

**MINUTES OF THE SPECIAL MEETING OF THE FINANCE  
COMMITTEE OF THE BOARD OF LIBRARY TRUSTEES  
OF THE VILLAGE OF CAROL STREAM**

**DATE: March 9, 2011**

**Time: 7:30 p.m.**

**PLACE: Business Center**

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**1. Call to Order**

Trustee Wade called the Special Meeting of the Finance Committee to order at 7:30 p.m

**2. Roll Call**

The roll was taken by recognition.

Present: Trustees Wade, Hudspeath (entered late), Siegman and Douglas (Ex-officio)

Also Present: Library Director Ann Kennedy, Assistant Director Pam Leffler, David DeRango and Dominic Jeffrey

**3. Discussion on Budget Proposals**

Director Kennedy outlined the purposes of the meeting: to approve FY 2012 Working and Appropriation budgets and to get a general picture of funding and expenditures for the next two years. While the budget shows FY 2014 and FY 2015 numbers these are possible scenarios only and the Committee should not be focusing on them at this time. Discussion should be focused on the 2012 Working and Appropriations budgets.

Director Kennedy informed the board of the assumptions made as she planned the budget:

- Reserves at a 6 – 8 month level is ideal
- Attempt to achieve a balanced budget
- Zero or minimum tax levy increase
- Keep costs and spending down
- Minimal salary increases
- No increase in collection budgets except as necessary

Director Kennedy also outlined the challenges faced when preparing the budget:

- Increased IMRF expenses
- Increased health insurance costs as a result of the health care reform act
- Increased MAGIC expenses due to system merger and move to a new facility
- Decreased funding from the State of Illinois

Trustee Wade presented his budget proposal to the Finance Committee:

- Not to exceed the limits in Resolution 243
- Improve the Capital Maintenance & Repair fund after it was reduced due to renovation.
- Improve circulation through new publicity and promotion efforts and the purchasing of more DVDs and discontinue purchase of Blu-Ray DVDs.
- Establish spending limits that will maintain the strong financial position of the library.

There was some discussion about the Resolution and the levy and whether those numbers were 'hard and fast'. Director Kennedy stated that the Resolution amount is not unchangeable. The Village of Carol Stream signs off on the levy, it is the Library's resolution. President Douglas pointed out that we can change the amount in the Resolution but we cannot exceed the levy amount.

Trustee Wade stated that he wanted to 'beef up' the CM & R fund for other projects such as the main roof, parking lot, etc. Director Kennedy pointed out that according to several court cases it is illegal to intentionally underspend in one or more budget lines in order to save money. While our resolution states that any money not spent will go into the CM & R fund, we cannot under-budget for the sole purpose of saving money.

Trustee Wade promised more detail on his proposals to improve circulation later in the budget discussion. Director Kennedy pointed out that the Library has not, does not, and has no plans to purchase Blu-Ray DVDs.

Trustee Wade again expressed his disappointment that a requested meeting between him, Director Kennedy and the Department Heads never took place. He felt that this would have helped build teamwork and establish better communication on budget issues. Director Kennedy explained that historically our budgeting process has not involved these types of meetings. Trustee Siegman stated that she felt such a meeting would not be the best use of the Department Heads' time.

At this point, the Finance Committee agreed to discuss each line of the budget.

### **5101 Exempt Salaries**

Trustee Wade proposed the following adjustments:

- Decrease proposed salary increases from 3% to 2%
- No employee shall receive more than a 2% increase
- No hiring of additional staff
- Eliminate the salary allowance

Trustee Siegman asked Director Kennedy why we needed additional staff. Director Kennedy pointed out the use of the library is up in all areas and that, post-renovation, the Adult Services Department now has to staff two service desks. Trustee Siegman commented on the relatively low salary that we were offering for someone who is

