

Jefferson County Public Library Board of Trustees
Study Session
May 9, 2019 – 5:30 pm
Administration Conference Room

TOPICS:

- Review 5-Year CIP and Long-term Financial Plan
- Reserve Policy
- Belmar Alternative Service Information
- Belmar Data and Voice Cabling Contract Information
- Axis360 Contract Information
- Evergreen Parking Lot Information
- Security Services Information
- Financial Review
- Consent Agenda, Contract Limits
- Review Draft 2020 Governance Budget
- Review 2020 Board Meeting Schedule

Call to Order

The Study Session was called to order at 5:30 p.m. by Charles Naumer, Chair.

Other Trustees present: Kim Johnson (Vice-Chair), John Bodnar, Brian DeLaet and Jeanne Lomba.

Trustees not present: Pam Anderson and Deborah Deal.

Staff present: Donna Walker, Executive Director; Julianne Rist, Director of Libraries; Steve Chestnut, Director of Facilities and Construction Projects; Bernadette Berger, Director of Information Technology; Barbara Long, Assistant Director of Finance and Budget; Rebecca Winning, Director of Strategy and Engagement; Sandie Coutts, Director of People and Culture; Lizzie Gall, Assistant Director of Library Programs and Services; Padma Polepeddi, Assistant Director of Library Programs and Services and Amber Fisher, Executive Assistant, Office of the Executive Director.

Review 5-Year CIP and Long-term Financial Plan

Donna Walker, Executive Director, addressed the Board and introduced the topic. The Board asked for options for the capital plan and time to consider those options. The options are based on the facility master plan brought to the Board a couple of times last year and at the extended study session in March. In the 5 Year Capital Investment Plan and Long-term Financial Plan, there are mostly minor deviations from the Facility Master Plan recommendations presented to the Board at those meetings.

In its entirety, the Facility Master Plan Buildout over the next 15-20 years (2018-2032) Recommends:

- Updating and redesigning existing buildings, a key promise we made to voters in the mill levy campaign,
- The addition of 1-2 new libraries to reach a total of 12,
- Aiming for .5 sq feet of public space per capita for physical library space for that library experience,
- Developing more alternative services to expand into new markets,
- Building one administration building to consolidate system wide services.

We currently have 10 libraries and administrative services spread over three locations. Our plan would have us grow from about 200k square feet to 300k over this time and from 10 locations to 13 between now and 2032.

Rebecca Winning, Director of Strategy and Engagement, addressed the Board. In the fall of 2017, the Library commissioned an exhaustive study to guide decision making about capital investments over the next decade. The capital plan and forecast is based on the findings from the resulting Master Facilities plan, which recommended that the Library:

- Continue to catch up on delayed capital maintenance by refurbishing existing facilities;
- Consider the addition of 1-2 libraries, by building a 30,000 sq ft. destination library in South County as a clear priority, and expanding services in Northwest Arvada over time;
- Leverage alternative services to complement Library locations and expand into new markets;
- Consolidate all of admin in a single facility, potentially located on the Fehringer Ranch property we already own; and
- Maintain flexibility to take advantage of partnerships and opportunities as they arise.

In addition, the Library's operating budget includes recommendations from the comprehensive organizational analysis we completed in 2017. That analysis recommended the addition of 69 FTE positions and the conversion of 23 part-time positions to benefitted FTE positions over time to continue to restore staffing to pre-recession levels, support the work of the Library, and continue to meet the needs of our communities. We completed a full review of this analysis early this year, and confirmed that the need for additional staffing remains a priority. However, we are taking a more measured approach to additions in 2020, and we will continue to review these needs annually to be sure that we are adding resources for the highest value.

Barbara Long, Assistant Director of Finance and Budget, addressed the Board and presented information on the financial models representing the different capital options. For all options, the assumptions are a 4.5 mill levy, property tax revenue at a 9.5% increase in assessed value for 2020 and a 5.0% increase in future assessment years. A conservative estimate for revenue gives JCPL a plan that will work if there is an economic downturn and the flexibility to either accelerate projects or reduce the mill levy if growth is higher.

The 2020 projected budget:

- Includes Golden Tenant Finish as a Library – Operating Costs Start in 2021
- Includes \$450,000 for Alternative Services
- Staffing additions are phased over 2020 and 2021

The 2020 operating budget is still in development. The Library has budgeted for a 25,000 square foot library in the City of Golden's new city building. We want to make sure we have the flexibility to take advantage of this opportunity if it becomes a reality. We have also included \$450,000 for Alternative Services. This allows us flexibility to cover building closures, provide gap services while we wait for expanded services in underserved areas, or to expand into new markets in up to two locations.

