

METROPOLITAN LIBRARY COMMISSION OF OKLAHOMA COUNTY

FINANCE COMMITTEE AGENDA

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

Tuesday, August 20, 2002 at 3:30 pm
Belle Isle Library
5501 N. Villa
Oklahoma City, OK 73112
Telephone: (405) 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. Approval of Minutes of June 11, 2002 meeting
- III. Review revised Investment Policy
- IV. Review of Downtown Library & Learning Center Costs
- V. Review Final Budget for the Metropolitan Library System FY 2002-2003
 - Explanation of four pending items from Metropolitan Library System's Preliminary Budget FY 2002-2003

Cc: Metropolitan Library Commission
Administrative Team
Darlene Browers, President, Staff Association
Managers and Supervisors

**METROPOLITAN LIBRARY COMMISSION
SERVING OKLAHOMA COUNTY**

FINANCE COMMITTEE

MINUTES

MEETING PLACE: Belle Isle Library
DATE: August 20, 2002 TIME: 3:30 p.m.

Written public notice of the time, date and place of this meeting was given to the County Clerk of Oklahoma County June 24, 2002. Notice of the time, date, place and agenda for this meeting was posted by the Secretary of the Commission in prominent public view at the Belle Isle Library, 5501 N. Villa, and the Downtown Library, 131 Dean A. McGee Avenue, Oklahoma City, on August 5, 2002, in conformity with the Oklahoma Open Meeting Act.

MEMBERS PRESENT:

Hugh Rice, Chair
Nancy Anthony
Scott Duncan
Greg Womack

MEMBERS EXCUSED:

COMMISSION MEMBERS PRESENT:

Penny McCaleb, Metropolitan Library Commission, Chair
Carolyn Cornelius, Metropolitan Library Commission
Marguerite Ross, Metropolitan Library Commission

PRESENT:

Jim Welch, Deputy Director of MLS/Information Technology
Anne Hsieh, Director of Finance, Metropolitan Library System
Todd Olberding, Director of Construction Management
Lori Kane, Executive Assistant

ESTIMATE OF OTHERS PRESENT: 7

I. The meeting was called to order at 3:35 p.m. by Mr. Hugh Rice, Chair.

Roll was called to establish a quorum. Present: Anthony, Duncan, Womack, Rice.

II. Mr. Rice presented the minutes from the June 11, 2002 Finance Committee meeting and requested a motion to approve the minutes.

Mr. Greg Womack moved to approve the minutes of the June 11, 2002 Finance Committee. Mrs. Nancy Anthony seconded. Mr. Rice called for discussion. After discussion, motion passed unanimously.

III. Mr. Rice presented the third agenda item: Review revised Investment Policy. Mr. Rice stated that at the end of the last Finance Committee meeting he and Mr. Greg Womack mentioned an interest in the Metropolitan Library System's current Investment Policy. It was noted that due to the lowering of interest rates the system is earning less money on its investments.

It was suggested that Mrs. Anne Hsieh, Director of Finance, review the current policy and investigate the possibility of investing in government agency issues and, if appropriate, draft a revision. Mr. Rice called on Mrs. Hsieh to present the Draft Revision of Metropolitan Library System's Policy & Procedures, Section VII, Fiscal: Budgeting & Purchasing, Item C - Investment Policy.

Mrs. Hsieh explained that by deleting the wording under #3 "Direct" and "to the payment of which the full faith and credit of government of the United States is pledged" this will allow the Metropolitan Library System to invest in government agency issues. Also, listed on #1 is "credit unions located in the State of Oklahoma". However credit union deposits are not insured under the Federal Deposit Insurance Corporation (FDIC), which is why "National Credit Union Association (NCUA)" was added to #1 as one of the "insured by." Mrs. Anthony asked if the NCUA is the equivalent of the FDIC. Mrs. Hsieh stated that was her understanding. Mr. Womack suggested that Mrs. Hsieh investigate further the NCUA and after such investigation, if warranted, this policy may be revised and brought to the Finance Committee.