required to have an advanced degree. She was also concerned about the proposal that no one employee should receive more than a 2% salary increase. The question of how to reward really outstanding performance was raised as well as the issue of staff morale and what would be the motivation for the outstanding worker to continue to perform at that level if s/he was going to get the same amount as the average worker? Director Kennedy suggested that the 2% increase be the pool of money allowed for salary increases, and it would be up to each individual department head or supervisor to award the exact amount. That way the really outstanding performer could receive a 4% salary increase and the average worker could receive less, for example. Trustee Wade felt that the Board would be lax in its oversight of the budget if they allowed someone working for the Library to receive a 4% salary increase when general unemployment and foreclosures in the area approached 10%. President Douglas pointed out the staff had no increases last year, and that if the Board gave a 3% increase this year the last 5 years would average out to approximately 1.5% increase annually. President Douglas also shared his concerns about limiting the salary increase any single employee could get to 2% because of its effect on staff motivation and morale. He suggested keeping the increase in the budget line to 2% but give the Director the discretion to assign actual dollar amounts. Trustee Siegman stated that limiting salary increases in the manner suggested by Trustee Wade was bad business practice.

Trustee Wade was also concerned that the necessity of additional staff had not been brought before and decided upon by the Human Resources Committee. He felt that this should have been done before this matter was brought to the Finance Committee. He suggested that the HR Committee may look at the job descriptions and decide certain functions/positions should be combined. Director Kennedy reminded Trustee Wade that the Board had reviewed and approved the Adult Services Librarian job descriptions. President Douglas argued that we need to budget for new positions in the event that the Human Resources Committee agrees to new staff. If the money is not spent, it goes into reserves. Funding the position does not necessarily add to the bottom line. Trustee Wade questioned whether new staff would add the same dollar amount worth of service. Director Kennedy again pointed out that it seemed Trustee Wade was intentionally cutting services and salaries in order to save which we legally cannot do. Trustee Wade denied this and said he was trying to get the budget numbers close to the number in Resolution 243.

At this point, Trustee Wade presented the Finance Committee members with documentation that he felt showed that the Carol Stream Public Library salaries were on the high end based on circulation statistics and square footage. Director Kennedy commented that these were not standards anyone in library science uses, but that if Trustee Wade wanted to look at this statistic that it would be a more accurate representation to look not only at circulation statistics but also reference questions answered, program attendance, etc. If he was only concerned with circulation statistics then he should only use circulation salaries.

### **5102 Non-exempt Salaries**

Trustee Wade presented a question raised by Trustee Arends (who could not attend the meeting) and asked if the Library could use interns for some of the part-time positions in the Library. Director Kennedy said that we are already using volunteers where we can. She also pointed out that we have had LTA interns over the past several years from College of Dupage. Normally, the intern has to spend just a short time in each department. Assistant Director Leffler said that having the interns in each department is often more work for permanent staff. The long term use of a continually changing pool of interns would require that the Library would continually be training a new staff person. Trustee Siegman also mentioned that while the interns compensation is the experience the Library would be required to pay something to whatever university these interns were from, so there still would be some dollar costs associated with using them.

### **5105 Tuition Reimbursement**

Trustee Wade proposed the following adjustments:

- Cut tuition reimbursement
- Cut out of town meetings
- Reduce inservice and trustee meetings
- Cut allowance for PLA (Philadelphia)

President Douglas pointed out that two employees were currently taking courses to receive CPLA (Certified Public Library Administrator) certification. He suggested that tuition reimbursement be kept in the FY2012 budget in order to allow these employees to finish the program. He would agree to cut tuition reimbursement for FY2013. Director Kennedy stated that the money for out of town meetings was included in the budget because many of the CPLA courses have, in the past, required travel.

President Douglas agreed to cutting the trustee workshop reimbursement but felt that money for staff inservice training should remain. He also supported staff attendance at PLA.

Trustee Wade stated that he felt that the trustee workshops were beneficial and that he would not be opposed to leaving them in the budget. President Douglas stated that he was also fine with that but that if this budget line was cut, he felt the trustee line should be cut, not staff. The Finance Committee agreed to leave this line untouched.

### **5106 Memberships**

Trustee Wade proposed the following adjustments:

- Reduce staff ILA and ALA memberships
- Reduce institutional memberships

President Douglas felt that it is important for staff to be members of professional associations. He could agree to cutting the memberships for Rotary Club and Chamber of Commerce. Director Kennedy proposed a compromise on the Rotary Club membership of splitting the cost. She suggested that the Library continue to pay the dues for

membership but that she would pick up any additional costs associated with membership (meals, etc.). The Finance Committee agreed to this.

