

**METROPOLITAN LIBRARY COMMISSION
OF OKLAHOMA COUNTY
FINANCE COMMITTEE
AGENDA**

Members: Hugh Rice, Chair
Nancy Anthony
Scott Duncan
Greg Womack

Monday, May 13, 2002
3:30 p.m.
Belle Isle Library
5501 N. Villa
Oklahoma City, OK 73112
(Phone: 843-9601)

NOTE: Comments from the general public will be limited to 15 minutes with time prorated among speakers. Preference will be given to residents of Oklahoma County. Persons signing up to address the committee must list their residential address and personally sign a speaker form.

- I. Call to Order and Establishment of Quorum – Hugh Rice, Chair
- II. General Review of Library Finances
 - Metropolitan Library System Budget Projections With Current 5.2 Mills
 - Metropolitan Library System Budget Projections With Additional 1 Mill in FY 2004 – 2005 (Annual growth 4.88%)
 - Metropolitan Library System Budget Projections With Additional 1 Mill in FY 2004 – 2005 (Annual growth 5.00%)
 - Projected Designated Reserves
- III. Review Choctaw Library Finances
 - Historical Review of Funding of the New Choctaw Library
- IV. Request to approve transfer of funds with Choctaw Library Guild
- V. Request to approve additional funds for Choctaw Library construction
- VI. Review of funding for New Downtown Library & Learning Center
 - Historical Review of Funding for the Downtown Library & Learning Center
 - Attachment 1 - Table 1 – Construction sub-contracts to be completed
 - Attachment 2 – MLC Document #28 Request for Additional Funding for the Downtown Library & Learning Center
 - Attachment 3 – Expenditure Schedule for the Downtown Library & Learning Center
- VII. Request to accept Recommendation of Administrative and Personnel Committee to approve the Definition of Medical Funding Account
- VIII. General Review of Health Insurance —
- Cc: Metropolitan Library Commission
Administrative Team
Darlene Browers, President, Staff Association
Managers and Supervisors

5/6/02	Metropolitan Library System											
	Budget Projections With Current 5.2 Mills											
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08		
Revenues:	Final	Final	Final	Final	Projected	Projected	Projected	Projected	Projected	Projected		
Current Year Tax	12,942,684	13,872,678	14,828,943	15,957,629	16,835,299	17,677,064	18,525,563	19,414,790	20,346,699	21,323,341		
% of increase	4.2%	7.2%	6.9%	7.6%	5.5%	5.0%	4.8%	4.8%	4.8%	4.8%		
State Aid/Fines	628,214	632,797	624,781	634,541	649,746	656,243	662,806	669,434	676,128	682,890		
	1%	1%	-1%	2%	2%	1%	1%	1%	1%	1%		
Tax carryover	961,469	1,143,535	1,319,472	1,199,694	1,364,464	1,432,687	1,504,322	1,579,538	1,658,515	1,741,440		
	-1%	19%	15%	-9%	14%	5%	5%	5%	5%	5%		
Investment Income	200,031	303,229	500,997	727,128	568,000	210,000	199,500	179,550	161,595	64,638		
		52%	65%	45%	-22%	-63%	-5%	-10%	-10%	-80%		
Other Income	182,580	269,527	348,468	394,652	218,398	265,000	267,650	270,327	273,030	275,760		
		48%	25%	13%	-46%	21%	1%	1%	1%	1%		
Lapsed Fund	1,357,453	1,290,371	2,993,198	1,821,145	1,169,803	600,000	600,000	600,000	600,000	600,000		
	36%	-5%	132%	-39%	-36%	-49%	0%	0%	0%	0%		
Available for Budget	16,272,431	17,512,137	20,615,859	20,734,788	20,805,710	20,840,994	21,759,840	22,713,638	23,715,967	24,688,069		
% of increase	5.81%	7.62%	17.72%	0.58%	0.34%	0.17%	4.41%	4.38%	4.41%	4.10%		
Reserve carryover	3,750,000	5,982,857	7,065,350	9,600,875	9,379,799	8,391,850	8,054,802	7,456,990	5,263,577	1,029,623		
Expenditures:												
100-S.W. & FB	8,084,786	8,772,322	9,768,340	10,970,921	12,037,985	13,017,543	13,898,596	14,732,511	15,616,462	17,553,450		
% of increase	5.98%	8.50%	11.35%	12.31%	9.73%	8.14%	6.77%	6.00%	6.00%	12.40%		
200-M&O Contract	1,953,592	2,016,103	2,002,871	2,494,182	2,931,285	3,201,102	3,393,168	3,596,758	3,812,564	4,391,318		
	6.95%	3.20%	-0.66%	24.53%	17.52%	9.20%	6.00%	6.00%	6.00%	15.18%		
300-M&O Commod.	550,609	571,050	678,578	773,578	982,641	1,061,252	1,124,927	1,192,423	1,263,968	1,374,807		
	-4.08%	3.71%	18.83%	14.00%	27.03%	8.00%	6.00%	6.00%	6.00%	8.77%		
400-Materials	2,039,906	2,298,880	2,527,160	2,754,340	2,848,800	2,962,752	3,140,517	3,328,948	3,528,685	3,740,406		
	6.41%	12.70%	9.93%	8.99%	3.43%	4.00%	6.00%	6.00%	6.00%	6.00%		
400-OP Capital	497,882	413,471	431,035	468,021	494,559	524,233	550,444	577,966	606,865	787,208		
	1.16%	-16.95%	4.25%	8.58%	5.67%	6.00%	6.00%	5.00%	5.00%	29.72%		
Total OP budget	13,126,775	14,071,826	15,407,984	17,461,042	19,295,270	20,766,882	22,107,653	23,428,607	24,828,544	27,847,188		
	5.92%	7.20%	9.50%	13.32%	10.50%	7.63%	6.46%	5.98%	5.98%	12.16%		
450-Capital Proj.	812,800	2,357,818	2,672,350	3,494,822	2,498,389	411,160	250,000	1,478,443	3,121,377	844,000		
Total OP & CIP	13,939,575	16,429,645	18,080,334	20,955,864	21,793,659	21,178,042	22,357,653	24,907,050	27,949,921	28,691,188		
490-Reserves	2,332,856	1,082,492	2,535,525	(221,076)	(987,949)	(337,048)	(597,813)	(2,193,413)	(4,233,954)	(4,003,119)		
Total Budget	16,272,431	17,512,137	20,615,859	20,734,788	20,805,710	20,840,994	21,759,840	22,713,638	23,715,967	24,688,069		
Reserves as of 6/30	6,082,856	7,065,350	9,600,875	9,379,799	8,391,850	8,054,802	7,456,990	5,263,577	1,029,623	(2,973,496)		
Designated Reserv.	4,812,400	5,039,400	5,267,750	8,043,302	7,294,825	7,359,313	7,556,796	6,728,044	4,270,923	4,321,684		
Undesignated Reserv	1,270,456	2,025,950	4,333,125	1,336,497	1,097,025	695,489	(99,806)	(1,464,467)	(3,241,300)	(7,295,180)		
See Next page for projection assumptions and notes												