Mr. Greg Womack moved to approve the following revision to the Metropolitan Library System's Policy & Procedures, Section VII, Fiscal: Budgeting & Purchasing, Item C - Investment Policy. Item C - Investment Policy #3 will read: "Obligations of the United States Government, its agencies or instrumentalities; or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged." Mr. Scott Duncan seconded. After discussion, motion passed unanimously.

IV. Mr. Rice presented the fourth agenda item: Review of Downtown Library & Learning Center Costs. Mr. Rice called on Mr. Todd Olberding, Director of Construction Management. Mr. Olberding referred to the support document entitled *Review of Downtown Library & Learning Center Costs*, dated August 15, 2002. Mr. Olberding stated that the Administration is on target not to exceed the cumulative budget of \$4,154,500, which includes the list of 25 items, which have been approved by the Commission over the last 18 months.

Mr. Olberding explained his support document headings. Listed are the items of work; the approved budget amount for each item; Project Costs heading is subdivided into: the actual Contract amount, the quoted amount, the estimated amount, the total costs; costs saving or overrun amounts; and open adjustments.

Mrs. Penny McCaleb, Chair of the Metropolitan Library Commission asked if line item #3 – Kitchen Equipment cost overrun was due to upgrading the equipment from residential to commercial equipment. Mr. Olberding explained that City Code requires the equipment to be commercial grade, which also requires the electrical wiring to be upgraded to accommodate the commercial equipment.

Mr. Rice established that the four items detailed in the document entitled "Explanation of additional funds of the Downtown Library & Learning Center in FY 2002-03 budget" are not included in this review of costs document. Mr. Olberding stated that those items are in addition to the items approved by the Commission previously and are being submitted for approval with the FY 2002-03 Budget in the next agenda item.

Mrs. Anthony stated that the review of costs document is helpful in keeping aware of the costs for construction budget and would like to see the updates in this format at future meetings. Mr. Rice agreed and stated that at the end of the meeting the committee will discuss when it will meet next.

V. Mr. Rice called on Mrs. Hsieh to present the fifth agenda item: Review Final Budget for the Metropolitan Library System FY 2002-03. Mrs. Hsieh began by presenting the document entitled *Explanation of additional funds for the Downtown Library & Learning Center in FY 2002-03 Budget*. Mrs. Anthony asked for clarification as to why these four items were not included in the *Review of Downtown Library & Learning Center Costs* presented by Mr. Olberding. Mrs. Hsieh stated that the Commission has not yet approved the four items. At the June finance meeting this Committee asked for further explanation of the four items. As requested the attached explanation details the need to include the additional funds in the Metropolitan Library System FY 2002-03 Budget.

Mrs. Hsieh asked Mr. Jim Welch, Deputy Director of Metropolitan Library System/ Information Technology, to explain the need for additional funds for the communication equipment for data closets at the Downtown Library & Learning Center. Mr. Welch stated that the amount requested is for equipment (switches and routers) in the wiring closets for handling a large number of computers as well as the data coming from outside the building. Without this funding, either the Information Technology (IT) department will have to stay at Capitol Hill and the Downtown Library & Learning Center will not be connected to the rest of the system or if the IT department moves, none of the libraries including the Downtown Library will be connected to the IT department. The IT department houses the computer database that allows for circulation of material, reserves, catalog searching as well as most other library and department functions. Upgrades in computer technology and appropriate wiring for those upgrades are another aspect of the need for additional funding.

Mrs. Hsieh asked Mr. Olberding to explain the need for additional professional design fees. Mr. Duncan asked if these are average costs of what has been paid, is there any possibility that these costs will lessen now. Mr. Olberding stated that with eight years between the initial design phase costs have changed as well as the designed use of certain areas. Mrs. Anthony asked if the changes are due to items being changed from the original design or for items not in the original design. Mr. Olberding stated for both reasons. To enlist the professional design community in meeting the design need, there will be fees for the services. Mr. Olberding stated that there are on going discussions with the City and Architects as to who is responsible for the additional design fees, and whether these revisions are an owner or tenant obligation. The Metropolitan Library System is the tenant in this building. Mr. Olberding will continue to monitor these costs; this budget request reflects the estimated cost of this work only.

