

DETROIT LIBRARY COMMISSION

SPECIAL MEETING

MARCH 20, 2014

12:00 P.M.

President Hicks called the Special Meeting of the Detroit Library Commission to order at 12:05 p.m.

Present: President Hicks, Commissioners Bellant, Innis-Edwards, Jackson, Quarterman, Thomas

Administrative Staff: Mondowney, Bruni, Call, Funchess, Ibegbu, Moore, Myers, Norfolk, Powell, Simmons, T. Williams

Absent: Commissioner Lemmons

Present Also: Deborah Dorsey, Mike McElgunn, Carolyn Mosley, Roger Morton, Yvette Rice

Authorization to Approve Proposed Triennial Budget – FY 2015, 2016, 2017

Mrs. Mondowney responded to questions that were raised at the March 18, 2014 Commission meeting relating to the budget.

Question: How did DPL get a \$3.5million FY14 deficit?

Response: The FY14 Budget was submitted to the City of Detroit Budget Office on December 12, 2012 as a balanced budget in the amount of \$32,266,367.

CITY OF DETROIT BUDGET OFFICE:**REVENUE DECREASE**

The City of Detroit Budget office decreased DPL's Total Revenue by **\$2,059,508** from \$32,266,367 to \$30,206,859.

	<u>Request</u>	<u>COD</u>	<u>Decrease</u>
Current Year Property Tax	27,821,470	27,160,342	(661,128)
Uncollectible property taxes	(747,000)	(789,000)	(42,000)
Industrial Facilities Tax	435,653	136,921	(298,732)
Neighborhood Enterprise Zone	1,098,465	976,666	(121,799)
State Revenue Sharing	983,254	0	(983,254)
Other Miscellaneous Taxes	0	47,405	47,405
TOTAL REVENUE DECREASE			<u>(2,059,508)</u>

EXPENSES INCREASE

In April/May 2013, the City of Detroit Budget office revised the City's fringe benefit rates. The total fringe benefit rates increased by **\$2,154,614** from \$9,417,812 to \$11,572,426. DPL's rates increased by 20% from 78% to 98%.

The City of Detroit Budget office increased Central Staff Services by **\$299,488** from \$1,300,000 to \$1,599,488.

Utilities – The City of Detroit Budget office increased Public Light Department by **\$103,352** from \$595,982 to \$699,334.

EXPENSES DECREASE

The City of Detroit Budget office decreased Acquisition of Library Materials by **\$883,608** from \$1,036,440 to \$152,832.

The City of Detroit Budget office decreased Tax Captures by **\$192,646** from \$1,875,051 to \$1,682,405.

RESULT:

FY14 TOTAL REVENUES \$30,206,859

FY14 TOTAL EXPENSES \$33,747,567

Revenues less than Expenses by \$3,540,708

Question: What is FY14 budget adjustment amount?

Response: Net Effect of FY2014 Budgetary Impacts

Adopted Budgeted Revenue	\$30,206,859
Adopted Budgeted Expenditures	<u>\$33,747,567</u>
FY2014 Over/ (Under) Funded	(3,540,708)

Minutes were approved at the April 15, 2014 Commission Meeting

Add Revenue Amendment	<u>2,526,059</u>
FY2014 Over/ (Under) Funded (1,014,649)	
Add Fringe Cost Reductions	<u>2,126,844</u>
FY2014 Over/ (Under) Funded	1,112,195
Add Facilities & Operations Amendment	<u>1,112,195</u>
FY2014 Over/ (Under) Funded	\$ - 0-

EXPENSES DECREASE

- Pension Obligation Certificate budget \$2,007,923
- Longevity \$118,921

FY14 amendments will cover expenses that were reduced due to the shortage of funds for Facilities, Information Technology and Acquisition of Library Materials.

Question: What are the City of Detroit charges that have been mandated for the Library?

Response: DPL is responsible for reimbursement to the City of Detroit for central services expense. The expense was included in the City's adopted FY2014 budget at \$1,599,488, an increase of \$299,488 over DPL's budget request of \$1,300,000.

Pension and Health Care Costs are also mandated at the City of Detroit rates. Although the DPL is not a Department of the City of Detroit, for purposes of these expenditures, DPL staff is required by law to be treated as City of Detroit employees.

Tax Captures are also mandated per statute. The FY2014 projected expense is \$1,682,405.

Question: What does that cut/savings look like?

Response: The projected 10% decrease in property tax revenues in FY 2014/15 (27M vs. 24M) would result in a reduction- in-force (approximately 33 employees) if it were not for the following:

1. Deferral of the POC (2M)
2. Benefit restructuring (4M)
3. Increase in Renaissance Zone funding (3M)

The above amendments/adjustment will allow DPL to maintain the current staffing levels and cover mandated operational expenses.