	Metropolitan Library System										4.88% growth
	Budget Projections With Additional 1 Mill in FY 2004-05										
	1998-99 Final	1999-00 Final	2000-01 Final	2001-02 Final	2002-03 Projected	2003-04 Projected	2004-05 Projected	2005-06 Projected	2006-07 Projected	2007-08 Projected	
Current Year Tax % of increase	12,942,684 4.2%	13,872,678 7.2%	14,828,943 6.9%	15,957,629 7.6%	16,835,299 5.5%	17,677,064 5.0%	22,075,563 24.88%	23,152,850 4.88%	24,282,709 4.88%	25,467,705 4.88%	
State Aid/Fines	628,214 1%	632,797 1%	624,781 -1%	634,541 2%	649,746 2%	656,243 1%	662,806 1%	669,434 1%	676,128 1%	682,890 1%	
Tax carryover	961,469 -1%	1,143,535 19%	1,319,472 15%	1,199,694 -9%	1,364,464 14%	1,432,687 5%	1,504,322 5%	1,729,970 15%	1,799,169 4%	1,871,135 4%	
Investment Income	200,031	303,229 52%	500,997 65%	727,128 45%	568,000 -22%	210,000 -63%	199,500 -5%	219,450 10%	285,285 30%	328,077.75 15%	
Other Income	182,580	269,527 48%	348,468 29%	394,652 13%	218,398 -45%	265,000 21%	267,650 1%	270,327 1%	273,030 1%	275,760 1%	
Lapsed Fund	1,357,453 36%	1,290,371 -5%	2,993,198 132%	1,821,145 -39%	1,169,803 -36%	600,000 -49%	600,000 0%	1,000,000 67%	1,000,000 0%	1,000,000 0%	
Available for Budget	16,272,431 105.81%	17,512,137 7.62%	20,615,859 17.72%	20,734,789 0.58%	20,805,710 0.34%	20,840,994 0.17%	25,309,840 21.44%	27,042,030 6.84%	28,316,321 4.71%	29,625,568 4.62%	
% of increase											
Reserve carryover	3,750,000	5,982,857	7,065,350	9,600,875	9,379,799	8,391,850	8,054,802	11,006,990	13,141,970	13,508,369	
Expenditures:											
100-S.W. & FB	8,084,786 5.98%	8,772,322 8.50%	9,768,340 11.35%	10,970,921 12.31%	12,037,985 9.73%	13,017,543 8.14%	13,898,596 6.77%	14,732,511 6.00%	15,616,462 6.00%	17,553,450 12.40%	
% of increase											
200-M&O Contract	1,953,592 6.95%	2,016,103 3.20%	2,002,871 -0.66%	2,494,182 24.53%	2,931,285 17.52%	3,201,102 9.20%	3,393,168 6.00%	3,596,758 6.00%	3,812,564 6.00%	4,341,318 13.87%	
300-M&O Commod.	550,609 4.08%	571,050 3.71%	678,578 18.63%	773,578 14.00%	982,641 27.03%	1,061,252 8.00%	1,124,927 6.00%	1,192,423 6.00%	1,263,968 6.00%	1,374,807 8.77%	
400-Materials	2,039,906 6.41%	2,298,880 12.70%	2,527,160 9.93%	2,754,340 8.99%	2,848,800 3.43%	2,962,752 4.00%	3,140,517 6.00%	3,328,948 6.00%	3,528,685 6.00%	3,740,406 6.00%	
400-OP Capital	497,882 1.16%	413,471 -16.95%	431,035 4.25%	468,021 8.58%	494,559 5.67%	524,233 6.00%	550,444 5.00%	577,966 5.00%	606,865 5.00%	787,208 29.72%	
Total OP budget	13,126,775 5.92%	14,071,826 7.20%	15,407,984 9.50%	17,461,042 13.32%	19,295,270 10.50%	20,766,882 7.63%	22,107,653 6.46%	23,428,607 5.98%	24,828,544 5.98%	27,797,188 11.96%	
450-Capital Proj.	812,800	2,357,818	2,672,350	3,494,822	2,498,389	411,160	250,000	1,478,443	3,121,377	844,000	
Total OP & CIP	13,939,575	16,429,645	18,080,334	20,955,864	21,793,659	21,178,042	22,357,653	24,907,050	27,949,921	28,641,188	
490-Capital Reser.	2,332,856	1,082,492	2,535,525	(221,075)	(987,949)	(337,048)	2,952,187	2,134,980	366,400	984,380	
Total Budget	16,272,431	17,512,137	20,615,859	20,734,789	20,805,710	20,840,994	25,309,840	27,042,030	28,316,321	29,625,568	
Reserves as of 6/30	6,082,856	7,065,350	9,600,875	9,379,800	8,391,850	8,054,802	11,006,990	13,141,970	13,508,369	14,492,749	
Designated Reserv.	4,812,400	5,039,400	5,267,750	8,543,302	7,294,825	7,359,313	7,556,796	6,728,044	4,270,923	4,321,684	
Undesignated Reserv	1,270,456	2,025,950	4,333,125	836,498	1,097,025	695,489	3,450,194	6,413,926	9,237,446	10,171,065	

5/06/02	Metropolitan Library System											5% growth
	Budget Projections With Additional 1 Mill in FY 2004-05											
Revenues:	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08		
	Final	Final	Final	Final	Projected	Projected	Projected	Projected	Projected	Projected		
Current Year Tax	12,942,684	13,872,678	14,828,943	15,957,629	16,835,299	17,677,064	22,110,917	23,216,463	24,377,286	25,596,150		
% of increase	4.2%	7.2%	6.9%	7.6%	5.5%	5.0%	25.1%	5.0%	5.0%	5.0%		
State Aid/Fines	628,214	632,797	624,781	634,541	649,746	656,243	662,806	669,434	676,128	682,890		
	1%	1%	-1%	2%	2%	1%	1%	1%	1%	1%		
Tax carryover	961,469	1,143,535	1,319,472	1,199,694	1,364,464	1,432,687	1,504,322	1,729,970	1,799,169	1,871,135		
	-1%	19%	15%	-9%	14%	5%	5%	15%	4%	4%		
Investment Income	200,031	303,229	500,997	727,128	568,000	210,000	199,500	219,450	285,285	328,077.75		
		52%	65%	45%	-22%	-63%	-5%	10%	30%	15%		
Other Income	182,580	269,527	348,468	394,652	218,398	265,000	267,650	270,327	273,030	275,760		
		48%	29%	13%	-45%	21%	1%	1%	1%	1%		
Lapsed Fund	1,357,453	1,290,371	2,993,198	1,821,145	1,169,803	600,000	600,000	1,000,000	1,000,000	1,000,000		
	36%	-5%	132%	-39%	-36%	-49%	0%	67%	0%	0%		
Available for Budget	16,272,431	17,512,137	20,615,859	20,734,789	20,805,710	20,840,994	25,345,194	27,105,643	28,410,897	29,754,013		
% of increase	105.81%	7.62%	17.72%	0.58%	0.34%	0.17%	21.61%	6.95%	4.82%	4.73%		
Reserve carryover	3,750,000	5,982,857	7,065,350	9,600,875	9,379,799	8,391,850	8,054,802	11,042,344	13,240,936	13,701,912		
Expenditures:												
100-S.W. & FB	8,084,786	8,772,322	9,768,340	10,970,921	12,037,985	13,017,543	13,898,596	14,732,511	15,616,462	17,553,450		
% of increase	5.96%	8.50%	11.35%	12.31%	9.73%	8.14%	6.77%	6.00%	6.00%	12.40%		
200-M&O Contract	1,953,592	2,016,103	2,002,871	2,494,182	2,931,285	3,201,102	3,393,168	3,596,758	3,812,564	4,341,318		
	6.95%	3.20%	-0.66%	24.53%	17.62%	9.20%	6.00%	6.00%	6.00%	13.87%		
300-M&O Commod.	550,609	571,050	678,578	773,578	982,641	1,061,252	1,124,927	1,192,423	1,263,968	1,374,807		
	4.08%	3.71%	18.83%	14.00%	27.03%	8.00%	6.00%	6.00%	6.00%	8.77%		
400-Materials	2,039,906	2,298,880	2,527,160	2,754,340	2,848,800	2,962,752	3,140,517	3,328,948	3,528,685	3,740,406		
	6.41%	12.70%	9.93%	8.99%	3.43%	4.00%	6.00%	6.00%	6.00%	6.00%		
400-OP Capital	497,882	413,471	431,035	468,021	494,559	524,233	550,444	577,966	606,865	787,208		
	1.16%	-16.95%	4.25%	8.58%	5.67%	6.00%	5.00%	5.00%	5.00%	29.72%		
Total OP budget	13,126,775	14,071,826	15,407,984	17,461,042	19,295,270	20,766,882	22,107,653	23,428,607	24,828,544	27,797,188		
	5.92%	7.20%	9.50%	13.32%	10.50%	7.63%	6.46%	5.98%	5.98%	11.96%		
450-Capital Proj.	812,800	2,357,818	2,672,350	3,494,822	2,498,389	411,160	250,000	1,478,443	3,121,377	844,000		
Total OP & CIP	13,939,575	16,429,645	18,080,334	20,955,864	21,793,659	21,178,042	22,357,653	24,907,050	27,949,921	28,641,188		
490-Capital Reser.	2,332,856	1,082,492	2,535,525	(221,075)	(987,949)	(337,048)	2,987,542	2,198,592	460,976	1,112,825		
Total Budget	16,272,431	17,512,137	20,615,859	20,734,789	20,805,710	20,840,994	25,345,194	27,105,643	28,410,897	29,754,013		
Reserves as of 6/30	6,082,856	7,065,350	9,600,875	9,379,800	8,391,850	8,054,802	11,042,344	13,240,936	13,701,912	14,814,737		
Designated Reser.	4,812,400	5,039,400	5,267,750	8,543,302	7,294,825	7,359,313	7,556,796	6,728,044	4,270,923	4,321,684		
Undesignated Reser.	1,270,456	2,025,950	4,333,125	836,498	1,097,025	695,489	3,485,548	6,512,892	9,430,989	10,493,053		

[illegible]

PROJECTED DESIGNATED RESERVES

Page 1 of 2

	2000-01	2001-02	Projected 2002-03	Projected 2003-04	Projected 2004-05	Projected 2005-06	Projected 2006-07	Projected 2007-08
Allocation of Reserves:								
Reserve for Cash flow	1,800,000	1,900,000	2,052,000	2,216,160	2,366,859	2,508,870	2,659,403	3,005,125
Reserve for Insurance Fund	100,000	100,000						
Reserve for Extra Payday	55,350	90,000	141,273	191,601	243,717	301,396	365,120	464,159
Reserve for computer software					200,000	400,000	600,000	800,000
Capital Improvement Projects:								
Approved by the Commission:								
Drexel Portable Building	52,400	52,400	52,400	52,400	52,400	52,400	52,400	52,400
Contribution for Spencer								
DN Library/Learning Center								
F/F/E & A.V. Equipment	2,000,000							
Other Related Projects	660,000	565,000						
Opening Collections	600,000	350,000	150,000					
Choctaw New Facility		86,750						
OKC-CIP -- CH		205,332	205,332	205,332				
OKC-CIP -- RE		424,930	424,930	424,930	424,930	321,378	0	
OKC-CIP -- SO		717,363	717,363	717,363	717,363	532,207	0	
OKC-CIP -- NW		3,551,527	3,551,527	3,551,527	3,551,527	2,611,792	594,000	0
Total Committed	5,267,750	8,043,302	7,294,825	7,359,313	7,556,796	6,728,044	4,270,923	4,321,684

Notes:

(1) The cash flow required during summer months are projected with the same percentage increase as the salaries because salary and related fb constitute more than 60% of monthly expenditures.