The Board was presented with three options for the South County library:

1. Acquire land and build

Pros:

- Building would be designed to be a destination library
- Possible to include landscaping enhancements like an outdoor play area

Cons:

- Most expensive option
- Longer period of time before the library opens
- Significantly delays other capital projects (Evergreen in 2024, Standley Lake in 2026)

South County Build

5 & 10 Year Plan Summary	Projected Budget 2020	Projected Budget 2021	Projected Budget 2022	Projected Budget 2023	Projected Budget 2024	Projected Budget 2025	Projected Budget 2026	Projected Budget 2027	Projected Budget 2028
Total Sources	47,315,517	47,322,183	49,654,228	49,670,570	52,119,391	52,136,728	54,708,173	54,726,566	57,426,778
Operating Expense	37,031,661	41,212,756	40,985,986	44,460,106	44,457,899	45,510,166	46,685,412	47,901,262	49,197,506
Debt & Other Capital	7,532,421	1,782,818	1,893,944	2,757,744	4,879,700	1,386,000	9,861,000	8,436,000	9,036,000
South County	4,000,000	9,500,000	10,319,000						
Total Uses of Funds	48,564,082	52,495,574	53,198,930	47,217,850	49,337,599	46,896,166	56,546,412	56,337,262	58,233,506
Ending Fund Balance	15,782,924	10,609,533	7,064,831	9,517,552	12,299,343	17,539,906	15,701,667	14,090,971	13,284,243
Fund Balance over Min	3,954,045	(1,221,013)	(5,348,726)	(2,900,091)	(730,504)	4,505,724	2,024,624	409,330	(1,072,451)

This scenario is not affordable with the current assumptions – fund balance problem in 2022, the final year of construction; EV in 2024, SL in 2026

2. Lease a building

Pros:

- Quickest option to open a library in South County
- Lower construction costs than other options

Cons:

- Lease payments increase operating costs into the future
- Higher operating costs limit options for future capital projects

South County Lease

5 & 10 Year Plan Summary	Projected Budget 2020	Projected Budget 2021	Projected Budget 2022	Projected Budget 2023	Projected Budget 2024	Projected Budget 2025	Projected Budget 2026	Projected Budget 2027	Projected Budget 2028
Total Sources	47,315,517	47,322,183	49,654,228	49,670,570	52,119,391	52,136,728	54,708,173	54,726,566	57,426,778
Operating Expense	37,811,661	44,515,820	43,223,050	44,217,818	45,282,922	46,336,540	47,513,177	48,730,460	50,028,180
Debt & Other Capital	7,532,421	2,132,818	5,063,944	2,757,744	10,009,700	1,386,000	8,561,000	9,086,000	9,036,000
South County	5,698,000								
Total Uses of Funds	51,042,082	46,648,638	48,286,994	46,975,562	55,292,622	47,722,540	56,074,177	57,816,460	59,064,180
Ending Fund Balance	13,304,924	13,978,469	15,345,703	18,040,712	14,867,480	19,281,669	17,915,665	14,825,771	13,188,368
Fund Balance over Min	1,476,045	2,147,923	2,932,146	5,623,069	1,837,633	6,247,487	4,238,621	1,144,129	(1,168,326)

Capital projects happen sooner than in the build scenario. Impact of higher operating costs shows up in later years. EV in 2022; SL in 2024

3. Staff Recommendation – Purchase and Refurbish a Building

Pros:

- Can be completed sooner than building from the ground up
- Lower project cost than acquiring land, lower operating cost than leasing
- Minimizes delay of other capital projects

Cons:

- An existing building may have some design constraints
- Landscape enhancements may not be possible