Question: What is the new cost of benefits for employees and retirees?

Response: Triennial Budgets FY15, FY16, FY16 formulae are as follows:

FRINGE BENEFITS		2015	2016	2017
603100	Emp Benefits-Pensions	0.00%	0.00%	0.00%
603125	Pensions (DBP/DCP)	5.00%	5.00%	5.00%
603101	Emp Benefits-Pensions - UAAL	\$0.00	\$0.00	\$0.00
603120	Non-Actuarial Pension	\$0.00	\$0.00	\$0.00
603200	Emp Benefits-Hospitalization	\$6,436.65	\$6,929.49	\$7,421.24
603220	Empl Ben-Hosp General Retiree	\$0.00	\$0.00	\$0.00
603300	Emp Benefits-Social Security	7.65%	7.65%	7.65%
603400	Unemployment	\$100.00	\$102.20	\$104.45
603405	Workers' Compensation	\$85.50	\$87.38	\$89.30
603410	Workers' Compensation Medical	\$0.00	\$0.00	\$0.00
603900	Misc. Benefits	\$37.60	\$38.43	\$39.27
604100	Unused (Retirement) Sick Leave	\$1,130.50	\$1,155.37	\$1,180.79
604200	Longevity	\$0.00	\$0.00	\$0.00
604920	SUB	\$0.00	\$0.00	\$0.00
604935	Specific Units	\$0.00	\$0.00	\$0.00
605100	Group Life Insurance	\$168.00	\$171.70	\$175.47
605205	Eye Care-Active	\$87.49	\$84.79	\$90.81
605210	Eye Care-Retirees	\$0.00	\$0.00	\$0.00
605400	Death Benefit	\$0.00	\$0.00	\$0.00
605415	Service Death	\$0.00	\$0.00	\$0.00

Minutes were approved at the April 15, 2014 Commission Meeting

605500	Income Protection	\$36.09	\$36.88	\$37.70
605620	Dental Active	\$715.86	\$693.72	\$742.95
605640	Dental Retired	\$0.00	\$0.00	\$0.00
605700	Health Care Reserve	2.00%	2.00%	2.00%

Total Benefits

Total Percentage	14.65%	14.65%	14.65%
Total Dollar Cost Per FTE	8,797.69	9,299.96	9,881.98

**New
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701500 Retiree Health Care

Retiree Count	291	291	291
Monthly Stipend FY 2015	\$130.00	\$125.00	\$127.48

Lump Sum Payment of Retiree Health Care cost (hospitalization only).

Question: How would the 10% cut to the budget affect the Triennial Budget for DPL?

Response: **FY15 and FY16** the 10% budget cuts would not affect staff levels as operating expenses are brought down to the bare minimum [see the continuing contracts] therefore these two budgets are balanced.

FY17 in order to maintain CURRENT STAFFING LEVEL at 334 a request for \$2 million from Fund Balance is made in order to get a Balanced Budget at \$28 million.

Discussion

Mrs. Mondowney explained that the FY14 amendments would cover expenses that were reduced due to the shortage of funds for Facilities, Information Technology and Acquisition of Library Materials. She stated that whenever libraries experience cuts in funding or windfalls in funding, there are four areas of priorities: staffing, library materials, facilities and technology.

President Hicks said the funds are put where the judgment of the Commission, who is the governing body, places it. Otherwise, there is no need for the Commission to go through approving the budget process.

Minutes were approved at the April 15, 2014 Commission Meeting

Mrs. Mondowney agreed that the budget is approved by the Commission, however, the parameters of spending public dollars are for operations in the following four areas: staffing, library materials, facilities and technology.

President Hicks said when making judgments, the Commission may determine other types of priorities as long as they are in the judgment of the governing body consistent with operating and performing public functions that are associated with library services.

COMMISSION ACTION

Commissioner Quarterman moved to approve a budget for FY 2015 that will be submitted to the City of Detroit as requested and also submit two year projections for FY2016 and FY2017 that are not approved budgets. Commissioner Thomas supported.

A roll call vote was taken with the following results:

Commissioner Bellant	Yes
Commissioner Inniss-Edwards	Yes
Commissioner Jackson	Yes
Commissioner Quarterman	Yes
Commissioner Thomas	Yes
President Hicks	Yes

The motion passed unanimously.

NEW BUSINESS

President Hicks requested to have someone from the City of Detroit come to the Library and review with the Commission or the Committee on Finance, the new formulas for Central Services, Fringe Benefits and any other places the formulas are being used.

Comment

Commissioner Jackson said that the physical conditions of some of DPL's facilities need to be addressed immediately. He said as the Detroit Public Library seeks a millage renewal, branches cannot be broken down or inoperable because of their physical condition.

The meeting was adjourned at 1:16 p.m.