met last week, but there was not much to report. A group of library directors have been attending the meetings. The board has not yet made a determination about a search for a director, but it looks as if they will go with two separate directors. Tina Scott wants to stay with the Prendergast Library, so they will need to search for a system director.

4. Voice of the Public: None

5. Old Business:

- Damaged Art Work
 - A motion was made by McElfresh, seconded by Kasperski, to enter executive session to discuss the issue. Motion carried.
 - A motion was made by Tenglund, seconded by Wagner, to exit executive session. Motion carried.
- Review 2014 Library Budget
 - The question on the table was what tax increase we should approve. The budget was well vetted earlier.
 - Kasperski discussed the appropriated fund balance line that is used to balance the budget. We are using some of our “savings” to meet our budget expenditures. In 2014 we planned on using \$55,000. In 2014, with a 2% tax increase, we would use \$64,000, or \$83,000 if we had a 0% increase.
 - Kasperski reviewed the net asset history from 2008 to 2012. He noted that the unrestricted line, that we can use to bridge budget gaps, has gone down. The board also designated \$100,000 in 2009 for a board designated line to use for emergencies, etc. as needed.
 - The library is a wonderful institution, but we are spending the public’s money. It is not right to ask for a tax increase at this time. This is a very poor area, and the economy is poor here. There is more sentiment to stop tax increases now. The director and the staff do a fine job running the library, and they are creative and diligent in how they manage the funds.
 - Others asked how much was enough for a fund balance. What is the danger in letting it drop down? Kasperski, as treasurer, felt that a safety net for normal operations is six months of expenditures. But we are already locked into a certain level of revenues. It depends too on what the plans are for the library down the road. If we had plans for expansion, \$500,000 is probably not enough. What is concerning is the trend. If we do not raise revenue streams, we will cut into your savings account.
 - Others felt that it was not a good time for an increase either. We are one of the most taxed states and cities. The difference would be \$20,000.
 - We did make a lot of capital repairs, with the roof and the boiler, which impacted the fund balance.
 - When we start seeing erosion of our capital fund for operating expenses, that is concerning. We will most likely see that this year. Once this trend begins, there will be escalations in the erosion.
 - However, we need to have a reserve for emergencies.
 - What would a 2% increase mean to a typical resident of Olean? It would depend on the value of the property. Others said that it was the spirit of the thing, not the actual dollars, that need to be considered.
 - Kasperski noted that we have a responsibility to the taxpayers, but we also have a responsibility to run the library the way it needs to be run. One thing about libraries or schools is that we have a mission to complete. We have a fiduciary responsibility to ensure that the library can operate in completing its mission. The trend is concerning. In two years we will cut fund balance by \$130,000. It could come to a point where we need more than a 2% increase. If we have

another economic downturn and the state retirement system is charging us more, we could have issues.

- If we knew that we had expenses coming up, a tax increase might be more palatable. Sooner or later, we will need to increase.
- If we do not have an increase for this budget, and we use \$130,000 of the fund balance, when we look at the next budget, we are going to need to make cuts. The cost of information resources continues to rise. We start with a small trend to take out of the fund balance, but that can escalate, especially if other financial issues come up.
- We have not had a tax increase for four years.
- We might need to consider how many years we have before the fund balance is exhausted.
- A lot of the lines in the budget are out of our control, such as retirement system surcharges. The programming and materials lines are what we can control. We have a responsibility to keep these lines going, because the community depends on us.
- We have cut back where we can. The savings account is to use to maintain services. No one has said that we do not want to maintain services. The fund balance we have now was the result of depreciation accounting and past tax increases. Up to the present time, we have not spent more than our depreciation. Because of the fund balance, the library administration did not feel the need to cut back on services, and we were also able to make some improvements. It will be very concerning if the trend to use fund balance escalates.
- The 2014 health care contribution for employees is flat.
- We could ask for an increase next year. Legally we are limited to a 2% increase unless the entire board votes for more. However, even with a 2% increase next year, we are not solving the downward trend. The longer we put this off, the bigger the issue on the trend becomes.
- A motion was made by McElfresh, seconded by Casey, to approve the budget with a 0% tax increase. Motion carried 4: 3: 0. Voting in favor were Waterman, McElfresh, Casey, Wagner. Voting against were Wolfrom, Kasperski, and Tenglund.

6. New Business:

- A motion was made by Tenglund, seconded by McElfresh, to authorize Kathy Price and Kathy O'Malley to attend the YSS Spring Conference (Youth Services Section of NYLA) on May 17, 2013 in Rochester, NY. Motion carried unanimously.
- Discussion of health insurance options and Medicare.
 - Chaffee said that they have started to review insurance options. It would be cheaper for employees who are eligible for Medicare to have Medicare coverage for Part B and D, rather than having these employees stay on the library's coverage.
 - A motion was made by Waterman, seconded by Tenglund, to allow a Medicare-eligible employee to arrange for health care coverage through Medicare and Medicare supplement plans, with reimbursement for the supplemental plans provided by the library, the amount to be capped at what the library would pay for single coverage otherwise. Motion carried unanimously.
 - Chaffee said that in the past the library has allowed part-time employees to buy into health insurance at full cost to them. We have allowed that but we did not have a board resolution on file for this. We have part-time people now who may want to buy the health care plans we offer to employees. We need to look into this a little further.

Chaffee said that he would look into this further, and see if COBRA affects our decision.

- Chaffee said that the decision for health care plans needed to be made soon, so everyone was immersed in health care information.
- If a full-time employee came in, he/she could opt for single, two-person, or family coverage in the future. The suggestion was made to cap the coverage for new employees at single coverage. The employee could then pay more if they needed to cover a family. Existing employees would be grandfathered in with their current coverage. This is the trend elsewhere in these economic times. Some of this was precipitated by the fact that the library supervisory group has been studying the personnel manual closely.
- The library offers a flex spending plan as part of the cafeteria benefits. The library decided to limit the flex spending plan to \$1,500. The suggestion was made to bump that up to the federal \$2,500 limit. It was noted that there was no real benefit to limiting the use of a flex spending plan to \$1,500. Since we are moving into the health care renewal period, this would be the time to have a board motion on this.
 - A motion was made by Casey, seconded by Waterman, to increase the flex spending plan limit to \$2,500. Motion carried unanimously.
- Discussion of the use of sick leave accrual as a retirement benefit: Chaffee said that the personnel manual, and a 3/15/1995 board resolution, said that sick leave accrual could count for retirement credit. The fee would be 1/10 of a percent of what your retirement costs are. If we wanted to get in on it this year, it would be \$941. Basically, the sick leave time could be used toward time served, which would raise their pensions.
- Chaffee said that they would take another look at this issue and see what to do about it. The existence of this benefit will come up again as work on the personnel manual continues.

7. Adjournment: A motion was made by McElfresh, seconded by Casey, to adjourn at 7:35 p.m.

Reminders: Next Board Meeting is April 17, 2013 at 5:30 p.m. in the Conference Room

Respectfully submitted,

Ann M. Tenglund