



King County Library System Board of Trustees Meeting

Videoconference
5pm ♦ October 28, 2020

PRESENT

KCLS Board

Pamela Grad
Ron Higgs
Robin McClelland
Anne Repass
Lalita Uppala

KCLS Staff

Julie Acteson
Angelina Benedetti
Jenny Engstrom
Maria Hatcher
Nicholas Lee
Cynthia McNabb
Jed Moffitt
Danfelle Perry
Lisa Rosenblum
Ken Ryals
Greg Smith

MOTIONS APPROVED

1. Board Meeting agenda
2. September 30, 2020 Board meeting minutes
3. Payroll expenditures
4. General Fund #0010 expenditures

CALL TO ORDER

President Pamela Grad called the meeting to order at 5:04pm.

APPROVAL OF AGENDA

Ron Higgs moved approval of the Board Meeting agenda. Anne Repass seconded and the motion passed unanimously.

APPROVAL OF BOARD MINUTES

Lalita Uppala moved approval of the September 30, 2020 Board Meeting minutes. Robin McClelland seconded and the motion passed unanimously.

PUBLIC COMMENT

There was no public comment.

CAPITAL INVESTMENT PROGRAM (INFORMATION TECHNOLOGY SERVICES)

Information Technology Services Director Jed Moffitt said the Capital Investment Program (CIP) is a five-year plan currently forecasted to 2025 to support King County Library System's current and future growth. The CIP budget provides funding that is specifically set aside for anticipated replacement or upgrade of KCLS' capital assets, which includes network enhancements, cyclical computer and printer replacements, business application systems maintenance, and other technology infrastructure upgrades. Funding for routine repair and maintenance expenditures is allocated in KCLS' operating budget.

2021 PRELIMINARY BUDGET

Executive Director Lisa Rosenblum said the 2021 Preliminary Budget addresses the dual challenges of trying to anticipate unforeseen expenditures during a pandemic, and mitigating the effects of a budget deficit due to a postponed levy lid lift. In response to the pandemic, all departments reduced operating expenditures in 2020 and those budgeted savings carried over to 2021. The Budget is framed around KCLS' four strategic goals, and funds key initiatives within each goal area. Some are in direct response to COVID-19; for example, a grant from the KCLS Foundation will support the purchase of Chromebooks and Wi-Fi hotspots for distribution to populations hardest hit by the pandemic.

Finance Director Nicholas Lee said that KCLS revenue remains relatively stable year to year, as it is predominately comprised of property tax. Other revenue, which includes patron fines and fees, typically amounts to 1% of the total revenue budget but is not forecasted or included in the 2021 budget. Forecasted annual growth in property tax revenue is restricted to 1% over the prior year, plus any increase in revenue derived from new construction. While increases in new construction over the last several years has allowed total revenue growth to exceed the 1% limitation, the King County Office of Economic Forecast Analysis predicts a decline or negative growth trend in new construction over the next two years. In 2021, general fund revenue is forecasted at \$129.4M, which reflects a 0.2% decline from the previous year.

KCLS long-range planning projects revenue growth at approximately 2% per year over the next five years compared to expenditure growth in the range of 4% - 4.5%, which will push KCLS to fall below its ending fund balance minimum threshold near the end of 2024. With expenditures significantly outpacing revenue, and facing a projected \$4.1M budget deficit in 2021, KCLS reduced personnel and non-personnel expenditures to keep closer pace with revenue. Controlled hiring and elimination of substitute shifts resulted in budgeted salary savings of approximately \$5.0M from original forecast. Restrictions on travel, training, and other discretionary expenditures reduced non-personnel expenditures by approximately 5.2%. Capital Investment Program expenditures were reduced 31.6%. In total, General Fund expenditures in 2021 are budgeted at \$129.4M, which reflects a 2.3% decrease over the previous year.

