

DETROIT LIBRARY COMMISSION PROCEEDINGS

## Special Meeting

August 22, 2012

President Kinloch called the Special Meeting of the Detroit Library Commission to order at 2:08 p.m.

Present: President Kinloch, Commissioners Bellant, Hicks, Lemmons and Quarterman

Administrative Staff: Machie and Cromer

Excused: Commissioners Jackson and Thomas

Present Also: Janet Batchelder, Benita Beckles, Cheryl Blessett, Rosa L. Boyd, Margaret Bruni, Ronald Bryant, J. Randolph Call, Medgar Clark, Enid Clark, Deborah Dorsey, Atiim Funchess, Valerie Glenn, Sandra Hines, Barbara E. Martin, Mike McElgunn, Trinee Moore, Carolyn Mosley, Maria Norfolk, Cledos Powell, Yvette Rice, Anna Savvides, Alma Simmons, Susan Taylor, Steve Teeri, Charles Thompson, Dorothy J. Williams, Tracey Wyatt and others.

President Kinloch noted that the State of Michigan Board of State Canvassers, placed the repeal of Public Act 4 on the November ballot causing Public Act 4 to be suspended until voters decided whether or not to repeal PA 4. LaMar Lemmons, Detroit Public School Board President, will now resume his position on the Detroit Library Commission and will hold the position unless PA 4 is upheld by the voters in November.

**PUBLIC COMMENTS**

**Valerie Glenn** - Expressed her concern regarding the amount of confusion and discord amongst the Commissioners.

**Sandra Hines** – Expressed her concern regarding the disharmony amongst the Commissioners. She said the citizens of Detroit want library service for the children.

**Commission Action**

Commissioner Bellant made a motion to move the Minutes of the May 8, 2012 Special Meeting from the end of the agenda to the beginning of the agenda. Commissioner Lemmons supported the motion. There were 4 yes votes and 1 no vote. The motion carried.

**APPROVAL OF MEETING MINUTES**

The minutes of the April 17, 2012 Special Meeting and the April 17, 2012 Regular Meeting were accepted with a correction of changing the meeting date from April 18 to April 17.

The minutes of the May 25, 2012 Special Meeting, May 15, 2012 Regular Meeting and May 8, 2012 Special Meeting were accepted with any necessary corrections.

**APPROVAL TO PLACE THE EXECUTIVE DIRECTOR ON PAID ADMINISTRATIVE LEAVE EFFECTIVE MAY 8, 2012 UNTIL THE EXPIRATION OF THE EXECUTIVE DIRECTOR'S CONTRACT AUGUST 24, 2012**

Commissioner Bellant stated that the Committee of the Whole, in which Commission rules allow members to take actions, voted to approve placing the Executive Director on paid Administrative Leave and this item is being brought before the Commission for ratification.

**Commission Action**

President Kinloch stated the motion to support placing the Executive Director on paid administrative leave effective May 8, 2012 until the expiration of the Executive Director's Contract August 24, 2012. Commissioner Hicks supported the motion. A roll call vote was taken with the following results:

Commissioner Bellant – No  
Commissioner Hicks - No  
Commissioner Lemmons - No  
Commissioner Quarterman – No  
President Kinloch – Yes

The motion failed.

**Commission Action**

Commissioner Bellant made a motion to extend the contract of the Executive Director until September 30, 2013.

President Kinloch said the motion was out of order because it was not on the agenda and a subsequent meeting would have to be called in order for the action to occur.

Commissioner Bellant stated that four Commissioners had signed a notice calling for a Special Meeting on Thursday, August 23, 2012 at 12:00 p.m.

President Kinloch noted that a Special Commission Meeting will take place on Thursday, August 23, 2012 at 12:00 p.m. to discuss and take action on extending the contract of the Executive Director.