Mr. Duncan suggested that the amount requested for additional professional design fees be lowered from \$48,000 dollars to \$24,000, and if necessary, additional requests with explanation will be brought before this committee.

Mr. Olberding explained the request for additional funds for the added security, hardware, data, and electric work. The requirements of the security and the data systems have evolved significantly since this project was developed and bid. Due to these changes, additional funding for power, data, security cameras, door locks, and other items is necessary.

Regarding the request for the funding of the Donor wall plaques, Mrs. McCaleb asked why the requested amount from the preliminary budget changed from \$25,000 to \$15,000 and why wouldn't the money necessary for the wall plaques and installation be taken from the donations. Mrs. Hsieh explained that the quote received for this work is \$15,560, which is less than the estimated amount used in the preliminary budget. However, the administration expects to reduce the amount of plaques needed, which will place the final cost in the range of \$10,000 - \$15,000, which is reflected in the request.

Mrs. Anthony suggests that we need to have these dollars in the budget to be able to expend them when necessary, however, we need to have the expectation that these funds will be reimbursed from the donations at some point.

Mrs. Hsieh explained the *Reconciliation of FY 2002-03 Final Budget*. Mrs. Hsieh stated that this document details any increases and decreases from the preliminary budget to the final budget.

On the revenue side, there has been an increase over the June preliminary budget of \$2,420,900. This increase is a net result of the following increases and decrease:

Decrease in Ad Valorem Tax	(\$ 170,533)
Increase in Misc. Income	9,000
Increase in Carryover Fund	2,582,433
Net increase	<u>\$2,420,900</u>

The decrease in Ad Valorem tax is due to a successful protest filed by one major company in Oklahoma County. The large increase in carryover fund resulted from the \$2.07 million for the Downtown Library & Learning Center that could not be encumbered in FY 2001-02 due to construction delay.

On the expenditure side, Mrs. Hsieh explained the document *Proposed Changes for FY 2002-03 Budget*. These proposed changes are made to reconcile with the net increase in the revenue.

Changes include the elimination of an additional automation technician position, which lowers insurance costs, and the need for an extra computer. The decrease in retirement contribution is due to the actuarial method of smoothing.

The increase in the County Assessor's re-valuation costs is due to the fact that all the County Assessor's budget costs has to be shared among all the taxing entities in the county. The Metropolitan Library System's share is about 5% but this year the County Assessor increased its budget by 23%, and as a result the Metropolitan Library System's share must be increased proportionately

Additional funds for materials. According to data, the Metropolitan Library System's material circulation increased by 13% last year and the number of reserves increased by 25%. In the preliminary budget the increase to the materials budget was only 3.4%, which is not enough of an increase to meet the needs of the increased circulation and reserves. This additional request will mean the actual increase in materials, if approved, will be 5.12%.

The reference desk for Del City is a \$10,000 carryover budget item from last year. It was realized that the amount budgeted last year was not enough to cover the costs. If approved, with the additional \$4,225 and the carryover money, this project can be completed.

The number of computers for the Downtown Library & Learning Center has been reduced after discussion with Mr. Welch and Mrs. Morris. This reflects a savings on the hardware and the software. Mr. Duncan asked Mr. Welch if reducing the number of computers was just to cut costs or is it truly felt that the computers are not needed. Mr. Welch explained that 6 of the 8 computers deleted were in the computer lab. After deleting 6 of these computers the computer lab will still have 17 computers. If needed, additional computers may be added in the future as the planned wiring installation will be able to accommodate more computers.

As discussed earlier, the suggested changes will be made in the final *Proposed Changes for FY 2002-03 Budget* document presented to the commission showing the additional professional design fees reduced by \$24,000 and the reserves increase by that amount.

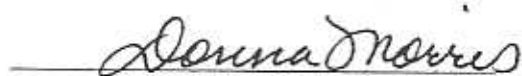
Mrs. Anthony moved to approve the Metropolitan Library System's FY 2002-2003 Budget with the proposed changes:

- a. That the Account 450-Capital Projects designation of \$48,000 for additional professional design fees be reduced to \$24,000 and that the Account 490-Reserves be increased by \$24,000.
- b. That the Account 450- Capital Projects designation of \$15,000 for Donor Wall Plaques & installation be approved with the expectation that after sufficient funds are raised the general fund would be reimbursed for the expenses.

