

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON

Meeting of the Trustees Finance and Audit Committee

Tuesday, May 9, 2017 at 8:00 a.m.

Commonwealth Salon, Central Library

700 Boylston Street, Boston, MA 02116

MINUTES

A meeting of the Boston Public Library Trustees Finance and Audit Committee was held on Tuesday May 9, 2017 at 8:00 a.m. at the Boston Public Library, Central Library, Commonwealth Salon, 700 Boylston Street, Boston, MA 02116.

Present at the meeting were Finance and Audit Committee Chair Evelyn Arana-Ortiz and Committee members Representative. Byron Rushing, Zamawa Arenas, and John Hailer, and President David Leonard.

Also present were Boston Public Library (“BPL”) staff: Chief Financial Officer Ellen Donaghey, Michael Colford, Chief of Library Services, Beth Prindle, Head of Special Collections, Pamela Carver, Clerk of the Board of Trustees along with other BPL staff and members of the public.

Ms. Arana-Ortiz, Chair of the Trustees Finance and Audit Committee (“Committee”) presiding, called the meeting to order at 8:01 a.m. and addressed the review and approval of minutes of the March 7, 2017 meeting. On a motion made and duly seconded, the Minutes of the Trustees Finance and Audit Committee Meetings of March 7, 2017 were approved.

Ms. Arana-Ortiz introduced the next agenda item and asked for review and discussion of Mayor Martin Walsh’s FY18 Recommended Operating and Capital Budget Executive Summary. Ms. Donaghey reviewed the budget briefly pointing out key points. She noted it is a 4% increase from the previous year. It includes \$328,000 for Chinatown services, which includes 4.5% new FTEs.

Additionally, the budget includes funding for a new night custodial manager at Central Library, routine step increase for staff, an increase of \$160,000 for collections and an increase in the overtime budget of \$60,000 overtime. The budget includes \$300,000 in critical capital project spending, funding that previously had been included in the city capital budget.

Ms. Donaghey explained that overall, the budget increased by \$1.5m. Mayor Walsh has submitted the budget to the City Council for review. The Library’s senior management will testify before the City Council Ways and Means Committee on May 22 and answer any questions they may have concerning the budget. Moving on, Ms. Donaghey reviewed the Library’s FY18 external funding. These are: Affiliate funding, State funding, Trust fund income and ‘other sources.’

Ms. Donaghey stated that we are basing the FY18 state funding on the Governor’s budget, which is basically level funded. She also noted that Trust fund spending is estimated to be less in FY18, primarily bit due to the anticipated finish of the inventory and the rare books department moving ahead with its capital project. Ms. Arana-Ortiz asked to clarify if the reduction in trust fund spending was due to a reduction in available funds or a reduction in planned spending. Ms. Donaghey stated it was due to an anticipated reduction in spending.

Next, Ms. Donaghey reviewed the planned Affiliates spending. This category represents the Foundation, the Associates, Citywide Friends and branch friends groups. Both the Foundation and Associates have increased their contributions to the Library and we have taken that into consideration in setting the budget, not all of which translates into an anticipated expenditure in FY18.

There were no further questions on the budget and the Committee voted to recommend approval by the Trustees for the Mayor's Operating budget and City and External funds.

Ms. Donaghey and Mr. Leonard completed the review of the budget by briefly reviewing the summary of the Capital plan which was presented by Mr. Eamon Shelton in January. Mr. Leonard commented we believe that FY18 will include the largest number of active capital projects in Library history. We expect a one hundred twenty five million (\$125,000,000) capital budget trajectory over the next five years and this comes on the heels of the \$78,000,000 Central Library renovation. It is a robust investment in branches coupled with a major new project for the rare books and manuscript department renovation.

With no further questions or comments, Ms. Arana-Ortiz made a motion and it was duly seconded, the Committee unanimously:

VOTED: “that, the Trustees Finance and Audit Committee recommend approval by the Trustees of the Public Library of the City of Boston to accept Mayor Martin J. Walsh’s FY18 Recommended Operating and Capital Budget.”

Ms. Donaghey explained the next three votes were routine annual votes. The first allows the BPL to move forward with certain critical repairs without additional approval from the Trustees. Mr. Leonard reminded the Trustees that the critical repair funds will be in the operating budget rather than the capital budget in FY18. The second is the routine vote to allow the BPL to purchase books over thirty five thousand (\$35,000) in aggregate from certain vendors without further approval. (An up to date vendor list was shared). Ms. Donaghey explained the third vote was the routine vote for the distribution of funds for the Fellowes Athenaeum Trust.

