

**Finance Committee Meeting
Minutes
December 17, 2019
4:00 p.m.
Parma-Snow Branch Auditorium**

Call to Order

Finance Committee Chair William Leonard called the meeting to order at 4:01 p.m. In attendance were Committee Members, Chairperson William Leonard; Trustee Edward Blakemore; Trustee Maria Spangler, and Trustee Allyn Davies, Trustee Patricia Shlonsky, and Trustee Robert Varley as well as Executive Director Tracy Strobel, Deputy Director-Support Services and Fiscal Officer Scott Morgan, Communications & External Relations Director Hallie Rich, Acting Human Resources Director Larry Miller, Assistant Finance Director Robert Dolan; Literacy and Learning Division Director Pamela Jankowski, Technical Services Director Daniel Barden, Facilities Director Jeff Mori, Bridget Hawes Development Director, and other interested observers.

Minutes

The November meeting minutes were noted for the record.

Financial Statement Overview – November

Director Moran stated in general property taxes we have received our second half settlement of the year. We received a small distribution for the month of November \$8,755.76 for a home trailer tax, and with that number added to our overage we have exceeded our original estimate by \$785,504.00.

Director Morgan stated our Public Library Fund (PLF) the November distribution we received was larger than what we received last year. We also received a revised estimate for the 2019 PLF from the State and that estimate is over \$377,000.00 than what we originally budgeted. This is for the increased collections as well as the slight increase in the percentage that libraries received as part of the new biennium budget from the State that began in July.

Director Morgan stated interest rates were higher than anticipated and the larger increase has brought in additional revenue. Based on some of our recent maturities we are beginning to see some of those increases leveling off. We will continue to monitor this account.

Director Morgan stated patron fines and fees exceeded our estimates due to passport fees and photos. Sale of resale supplies are also slightly exceeding our estimates.

All other revenue accounts are where we would expect them to be for the month of November.

Director Morgan stated expenses for salaries and benefits are slightly ahead of budget. This is due to the 3-pay month in October.

All other expense accounts are where we expect them to be.

Director Morgan stated the revised estimate for Richmond Heights Branch project final total is \$1,243,128.00. We had budgeted \$2 million for this project and we will spend \$1.243 million. We received an additional \$600,000.00 from the McGowan estate, a total amount of \$2.5 million received from his estate.

Executive Director Strobel spoke on the difference in costs between Middleburg Heights Branch and Bay Village Branch project. In 2016, the budget number we put on Bay Village Branch was the estimate cost we used from the Middleburg Heights Branch. The Bay Village project is taking us longer than expected due to the setbacks around the design. The Bay Village Branch is more expensive than the Middleburg Heights Branch. Executive Director Strobel and Jeff Mori, Facilities Director created a cost sheet to help us and CCPL Board to understand why Bay Village Branch costs more than Middleburg Heights Branch does. A few major factors overarching is that we built Middleburg Heights Branch in 2016 and we are building Bay Village Branch in 2019, and with the general construction inflation trends are up 10% when

you factor in labor and the shortage of trades, costs of materials, tariffs, steel, and lighting fixtures, anything coming from China are more expensive than three years ago. Donley talked about building codes and how they have become stricter which requires construction practices that are different from three years ago and how they insulate walls had a lot to do with green building and some of the things we need to do now we didn't have to do in 2016 those are overarching, but we also detailed out some the differences between Middleburg Heights and Bay Village Branches, and what that equates to in terms of a percentage.

Director Morgan stated for the Middleburg Heights project we had RFC Contracting as the Construction Manager (CM). When we were ready to do the Construction Management for Bay Village the three firms we narrowed down after the initial proposals to interview were; Donley's Panzica and J.G. Johnson, of those three firms Donley's came in at the lowest cost. The cost for Bay Village Branch is significantly higher than what we paid for Middleburg Heights Branch. The outcome of the Bay Village project will be a lot better as far as construction based upon the experience that Donley's has and the personnel that they are putting towards the project than what we had at the Middleburg Heights Branch. From our vantage point as oversight with the building and the actual construction we will end up with a better process than the experience we had in the past.

Director Mori added that the process is much more refined than we had even with pre-construction and estimates. There are different layers of support during the building process that was not there in RFC's organizational structure. We are now getting the top project manager and the top superintendent and those are strategic because of the issues we had in navigating the Bay Village approval process. The process and support and good service comes at a higher expensive cost.

Director Morgan stated to help offset we have a decrease in the design cost from HBM. We had the two initial designs by Moody Nolan, but the actual fee to design the current building from HBM is \$114,000.00 less than what we paid to design the Middleburg Heights Branch.

Director Morgan stated Donley's used a higher percentage of contingency and asked us to carry that larger amount on the Bay Village project than RFC Contracting did on the Middleburg Heights project. Those are not hard dollars spent necessarily, and some of those dollars would not be needed and would come back to us. The actual contingency number they have asked us to carry is \$135,000.00.

Director Morgan stated the site demolition cost is to tear away that Bay Way cabin it's the Library's responsibility since the City is giving us that property. He stated part of the cost is for the asbestos in the building and quite a bit of abatement will need to be done and we also had to have the roof shingles tested recently and there is some additional cost with the site demolition we had not factored in the original \$5 million.