Mr. Duncan seconded. After discussion, motion passed unanimously.

Mr. Rice stated that this committee needs to meet in the fall to discuss issues in detail and to provide direction for the staff. He asked that the committee be provided with a report written by Mr. Welch that talks about the level of taxpayer support dilemma. This committee needs to investigate and discuss the possibility of going for a constitutional amendment change to raise the millage cap in order to operate the Northwest Library and meet the needs of the community.

VI. Mr. Rice thanked everyone for attending and adjourned the meeting at 4:50 p.m.



Donna Morris, Acting Executive Director
(Secretary)

**METROPOLITAN LIBRARY COMMISSION
SERVING OKLAHOMA COUNTY**

FINANCE COMMITTEE

MINUTES

MEETING PLACE: Warr Acres Library
DATE: June 11, 2002 TIME: 3:30 p.m.

Written public notice of the time, date and place of this meeting was given to the County Clerk of Oklahoma County May 15, 2002. Notice of the time, date, place and agenda for this meeting was posted by the Secretary of the Commission in prominent public view at the Warr Acres Library, 5901 NW 63rd, Warr Acres, and the Downtown Library, 131 Dean A. McGee Avenue, Oklahoma City, on May 6, 2002, in conformity with the Oklahoma Open Meeting Act.

MEMBERS PRESENT:

Hugh Rice, Chair
Nancy Anthony
Greg Womack

MEMBERS EXCUSED:

Scott Duncan

COMMISSION MEMBERS PRESENT:

Penny McCaleb, Metropolitan Library Commission, Chair
Carolyn Cornelius, Metropolitan Library Commission
Shirley Pritchett, Metropolitan Library Commission
Marguerite Ross, Metropolitan Library Commission

PRESENT:

Norman Maas, Executive Director, Metropolitan Library System
Anne Hsieh, Director of Finance, Metropolitan Library System
Ric Rea, Director of Human Resources, Metropolitan Library System

ESTIMATE OF OTHERS PRESENT: 18

1. The meeting was called to order at 3:45 p.m. by Mr. Hugh Rice, Chair.

Roll was called to establish a quorum. Present: Anthony, Womack, Rice.

2. Mr. Rice presented the minutes from the May 13, 2002 Finance Committee meeting and requested a motion to approve the minutes.

Mrs. Nancy Anthony moved to approve the minutes of the May 13, 2002 Finance Committee. Mr. Greg Womack seconded. Mr. Rice called for discussion. After discussion, motion passed unanimously.

3. Mr. Rice presented the second agenda item: Request to Accept the Recommendations from the Administrative and Personnel Committee.

Mr. Rice requested Mr. Ric Rea, Director of Human Resources, to present the recommendations.

Mr. Rea stated that the Administrative and Personnel Committee met May 6, 2002. The Committee discussed the following items:

1. Annual Review of Human Resources
2. Compensation Report
3. Report on Insurance Plans
4. Medical /Dental Insurance Review
5. Report on Employee Assistance Program
6. Report on Need to Study the Grievance Procedure

Mr. Rea reported that as a result of the reports to the Committee and the committee's discussion the following three recommendations were unanimously voted on to be sent to the Finance Committee for recommendation to the Metropolitan Library Commission.

Recommendation # 1 - The acceptance of the Definition of Medical Funding Account.

Recommendation # 2 - To incorporate into the FY 02-03 Annual Budget the performance awards ranging from 0% to 3% for both full-time and part-time employees (including pages) to be approved for FY 2002-2003. And a market adjustment of 2.5% to be approved effective December 23, 2002 for all positions not currently above the maximum for their salary grade.

Recommendation # 3 - To incorporate into the FY 02-03 Annual Budget the acceptance of Insurance plan rate increases within the indicated contingency amounts. Also, amending the medical/dental plan to allow employees to obtain by mail order a three-month supply of maintenance prescriptions as well as currently obtaining their monthly prescriptions at their local pharmacy.