With no further questions or comments, Ms. Arana-Ortiz made a motion and it was duly seconded, the Committee unanimously:

VOTED: “that, the Trustees Finance and Audit Committee recommend approval by the Trustees of the Public Library of the City of Boston to authorize the President, or designee, on behalf of the Trustees of the Public Library of the City of Boston, to enter into a contract or contracts for various goods or services relating to the Boston Public Library Critical Repair Operating Budget for the period July 1, 2017 through June 30, 2018 provided that each contract entered into pursuant to this authorization shall have been estimated to be less than one hundred thousand dollars (\$100,000.00). In no event will the contracts cumulatively exceed three hundred thousand dollars (\$300,000.00).”

VOTED: “that, the Trustees Finance and Audit Committee recommend approval by the Trustees of the Public Library of the City of Boston that there be entered into a non-advertised contract, as authorized under G.L., c.30-B, Section 7(a), referred to as a “Procurement of Library Books,” between the Trustees of the Public Library of the City of Boston (a Corporation under

Chapter 114 of the Acts of 1878), and the vendors listed therein (including any subsidiaries or agents), for the acquisitions of books and for certain other library bibliographical acquisitions materials, in an amount not to exceed the amount appropriated in the Library Department budget for books and other related bibliographical acquisitions materials, during the period July 1, 2017 through June 30, 2018.”

VOTED: “that, the Trustees Finance and Audit Committee recommend that the Trustees of the Public Library of the City of Boston approve the expenditure from the Fellowes Athenaeum Trust Fund in an amount not to exceed ninety five thousand one hundred dollars and no cents (\$95,100) to support the Fellowes Athenaeum Trust Fund Programmatic Plan for FY18 as recommended by the Fellowes Athenaeum Trust Advisory Committee and to be presented at an upcoming meeting.”

Moving onto the next vote on the agenda, Ms. Donaghey and Ms. Prindle explained that the Associates of the Boston Public Library are funding certain conservation projects, a list of which was provided. The BPL typically uses Northeast Document Conservation Center for these highly specialized projects. The estimate was for approximately one hundred forty three thousand (\$143,000) which was rounded up to one hundred fifty thousand dollars (\$150,000). Ms. Prindle explained these items date back as early as the 900s and consists of rare books and manuscripts along with a Civil war era flag. The conservation is estimated at around \$100,000. The additional funding will pay to digitize these items

Ms. Donaghey moved onto the next item on the agenda, also relating to funding provided by the Associates. The Associates are also funding part time employees in the Content Discovery Department. These will include photographers, photography assistants and metadata assistants. Tom Blake, Manager of Content Discovery, is working to identify staff for this project. The Library intends to work with local photography schools and advertise on the BPL website. The Library is asking Board approval to hire these individuals not to exceed certain amounts using this alternate procurement process. The Library is asking for higher spending caps per individual so that it can continue to use these staff depending upon need.

Mr. Leonard noted his appreciation for the funding from the Associates as well as for a grant from the Citywide Friends for digital equipment. He noted that this generous funding allows the BPL to continue with this important work. It is an intricate process to digitize these materials and objects, so specialists are required.

With no further questions or comments, Ms. Arana-Ortiz made a motion and it was duly seconded, the Committee unanimously:

VOTED: “that, the Trustees Finance and Audit Committee recommend that the Trustees of the Public Library of the City of Boston approve a contract for conservation work not to exceed \$150,000 be entered into with Northeast Document Conservation Center, funding provided by the Associates of the Boston Public Library.”

VOTED: “that, the Trustees Finance and Audit Committee recommend the Trustees of the Public Library authorize the temporary hiring of part-time contract employees in the Content Discovery Department, to include a photographers to provide part-time temporary support in the Content Discovery Department, not to exceed \$32,000 in a one year period per individual; photographer assistants not to exceed \$15,000 in a one year period per individual; metadata assistants not to exceed \$15,000 in a one year period total cost not to exceed the \$110,000, funding provided by the Associates of the Boston Public Library.”

Moving to the next vote, Ms. Donaghey noted that the full Board is not scheduled to meet between May and September. Two summers ago, in response to the mold outbreak, the Library entered into a number of emergency contracts without Trustee approval due to the critical nature of this matter. By delegating such votes to Finance and Audit in advance, the Library has the opportunity to bring such matters before a sub-committee of the Trustees during the summer months. There was a brief discussion on the matter and then moved to a vote.

With no further questions or comments, Ms. Arana-Ortiz made a motion and it was duly seconded, the Committee unanimously:

VOTED: “that, the Trustees Finance and Audit Committee recommend the Trustees of the Public Library of the City of Boston delegate approval of any contract deemed to be of a critical nature by the President of the Library during the period between May 2017 and September 2017 to the Finance and Audit Committee.”

Ms. Donaghey moved onto The Foundation funds. The Foundation currently has about \$1.7 million in endowed funds that it would like to turn over to BPL. This transfer has to be approved both by the Foundation Board and by the Attorney General’s Office. This vote will allow the Library to accept the funding once this is approved. The funds would continue as endowments and would be moved into the Library’s portfolio, with the Library taking the standard 5% distribution against the three year average.