Budget/resrbdgt-reserveproj

5/06/02

PROJECTED DESIGNATED RESERVES

Projected 2008-09	Projected 2009-2010	Projected 2010-2011	Projected 2011-2012	Projected 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016
Allocation of Reserves:							
Reserve for Cash flow	3,185,432	3,376,538	3,579,152	3,793,901	4,021,535	4,262,827	4,789,713
Reserve for Insurance Fund							
Reserve for Extra Payday	546,676	637,424	57,948	122,849	195,330	390,174	551,446
Reserve for computer software	1,000,000	1,100,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Capital Improvement Projects:							
Approved by the Commission:							
Drexel Portable Building	52,400						
Contribution for Spencer							
DN Library/Learning Center							
F/E/E & A.V. Equipment							
Other Related Projects							
Opening Collections							
Choctaw New Facility							
OKC-CIP -- CH							
OKC-CIP -- RE							
OKC-CIP -- SO							
OKC-CIP -- NW							
Total Committed	4,784,508	5,113,983	4,837,100	5,116,750	5,416,865	5,738,894	6,541,158

Notes:

(1) The cash flow required during sum
60% of monthly expenditures.

Budget/reserve/bdgt-reserveproj

Historical Review of Funding for new Choctaw Library

In June of 1999, the Finance Committee approved the proposed Long-Range Plan for Library Facilities Improvements approved by the Long-Range Planning Committee on July 9, 1998. Included in that plan was \$681,486 designated for the new Choctaw Library. Those dollars were to be used to underwrite: books and materials, furniture and equipment, professional fees, construction and contingency costs.

At that time, detailed cost estimates for the project had not been finalized and a specific library budget proposal had not been submitted to the Finance Committee or the Commission but would be submitted to them upon completion. The proposed FY 1999-2000 budget included \$15,000 to engage an architect to prepare a preliminary site plan.

The Long Range Planning Committee met on September 22, 1999 and approved a recommendation that the Metropolitan Library Commission approve proposed underwriting up to \$800,172 for the new 9,000 gross sq. ft Choctaw Library Facility from the Future Capital Improvements Portion of the Cash Reserve Plan, subject to the City of Choctaw's ability to underwrite the balance of the project funds, at that time estimated at \$1,133,348.

At this same meeting, the Long-Range Planning Committee voted to adopt Administrative Guidelines for Updating the Inventory of Facilities Improvements. These recommendations were presented to the full Commission on October 21, 1999.

The Long-Range Planning Committee was asked to review policies that related to the funding of new library facilities, which they did on March 2, 2000. And presented to the Commission at the March 16, 2000 meeting. (Attached is a copy of Guidelines for Updating Facilities as presented).

❑ **Guidelines for Updating Facilities**

- ❑ Provision of library service within 10 to 15 minutes driving time in Oklahoma County.
- ❑ Improvements to systematically maintain the buildings and grounds to achieve energy savings and improve service efficiencies.
- ❑ Improvements to help ensure the safety and security of library users and library staff.
- ❑ Improvements and expansions at present library facilities that meet the library system's performance standards for service and respond to periodic community needs assessments.
- ❑ Efforts to extend service to under served areas of the county such as a new Northwest Library in Oklahoma City.
- ❑ On-going revisions to the Facilities Planning Guidelines for site selection and or building planning to incorporate flexibility, planned expansion and future needs, (Such needs include: automation expansion, computer labs, Computer-Assisted Drawings {CAD} of site and floor plans, detailed descriptions for furnishings/equipment, and layouts that comply with barrier-free access standards.)
- ❑ Total library funding for renovations, new furnishings/equipment, and "opening day" materials collections.
- ❑ Underwriting of fees for Architects/Engineers and Interior Designers for new and/or expansions to facilities.
- ❑ Library Funding for construction costs based on the following table:

TYPE OF FACILITY & IMPROVEMENT	PERCENT OF LIBRARY CONSTRUCTION UNDERWRITING
• Remodeling of any library facility.	100 Percent
• Temporary demonstration library.	
• Portable building or facility replacing bookmobile trailer	50 to 100 Percent
• Expansion and Remodeling of Extension Library	25 Percent
• New Extension Library	
• Expansion and Remodeling of Full-Service Library	10 Percent
• New Full-Service Library	

Transfer Funds with Choctaw Library Guild for Choctaw Library Building Project

Choctaw Library Guild (the Guild), a long-time friends group of Choctaw Library, has obtained a \$50,000 grant from the Sarkeys Foundation for adding a porch to the planned new Choctaw Library building. The grant money will not be available until the latter part of years 2002 and 2003. However, the City of Choctaw is required by law to have all funds in hand before the construction contract can be signed with a successful bidder.

To solve the cash flow difficulty faced by the Guild, they asked the Metropolitan Library Commission to approve a transfer of \$50,000 of library system's contribution for furniture and equipment to the Choctaw Library's current \$449,539 cost sharing for construction costs. The Guild will transfer the \$50,000 grant to the Library System immediately after they receive it. Under this arrangement the total Library System's cost sharing of \$800,172 would remain the same. As shown in the attached funding schedule, the Library Commission approved a similar transfer on March 16, 2000 to allow the City of Choctaw to obligate the funds for professional fees right after the bond was issued.

Based on our experience with the Edmond Library expansion and the 4-library refurbishing in the past few years, the payments for purchased furniture and equipment had been spread out for a long period of time. Therefore, the timeline of the grant payments set by the Sarkey Foundation would not create any cash flow problem for the library system.

Committee Action

Recommend that the Library Commission approve the transfer of \$50,000 in funding to the Choctaw Library project from Furniture/Fixture/Equipment to Construction Costs with the understanding that the Choctaw Library Guild will transfer the \$50,000 grant from the Sarkey Foundation to the Library System immediately after they receive it.

Funding Schedule for the New Choctaw Library

5/10/02

Original proposal approved by the Commission on 10/21/99:

	<u>City of CT</u>	<u>MLS</u>	<u>Total</u>
Construction Cost:	\$ 1,000,012	\$ 333,338	\$ 1,333,350
FF/E		195,133	195,133
Professional Fees		116,201	116,201
Contingency	133,335	18,000	151,335
Opening Day Collection		137,500	137,500
Total	<u>\$ 1,133,347</u>	<u>\$ 800,172</u>	<u>\$ 1,933,519</u>

Revised schedule approved by the Commission on 3/16/00:

	<u>City of CT</u>	<u>MLS</u>	<u>Total</u>
Construction Cost:	\$ 883,811	\$ 449,539	\$ 1,333,350
FF/E		195,133	195,133
Professional Fees	116,201		116,201
Contingency	133,335	18,000	151,335
Opening Day Collection		137,500	137,500
Total	<u>\$ 1,133,347</u>	<u>\$ 800,172</u>	<u>\$ 1,933,519</u>

Revised schedule proposed to the Finance Committee on 5/13/02*:

	<u>City of CT</u>	<u>MLS</u>	<u>Choctaw Guild</u>	<u>Total</u>
Construction Cost:	\$ 883,811	\$ 499,539		1,383,350
FF/E		145,133	\$ 50,000	195,133
Professional Fees	116,201			116,201
Contingency	133,335	18,000		151,335
Opening Day Collection		137,500		137,500
Total	<u>\$ 1,133,347</u>	<u>\$ 800,172</u>	<u>\$ 50,000</u>	<u>\$ 1,983,519</u>

*** This schedule does not include any additional construction cost that the City of Choctaw and the Choctaw Library Guild are going to contribute to the actual construction cost.**

Construction of Choctaw Library

The Metropolitan Library first began working with the Choctaw Library Guild and the City of Choctaw in 1996 to provide a new library for this growing community. Over the past several years; a budget was established, a site was purchased by the Library Guild, the first successful bond issue in over 20 years was approved and the architectural firm of Elliott Associate Architects was selected.

The City of Choctaw let bids for the building construction in March 2002. Nine qualified bids were received and opened on April 4, 2002. The lowest base bid was \$1,540,000. The range of the bids from high to low was approximately 10%. The difference between the 1st and the 2nd bids was just over \$9,000. These results reflect both a clear set of bid documents and a competitive market. Rand Elliott is to be commended for the success of his effort.

Even with the advantages of the above, the base bid in combination with several desirable add alternates, exceeds the current budget by approximately \$300,000.

It is suggested that the Metropolitan Library System contribute a maximum of \$40,000 to assist in this effort. There is no specific line item allocated for this funding in the current FY 2001-02 budget. However, the budget document indicates that the amount of undesignated reserve for future capital improvement projects will be \$836,496 at the end of the fiscal year or June 30, 2002. It seems appropriate for the Commission to allocate a portion of the undesignated reserve to complete this project.

You will find the Projected Funding Schedule for the Choctaw Library Project on page 2. Value engineering is being negotiated at the current time and if new figures are available an updated schedule will be brought to the meeting.

Committee Action

That the Finance Committee recommend funding, not to exceed \$40,000 for the new Choctaw Library, payable to the City of Choctaw. Funding for this project will be provided by the undesignated reserve in the cash reserve fund.