**COMMITTEE ON ADMINISTRATION****Authorization to Suspend Furlough Days for Exempt Employees and Defer the 10% Wage Reduction for Executive Staff Effective May 21, 2012**

Ms. Trinee Moore, Human Resources Director, read the proposal seeking authorization to suspend furlough days for exempt employees and defer the 10% wage reduction for executive staff effective May 21, 2012. The proposal stated:

**I. Summary of Concerns:**

1. The Furlough program is not equally administered for all employee groups.
2. The cost-savings resulting from furlough days is negligible because it is only applicable to a small percentage of staff - (31 employees vs. 310 employees). Thus, represented employees are not sharing the burden of a furlough program.
3. The administration of DPL's "exempt" furlough program is contrary to Department of Labor regulations.
4. The enforcement of the retro-furlough days by June 30, 2012, will result in several departments/ units having to close for several days; and/or staffing levels will fall below the minimum for service delivery.
5. Exempt employees will receive earned vacation time later than represented employees, resulting in a shorter time frame for use; thus having to take more time off in shorter intervals, again, interfering with the quality of operations.
6. The quantity and quality of work suffers when employees are scheduled intermittently.

## II. Recommendations for the Commission to Consider

1. Suspend the furlough program for exempt employees until the following tasks are completed:
  - Negotiations with the bargaining units whereby management will present proposals that include furlough days, a reduction in wages or other concessions that will support cost-savings. The UAW (STU) recently agreed to reopen their contract for discussions; we are in on-going negotiations with AFSCME.
  - A further (legal) review of the Fair Labor Standards Act (FLSA) to properly interpret the furlough plan that is applicable for “exempt” employees, i.e. FLSA requires that “exempt” employee take one week at a time, as oppose to one day every pay period; one week at a time is nearly-impossible to administer with our present administrative “exempt” headcount. Please note that our present furlough schedule (one day a pay period) is fashioned after the City of Detroit, however, the City of Detroit’s administrative offices were closed every other Monday. All employees took a furlough day at the same time.
  - Defer the 10% wage reduction for executive staff. Restoration of salaries for other administrators will cause “salary compression” concerns for executive staff, e.g. if salaries of assistant directors are restored their restored salary will be equal to or higher than a director’s salary that remains reduced by 10%. As such, an inequitable pay differential between higher level staff and managers will occur.

### Discussion

Commissioner Hicks asked if a review of the FLSA (Fair Labor Standard Act) taken place? Ms. Moore replied yes. She explained that DPL staff fashioned the one day per pay furlough after the City of Detroit’s furlough plan. However, all city employees took the same day as a furlough day. DPL’s plan did not require that all affected employees take the same day during a pay period.

Commissioner Bellant asked if the suspension of furlough days had already been implemented? Ms. Moore replied yes. Commissioner Bellant also asked had retro pay already been paid? Ms. Moore replied yes.

Commissioner Bellant requested the proposal be reviewed by the Executive Director and submit a report to the Committee on Administration to be forwarded to the Commission for consideration.

Commissioner Quarterman asked when did the furlough program begin and how many employees were affected?

Ms. Moore replied that the Commission approved the implementation of the furlough program in April 2011 but the furlough program did not start until July 1, 2011, resulting in staff having to take retro furlough days. The program initially affected 33 employees, however, 2 employees retired leaving 31 employees affected.

Commissioner Hicks requested that 2 questions be included in the Executive Director's Report.

- Should the Detroit Public Library compensate staff that was not at work?
- Should retro compensation be given to the staff without Commission authorization?

Ms. Moore explained that when the State of Michigan cancelled their furlough program, they returned all the money to their employees. When the staff went to the City of Detroit to inform them of cancelling the Detroit Public Library furlough program, they were informed that the City of Detroit would automatically restore the money.

President Kinloch stated the proposal would be reviewed by the Executive Director and a report would be submitted to the Committee on Administration to be forwarded to the Commission.

#### Authorization to Charge a Computer Usage Fee Effective June 4, 2012

The current policy for the use of computers at all Detroit Public Library locations is as follows:

Any customer with a valid DPL card, with no outstanding obligations above \$10, is allowed one hour per day on any DPL computer.

Customers with outstanding obligations above \$10 are required to pay their fines below \$10, before they are allowed to use computers.

Nonresident customers are allowed three courtesy computer use sessions, after which they are required to purchase a library card.