Mr. Rice called for a motion to accept Recommendation #1 from the Administrative and Personnel Committee: Acceptance of the Definition of Medical Funding Account.

Mr. Greg Womack moved to accept the Definition of Medical Funding Account. Mr. Rice seconded. Mr. Rice called for discussion. After discussion, motion passed unanimously.

Mr. Rice called for a motion to approve Recommendation #2 from the Administrative and Personnel Committee: To incorporate into the FY 02-03 Annual Budget the performance awards ranging from 0% to 3% for both full-time and part-time employees (including pages) to be approved for FY 2002-2003. And a market adjustment of 2.5% to be approved effective December 23, 2002 for all positions not currently above the maximum for their salary grade.

Mr. Womack moved to accept incorporation into the FY 02-03 Annual Budget the performance awards ranging from 0% to 3% for both full-time and part-time employees (including pages) to be approved for FY 2002-2003. And a market adjustment of 2.5% to be approved effective December 23, 2002 for all positions not currently above the maximum for their salary grade. Mr. Rice seconded. Mr. Rice called for discussion. After discussion, motion passed unanimously.

Mr. Rice called for a motion to approve Recommendation #3 from the Administrative and Personnel Committee: To incorporate into the FY 02-03 Annual Budget the acceptance of Insurance plan rate increases within the indicated contingency amounts. Also amending the medical/dental plan to allow employees to obtain by mail order a three-month supply of maintenance prescriptions as well as currently obtaining their monthly prescriptions at their local pharmacy.

Mr. Womack moved to accept incorporating into the FY 02-03 Annual Budget the acceptance of Insurance plan rate increases within the indicated contingency amounts. Also, amending the medical/dental plan to allow employees to obtain by mail order a three-month supply of maintenance prescriptions as well as currently obtaining their monthly prescriptions at their local pharmacy. Mr. Rice seconded. Mr. Rice called for discussion. After discussion, motion passed unanimously.

4. Mr. Rea continued by presenting agenda item IV: General Review of Health Insurance. Mr. Rea stated that this report was compiled at the request of the Finance Committee. This report compares the Metropolitan Library System's self-insurance plan to other similar plans; to other similar plans administered by the library system's insurance plan administrator; to other plans in the same comparative service area. Based on this information, the insurance plan carried by the Metropolitan Library System is neither the highest benefit or highest cost plan nor is it the lowest. The library system has a good insurance plan for its employees, which is customized to meet the needs of the library system's employees.

Mr. Rice inquired as to how the library system compares in respect to the employee/employer contributions. Mr. Rea stated he would research the question and provide a report to the Finance Committee. Mr. Rice thanked Mr. Rea for his detailed presentation.

5. Mr. Rice asked Mrs. Anne Hsieh, Director of Finance to present the final agenda item: Review Preliminary Budget for the Metropolitan Library System FY 2002-2003.

Mrs. Hsieh began her overview of the Preliminary Budget for FY 2002-2003 by presenting a new report entitled List of Budget Adjustments.

The process of completing a preliminary budget is a long and arduous one, this report shows the adjustments made from the initial budget requests when the budget process started in January to the preliminary budget presented to this Committee today. Under the direction of the Executive Director and with hard analysis and sacrifice from administrative team members the initial budget has been adjusted downwards by \$1.2 million.

Mrs. Hsieh reported that based on the projections published by the Oklahoma County Assessor the estimated revenue available for appropriations from the Tax Levy for FY 2002-2003 is \$16,915,087. The projected estimated miscellaneous income available for appropriation in FY 2002-2003 is \$653,746. The FY 2001-2002 and prior year budget carryover is \$3,528,231. Total estimated revenue for budget is \$21,097,064 excluding reserves.

Mrs. Hsieh referenced Section 3 – Summary of Account Changes. She stated that most budget increases are related to the opening of the new Downtown Library & Learning Center, doubling in size and increasing services hours by 30% will require not only additional staff but also much higher utility and maintenance costs. Additionally, the general economic downturn also causes the unusual high cost increase in terms of insurance and pension fund contribution. Mrs. Anthony stated that the items listed under Account 450, Capital Projects as not part of funds approved by the commission should first be brought to the Finance Committee separate from the budget for consideration. Discussion followed.