With no further questions or comments, Ms. Arana-Ortiz made a motion and it was duly seconded, the Committee unanimously:

VOTED: “that, the Trustees Finance and Audit Committee recommend the Trustees of the Public Library of the City of Boston approve the transfer of certain restricted endowments held by the Foundation for the benefit of the Boston Public Library.”

The next item on the agenda was in regards to Partner contracts. Mr. Colford stated that FY18 will be the second year for our partnership program. Last year, this was done on a pilot basis. This year, we used a process that allowed us to solicit and vet proposals. Mr. Colford explained the term partner is used because the Library works closely with the partners rather than the partner acting as a traditional vendor. He has submitted a list of five partners and asks that the Trustees approve the partners in ranked order. At this time, due to uncertainty around the Foundation, the Library is only going forward with the first. If additional funds are identified, the Library may proceed with additional partnership in FY18.

With no further questions or comments, Ms. Arana-Ortiz made a motion and it was duly seconded, the Committee unanimously:

VOTED: “that, the Trustees Finance and Audit Committee recommend the Trustees of the Public Library of the City of Boston approve the selection in ranked order of Program Partners for Fiscal Year FY18, final amounts dependent upon available funds.”

The next item on the agenda was approving the list of Conservation vendors. Ms. Donaghey reminded the Trustees that at the September 2016 meeting for the Full Trustees, it was voted to delegate this to Finance and Audit.

The Library uses a number of conservators to do this highly specialized work. These vendors are recognized experts in their respective fields and are used by institutions such as the Museum of Fine Arts. In the past, in circumstances where the Associates were funding this work, the Associates would pay directly. The Library would prefer to make these payments so that there is no question as to the contractual relationship. The Library is asking that we award these contracts without further bidding. We would limit our use to \$50,000 per vendor per fiscal year without further Trustee approval and would update the Trustees at the end of the fiscal year as to how much we had spent with each vendor. Zamawa Arenas asked if the funds will be entirely from the Associates. Ms. Donaghey responded the spending will be primarily but not exclusively from Associates funding.

With no further questions or comments, Ms. Arana-Ortiz made a motion and it was duly seconded, the Committee unanimously:

VOTED: “that, the Trustees Finance and Audit Committee approve the attached list of authorized vendors recommended by the Chief of Collections to perform conservation work up to \$50,000 per vendor in any fiscal year with no further procurement process.”

Ms. Arana-Ortiz called on CPA James Piotrowski from CliftonLarsonAllen to review the Management Letter. Mr. Piotrowski stated that they conducted an evaluation of the IT Department’s general controls over information and technology relating to business and financial systems. It was not a full scope information system or security audit. He reviewed some of the deficiencies they identified. They discovered there were no documented periodic review of user access rights within the Polaris System. Also, no documented scheduled test to back up financial data so it can readily be restored and ready to access. Scheduling these backup tests was one of their recommendations.

CliftonLarsonAllen recommends a full scale security assessment. They felt it was an area not being performed and there should be a full set of approved policies and procedures for Information Technology. There were just a few other minor deficiencies identified. The Library currently has 3 Windows 2000 and 5 WindowsX which are no longer supported by the vendor. There was no recent formal strategic documented IT plan. Ms. Arana-Ortiz asked if there were any security regulations that pertain specifically to libraries. Mr. Leonard responded there are no regulatory compliance requirements from an accounting point of view that are specific to libraries over and above any other obligations that we may have. American Library Association maintains from its Office of Information and Technology, policy

and industry best practices that we adhere to. There is nothing equivalent to say HIPAA requirements. There are some PCI requirements we follow but those are more financial than IT policy issues. Ms. Arenas asked about the outdated servers. Mr. Leonard replied that they are already planned to be updated, upgraded or replaced. While each individual servers might not be current, they are still protected by firewalls and other devices which mitigates the immediate concern somewhat.

Mr. Leonard also stated that the official published technology plan was current though 2016. The new Chief Technology Officer (“CTO”), once hired will be charged with updating and mapping out a new plan. The CTO is also the role charged with ensuring we are compliant with library IT standards and best practices.

With no further questions or comments, Ms. Arana-Ortiz made a motion and it was duly seconded, the Committee unanimously:

VOTED: “that, the Trustees Finance and Audit Committee recommend the Trustees of the Public Library of the City of Boston vote to accept the Draft Management Letter for the fiscal year ending June 30, 2016, from CliftonLarsonAllen, LLP, Certified Public Accountants.”

Next The Catered Affair’s (“TCA”) Alex Marconi, owner and Pierre Prat, General Manager presented their proposal to expand service of beer and wine at the Central Library. They explained they have successfully executed this service in the Courtyard Restaurant since they purchased a liquor license in 2012 and are now looking to provide this amenity at the Newsfeed Café.