South County Refurbish

5 & 10 Year Plan Summary	Projected Budget 2020	Projected Budget 2021	Projected Budget 2022	Projected Budget 2023	Projected Budget 2024	Projected Budget 2025	Projected Budget 2026	Projected Budget 2027	Projected Budget 2028
Total Sources	47,315,517	47,322,183	49,654,228	49,670,570	52,119,391	52,136,728	54,708,173	54,726,566	57,426,778
Operating Expense	37,031,661	41,212,756	43,509,050	43,437,818	44,502,922	45,556,540	46,733,177	47,950,460	49,248,180
Debt & Other Capital	7,532,421	2,132,818	5,063,944	2,757,744	10,009,700	1,386,000	8,561,000	9,086,000	9,386,000
South County	4,000,000	7,198,000							
Total Uses of Funds	48,564,082	50,543,574	48,572,994	46,195,562	54,512,622	46,942,540	55,294,177	57,036,460	58,634,180
Ending Fund Balance	15,782,924	12,561,533	13,642,767	17,117,776	14,724,544	19,918,733	19,332,729	17,022,835	15,815,432
Fund Balance over Min	3,954,045	730,987	1,229,210	4,700,133	1,694,697	6,884,551	5,655,685	3,341,193	1,458,738

Here the same capital investments as in the lease scenario for years 2024 – 2028 but now they are affordable; EV in 2022; SL in 2024

Capital Project Implications



Long Range Planning Scenarios									
	2020	2021	2022	2023	2024	2025	2026	2027	2028
MFP	Belmar (C) SoCo (P & C) Alt Svc (TBD)	SoCo (C) Evergreen (P)	Evergreen (C) Standley Lake (P) Alt Svc (TBD)	Standley Lake (C) Admin (P)	Admin (C) Lakewood (P) Alt Svc (TBD)	Lakewood (C) Arvada (P) Alt Svc (TBD)	Arvada (C)		
New	Golden (P) Conifer (AS)	Golden (C) Conifer (AS)							
Scenario #1 (Build)	SoCo (B)	SoCo (C)	So Co (C)	Evergreen (P)	Evergreen (C)	Standley Lake (P)	Standley Lake (C) Arvada (P) Alt SVC (TBD)	Arvada (C) Admin (P) Alt Svc (TBD)	Admin (C)
Scenario #2 (Lease)	SoCo (C)	Evergreen (P)	Evergreen (C)	Standley Lake (P)	Standley Lake (C)	Arvada (P)	Arvada (C) Admin (P) Alt Svc (TBD)	Admin (C) Alt Svc (TBD)	Admin (C)
Scenario #3 (Buy/TF)	SoCo (B)	SoCo (TF) Evergreen (P)	Evergreen (C)	Standley Lake (P)	Standley Lake (C)	Arvada (P)	Arvada (C) Admin (P)	Admin (C)	Admin (C) Lakewood (P)
2030-2032									
MFP	Conifer relocation/expansion NoCo								
Scenario Planning	Wheat Ridge relocation/expansion Lakewood Repeat Update Cycle								

Legend:
 B - Buy
 C - Construction
 P - Plan
 TF - Tenant Finish

Next steps include:

- Finalizing the CIP and forecast based on Board feedback
- Submitting the final draft Budget, 5-year CIP and Forecast to the Board on June 13
- Board authorizes the Executive Director to submit final budget and 5-year CIP to the BCC

The Chair noted that from a timing perspective it would be helpful to have some direction from the Board at the next meeting to give the Library time to complete the budget.

There was wide ranging discussion from the Trustees. In response to questions, the Board was advised that:

- The Library has done some initial exploration, toured the South County area and made inquiries to some commercial real estate individuals. There is less land available than there are buildings. The Library is considering B property as A property is not affordable.
- The \$4.0 million represents a little over \$100 per square foot. The full extent of the options available is not known and would be part of the due diligence the Library would perform if that were the direction from the Board.
- The operating cost of a lease is indicated in the financial model at \$780,000 per year.
- There are many variables in lease agreements but typically, the lessee pays for any improvements. The lessor typically pays for general maintenance of common areas.
- There are many things to consider regarding location including population density. In addition, the Library does want a location that is on the commuter/errand path. It has to be in the circle of where people are driving around – people will not go there just because a library is there – we need to be where people are already going.
- It is unincorporated Jefferson County; there are no municipalities to partner with like we did with Edgewater. The Library also looked to see if the County was decommissioning any buildings in South County. There are limited community partners as well.
- The Library would not be able to come back in a week with information on buildings, land, or community partnerships.
- The Library would not recommend South County for the administration building. Operations, including the bookmobile, collections and facilities would

be more efficient more centrally located in the County. Some type of alternative service would be included at an administration building.

- The Library will provide information about Golden at the Board meeting.
- When the Library submits the 5-year CIP, a description of the capital plans are included and we are presenting our plans to the community. What we include in that description is the story we are telling our community about what we are planning.

The Board expressed appreciation for the options presented and noted that they have the information to make decisions by next week.