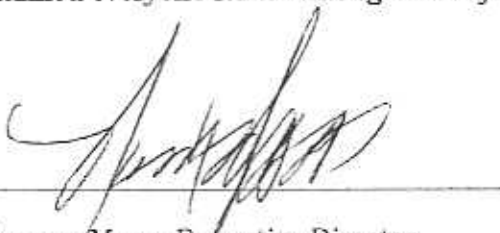
Mr. Rice made a motion to approve the Preliminary Budget for the Metropolitan Library System FY 2002-2003. Mrs. Anthony seconded the motion with the caveat that from the Preliminary Budget under Summary Of Account Changes page 3-8, Account 450, Capital Projects, the items listed are not approved by the Finance Committee.

- a. \$ 25,000 for donor wall plaques and installation
- b. 80,000 for higher speed communication infrastructure
- c. 48,000 for additional professional design fees
- d. 100,000 for the needs of the security system

Mr. Rice called for discussion. After discussion, motion passed unanimously.

6. The Finance Committee requests that the Administration prepare a report on all costs of the Downtown Library & Learning Center project. Mrs. Donna Morris, Deputy Director of MLS/Support Services, and Mr. Todd Olberding, Director of Construction Management, will prepare the report.

7. Mr. Rice thanked the Finance, Human Resources, Administration Departments, and staff for all their hard work and research compiling the necessary reports and documents. He thanked everyone for attending and adjourned the meeting at 5:30 p.m.



Norman Maas, Executive Director
(Secretary)

Section VII Fiscal: Budgeting & Purchasing Item C – Investment Policy

Adopted 3/1983

Revised 5/1986, 3/1991, 8/2000, DRAFT Revision 8/2002

The Finance Director of the Metropolitan Library System, as authorized by the Executive Director, and acting on behalf of the Metropolitan Library Commission, will invest available library funds in the following:

1. Collateralized or insured certificates of deposit of savings and loan associations, banks, savings banks, and credit unions located in the State of Oklahoma, when the certificates of deposit are secured by acceptable collateral as described in the section below, or fully insured by the Federal Deposit Insurance Corporation or the National Credit Union Association; or
2. Savings accounts or savings certificates of savings and loan associations, banks and trust companies, to the extent that such accounts or certificates are fully insured by the Federal Deposit Insurance Corporation; or
3. ~~Direct~~ Obligations of the United States Government, its agencies or instrumentalities; ~~to the payment of which the full faith and credit of government of the United States is pledged,~~ or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.

Class and Character of Acceptable COLLATERAL Collateral Securities

Before investing public funds in a qualified financial institution whose deposits are insured by the Federal Deposit Insurance Corporation, the Finance Director is required to secure proper collateral only for sums deposited in excess of the amount of deposit insured by the Federal Deposit Insurance Corporation.

The class and character of collateral securities that may be pledged and taken to secure the deposit of library funds in excess of the amount or amounts insured by the Federal Deposit Insurance Corporation shall be limited and restricted to negotiable instruments, payable to the Metropolitan Library Commission, or certified registered public obligation or registered public obligation as follows:

- A. Obligations, including letters of credit, of the United States Government, its agencies and instrumentalities;
- B. Obligations of the State of Oklahoma or of a county, municipality, or school district of the State of Oklahoma or of an instrumentality of the State of Oklahoma or a county municipality or school district of the State of Oklahoma;
- C. General obligation bonds of any other state of the United States.

Percentage of Security

For sums of deposits or investments in excess of the amount of deposit insured by the Federal Deposit Insurance Corporation, the library will obtain one of the collateral securities noted above at 110 percent of the market value of the sum.

Limitation of Investments

To avoid possible loss of investments, the library will give priority to limiting its investments at any one institution to \$100,000 to guarantee protection under the Federal Deposit Insurance Corporation or to an account that is fully collateralized.