RCW 27.12.050 authorizes the Board of Trustees to request a tax levy on property sufficient to fund library services as presented in the District's annual budget. The tax levy is limited to a factor equal to 101%, or 100% plus the Implicit Price Deflator (IPD), whichever is lesser. As of September 25, 2020, the IPD has been determined to be 0.60%, making the limit factor 100.60% in 2021. The difference of 0.40% equates to approximately \$500K in revenue. For KCLS to request this additional revenue, the KCLS Board of Trustees must adopt a resolution declaring substantial need that is approved by a majority plus one of the Board, as provided by RCW 84.55.0101. Staff considers it prudent to declare a substantial need and will request a resolution from the Board at the November 18 Board meeting. During the November meeting, the Board will also convene a public hearing to consider its 2021 budget as required by RCW 84.55.120. The 2021 Budget will be presented for final approval at the December 16 meeting.

FINANCE REPORT

General Fund revenue year-to-date through September is \$71.1M, which represents 54.8% of the total revenue budget. By category, property-tax revenue is ahead of target at 55.4% of budget. Other revenue is 39.0% of budget. Year-over-year total revenue is up 1.6%.

General Fund expenditures year-to-date are \$83.2M, which is 62.8% of the total expenditures budget with 75% of the budget year completed. Year-over-year total expenditures compared to 2019 has decreased 7.1%

Total Capital Investment Program (CIP) expenditures year to date are \$2.2M, which is 42.9% of budget. By category, total Facilities CIP project expenditures are 35.9% of budget; total Information Technology Services CIP expenditures are 61.9% of budget.

APPROVAL OF MONTHLY EXPENDITURES

Lalita Uppala moved approval of Payroll expenditures for September in the amount of \$2,714,851.69: Sep 1-15 Ck#00200179-00200207; 340911860-340913199 and Sep 16-30 Ck#00200208-00200237; 343461185-343462512. Anne Repass seconded and the motion passed unanimously.

Robin McClelland moved approval of General Fund #0010 expenditures for September in the amount of \$5,450,474.49: (09/09) Ck#1129367-1129414; 1129415-1129485; (09/11) Ck#5012536; (09/15) Ck#5012537-5012540; 1129486-1129629; (09/17) Ck#5012541-5012544; 1129630-1129635; (09/17) Ck#1129636-1129716; (09/24) Ck#5012545-5012546; 1129717-1129753; (09/24) Ck#1129754-1129768; (09/25) Ck#1129769-1129875; (09/28) Ck#5012547; 1129876-1129965; (09/30) Ck#1129966-1129981; (10/01) Ck#5012548-5012551; 1129982-1129985; (10/01) Ck#5012552-5012554; 1129986-1130082; (10/06) Ck#1130083-1130122; (10/06) Ck#5012555. Ron Higgs seconded and the motion passed unanimously.

DIRECTOR'S REPORT

Lisa Rosenblum said the ribbon cutting for new lockers at the Bothell Library was a great event and was attended by Congresswoman Suzan DelBene and Ducksoon Hwang, Chair-elect of the KCLS Foundation. Lisa said the locker system is very easy to use and as of her report, 14 patrons had already selected a Bothell locker as their pickup location. She thanked the Graphics team for designing a simple, yet sleek wrap. A second set of lockers is installed at the Covington Library.

Lisa introduced Dominica Myers, KCLS' new Director of Diversity, Equity, and Inclusion, and acknowledged the unusual challenge of navigating her new role when many staff are working remotely. Dominica thanked Lisa and the KCLS Leadership Team for their warm welcome. She said KCLS' vision of diversity, equity and inclusion will touch every part of KCLS for both staff and patrons, and she feels fortunate to be working in an organization that is committed to those values. Dominica said she and her staff will be focused on further

assessments, training and learning opportunities, and development of community partnerships, and will have more information to share in the coming months.

Pamela Grad welcomed Dominica to KCLS and said she looks forward to hearing what lies ahead.

TRUSTEES REPORT

Anne Repass has been using Curbside to Go service and says it is going well. From what she has seen, others seem happy to have access to books. She gave kudos to staff for the impact curbside service has had on the well-being of the community.

ADJOURNMENT

The meeting was adjourned at 6:24pm.

Pamela Grad, President



Ron Higgs, Secretary