A proposal to amend this policy was presented to the Committee on Administration on April 23, 2012. The proposed policy reads:

Any customer with a valid DPL card, with no outstanding obligations above \$10, is allowed one hour per day on any DPL computer.

Customers with outstanding obligations above \$10 are required to pay their fines below \$10, before they are allowed to use computers.

**Nonresident customers, as well as customers who are unable to pay their fine obligations, or any other person desiring to use computers at any Detroit Public Library location, can pay \$1 for one hour of computer use per day.**

Consistent with COA's practice, this policy was posted on the Detroit Public Library's website for public comments from April 24 2012, through May 8, 2012. 26 public comments were received. 15 customers supported the proposed policy and 11 customers opposed the proposed policy.

The Committee on Administration met on May 15, 2012, to review the public comments. Following its review, the COA voted to advance the proposed policy to the Detroit Library Commission for approval.

#### Discussion

Commissioner Bellant asked if the usage fee had already been implemented. Ms. Machie replied yes.

Ms. Machie explained that the authorization to charge a computer usage fee had been implemented and authorization for staff to continue conversations with the City of Detroit to remove the Detroit Public Library from tax captures is an ongoing conversation.

#### Authorization for Staff to Continue Conversations with the City of Detroit to Remove the Detroit Public Library from Tax Captures

President Kinloch asked Ms. Machie to state all of the action items that had been implemented as directed by the Committee of the Whole.

Commissioner Bellant stated the first conversations with the City of Detroit regarding tax captures included legal representation from the Clark Hill law firm. He asked if the attorneys from Clark Hill had been retained to continue to be involved in this matter.

President Kinloch stated that Clark Hill is still operating on behalf of the Detroit Public Library in addressing this issue.

Commissioner Bellant requested a copy of the contract from Clark Hill be distributed to the Commissioners.

#### Commission Action

Commissioner Quarterman made a motion to ratify the authorization to charge a computer usage fee and ratify the authorization for staff to continue conversations with the City of Detroit to remove the Detroit Public Library from tax captures. President Kinloch supported the motion. There were 2 yes votes and 3 no votes. The motion failed.

### **AUDIT COMMITTEE**

#### Approval of Operating Funds Investment Policy, Grants and Gifts Policy and Endowment Funds Investment Policy

The investment policies were developed to comply with Public Act 20 of 1943, as amended and to address the types of deposit and investment risk as described in GASB Statement No. 40.

The *Operating Funds Investment Policy* governs the investment of Detroit Public Library Operating Funds. These funds will be invested in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended [MCL 129.91 et seq.].

The Grants and Gifts Investment Policy governs the investment of Detroit Public Library's gifts, grants, program revenue and library fees revenue. These funds will be invested in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended [MCL 129.91 et seq.].

*The Endowment Investment Policy* sets forth the objectives, guidelines, and constraints for investing Library Endowment Funds. Endowment funds of the Library are authorized by Michigan Public Act 157 of 1976.

#### Commission Action

Commissioner Quarterman made a motion to ratify the approval of the operating funds investment policy, grants and gifts policy and the endowment funds investment policy. Commissioner Bellant supported the motion. The motion carried.

## COMMITTEE ON FINANCE

### Approval of the Amended 2011/2012 Detroit Library Budgets: Grants and Gifts Budget and Permanent Funds Budget.

A balanced budget for all funds, for fiscal year 2011-2012, was approved at the March 22, 2012 Committee on Finance Meeting of the Detroit Library Commission.

Michigan Public Act 2 of 1968, as amended, requires local units of government to adopt budgets for the General Fund and all Special Revenue Funds.

Authorization is requested to approve the 2011-2012 Detroit Public Library budgets:

1	Grants & Gifts Budget	\$734,179
2	Knight Foundation Grant Budget	\$391,175
3	Permanent Funds Budget	\$140,934

### Discussion

Commissioner Bellant asked what was the necessity for the amendment.

Mr. Cromer stated the Detroit Public Library received a corrective action from the State of Michigan requesting specific details of all the grants and monies received and how they were being applied to programs. The staff had to revise those budgets to include the costs for programs.