**5107 Benefits – Life Insurance**

**5108 Benefits – Health Insurance**

**5109 Benefits – Other**

The percentage increases in these budget lines were agreed to by consensus. The only increases in these budget lines will be if the Human Resources Committee agrees to additional staff.

**5200 Plant Maintenance**

Trustee Wade proposed the following adjustments:

- Budget line 5202 Maintenance & Repair – cut AV equipment repair.
- Budget line 5204 Landscape Maintenance – cut landscaping of front gardens
- Budget line 5205 Furniture – reduce signage; cut Ellison Dies

The Finance Committee agreed to these adjustments.

**5300 Business Expense**

Trustee Wade proposed the following adjustments:

- Budget line 5314 Other Consultants – cut completely
- Budget line 5315 Other Expenditures – Reduce employee recognition and cut funds for Holiday Appreciation staff party, flowers and plants and food for treat days.

Trustee Siegman asked what specific consultants were being considered for hire under budget line 5314. Director Kennedy explained that this was for long-range planning and web page design consultants. President Douglas suggested leaving this line item in the budget as a placeholder. The Board could then decide at a later time to either hire or not. Trustee Wade distributed information from PLA on long-range planning and on a basic web design course offered at COD. Director Kennedy explained that library staff had already attended several web page design courses and that any update to our website at this point was beyond the capabilities of the staff. She explained that ideally we would like to have the web page redesigned and updated in such a way that would still allow for staff to upload content without having to worry about coding, etc. President Douglas suggested the Board read over the material distributed by Trustee Wade about long-range planning so that they are more prepared to make a decision when the question next comes before them. He also reiterated his desire to see this left in the budget as a placeholder.

The Finance Committee agreed to cut funds for the staff party, flowers and plants and food for treat days. Director Kennedy pointed out that there were a number of significant anniversaries in 2012-2013. It was agreed to keep employee recognition at its current level, and that significant anniversaries should continue to be recognized.

### **5400 Circulation & Materials Processing**

Trustee Wade proposed the following adjustments:

- Budget line 5406 Circulation Supplies – cut padded Media bags
- Budget line 5407 Rebinding – cut

There was a discussion about the padded media bags. The bags are provided to our patrons for transportation and storage of AV materials. Director Kennedy outlined the reasons we provided the bags (ease of transportation and protection of AV materials). She will report to the Board the exact number and how many bags this budgeted amount will purchase at the Board meeting. She also explained that we only purchase these bags every few years which is why they are budgeted for in FY 2012 but not in subsequent years.

President Douglas commented that it was his understanding that we primarily send books out to be rebound if they cannot be more economically replaced and are still high circulation items. Director Kennedy removed rebinding from the budget in FY 2014 in the event that we need to make further cuts at that time.

The Finance Committee agreed to keep the funds in these budget lines.

### **5500 Services**

Trustee Wade proposed the following adjustments:

- Budget line 5503 Adult Programming – Reduce Adult Summer Reading Program Prizes and Incentives
- Budget line 5509 Library Publicity and Promotion – Cut Rotary Club July 4<sup>th</sup> Parade sponsorship; cut Chamber of Commerce Golf sponsorship; cut Rotary Club Golf sponsorship; reduce event participation; add additional funds for increased publicity and promotion.
- Budget line 5510 Reference Services – cut Textalibrarian

All of the trustees felt strongly that the Adult Summer Reading Program prizes and incentives should be significantly reduced. It was the Committee's feeling that we shouldn't need to 'bribe' adults to read. It was suggested that the Friends of the Library could provide additional funds, if necessary, for Adult SRP prizes and incentives.

Director Kennedy mentioned that we will probably be changing newsletter printers which would result in significant savings in that budget line over the next several years. Trustee Siegman asked if it wouldn't be more cost effective to send the newsletter out fewer times during the year. Director Kennedy said that it would be cheaper but wouldn't be as timely.

After discussion of event participation such as 4<sup>th</sup> of July parade, etc. the Finance Committee agreed to keep the funds in that budget line.