Metropolitan Library System
 CHOCTAW LIBRARY
PROJECTED FUNDING SCHEDULE

Date 5/6/02

Costs

BASE BID	\$ 1,540,000	
COST OF ALTERNATES	\$ 104,800	
TOTAL CONSTRUCTION COST		\$ 1,644,800
Additional Design Costs		
Based on Final Cost Over 1,333,000 @ 7 1/2%	\$ 23,610	
		\$ 23,610
CURRENT PROJECTED BUILDING COST		<u>1,668,410</u>

Funding

ORIGINAL

City of Choctaw	\$ 1,000,012	
Metropolitan Library System	\$ 333,350	
		\$ 1,333,362

ADDITIONAL FUNDS

City of Choctaw

Additional Funds (to be approved 5/6)		
ADDITION INTEREST ON BONDS	\$ 41,217	
FROM CONTINGENCY FUND	33,300	
Subtotal		\$ 74,517

Choctaw Library Guild

Fund Balance	\$ 100,853	
Sarkeys Grant - for Deck / Porch	50,000	
Anticipated Additional Funds - Flag Pole	3,095	
Available Funds		\$ 153,948

SUB TOTAL OF ADDITIONAL FUNDS **228,465**

REVISED PROJECTED BUDGET **\$ 1,561,827**

LONG (SHORT) \$ (106,583)

ADDITIONAL COST ADJUSTMENTS

Metropolitan Library System

Security System from FF & E budget **20,865**

VALUE ENGINEERING ITEMS

City of Choctaw to Perform Landscaping Work	(estimate)	\$ 14,000
City of Choctaw to Perform Irrigation Work	(estimate)	\$ 14,000
"York" Grant for Mechanical Equipment	(estimate)	\$ 14,000
Value Engineering Items	(estimate)	\$ 21,870

Subtotal **63,870**

LONG (SHORT) \$ 1,539,979

HISTORICAL REVIEW OF FUNDING FOR THE DOWNTOWN LIBRARY & LEARNING CENTER

In 1995, OKC voters approved a MAPS package that included a 116,100 GSF library/learning center estimated to cost \$15.9 million in 1995. The estimate included an annual inflation factor of 4%, which would result in a \$18.5 million project if awarded in 1998.

In May of 1996, the project was reduced to 113,700 GSF, and funding to \$15.3 million. In May of 1997, the funding was increased to \$15.4 million to underwrite the anticipated increased costs for structural problems at the preferred site (SE corner of Galleria at Sheridan).

In September of 1997, the library told city planners that in addition to previously stated funding for the move, opening day materials and other additional costs, the library would also underwrite up to \$500,000 for a portion of the Furnishings, Fixtures and Equipment. At that time, the library emphasized their previously stated position that the estimates provided by FS & B was substantially below other estimates of expected costs for the building. In October, the building size was further reduced to 108,250 GSF.

On March 18, 1999, the executive director requested that the Commission consider approving \$2 million to directly purchase furniture and equipment for the building. At that time the MAPS funds totaled about \$21 million (included was the library's pledge of \$500,000 to help underwrite FF & E). The commission approved the request from the director to designate \$3,260,000 in the FY 1999-2000 reserve budget for the library/learning center.

On April 5, 2001 the long-range Planning Committee met to review the current and forthcoming library building projects and discussed the resources needed to plan and implement library-building projects.

The committee also discussed areas of the Downtown library that were being re-programmed in order to reclaim additional public service space; particularly in the Children's area. At that time, an additional \$394,500 was needed. Action taken at that meeting included approval and acceptance of the figures in Table 1 - Construction sub-contracts to be completed. (See attachment 1)

The Metropolitan Library Commission reviewed the recommendation from the long-range Planning Committee on April 19, 2001 and unanimously approved acceptance of the figures in Table 1. At that meeting, the executive director said other changes were being reviewed and additional dollars would still be needed. He told the Commission he would be coming back to them in several months with a list of the other changes he would recommend.

At the October 25, 2001, commission meeting, the Executive Director presented a request for \$500,000 additional funding for the Downtown Library & Learning Center. The request was unanimously approved. (Attachment 2 is a recap of approved costs)

Attachment 3 illustrates the approved funding for the Downtown Library & Learning Center; dollars expended to date and anticipated costs for remaining items.

METROPOLITAN LIBRARY SYSTEM

MEMORANDUM

April 5, 2001

TO: Norman Maas, Executive Director
Donna Morris, Deputy Director
Anne Hsieh, Business Manager

RE: LIBRARY/LEARNING CENTER:
SUMMARY OF ADDITIONAL COST ESTIMATES

FROM: Lee Brawner, Facilities Planner

This will summarize our earlier discussions regarding approved and proposed cost estimates for contracts to complete the Library/Learning Center.

With the assistance of Don Beck, I have projected a summary in Table I of pending contract and cost estimates. Page 9 summarizes the proposed new, projected costs.

For related planning I have included a summary in Table II of pending administrative decisions (i.e. library service hours, staffing, parking, etc.) relating to the Library/Learning Center.

	FY 2002 PROPOSED:	FY 2003 PROPOSED:
ADDITIONAL ESTIMATED COSTS	\$254,500	\$140,000

Delays and Reductions Reduce Service Efficiency of Facility; Library Contingency Funds Allocated for Security Control System

This project has experienced numerous delays (e.g. need to select a new, suitable site; need to engage a new structural engineering firm following the death of the initial engineering principal; excessive debris that ran up the cost of foundation drilling) since it was initiated. The floor plans for public services and staff support spaces were based on program needs determined five years ago and these have changed considerably. The plans were arbitrarily modified by structural changes over this period with the result that the public services and staff support spaces have been reduced on three occasions.

The MAPS funding was not sufficient to purchase and install the security equipment (i.e. electrical locking devices, hardware/software, closed circuit television cameras and monitors). At its September 21, 2000 meeting the Metropolitan Library Commission approved a revision to the Cash Reserves allocation for the project totaling \$230,000 for

the purchase and installation of the security equipment. In effect, this expenditure reduced the library system's contingency funds for this project.

Portion of Service Area Spaces Proposed to Be Reclaimed

An intensive re-programming, review and revision of these floor plans was conducted by the library administration, Beck Associates and Michaels Associates during the past two months. This process has brought the plans into sync with present and projected library programs, services and support services needs. Moreover, the process has reclaimed a considerable portion of the public services space – particularly in the Children's Services Area – that had been cut during this five-year period.

Related Project Completion Timeline

In order to act on them in the most cost-effective manner, Beck Associates must get the Change Orders for the proposed space revisions to the General Contractor on/by June 2001. The framing for the respective spaces is scheduled to begin around October 2001. The library system will begin awarding sub-contracts - in close coordination with the General Contractor – for pulling wiring, installing security systems, etc. in May 2002. Construction completion is projected for September 2002; the library will be awarding contracts for installing FF/E, signage, January 2002 and moving in October/November 2002. The anticipated opening for the new facility is around December 2002.

Proposed Revision in Current Cash Reserves for Floor Plan Changes

To satisfy the above project timeline, Beck Associates must complete necessary Change Orders for submission to the General Contractor in June 2001. The cost to implement these changes after the facility is completed would probably increase about twenty percent. It is proposed that the Long-Range Planning Committee review the revisions and propose that the Library Commission allocate the additional funding of \$394,500 at its meeting on April 19, 2001. The additional funding amounts to approximately 0.02 percent of the total project cost for the Library/Learning Center.

TABLE I
LIBRARY/LEARNING CENTER
CONSTRUCTION SUB-CONTRACTS TO BE COMPLETED
April 5, 2001

Sub-Contract or Work to be Completed	Current Status	Implementation Date	Funding Source			
			MAPS	MLS Cash Reserves	MLS FY 2002	MLS FY 2003
Install Security Equipment (door locks, automation, CATV system, related)	Amend Library contract with JDA, Security Consultants	May 2001			Proposed \$5,000 (est.) ¹	
	Award contract	June 2002		Approved \$230,000		
	Install security equipment	July 2002				
Install Audio-Visual Equipment	Library contract with Beck Assoc. and Consultants	Current		Approved \$300,000 ²		
	Award Contract	July 2002				
	Install equipment	August 2002				

¹ At a planning meeting in March 2001 with the Security Consultants, Beck Assoc., Library/Learning Center Electrical Contractor and the library, it was determined that the Security Consultants will have to re-review security plans and specifications to accommodate the new life-safety requirements for the Library/Learning Center. This requirement was not anticipated or included in the initial Library Contract with the Security Consultants. A proposed amendment is anticipated from the Security Consultants to cover these added planning costs. Contingency funding is included in the Library Cash Reserves for the Library/Learning Center.

² Included as part of the \$2 million for Furniture/Fixtures/Equipment.

Sub-Contract or Work to be Completed	Current Status	Implementation Date	Funding Source			
			MAPS	MLS Cash Reserves	MLS FY 2002	MLS FY 2003
Pull cable and wiring for computer network	Jim Welch, Dept. Dir. to prepare RFP Award contract	February 2002 May 2002			Proposed \$111,000	
Install glass art work in vicinity of elevators on levels 1-4	Pending contract with artist Kenneth F. vonRoenn, Jr, Architectural Glass Art, Inc. Louisville, KY	August 2002	Contract via OKC Arts Commission \$100,000			
Install Rotary Fountain & Pod System (\$270,000 ³ underwritten by OKC Rotary Club)	Beck Assoc. contributing planning and design Award Contract & Install	August 2001 May 2002			Proposed \$10,500 est.	

³ In Dec. 2000, Beck Associates determined the preliminary cost estimate to design and install the specialized fountain and electronic controls to be \$281,000. An estimated \$10,500 is required in FY 2002 to provide the infrastructure foundation, electrical, water and drainage; it's proposed that the Metropolitan Library System underwrite these preliminary costs from the project contingency fund. The OKC Rotary Club is conducting a fund-raising campaign via its members and corporate underwriters for the projected balance of \$270,000. Beck Associates is contributing the design fees for the project.