### Commission Action

Commissioner Quarterman made a motion to approve the amended 2011/2012 Detroit Library budgets: grants and gifts budget and permanent funds budget. Commissioner Bellant supported the motion. The motion carried.

### Approval of Request for Proposal (RFP) for a Financial Audit of Accounts of the Detroit Public Library for the Fiscal Year ended June 30, 2012

Request for proposal for a financial audit of the Detroit Public Library was sent out to nine (9) auditing firms. The request for the proposals was advertised in the Detroit Legal News and on the Detroit Public Library website. The request for proposal included a section on the evaluation criteria by Library administration enabling all bidders to be cognizant of those criteria.

The following firms, with corresponding costs and evaluative values, responded to the Request for Proposal:

<b>Firm</b>	<b>Cost</b>	<b>Evaluative Value</b>
Abraham & Gaffney, P.C. 3511 Coolidge Road, Suite 100, East Lansing, MI 48823	\$53,000	96
Rehmann Group 1500 W. Big Beaver Road, 2 <sup>nd</sup> Floor, Troy MI 48084	\$46,700	87
Plante Moran, PLLC 7310 Woodward Avenue, Suite 740, Detroit, MI 48202	\$48,000	85
Alan C. Young and Assoc. 7310 Woodward Avenue, Suite 740, Detroit, MI 48202	\$44,800	80
Baker, Tilly, Virchow, Krause, LLP One Town Square, Suite 600, Southfield, MI 48076	\$49,500	75
Cole, Newton & Duran 33762 Schoolcraft Road, 2 <sup>nd</sup> Floor, Livonia, MI 48150	\$19,000	67

Bids were not received from the following firms:

BDO Seidman LLP - 755 West Big Beaver, Suite 1900, Troy MI 48084-0178  
 George Johnson & Company - 243 West Congress, Suite 1080, Detroit, MI 48226  
 Glen Olivache CPA - 220 Bagley Avenue, Suite 400, Detroit MI 48226  
 Gregory Terrell & Co. - Buhl Building, 535 Griswold, Suite 2000, Detroit, MI 48226  
 Martin, Arrington, Desai, and Meyers - 1010 Ford Building, 615 Griswold, Detroit, MI 48226

A panel assembled from the Detroit Public Library Business Office evaluated the audit firms. Panel recommendations were submitted to the Audit Committee. The Audit Committee evaluated the audit firms. The committee examined each firm according to criteria stated in the proposal. The committee examined responsiveness of the proposal and demonstration of clear understanding of the work to be performed. Proposals were also evaluated based on appropriateness and adequacy of proposed procedures such as: necessity of procedures, realistic time estimates for completion of the audit, and appropriateness of the assigned staff levels. The committee reviewed the technical experience of the proposer office related to clients with the following characteristics: work with not-for-profit corporations, governmental units and relevant experience for Detroit Public Library. The committee reviewed the qualifications of management staff to be assigned to the audit including position in the firm, years and type of audit experience, and overall supervision to be exercised. The committee reviewed the qualifications of audit staff to be assigned to the audit, years and type of audit experience. Cost was also a consideration in the evaluation.

**Rehmann Group** The bidder stated 'assistance with journal entries or required audit schedules' fees would be adjusted for additional services performed during the audit. The audit fees were not fixed and could rise. The bidder was ranked second by the panel.

**Plante Moran, PLLC** The bidder provides consulting services to the City of Detroit, since the Library is a component unit of the City this was perceived as impairing independence to conduct the Library audit. While the low bidder fees would be adjusted for additional services performed during the audit. The overall evaluation by panel was ranked third.

**Alan C. Young and Assoc.** Bidder did not provide adequate detail, as requested in the RFP. The cost figures were not provided in the format specified in the RFP and therefore, could not be compared to the other proposals in regards to the hours of the various staff to be assigned to the audit. In addition, fees would be adjusted for additional services performed during the audit.

**Baker, Tilly, Virchow, Krause, LLP** The bidder was not responsive to information requested in RFP. Bidder fees would be adjusted for additional services performed during the audit.