They reviewed the proposed hours of operation: Monday through Thursday 3:00 to 9:00 p.m. (8:00 for patio on Exeter Street), Friday 3:00-5:00 p.m., and Saturday and Sunday 1:00-5:00 p.m.

Mr. Marconi explained that each customer will be asked for proper identification and all staff will be TIPS certified. Their goal is to enhance the BPL experience. They stated they had a successful couple of months since opening and partnering with WGBH, which is 100% in support of this proposal. There was discussion regarding some concerns on the egresses and how TCA will properly secure the space. The diagrams posed several questions and the Trustees asked for them to provide clearer diagrams for the full Board of Trustees in May. The plan indicated use of a glass wall partition to allow the open feel yet provide a barrier to ensure critical control. TCA explained they will not be using real glassware, but rather high quality disposables. They explained the seating and how beer and wine will only be allowed within the glass walls and the patio on Exeter Street. Their hope is to provide beer or wine before or after programs. The proposed hours are reflective of that as service of alcohol is later in the day only. Mr. Leonard explained that this proposal is considered a pilot program to allow for feedback. The Committee had concerns to how they would be able to manage keeping patrons from entering other areas of the Library with the alcoholic beverages.

The Committee asked if there were any issues with their service of alcoholic beverages with the BPL to date. Mr. Leonard replied that there have not been issues. The Trustees felt they needed more clarity from TCA. They asked that they provide a better security plan and diagrams as well as suggested they have discussions with the Museum of Fine Arts to brainstorm on troubleshooting since they have a similar set up before they present this proposal to the full Board of Trustees.

The Committee members inquired about the WGBH partnership and asked to be provided with an update soon.

Next, Ms. Donaghey discussed the contract with Veolia. This is a twenty year contract negotiated by the City in 2001 to provide steam at the Central Library. The contract included certain capital costs associated with upgrading the Library's infrastructure at the time the contract was signed. The monthly bill is approximately \$35,000, which includes approximately \$15,000 in finance charges. The City has identified funding to buy out these capital costs. Ms. Donaghey explained that City of Boston attorney Caroline Driscoll believes that because this is a City contract, we do not need Trustee approval to go forward. However, we wanted to raise it with the Finance and Audit Committee in case there were any objections. The Trustees raised no objections.

With no new business, the Chair moved onto ask if there was any Public comment.

Ms. Elissa Cadillac, President of AFSCME stated in respect to budget, she was very happy to hear of the improved capital funding, however she expressed that she feels we need more custodial staff to keep the Library clean rather than a facilities manager. She explained that no one is greeting people at welcome services desk and there is currently only one part time employee. She posed the question, "is this the presence we want?" She thought the proposal with TCA was a great idea. She was pleased with this partnership and acknowledged that she had had concerns when the proposal was originally approved but feels it has worked out well. She feels trash is a concern, and hoped to discuss this at some point. With regard to the digitization contracts, she stated that the BPL should hire some permanent staff do this job, rather than hiring contractors. Chairwoman Arana-Ortiz asked general questions about how the Library allocates staff and suggested this be discussed with the full Board.

Next, David Vieira, President of the Citywide Friends stated it was important to be said that Welcome Services needs to be fixed. He agreed with Elissa, he only sees security staff there. He said they talked a lot about expanding TCA at this meeting and felt once you start this process it will expand and creep. He stated that he has been on the record stating the Library will turn into an Apple store with few books. With all due respect to TCA, where do you draw the line with food service and entertainment at this educational institution?

Mr. Hailer stated that he has been to different libraries and museums that have Friends of the Library or volunteers as welcome desk staff, perhaps due to budget constraints. He asked is that a concern with union, is it possible to have volunteer greeters?

Mr. Leonard replied that these were valid concerns, that the work is planned to be handled by full time employees and hopes to see a resolution to the delays soon. He stated that we had had some delays owing to the changes at the Foundation and related funding patterns. He stated that our alternate proposal is in the process of being approved.

The last item on the schedule was approving the proposed schedule for the 2017-2018 year with the note that it is subject to change.

- **Thursday, September 12, 2017, 8:00 a.m.**
- **Wednesday, November 8, 2017, 8:30 a.m.**
- **Tuesday, January 16, 2018, 8:30 a.m.**
- **Tuesday, March 13, 2018, 8:30 a.m.**
- **Tuesday, May 1, 2018, 8:30 a.m.**

**All meetings will take place in Central Library; Subject to change **

The Chair made a motion and it was duly seconded, the Committee unanimously voted to accept the new schedule.

With no further business, meeting was adjourned at 9.48 a.m.

Respectfully Submitted,

Pamela R. Carver, Clerk of the Board