Sub-Contract or Work to be Completed	Current Status	Implementation Date	Funding Source		
			MAPS	MLS Cash Reserves	MLS FY 2002 FY 2003
Design and install interior building directories including electronic systems	Beck Assoc. to design with library Adm. and propose directory systems	May 2001			
	Award Contract	July 2002			
	Install directories	August 2002			Proposed \$60,000
Design and install infrastructure and electrical stub-ins for two future flagpoles. Note: This cost does not include flagpoles.	Beck Assoc. will include as Change Order	May 2001			
	Award Contract Install infrastructure and stub-ins	June 2002			Proposed \$25,000
		August 2002			
Award Contract for System wide Interior Signs and Graphics	Prepare RFP	May 2001			
	Award Design Contract	July 2001		Approved	
	Install signs/graphics	June 2002		\$100,000 ⁴	

⁴ This contract is for interior "library signage" to be designed and installed in the Library/Learning Center. This System wide contract will be also be used to design and install interior library signage in other libraries.

Sub-Contract or Work to be Completed	Current Status	Implementation Date	Funding Source		
			MAPS	MLS Cash Reserves	MLS FY 2002 FY 2003
Design and install exterior electronic sign and marquee	Beck Assoc. to design with library Adm. and propose sign and marquee system	May 2001			
	Award Contract	June 2002		Approved \$115,000	
	Installation	July 2002			
Finish out portion of former Café "shell space" for Children's Programming	Beck Assoc. preparing Change Order (plans, layout) per meeting with library Adm.				
	Award Contract	May 2001		Approved \$50,000 ⁵	
	Construction	September 2001 November 2001			

⁵ Approximately 1,000 ASF of Children's Service Area space was reduced to house additional HV/AC equipment. To regain this space, finish out approximately 900 ASF of the future Café "shell space" and furnish it to serve as the Children's Programming area. The projected construction cost is \$ 50,040 (900 ASF @ \$48 per ASF or \$43,200 with a 15% contingency of \$6,480). Fund from the \$100,000 allowance to finish-out the future Café. The F/F/E allowance for the Programming Area is already included in the approved Cash Reserves.

Sub-Contract or Work to be Completed	Current Status	Implementation Date	Funding Source			
			MAPS	MLS Cash Reserves	MLS FY 2002	MLS FY 2003
Finalize FF/E Plans & Specs. Purchase/Install FF/E	Beck Assoc. & Michaels Assoc. Award Contracts Installation	January 2001 January 2002 October 2002		Approved \$1,700,000		
Other Furnishings & Landscaping: Refinish reading tables Tables/seating for First Floor Lobby Third Floor Patio	Beck Assoc. to prepare specifications Award Contracts Installation	May 2002 January 2002 October 2002		Approved: \$85,000		
Design and install an artistic portal for the Children's Programming area	Beck Assoc. to design as Change Order with library Admin. Award Contract Installation	July 2001 January 2002 August 2002			Proposed \$20,000	

Sub-Contract or Work to be Completed	Current Status	Implementation Date	Funding Source			
			MAPS	Cash Reserves	MLS FY 2002	MLS FY 2003
Finish out the Temporary Storage area in the basement to serve as staff and storage space ⁶	Beck Assoc. preparing Change Order (plans, layout) per meeting with library Admin. Award Contract	June 2001 July 2001 November 2001			Proposed \$108,000 est.	
Relocate Deve. & Vol. Services from Third First Level; relocate Human Resources from First to Third Level; add staff workspaces to the Admin. Offices on Third Level. Reduce space for OSBDC leased area on Second Level; add space to library for future offices	Beck Assoc. preparing Change Order (plans, layout) per meeting with library Admin. Award Contract Construction	June 2001 July 2001 November 2001			Proposed \$10,000 est.	

⁶ The unfinished room has approximately 1,200 ASF and is not fully-air-conditioned. The projected construction cost to finish out the space and furnish it for staff use is projected @ \$108,870. (1,200 AFF @ \$61.50 ASF; 15% contingency @ \$11,070; and 1,200 ASF for furnishings @ \$20 ASF or \$24,000)

Sub-Contract or Work to be Completed	Current Status	Implementation Date	Funding Source		
			MAPS	MLS Cash Reserves	MLS FY 2002 FY 2003
Purchase equipment for loading dock, secure storage, and maintenance room	Frank Ray, Purchasing Officer, to prepare specs and RFP in consultation with Don Updegrave, Build. Maint. Award Contracts Install	January 2003 February 2003 March 2003			Proposed \$20,000
Additional Architectural and Engineering Fees for the above work	Award Contract with Beck Assoc. for planning and implementation	July 2001			Proposed (Not to exceed) \$45,000 ^a

* Loading dock equipment totaling \$7,000 to include platform trucks (2 @ \$400 ea), service utility carts (3 @ \$400 ea.), hand-operated hi-lift, pallet truck @ \$650, hand trucks (3 @ \$100 ea), shelf trucks (3 @ \$350 ea), deck truck @ \$350; and allowance of \$2,300 for other. Security Storage equipment to include industrial steel shelving @ \$3,000, with the balance of storage shelving provided by used library steel shelving. Maintenance Room equipment totaling \$10,000 to include service carts (2 @ \$150), maintenance service bench & work center @ \$2,500, industrial steel shelving @ \$1,000, locking storage cabinet system @ \$2,500, shop desk @ \$250, and allowance of \$1,450 for other.

^a The Approved Cash Reserves includes \$80,000 as a Contingency for Fees. Beck Associates proposes an "up-set" not to exceed \$45,000. Actual costs to be determined when the scope of added work is finalized in form of proposed contract detailing time for all personnel and reimbursables. Subsequent detailed invoices will be provided as work progresses.

Sub-Contract or Work to be Completed	Current Status	Implementation Date	Funding Source		
			MAPS	MLS Cash Reserves	MLS FY 2002 FY 2003
Negotiate Lease: Café Finish-Out and Operation with Private Vendor	Issue RFP for private-sector vendor Award contract to vendor; award design contract to Beck Assoc. to plan construction finish-out of Café shell space; award construction contract	October 2002 March 2003		Approved: \$50,000	
Award Contract for Move-In To New Facility	Issue RFP Award Contract	September 2002 November 2002			Proposed: \$50,000
Award Contract for Selection, Purchase and Installation of Additional Art—To Be Selected	Issue RFP Award Contract	November 2002 December 2002			Proposed: \$10,000 (Other Funding To Be Sought)

Sub-Contract or Work to be Completed	Current Status	Implementation Date	Funding Source			
			MAPS	MLS Cash Reserves	MLS FY 2002	MLS FY 2003
Purchase Opening Day Expanded Collection	In Progress	Current Through 2003		Approved: \$550,000		
TOTAL ESTIMATED COSTS				Approved \$3,260,000	Proposed \$254,500	Proposed \$140,000

Document #28
2001-2002 MLC
October 25, 2001**ADDITIONAL FUNDING FOR NEW DOWNTOWN LIBRARY &
LEARNING CENTER**

The Long-Range Planning Committee and the full Metropolitan Library Commission reviewed and approved \$394,000 worth of additional items needed for the new Downtown Library and Learning Center last April. At that time and at subsequent board meetings Norm Maas has explained that additional dollars would be needed for other items we were working on that needed pricing and consideration. These items are as follows:

1) Hard Floor surfaces on levels 1,2,3,4.. (Terrazzo flooring)	\$ 145,000
2) Upgrade 4th floor carpeting..... (Change to carpet squares)	.. 35,000
3) Two (2) Flag poles..... (Installed)	.. 25,000
4) Furniture..... (Additional)	.. 60,000
5) Kitchen equipment..... (Basement, 3rd and 4th floors)	.. 85,000
6) Contingency.....	.. 150,000
TOTAL.....	\$ 500,000

Commission Action

Approve the additional funds for construction needs of the New Downtown Library and Learning Center.

Document #28
2001-2002 MLC
October 25, 2001

October 5, 2001

To: Norm Maas
Executive Director

From: Anne Hsieh

Subject: Availability of Funds for Additional Construction Needs

Attached is a copy of the page 3-9 of the current year budget document – the schedule of Cash Reserve Plan. The numbers in the last column (under 2001-02) indicate that the projected total reserve at the end of this fiscal year will be \$9,379,798. Within this total amount, \$8,043,302 has been designed for specific purposes, such as cash flow reserve, insurance fund reserve, and matching funds approved by the Commission for building constructions including the Downtown/Library Learning Center and four capital projects funded by the Oklahoma City bond issues. The remaining \$1,336,496 represents undesignated funds reserved for future capital improvement needs. It seems appropriate for the Commission to spend a portion of the remaining funds to complete the construction of the Downtown Library/Learning Center.