**Cole, Newton & Duran** Bidder did not provide adequate detail, as requested in the RFP, in regards to the firm's overall experience, specific audit approach, or amount of hours to perform the audit in total, or by staff classification. The overall evaluation by panel was the lowest because of lack of information to effectively compare the proposal to the other bidding firms.

**Abraham & Gaffney** Bidder provides the best combination of experience, resources, qualifications, and price. The price includes the visits and the audit of twenty one (21) Library branches. Audit fees were all inclusive and they would not be adjusted for additional services performed during the audit.

It is therefore recommend that Abraham & Gaffney be engaged for an amount not to exceed \$53,000 to complete a financial audit of the Detroit Public Library for the year ended June 30, 2012.

#### Commission Action

Commissioner Quarterman made a motion to approve a request for proposal (RFP) for a financial audit of accounts of the Detroit Public Library for the fiscal year ended June 30, 2012. Commissioner Kinloch supported the motion. A roll call vote was taken with the following results:

Commissioner Bellant	Yes
Commissioner Hicks	No
Commissioner Lemmons	No
Commissioner Quarterman	Yes
President Kinloch	Yes

The motion carried.

#### Approval of Request for Proposal (RFP) for a Financial Audit of Accounts of the Burton Endowment Fund for the Fiscal Year ended June 30, 2012

Request for proposal for a financial audit of the Burton endowment Fund was sent out to nine (9) auditing firms. The RFP was advertised in the Detroit Legal News and on the Detroit Public Library Website. The RFP included a section on the evaluation criteria by Library administration enabling all bidders to be cognizant of those criteria.

The following firms, with corresponding costs and evaluative values, responded to the Request for Proposal:

<b>Firm</b>	<b>Cost</b>	<b>Evaluative Value</b>
Abraham & Gaffney, P.C. 3511 Coolidge Road, Suite 100, East Lansing, MI 48823	\$4,500	97
Plante Moran, PLLC 7310 Woodward Avenue, Suite 740, Detroit, MI 48202	\$3,500	84
Rehmann Group 1500 W. Big Beaver Road, 2 <sup>nd</sup> Floor, Troy MI 48084	\$5,515	83
Alan C. Young and Assoc. 7310 Woodward Avenue, Suite 740, Detroit, MI 48202	\$3,850	79
Baker, Tilly, Virchow, Krause, LLP One Town Square, Suite 600, Southfield, MI 48076	\$4,760	76
Cole, Newton & Duran 33762 Schoolcraft Road, 2 <sup>nd</sup> Floor, Livonia, MI 48150	\$4,800	70

Bids were not received from the following firms:

BDO Seidman LLP - 755 West Big Beaver, Suite 1900, Troy MI 48084-0178  
George Johnson & Company - 243 West Congress, Suite 1080, Detroit, MI 48226  
Glen Olivache CPA - 220 Bagley Avenue, Suite 400, Detroit MI 48226  
Gregory Terrell & Co. - Buhl Building, 535 Griswold, Suite 2000, Detroit, MI 48226  
Martin, Arrington, Desai, and Meyers - 1010 Ford Building, 615 Griswold, Detroit, MI 48226

A panel assembled from the Detroit Public Library Business Office evaluated the audit firms. The panel recommendations were submitted to the Audit Committee. The Audit Committee evaluated the audit firms. The committee examined each firm according to criteria stated in the proposal. The committee examined responsiveness of the proposal and demonstration of clear understanding of the work to be performed. Proposals were also evaluated based on appropriateness and adequacy of proposed procedures such as: necessity of procedures, realistic time estimates for completion of the audit, and appropriateness of the assigned staff levels. The committee reviewed the technical experience of the proposer office related to clients with the following characteristics: work with not-for-profit corporations, governmental units and relevant experience for Burton Endowment Fund. The committee reviewed the qualifications of the management staff to be assigned to the audit including position in the firm, years and type of audit experience, and overall supervision to be exercised. Cost was also a consideration in the evaluation.

