

DETROIT LIBRARY COMMISSION PROCEEDINGS

COMMITTEE OF THE WHOLE

November 30, 2011

President Thomas called the Committee of the Whole Meeting of the Detroit Library Commission to order at 11:58 a.m.

Present: President Thomas, Commissioners Bellant, Hicks, Jackson, Kinloch, and Quarterman

Administrative Staff: Executive Director Mondowney, Cromer, Machie, Moore and Norfolk

Present Also: Benita Beckles, Marion Brown, Margaret Bruni, Ronald Bryant, J. Randolph Call, Linda Cooper, Atiim Funchess, Valerie Glenn, Jay Henderson, Mike McElgunn, Carolyn Mosley, Rosemary Patterson, Cledos Powell, Alma Simmons, and Brandon Taylor

Public Comments

Jay Henderson, Friends of Monteith, was concerned about what would happen after the branches closed. He gave Mrs. Mondowney a letter requesting additional information from the administration.

Marion Brown, member of Congressman Conyers staff, was distressed that library branches were closing.

Valerie Glenn, Friends of Monteith, suggested that the Library seek and ask for financial assistance. Commissioner Quarterman suggested writing a letter to the government for funding to libraries. Commissioner Kinloch also suggested she contact the ALA Government Affairs Office for help with creating such a letter for funding of public libraries. Commissioner Kinloch said he would appreciate support from Congressman Conyers.

Fiscal Year 2012/13 Budget

Mr. Cromer indicated DPL's budget for Fiscal Year 2012/13 had been prepared and was due to the City's Finance Department by December 9, 2011. Commission had asked that the document be shared with Commission prior to its submission to the City.

Mr. Cromer pointed out that the Proposed Consolidated Budget for Fiscal Year 2012-2013 indicated revenues were down from \$49 million to \$33 million. Salaries and

wages comprised 67% of expenses with continued increases expected for benefit costs. The \$8 million is for other operating expenses.

Commissioner Bellant asked if material costs and expenses for securing closed branches were part of this budget. Mr. Cromer stated that \$30,000 per year was expected to cover such expenses. Ms. Machie added that the board ups would be done in the 2011/12 fiscal year. Mr. Cromer pointed out the funding for branch closures would come from the line item for building/major repairs. Since the 2011/12 budget was approved prior to the approval to close branches, adjustments would need to be made in the 2012/13 budget.

Commissioner Kinloch asked if savings could come from expiring contracts. Mr. Cromer indicated that vendors were contacted asking them to take reductions; also expired contracts would be rebid.

Commissioner Hicks wanted to know what vendors agreed to cost reductions, what was the total yield from those reductions, which vendors were contacted, and which vendors did not agree to the reductions. Mr. Cromer named ABM as one of the vendors who agreed to take a 10% reduction. Legal fees were also lowered. Mr. Cromer said he could provide most of that information within the next several weeks. Mr. Hicks felt the information was important as it should then form the base for contracts for the next year. He also felt it could be beneficial to go back to those vendors that did not participate and ask them again to adjust their costs.

Commissioner Hicks said other savings should come through closing branches as less supplies would be needed; he then asked if those reductions were factored into this budget. Mr. Cromer mentioned Xerox as an example of savings as fewer machines would be needed after the branch closings. Mike McElgunn, Purchasing Agent, confirmed that the number of machines would be reduced, but exact savings would not be known until February as savings would also depend on the technology DPL selects. Commissioner Hicks suggested, when issuing RFP's, to include a note to vendors indicating that DPL is looking for reduction in prices.

Mr. Cromer reminded Commission that DPL has reduced its spending and is continuing to drive down expenses. He said the current FY11/12, the Library is operating in a deficit. Commissioner Kinloch said he was not aware of that. Commissioner Hicks replied saying the financial statements do show the deficit. Mr. Cromer said we are attempting to adjust for that deficit in FY13; the budget document indicates that over a three year period, our expenses exceeded our revenue. Mr. Cromer added budget adjustments would need to be made as expenses are constantly increasing. The final numbers should be available in February or April.

President Thomas stated that Commission should stay focused on the document that needs to get to the City. President Thomas asked if any new information had come from the City regarding revenue projections. Mr. Cromer said "no"; Commission has been advised about the error the City made on the \$4.2 million the Library received from

shared revenue and the \$9.2 million adjustment made by the City removing funds due to DPL. Unfortunately, Mr. Cromer said DPL does not have any way to gauge how much will be collected in taxes. The budget is based on a 12% decline in revenues, not the 20% as was previously indicated by the City and then later changed to 12%. Commissioner Bellant asked if the 6% is realistic. Mr. Cromer felt it probably wasn't; the City may take out 10%.

Commissioner Bellant asked if this budget maintains the FTE level or do we anticipate other closings? Mr. Cromer said there is cost involved in fringes; the Library is still talking with the Unions.

Commissioner Kinloch said that the Library needs to look at creative ways to keep branches open; for example, alternating closings. He added that the Library needs to be proactive and there is a need to have conversations with the Unions.

Commissioner Bellant asked about the status of the task force and what ideas are being considered. He expected over the next 4-6 months, the task force would focus on additional funding sources and alternative energy development. Mrs. Mondowney said she does have a proposal for alternative energy and has been discussing a supplemental millage with the Friends. Mrs. Mondowney was first addressing the process of closing the branches.

Returning back to the budget document discussion, Commissioner Hicks asked if there was a line item to finance the deficit. Mr. Cromer stated that lay-offs and retirements have helped to reduce the deficit; as long as the Library has a fund balance, there is not a deficit. Commissioner Kinloch said that when a budget is approved, a line item for a possible deficit is not part of an operational budget; he asked if the Library was in compliance with the fund balance policy. Mr. Cromer indicated yes. If the fund balance were used, Commission approval would be needed.

Commissioner Quarterman restated the purpose of today's meeting was to give approval of the budget so that it can be forwarded to the City. Further discussions can be held at Committee on Finance meetings. Mr. Cromer said the budget is a work in progress; adjustments can still be made.

Commissioner Hicks brought up his concern that the Library is doing its due diligence to pay pension obligations. Mr. Cromer said the staff would be engaged in this issue and would seek clarification to confirm that the Library is not paying into both retirement systems. Commissioner Kinloch felt that issue should be placed on the Audit Committee's agenda. Commissioner Jackson mentioned the auditor was using documents from the City that did show some discrepancies.

Mrs. Mondowney spoke about the \$4.4 million the City distributed to the Library for revenue sharing. She said the legislation changed in 2007 that no longer required the City to pay the Library revenue sharing. The City said it would not take those funds

back but were clear that the Library would no longer be part of that revenue in the future.

Commissioner Hicks said the Library also needs to do its due diligence by contacting the County regarding property taxes and arrangements should be made to pay our long standing pension obligations. Mr. Cromer said the Library is paying those obligations. Commissioner Kinloch suggested inviting someone from the County to speak to Commission.

Commissioner Bellant said the budget process should be more transparent. The agenda was not posted on the public notice, nor did the Commissioners receive the budget beforehand. Mr. Cromer said the budget was first discussed with the Chair of the Committee on Finance and was never intended to be a final document. Mrs. Mondowney added the process met the request of Commission which was to see the budget prior to its submission to the City Finance Department. It is not a final document.

Commissioner Kinloch said the budget will be forwarded to the Commission as an information item.

There being no further business for discussion, the meeting was adjourned at 12:11 p.m.