Reserve Policy

Kim Johnson introduced the topic and asked Barbara Long to review the reserve policy recommendation with the Board. Barbara Long noted that many government organizations have a reserve policy to make sure the organization has funds available to meet its needs. The recommendation is to take out commitments from the fund balance at the end of the year when the fund balance is measured. Those commitments include committed expenses (bookmobile sinking fund, ongoing capital projects, etc.). One of the common uses for a reserve fund is when revenue does not come in as expected, the fund allows the organization to maintain operations, preserve services and respond to natural disasters or unexpected events. The Library's fund balance policy is fabulous, it states the reasons and the minimum at 25% is an industry standard, but it should be renamed a reserve policy. The maximum amount is not necessary, but it does tell the community their tax dollars will be used sooner rather than later. Barbara did not propose any changes to those levels currently in the fund balance policy. The available Reserve Balance would be the portion of fund balance that can be used to meet current and future obligations. Available Reserve Balance equals Reserve Balance less the portion of reserve balance that is not spendable (prepaid expenses) and the portion that is committed for specific purposes. Kim Johnson noted that having a reserve fund available if we have a downturn in the economy is responsible fiscal management.

After some discussion, it was determined that the Library will draft the reserve policy and bring this topic back to the Board in July or later.

Belmar Alternative Service Information

Julianne Rist, Director of Libraries, addressed the Board and introduced the topic. Last month the Board was presented with information about alternative services such as hold pick up lockers and material vending systems. The Library has been looking at

alternative service for Belmar during construction. At Columbine, the Library was fortunate to find a short-term lease location right across the street from Columbine and did not invest a lot of money. For the Belmar project, that type of short-term lease location is not available. While planning for the Belmar Library redesign, staff researched the possibility of piloting alternative services during the construction phase that could then be redeployed to underserved areas of the county. During Belmar Library construction the alternate services would ensure that patrons have convenient access to materials through hold pickup and a small browsing collection. Julianne shared video demonstrations of a vending machine and hold lockers.

This plan would also ensure that the money invested in alternative services at Belmar would continue to serve the residents of Jefferson County after the construction is completed. The redeployment of the locker/vending system after construction will expand alternative services per the Facilities Master Plan and the Library To You Master Plan. The goal is to provide access to library materials at a non-library location, through patron self-service, and without onsite staffing.

The Library is in discussions with City of Lakewood and another location to secure a space for the alternative services so that people could have access to library services near Belmar. The next step of the project is to complete reference checks for the vendors. We will bring a recommendation to the May 16 Board of Trustees meeting if there is interest in pursuing this recommended option.

In response to questions, the Board was advised that:

- There are indoor versions and outdoor versions of the vending machines. The Library is looking at the outdoor models and a 24-hour access location – it is a smaller collection – but more access in terms of hours.
- The Library is recommending both the vending machine and hold lockers.
- The vending machines have been on the market for 10-15 years and some of the machines have been operating for five years. Determining the life and durability is part of the Library's vetting process and reference checks.
- The alternative services would be in place during the Belmar closure which is estimated to be 5-7 months.
- The Library's experience indicates that alternate services during a closure work best when they are not located too far from the closed location. The library will look further south along Wadsworth and report back to the Board.
- The funds for the alternative services as described would require a budget transfer and would be spent in 2019.
- The Library recommends funding partially from the Belmar project alternative service budget of \$40,000 and transfer the remaining amount from contingency so it is recognized that it will serve Belmar but be a capital item that will serve the Library in the future.

Belmar Data and Voice Cabling Contract Information

Bernadette Berger, Director of Information Technology, introduced the topic and provided information to the Board. The Library will be replacing data and voice cabling at Belmar Library as part of the Belmar Library renovation. Malm Electrical Contractors was selected to provide labor and materials for installation for the voice and data by the School and Libraries E-Rate Program Request for Proposal and procurement processes. This selection will allow JCPL to be reimbursed for a portion of the cost through the E-Rate Program. E-Rate will reimburse JCPL for 50% of approved costs. The Library will recommend authorization to sign the contract with Malm Electrical Contractors at the May Board meeting. The budget for the contract is included in the Belmar Capital Projects budget.

Axis360 Contract Information

Julianne Rist, Director of Libraries, presented information to the Board. Axis360 is the Library's primary e-material vendor. JCPL purchases e-book and downloadable audio books from Axis360 for patron use. In January of 2017, an RFP was published for a primary e-content vendor. There were three responses for the RFP and the selection team chose Axis360. In April 2017, the Board of Trustees approved a contract, annually renewable for four years. This contract was renewed in April of 2018 and we are requesting the Board of Trustees to again renew this contract.