The funding for the Downtown Library/Learning Center is summarized as follows:

	Okla. City	MLS	Total
Original commitment	\$18,862,863	\$3,260,000	\$22,122,863
Additional approved by Commission 4/5/01		\$ 394,500	\$ 394,500
Additional provided by MAP as of 10/5/01	\$ 708,699		\$ 708,699
Additional pending Commission's approval		\$ 500,000	\$ 500,000
Total	\$19,571,562	\$4,154,500	\$23,726,062
% of Increase over Original			7.4%

CASH RESERVE PLAN

	1998-99	1999-00	2000-01	2001-02
Beginning Balance	\$3,750,000	\$6,082,857	\$7,065,349	\$9,600,874
Annual Contributions	2,332,857	982,492	2,535,525	(180,678)
Ending Balance	<u>\$6,082,857</u>	<u>\$7,065,349</u>	<u>\$9,600,874</u>	<u>\$9,420,196</u>
Allocation of Reserves:				
Reserve for Cash flow	\$1,400,000	\$1,600,000	1,800,000	1,900,000
Reserve for Insurance Fund	100,000	100,000	100,000	100,000
Reserve for Extra Payday		27,000	55,350	90,000
Capital Improvement Projects:				
Approved by the Commission:				
Drexel Portable Building	52,400	52,400	52,400	52,400
DN Library/Learning Center				
F/F/E & A.V. Equipment	2,000,000	2,000,000	2,000,000	
Other Related Projects	660,000	660,000	660,000	565,000
Opening Collections	600,000	600,000	600,000	350,000
Choctow New Facility				86,750
OKC Capital Improv. Projects				
Capital Hill Library				205,332
Ralph Ellison Library				424,930
New Northwest Library				3,551,527
Southern Oaks Library				717,363
Future Capital Improvements*	<u>1,270,457</u>	<u>2,025,949</u>	<u>4,333,124</u>	<u>1,376,894</u>
Total Reserves	<u>\$6,082,857</u>	<u>\$7,065,349</u>	<u>\$9,600,874</u>	<u>\$9,420,196</u>

*Projects pending the Long-Range Planning Committee's recommendations and the Library Commission's approval. See list of proposed projects on next page.

REVIEW OF DOWNTOWN LIBRARY & LEARNING CENTER COST

Expenditure Schedule for the Downtown Library & Learning Center

#	ITEM OF WORK	Approved Budget	Amount of Contract or PO	Pending		Anticipated Total Cost	Open Adjustments *	Amount Paid as of 5/1/02
				Quoted	Open			
1	FF/E & AV Equipment	\$2,060,000			\$2,060,000	\$ 2,060,000		
2	Equipment for loading dock	20,000			20,000	20,000		
3	Kitchen equipment	85,000		21,823	75,000	96,823		
4	Two flag poles	25,000		34,291	-	34,291	(7,486)	
5	Moving Expenses	50,000			50,000	50,000		
6	Pulling cable and wiring	111,000			111,000	111,000		
7	Security System Design (additional)	5,000	5,000			5,000		5,000
8	Security Equipment	230,000			230,000	230,000		
9	Interior Library Signs	100,000		59,547	100,000	100,000	(12,000)	
10	Exterior Signs and Marquee	115,000			60,000	60,000		
11	Interior Building Directories	60,000			10,000	10,000		
12	Additional Art	10,000			15,000	107,088		92,088
13	Additional Architectural fees	45,000	92,088	W/ item 17.	-	-		
14	A Portal for Children's Area	20,000			85,000	85,000		
15	Furnishing and Landscaping	85,000			50,000	50,000		
16	Construction for Future Café	50,000						
17	Convert Portion of Café to Children'	50,000		103,597		103,597		
18	Infrastructure for Rotary Fountain	10,500			10,500	10,500		
19	Infrastructure for Flag Poles	25,000		W/ item 4.	-	-		
20	Finishing basement for staff/storage	108,000	253,551	2,960		256,511		253,551
21	Relocate Offices (HUM & DEV)	10,000		W/ item 20.		-		
22	Hard Floor Surfaces on levels 1 to 4	145,000		153,189	(25,061)	128,128	(19,841)	
23	Upgrade 4th floor Carpeting	35,000		26,588	-	26,588		
24	Contingency	150,000		427		427		427
	Total Cost for Construction & FF/E	\$ 3,604,500	\$ 351,066	\$ 401,995	\$2,851,439	\$ 3,604,500	\$ (39,327)	\$ 351,066
	Opening Day Collection	550,000	200,000		350,000	550,000	-	200,000
	Total	\$ 4,154,500	\$ 551,066		\$3,201,439	\$ 4,154,500	\$ (39,327)	\$ 551,066
*	These cost are a reflection of issues which have not been resolved.						\$ (39,327)	
	Balance					\$ -		

DEFINITION OF MEDICAL FUNDING ACCOUNT

A. PURPOSE OF FUND

The Metropolitan Library System entered into being self-funded July 1, 1995. Our intent was to build up an amount of money that would buffer us for certain purposes. The following is to clarify the purposes for which this money could be used. As of June 30, 2001, the fund had accumulated \$522,188.

Now that we have these years of experience behind us, it is proposed that the medical funding account be maintained at:

1. a dollar amount equal to 30% of the current year's beginning total premium level, plus,
2. a \$100,000 amount for cash flow, and
3. any time at the end of the prior year that this is over this amount, the excess would be used to buy down the cost of the insurance for the next fiscal year for both the library and the employees.

The purpose of this fund is for paying for claims as they come into the third party administrator on a daily basis from the medical/dental providers and for reducing the amount of premiums in a year when the library has experienced unusually large claims which may or may not have reached the stop loss level. In a year in which there have been a great many claims or unusually large claims, the premiums for the next year will be very high and this can be used to offset this expense for the library and employees. The premiums never seem to go back down, but if the next year is good any rate increases will be built upon the top of the bad year rates.

B. SOURCE OF FUNDING

This account is funded by premiums set by insurance actuaries at the beginning of each plan year for the estimated claims plus 25%. This is paid by both the employer and employee. This split is 90% for the employer for single coverage and 10% for the employee. The split for the dependents of the employee is 70% for the employer and 30% for the employee. The average contribution split between the library and the employee for family coverage is 79% and 21%, respectively. If the claims are not as much as anticipated, there will remain unspent dollars in the medical funding account.

C. ADDITIONAL USES FOR MONIES FROM THIS FUND

The monies in this fund can be used to pay claims prior to monies being collected in the current year from the library and the employees. Also, it traditionally takes time for the stop loss insurance to reimburse the library once it has been reached either on an individual or aggregate basis, but the providers must be paid in a timely manner.

D. RELEASE THE GENERAL FUND RESERVE

For the same reason stated above in C, a \$100,000 cash reserve was designated in the library system's general fund at the inception of this program for cash flow purposes. Except the first year, this reserve has not been used since then. Considering the accumulated fund balance, it is believed that this general fund reserve is no longer needed and can be released for other library operational purposes.

RECOMMENDATION

An administrative committee composed of Norman Maas, Anne Hsieh, Richard Rea and Karyn Miller developed the above definition to document the purpose and intent of the medical funding account.

The administration recommended that the Administrative and Personnel Committee recommend for adoption this definition including the formula, as stated above, for the maintenance of the account, the authorized use of excess funds and the division of the benefit of those funds (79% for the library and 21% for employees).

The Administrative and Personnel Committee accepted the recommendation at their meeting of May 6, 2002. The Committee is recommending that the Finance Committee accept this recommendation and recommend adoption by the Metropolitan Library Commission.

COMMITTEE ACTION

If in agreement with the recommendation, the appropriate Finance Committee action would be to recommend that the Library Commission adopt the definition of the medical funding account including the formula for the maintenance of the account, the authorized use of excess funds and the division of the benefit of those funds.

GENERAL REVIEW OF HEALTH INSURANCE

MEDICAL/DENTAL INSURANCE

April 2002

REQUESTED BY THE FINANCE COMMITTEE

The Finance Committee previously requested a general review of the library system's medical/dental insurance as it compares to other plans administered by the third party administrator as well as definition of the Medical Funding Account (the claims payment account.)

The administration has worked with Hugh Rice over the past several months to clarify that committee's request and answer their questions.

A Definition of Medical Funding Account was taken to the May 6, 2002 meeting of the Administrative and Personnel Committee, the Committee recommendation and request for action is attached separately.

HIGH POINTS OF THE MEDICAL/DENTAL INSURANCE PLAN COMPARISON

High Points of the Medical/Dental Insurance Plan Comparison

The comparison was prepared as a result of questions raised by the Library Commission as to what makes a good or great plan and how the library system's plan compares to others.

What makes a good or great medical plan:

- Different industries, different locales and different size companies find that different benefits meet their employee needs best.
- A Preferred Provider Organization (PPO) appears best for the library system because of the larger and more widespread base of providers fits better with the number of library locations and location of employees.
 - The PPO allows employees to go in and out of the network at will.
 - The employee has a \$300 annual deductible going to PPO providers and a \$500 deductible going out of network.
 - The plan pays 80% when a PPO provider is used and 70% when a non-PPO provider is used.
 - According to one national study, the average annual cost per employee for medical coverage in 2001 was \$5,266.29. The cost per employee for the library system's combined medical and dental plan for FY 2001-02 is \$4,011.96.

The comparison with other plans;

- Four other plans, administered by Mutual Assurance Administrators and of generally the same size as the library's were compared to the library's plan.
- Of the five, when it came to cost of the plans, the library's fell in the middle. The library's plan also covers dental and hearing coverage while the other plans do not.
- Comparing individual plan elements is somewhat like comparing apples and oranges (no two plans have identical benefits); however, the library system's plan falls fairly well in the middle of the two extremes.

- As always happens when doing this type of study, there are areas identified in which our plan does not seem as current as the others. These include lifetime maximums, annual deductibles and dental calendar year limits.

The area of greatest concern:

- Prescription costs are rising at a 17% to 25% rate annually.
- Nationally, prescriptions are averaging about 14% of total plan costs.
- For the plan year (fiscal year) 2000-2001, prescriptions ran 29.7% of the total plan costs for the library's plan.