**Plante Moran, PLLC** While the lowest bidder fees would be adjusted for additional services performed during the audit. Fees were also 'contingent upon also being awarded the Detroit Library Cooperative audit work' based on being awarded two (2) Library audits. The overall evaluation by panel was ranked second.

**Rehmann Group** The bidder fees were the highest and would be adjusted for additional services performed during the audit. The overall evaluation by panel was ranked third.

**Alan C. Young and Assoc.** The cost figures were not provided in the format specified in the RFP and therefore, could not be compared to the other proposals in regards to the hours of the various staff to be assigned to the audit. It did not provide a list and qualifications of the audit staff to be assigned to the audit, and therefore, could not be compared to the other proposals. In addition, fees would be adjusted for additional services performed during the audit. The overall evaluation by panel was ranked fourth.

**Baker, Tilly, Virchow, Krause, LLP** The bidder fees would be adjusted for additional services performed during the audit. Vendor was not responsive to information requested in RFP.

**Cole, Newton & Duran** The vendor did not provide adequate detail, as requested in the Request for Proposal, in regards to the firm’s overall experience, specific audit approach, or amount of hours to perform the audit in total, or by staff classification. The overall evaluation by panel was the lowest because of lack of information to effectively compare the proposal to the other bidding firms.

**Abraham & Gaffney** provides the best combination of experience, resources, qualifications, and price. Audit fees were all inclusive and they would not be adjusted for additional services performed during the audit.

It is therefore recommend that Abraham & Gaffney be engaged for an amount not to exceed \$4,500 to complete a financial audit of the Burton Endowment Fund for the year ended June 30, 2012.

**Commission Action**

Commissioner Quarterman made a motion to approve a request for proposal (RFP) for a financial audit of accounts of the Burton Endowment Fund for the fiscal year ended June 30, 2012. Commissioner Kinloch supported the motion. A roll call vote was taken with the following results:

Commissioner Bellant	Yes
Commissioner Hicks	No
Commissioner Lemmons	No
Commissioner Quarterman	Yes
President Kinloch	Yes

The motion carried.

**Approval of Routine Report on Finance**

The following account have been examined and found correct by the staff of Business and Financial Operations and ratification of payment is recommended.

<b><u>Summary of Expenditures</u></b>	
<b><u>Public Funds</u></b>	
Total Payroll & Benefits	\$1,661,462.15
Debt Service Payments – Pension Obligation Certificate	\$909,232.64
Touch Vouchers 787 – 874	<u>\$392,908.50</u>
<b>Grand Total</b>	<b><u>\$2,963,603.29</u></b>

<u>Summary of Expenditures</u>	
<b><u>Restricted/Designated Funds</u></b>	
Branch & Main Checking – Checks 1992 – 2014	\$4,555.57
Burton Endowment Fund Checking - Checks 8209 – 8210	\$72.50
Knight Foundation Grant - Checks 1371 – 1374	\$6,084.79
Louise Webber O'Brien Fund – Checks – None	\$0.00
Programs & Gifts Checking – Checks - 1583-1600	<u>\$5,144.53</u>
<b>Grand Total</b>	<b><u>\$15,857.39</u></b>
<b><u>Summary of Credit Card Expenditures</u></b>	
Executive Director	\$387.49
Executive Director's Office – Used for general office purpose	\$546.80
Deputy Director	\$246.78
Chief Administrative Officer	\$14.99
Human Resources Department	\$0.00
Marketing Department	\$261.21
Technical Services	\$455.92
Facilities Department	<u>\$106.22</u>
<b>Grand Total</b>	<b><u>\$2,019.41</u></b>

### Commission Action

Commissioner Quarterman made a motion to approve the routine report on finance. President Kinloch supported the motion. A roll call vote was taken with the following results:

Commissioner Bellant	No
Commissioner Hicks	No
Commissioner Lemmons	No
Commissioner Quarterman	Yes
President Kinloch	No

The motion failed.

President Kinloch noted that there would be a Special Commission Meeting held on Thursday, August 23, 2012 at 12:00 p.m. in the Explorers Room. He stated he would not be in attendance and Vice-President Bellant would preside over the meeting.

The meeting was adjourned at 3:29 p.m.