Director Morgan stated when we had the initial work done on the site they encountered bedrock where the building is going to be and all of that bedrock have to be removed for all of the underground storm retention to be put into the building, another cost unknown to us and is an additional \$300,000.00 to remove bedrock and soil replacement.

Director Morgan stated furniture and fixtures are about the same as the Middleburg Heights Branch, \$26,000.00 difference.

Director Morgan stated the two rejected designs Moody Nolan came up with is a cost of \$200,000.00 that we didn't have for Middleburg Heights Branch.

Director Morgan stated because of the design of the building there is a second floor and we must have stairs put into the building cost of \$66,485,00 and we also need to put in an elevator cost of \$83,876.00. Middleburg Heights Branch does not have a second floor.

Director Morgan stated Bay Village Branch will have an innovation center whereas Middleburg Heights does not have one. This cost is being funded through a gift of \$100,000.00.

Director Morgan stated building construction cost is not included in any of the costs previously mentioned. The total for Middleburg Heights Branch was \$7,986,365.00 and the total anticipated cost for the Bay Village Branch is \$9,249,360.00.

(See under FINANCE)

Investments – November

Director Morgan stated we purchased three pieces of commercial paper. One piece from Mufg Union Bank for \$300,000.00, one from Toyota Motor Credit for \$140,000.00 and another from JP Morgan Securities for \$370,000.00. The rates on commercial paper are currently better than other available investments.

Transfers

Director Morgan stated there were no transfers for the month.

(See under FINANCE)

The investment reports were approved for vote by the full Board.

Purchase Approval List

Director Morgan stated Director Morgan stated Item #1, we are asking for \$20,000.00 to pay for the first year of some rental storage space on the east side. This would accommodate the storage space we need for the DEA exhibit crates it was delivered in. We are raising dollars through donations and grants and part or all of this could be covered by the dollars raised. We would also use the space for parking a couple of CCPL maintenance vehicles. This will gain us some efficiencies as well as some savings in dollars for individuals that work on the east side of the County. The trucks are store here at CCPL Parma-Snow Branch and the individual would have to drive here first, pick up their truck, then drive back on the east side. Item #2 is for the new Bay Village Branch engineering and commissioning of HVAC equipment. Item #3 is for the 1075 Microsoft Office license we need to purchase the public computers we are replacing through leasing in the amount of \$62,684.00. Director Rich stated Item #4 is for the video production necessary to create multiple library marketing videos. Director Morgan stated item #5 is for the shipping and installation for the DEA exhibit from Capitol Exhibit Service for \$31,946.00.

Executive Director mentioned items # 1 & 5 we are in the process of raising dollars with the help of the DEA Foundation to cover most of the cost for item #1 and all the cost of item #5.

The Purchase Approval List was approved for vote by the full Board.

Gift Report

Director Morgan stated the report includes gifts from the Friends groups for branch programming. Director Rich mentioned the gift from The Abington Foundation of \$10,000.00 for Grade Level Reading to help fill that gap we suffered when United Way pulled its funding for 123 Read.

The Gift Report was approved for vote by the full Board.

Voucher List

The Voucher List, itemizing expenses in excess of \$5,000.00 was presented for informational purposes.

- **Resolution to Amend Official Certificate of Estimated Resources and Amend Appropriations**

Director Morgan stated Director Morgan stated a replacement page was distributed at your place. We had to make a couple of adjustments to this report prior to this meeting. The first change is in the official estimated resources as well as the appropriations for the general fund we are asking for an additional \$1,350,000.00 that's a total amount of increase we will see in the budget by the end of December for the general fund.

Director Morgan stated in the bond retirement fund we were \$.34 cents short on our appropriations for the actual bond payments and we added an additional amount of \$1.00.

Director Morgan stated in the special revenue fund this is for the initial cost for the DEA exhibit delivery we are asking for an appropriation adjustment and an official estimated resources adjustment of \$50,000.00 in that fund.

The Resolution was approved for consideration by the full Board.

- **2020 Blanket Purchase Orders**

Director Morgan stated Director Morgan stated we present our blanket purchase orders annually to the Board. There is a change in this report, we added the ITD cost that we were bringing to you on an individual basis monthly. We have included the ITD cost in this report, and we will no longer have to be bringing them to you individually on a month-to-month basis. Trustee Leonard asked for a revision to this report. We will show you what those blankets were approved for last year versus this year and an explanation of any changes. We will bring that comparison report back next month for informational purposes.

- **Lease Approval for Storage/Garage Space**

Director Morgan stated Director Morgan stated this lease was vetted by our legal counsel and agreed to all the changes. This is the final lease and legal counsel suggested we sign. The term of the lease is for one year and we have a couple of renewal periods that we can use should we choose to. They are responsible for paying a portion of the real estate taxes. We are asking for Board approval as we will be able to save both dollars and efficiencies as well as have a space available to store the DEA crates for the next six months.

Other:

Adjournment

There was no other business before the Finance Committee, and Committee Chair Leonard called the meeting adjourned at 4:33 p.m.