What stop loss insurance does for the library's self-insured plan.

- Aggregate stop loss insurance limits the amount the plan has to pay for all covered persons. The amount changes based on the number of employees enrolled in the plan (which changes monthly). At the beginning of the plan year, the aggregate stop loss was \$845,631.86 based on 166 employees with 64 dependent units.
- Specific stop loss insurance limits the amount the plan has to pay for a specific individual. The amount is \$45,000 of covered medical charges.
- After the stop loss limit is reached, the re-insurer reimburses the library for the amount of allowable charges over the limit.

What the maximum "out-of-pocket" limit does for the employee.

- The maximum out-of-pocket expense (also referred to as an individual's stop loss) comes into play when an employee has had covered medical expenses of \$2,300 in-network (the \$300 deductible and another \$2000 of expenses to them in co-payments) or \$3,500 out-of-network (the \$500 deductible and another \$3000 of expenses to them in co-payments).
- The out-of-pocket expense maximum excludes co-payments for prescriptions, co-payments for psychiatric care and co-payments for dental expenses.

WHAT IS A GOOD/GREAT MEDICAL PLAN?

1. **What is a good/great medical plan?** According to the 2000 Hay Benefits Reports there is not one correct answer. They state that different industries, different locales, and different size employers find that different benefits in a medical plan meet their employee needs better. An example of this is that the "all industrials" category plans have 56% covering physical examinations while only 22% of the "government" category plans carry this type of coverage. By the same token, plans in the Mountain and West Region show that 48% will have some coverage for physical exam, while only 35% of the New England region plans will contain this coverage. Also, plans with 500 or less participants show that only 36% contain physical exam coverage, but if there are 10,000 or more participants this jumps to 52%. (see attachments)

In addition, the California Management Review, Fall 2000, Vol. 43 Issue 1, p34, 16p 1 graph states that even standard plans, in practice, are anything but standard or consistent because they do not address the gray areas such as a common and clear definition of medical necessity.

2. **What is a good/great medical plan for The Metropolitan Library System?**

Would a traditional indemnity plan, a health maintenance organization (HMO), a preferred provider organization (PPO), or a point of service organization (PSO) be the best choice for the Library System? The Library System currently has a PPO because it offers a larger base of providers who are more widespread. This seemed to fit better with the number of Library locations and the location of employees.

The plan selected by the Library allows the employee to go in and out of the PPO network at will. The PPO providers are paid at 80% and the non-PPO providers are paid at 70% with a \$300 and \$500 annual deductible respectively. This gives greater flexibility to employees and eliminates the need to first visit a "gatekeeper" provider before getting specialized care.

According to the C&B Consulting 2001 Benefit Plan Survey report, the average annual cost per employee for medical coverage is \$5,266.29. The cost per employee for the Library System's medical and dental insurance for 2001-2002 is \$4,011.96.

3. **Would The Metropolitan Library System Be Better Served By a Self-Insured Plan or a Contract Plan From an Insurance Company?**

In 1990 after receiving a 100% rate increase for the indemnity plan with Blue Cross and Blue Shield, I was asked to determine a way to help keep this type of rate increase from occurring. Through the advice of Duane Meyers, Associate Director for Management Services at that time, it was decided that we would request to join with Oklahoma County in their self-insurance. Starting November 1, 1990, we entered into an agreement with them and were part of that self-insured group until July 1, 1995. The claims year of July 1, 1994 through June 30, 1995 was a very bad claims year for the Library System and we were told that we were not welcome to be part of their plan for the coming year. As an

aside, the years prior to 1994-1995 had been very good years and they had made more than enough to cover the bad year, but that was not part of their concern when it came time to renew.

Until we were part of the self-insured plan of the County, the Library was unable to obtain claim information from the HMOs that we contracted with for our employees. This meant that we were unable to determine exactly what our ratio of claims to premium was on anything other than our indemnity plan. In addition, by being self-insured we do not automatically have to add state mandated coverage to the Library plan. In most cases, the Library has elected to include coverage for state mandated benefits, but we do have the option of not covering certain illnesses if we wish. Armed with the above information, it was decided that we should explore the possibility of becoming self-insured on our own. Through a great deal of research and the advice of more than one insurance agent it was decided that we would try this on our own for a year or so and see if it would work for us.

In self-insurance, at least in our case, the rates paid each year are set to cover the actuarial estimate of claims plus 20%. The rates paid by the employees and library are set to cover this amount. We purchase an umbrella policy to cover anything over this amount so that in the case of a catastrophe the library would not be at additional risk.

The insurance companies, being the "good little old" record keepers that they are, will tell you that you will have one bad year in seven for claims. They cannot in all their wisdom tell you which one will be bad or if you will have two bad years in row. One of the reasons that it was decided that we would try to go self-insured was so that we could keep our costs somewhat level by using any claims dollars not used in prior years to supplement claims costs for both the Library and employees in future years. This philosophy may have changed, but this is the history of how we got where we are.

For the current year, 2001-2002, quotes were obtained from Blue Cross and Blue Shield as well as quotes for the self-insured plan. The rates for Blue Cross were about 12 % higher than those quoted for the self-insured plan and the benefits were not nearly as good and did not include dental.

4. The Current Medical/Dental Plan of The Metropolitan Library System.

The current plan of the Library System is a good plan. Upon recent studies of other plans of similar size groups, we found that the coverage in this custom plan covers most things in a very comparable way.

The areas that stood out as being exceptional in our plan were the cost, since dental is an included benefit, the hearing coverage and our prescription plan. All of the other plans did have coverage for transplants which we added last year.

As always happens when doing this type of study, there were a few areas in which our plan does not seem as current as the others. These areas are:

	CURRENT	SUGGESTED INCREASE
Lifetime Maximum	\$1,000,000	\$2,000,000
Psychiatric (Lifetime Max)	20,000	25,000
Deductibles		
In Network	300	200
Out of Network	500	300

Coverage that we may want to look at in the coming years would be such things as the \$300.00 wellness benefit that we currently have in place. This price does not cover even a general physical, it has risen more to the level of \$500.00. Doctors are beginning to routinely include such things as bone density scans in physicals and stress tests which add to the cost. These are tests that seem to catch a great many illnesses before they become full blown and expensive to treat.

In the dental plan, the \$1,000 calendar limit probably should be raised to \$1,500 per year to cover the same amount of work that \$1,000 would have covered 2 or 3 years ago.

Areas to Watch

Prescription costs are a concern to all plans as they are rising at a 17% to 25% rate and there seems to be no stopping point. Prescriptions are averaging about 14 % of total plan costs according to Mercer/Foster Higgins National Survey of Employer-sponsored Health Plan 2000. Our average for July 2000 – June 2001 was 29.726% of total plan costs. Some studies are showing that for the year 2001, the average claims costs to the overall medical plan have increased to 18.94%. In July 2001 to December 2001, the average to total plan costs for the Library System has increased to 36.16%. I am seeing a single prescription cost as much as \$900 per month. There is a company that will study your prescription usage at no cost to the organization and look for different prescription providers who will give deeper discounts. This company is paid by the drug companies. I have requested information from our current provider so that we can see if this would be helpful to us. Also, we are in the process of setting up a method so employees can order prescriptions by mail as these would be available to us with deeper discounts and, also, be less expensive to our employees. It would be more convenient for employees too.

Laboratory costs also seem to be very high. This year we have instigated the use of a LabOne Card which allows our employees to go to their collection sites with a prescription from their individual doctors and LabOne will run the tests and deliver the results back to the individual doctors for their patients at a greatly reduced cost to the plan. I know from a test that I have to have run every three months that it has been costing \$119.00 to do the lab work and LabOne does it for \$42.00. To encourage our employees to use this instead of having the lab work done in the doctor's office, the plan pays 100% of the costs. I am monitoring this to see how much a savings it results in to the plan.