President Douglas and Trustee Wade questioned the amount that the Library spends on the Textalibrarian service and whether it's cost was justified by usage. Director Kennedy outlined the cost (\$1200 annually) and stated that she felt that this was not sufficient usage to justify the cost, and that she did not foresee this changing. The Finance Committee agreed to cut funding for this service.

### **5600 Collection Development**

Trustee Wade proposed the following adjustments:

- Budget line 5630 Adult Books – reduce from \$92,000 to \$85,000
- Budget line 5651 Digital Media – cut funding for Freegal

Director Kennedy questioned why only the Adult Book budget was reduced. Trustee Wade replied that the reduction was partially due to this being the line with the largest dollar amount and partially because of the number of books that he saw in the used book sale. Director Kennedy explained that the material that is on our Used Book Sale shelves is material from all collections of the Library, not only the Adult collections. Assistant Director Leffler also explained that a significant percentage of items on the sale shelves was material that had been donated to us by library users to either add to the collection, sell on the Used Book Sale shelves or to recycle. Trustee Wade suggested a compromise of raising the Adult Book collection budget back to \$90,000 but cutting funding for Freegal. All trustees agreed that Freegal was not a good way to spend the taxpayer money. Director Kennedy agreed with cutting funding for this particular service but asked that the amount in the Digital Media budget line remain the same as our other downloadable media collections were paid for out of this line. The Finance Committee agreed to Trustee Wade's compromise and Director Kennedy's request.

### **General Discussion**

There was extended discussion about the FICA and IMRF levies and the optimal number of months of reserves in various funds.

Director Kennedy said that our reserves in the General Fund and the Working Cash Fund would cover 11.3 months of operation if the Library had no income. She explained that this is higher than is usually recommended for reserve funds and that we need to spend that down to approximately 8 months of reserves.

Trustee Siegman brought up the issue of the Library becoming a district library. Funding for that would be approximately \$200,000. Trustee Hudspeath thought we had already decided that there was no compelling reason for the Library to do that. All trustees agreed. President Douglas reiterated that the decision is up to the Library Board not the Village of Carol Stream. The real cost to the Library would be in the loss of the franchises (electric, etc.). There was also brief discussion about possibly merging with other libraries. It was agreed that this was something to keep in mind for the future and long-range planning, but that it was certainly not imminent.

Director Kennedy explained that FICA is a percentage of payroll and that if payroll goes up or down so does FICA. The reserves in the FICA fund are near optimal. We currently have a lot in the reserves for IMRF. However, this fund is dropping quickly because IMRF rates are rising.

At this point, it was agreed that the only major differences in the two proposed budgets from Director Kennedy and Trustee Wade were in budget lines 5101, 5102 and 5103 and that these would be finally determined by what the full Board chooses to do about salary increases and what the Human Resources Committee decides about additional staff.

Director Kennedy also pointed out some other areas that will require a large expenditure in the future. Reroofing of the main roof is not anticipated to begin until after May 1, so payment will come out of FY 2012. If the Board chooses to have a satellite location at Simkus that expense would come out of FY 2014. Further expenditures will be necessary for the Kuhn Road property. We will continue paying for electricity for the house and barn for security purposes. Director Kennedy reminded the Finance Committee that we will need to add something to the final budget for the demolition of the house on Kuhn Road if this is something the Facilities Committee recommends and the Board agrees. President Douglas suggested that Director Kennedy talk to Bob Ranck at the County for more information on demolition costs.

There was some brief additional discussion reiterating the importance of having the reserve funds at 6 – 8 months and the main differences between the Kennedy and Wade proposals. Again, President Douglas stated that the final budget will be decided based on what is decided about staffing and salaries.

For the full Board meeting Director Kennedy will prepare two budget proposals, one will present the budget with no new staffing and 2% salary increases, the other will have the requested additional staff and 3% salary increases.

**4. Approval of Minutes of February 9, 2011**

Minutes were approved as presented by consensus.

**5. Adjournment**

There being no further business to come before the Finance Committee, the Meeting was adjourned at 10:20 p.m.

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Approved (date)

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Ann Kennedy, Library Director  
for the Finance Committee