In the original project the Not to Exceed Amount was \$1,500,000. Due to the change in patron use of e-materials, the Library is recommending that the Board of Trustees increase the Not to Exceed Amount to \$2,500,000 for the duration of this contract. This will not increase the collection budget; the addition funds will be included in the current total collection budget. The Library will ask for authorization at the May Board meeting.

Evergreen Parking Lot Information

Steve Chestnut, Director of Facilities and Construction Projects, provided information to the Board. The Capital Project to repair the Evergreen parking lot was slated for 2018. That target was moved to 2019 because of concerns about weather delays and the funding for the project was rolled over into 2019. The RFP was posted in April of this year and the responses to that RFP are due to the Library today (May 9). The Library received three responses ranging from \$160,000 to \$229,000. There is currently \$125,000 in the capital budget for this project. The Library received the soils analysis that recommended the parking lot be completely reconstructed. The additional funds are available in the contingency budget. The Library will bring a vendor recommendation to the Board at the May Board meeting. The request of the Board would be to authorize

the Executive Director to enter into a contract with that selected vendor for an agreed upon amount. In response to questions, the Board was advised that:

- The soils engineering analysis provided information on what is happening underneath the pavement; specifically, the way the soils are reacting to moisture content. The results of that analysis indicated that the parking lot needs to be completely reconstructed.
- The project does not include the Sheriff Department's parking lot that was repaved by the County a couple of years ago.
- The Sheriff's parking lot is located downhill of the Library's parking lot. The Library does not have information on whether or not the Sheriff's department had a soils analysis performed.
- The project will be phased so that the Evergreen Library will stay open during the project.

Security Services Information

Steve Chestnut, Director of Facilities and Construction Projects, provided information to the Board. The Library's contract for security services with Citadel Security USA, is a contract that is renewable for up to 4 additional years. The Library has chosen not to renew that contract in 2019. JCPL issued an RFP for security services in April 2019 and those proposals have been received. The selection process will not be completed until May 13. The Library anticipates bringing the vendor recommendation, costs and request for contract authorization to the Board at the May 16, Board meeting. The RFP responses range from \$180,000 to \$220,000 per year. The Library expects to complete due diligence including reference checks by the May Board meeting. In response to a question, the Board was advised that the Library is currently utilizing Citadel on a month-to-month, as needed basis.

Financial Review

There were no questions about the financial report that was presented at the April Board meeting.

Consent Agenda, Contract Limits

The Chair addressed the Board and provided background information. The Board has discussed allocating its time, putting more items on a consent agenda and looking at contract limits. The Chair asked Amber Fisher to review the consent agenda process with the Board. The Board was provided with information including how the consent agenda would appear on the May Board meeting agenda, a consent agenda memorandum and a procedure document. In response to questions, the Board was advised that:

- A Board member can request that an item be removed from the consent agenda. The Board's Governance Policy 4.3.4.A does require a motion, second and vote to remove an item from the consent agenda.
- Prior to any vote on a consent agenda, the Chair will ask the Board if any items should be removed.
- The regular agenda has been modified to include the consent agenda and a section has been added for items that have been removed from the consent agenda. The Board may address and/or vote on any items that were removed from the consent agenda during this portion of the regular agenda.

Kim Johnson advised the Board that with the use of the consent agenda, her recommendation is that the contract limits do not need to be changed at this time.

Review Draft 2020 Governance Budget

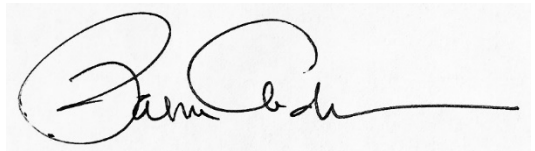
The Trustees reviewed the draft 2020 governance budget. There was some discussion on conference attendance and the Executive Director advised the Board that she would include upcoming conferences in her board report. The Board will vote to adopt the 2020 budget at the May Board meeting.

Review 2020 Board Meeting Schedule

The Trustees reviewed the proposed 2020 Board meeting schedule and will vote to adopt the schedule at the May Board meeting.

ADJOURNMENT

The Study Session was adjourned at 7:26 p.m.

A handwritten signature in black ink, appearing to read "Pam Anderson", with a long horizontal flourish extending to the right.

Pam Anderson, Secretary