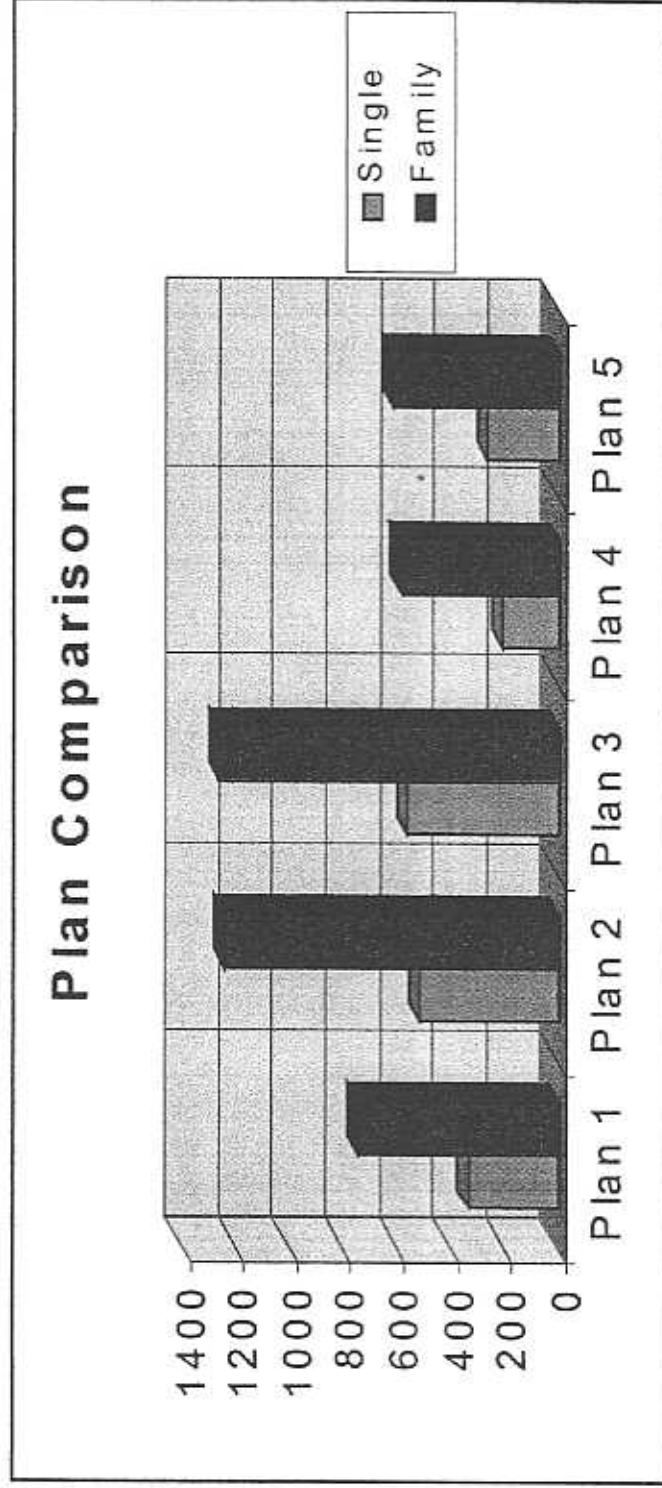
Orthotics could be something that should be added in the future as they become more and more popular to aid in foot problems. The public service staff of the library are on their feet most of the time and are walking on concrete floors. The addition of this benefit could aid us in our quest to reduce our workers compensation claims. It would help with feet problems, but more important is the fact that very often feet problems lead to back problems and that is a very prominent cause of workers compensation injuries.

4-17-02

BENEFITS COMPARISON

The following is a comparison of benefits between The Metropolitan Library System and other plans that are more or less the same size and in the same locale that are administered by Mutual Assurance Administrators, Inc.

Description of Benefit	Plan (1) 1	Plan (2) 2	Plan 3	Plan (3) 4	Plan 5
Premiums					
Single	334.33	512.64	564.91	212.61	266.82
Family	742.78	1,248.38	1,262.61	584.46	615.78
Dental Included	Yes	No	No	No	Yes
Number of Lives	165	168	332	225	226



Description of Benefit	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5
Lifetime Maximums					
Per Person	1,000,000	1,000,000	1,000,000	2,500,000	2,000,000
Transplant Maximum	500,000	500,000	subject to Lifetime maximum	250,000	500,000
Temporomandibular Joint Dysfunction	1,000 (non-surgical)	1,000	80%	Not Shown	Not Shown
Psychiatric Care					
Chemical Dependency	5,000	N/A	N/A	N/A	N/A
Psychiatric	20,000	25,000	4,000	See Calendar Year	25,000
Calendar Year Maximums					
Deductibles	PPO	Non-PPO		PPO	Non-PPO
Single	300	500	100	-0-	300
Family	900	1,000	200	-0-	600
Hospital	-0-	100 (5)	150 per admit	Not Covered	100 (2 max/yr)
Out-of-pocket (6)					
Single	2,000	3,000	2,300	4,600	1,200
Family	6,000	10,500	6,900	12,900	2,400
Wellness Benefit	300	200	80%	\$15 co-pay \$25 co-pay w/ \$75 maximum on mammograms	\$15 then 100% to \$300, 70% plus deductible
Outpatient Physical Therapy & Chiropractic	1,800	900	80%	15-500	15-70% 80% chiropractic, lesser of 20 visits or \$800

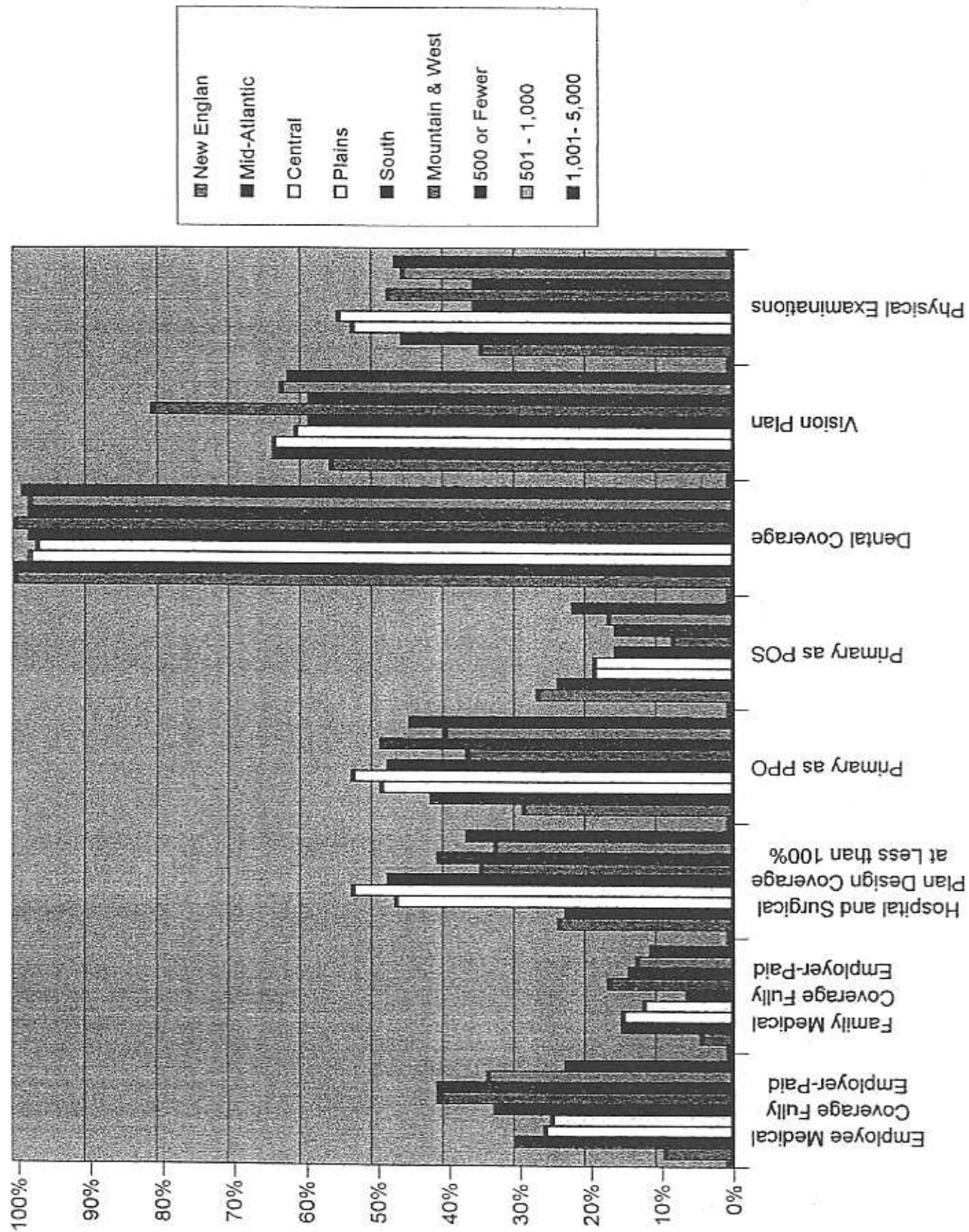
Description of Benefit	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5
Precertification Noncompliance Penalty	50%	50%	N/A	50%	PPO & Non-PPO 7 days in advance for non-emergency If not done: \$300 or \$500

Co-Payments									
Hospitals	PPO	Non-PPO	PPO	Non-PPO		PPO	Non-PPO	PPO	Non-PPO
	80%	70%	100%	N/A	100% to 2,500 Balance - 80%	100%	70%	80%	70%
Physicians	80%	70%	\$15	50%	80%	\$15	70%	\$15 to \$300 / 80%	70%
Outpatient Lab	80%	70%	\$15	50%	80%	\$15	70%	80%	70%
X-Ray	80%	70%	\$25	50%	80%	\$25	70%	80%	70%
Prescriptions	20%; \$5 min. \$50 Max; 30 day Maintenance Trial		Brand - \$20 Generic - \$10		Retail Brand - \$5 Mail Brand - \$10 Generic - \$0	Retail Brand - \$15 Generic - \$15 Mail Brand - \$30 Generic - \$15	Retail Brand - \$15 Generic - \$5 Mail Brand - \$20 Generic - \$10		

- (1) The Metropolitan Library System.
- (2) Plan to be Terminated 12/31/01.
- (3) Blue Collar. Young, white, healthy males primarily. This plan is hospital coverage only.
- (4) Excludes doctor visits and co-payments.
- (5) Waived if life threatening.
- (6) Out-of-pocket maximums do not apply to deductibles, co-payments, psychiatric or chemical dependency treatments, amounts in excess of reasonable and customary expenses not covered by this plan and precertification noncompliance penalties.

Note: Plan has added Lab-One for fiscal year 2001. This plan has estimated they will be able to save our plan up to 55% of the \$63,730.96 paid for the previous year. Because the use of this card is not mandatory, I estimate it will be more in the 25% range. The tests done using Lab-One are paid 100% as an incentive to use the plan.

Health Coverage Prevalence by Region, Size



Health Coverage Prevalence By Industry