REVIEW OF DOWNTOWN LIBRARY & LEARNING CENTER COSTS

Expenditure Schedule for the Downtown Library & Learning Center

#	ITEM OF WORK	APPROVED BUDGET	PROJECTED COSTS				SAVINGS (OVER/RUN)	Open Adjustments
			CONTRACT	QUOTED	ESTIMATED	TOTAL COST		
1	FF/E & A / V Equipment	\$ 2,060,000	-	\$ -	- \$ 2,140,000	\$ 2,140,000	\$ (80,000)	
2	Equipment for loading dock	20,000	-	-	20,000	20,000	-	(17,516)
3	Kitchen equipment	85,000	-	27,516	75,000	102,516	(17,516)	(17,516)
4	Two flag poles	25,000	-	27,281	(10,000)	17,281	7,719	(2,281)
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	-	
8	Security Equipment	230,000	-	-	230,000	230,000	-	
9	Interior Library Signs	100,000	-	-	100,000	100,000	-	
10	Exterior Signs and Marquee	115,000	-	-	59,547	59,547	55,453	
11	Interior Building Directories	60,000	-	-	60,000	60,000	-	
12	Additional Art	10,000	-	-	10,000	10,000	-	
13	Additional Architectural fees	45,000	92,088	-	8,615	98,702	(53,702)	
14	A Portal for Children's Area	20,000	-	W/ Item 17.	-	-	20,000	
15	Furnishing and Landscaping	85,000	-	-	-	-	85,000	
16	Construction for Future Café	50,000	-	-	50,000	50,000	-	
17	Convert Portion of Café to Children'	50,000	37,179	-	55,080	92,259	(42,259)	
18	Infrastructure for Rotary Fountain	10,500	-	-	10,500	10,500	-	
19	Infrastructure for Flag Poles	25,000	-	W/ Item 4.	-	-	25,000	
20	Finishing basement for staff/storage	108,000	253,551	-	-	253,551	(145,551)	
21	Relocate Offices (HUM & DEV)	10,000	-	W/ Item 20.	-	-	10,000	
22	Hard Floor Surfaces on levels 1 to 4	145,000	54,720	38,826	-	93,546	51,454	
23	Upgrade 4th floor Carpeting	35,000	-	26,588	-	26,588	8,412	
24	Contingency	150,000	9,544	126,293	(61,827)	74,010	75,990	
Total Cost for Construction & FF/E		\$ 3,604,500	\$ 452,082	\$ 246,504	\$ 2,905,915	\$ 3,604,500	\$ 0	\$ (19,797)
Opening Day Collection		550,000	200,000	-	350,000	550,000	-	-
Totals		\$4,154,500	\$ 652,082	\$ 246,504	\$ 3,255,915	\$ 4,154,500	\$ 0	\$ (19,797)

Reconciliation of FY 2002-03 Final Budget

The proposed final budget of \$32,897,760 for FY 2002-03 represents an increase of \$2,562,098 or 8.45% over the last fiscal year. It also represents a \$2,420,900 increase from the preliminary budget approved by the Library Commission on June 20, 2002.

The \$2,420,900 increase over the June preliminary budget is a net result of following increases and decrease:

Decrease in Ad Valorem Tax	(\$ 170,533)
Increase in Misc. Income	9,000
Increase in Carryover fund	<u>2,582,433</u>
Net increase	<u>\$2,420,900</u>

The decrease in Ad Valorem tax is due to a successful protest filed by one major company in Oklahoma County. The large increase in carryover fund is mainly resulted from the \$2.07 million for the Downtown Library/Learning Center that could not be encumbered in FY 2001-02 due to construction delay.

Page 2 is a list of changes made to the preliminary budget to make up the proposed final budget. As a result, the reserve fund is increased by \$409,063.

Committee Action

Recommend that the Library Commission approve the FY 2002-03 budget totaling \$32,897,759.96.

Proposed Changes for FY 2002-03 Budget
(Compared to Preliminary Budget Approved in June)

<u>Acct</u>	<u>Prog.</u>	<u>Increase/ (Decrease)</u>	<u>Description</u>
101	AUT	(29,086.00)	Eliminate the additional Automation technician position
112	AUT	(5,297.00)	Reduce insurnace cost for the technician position
113	all	(186,200.00)	Decrease in retirement contribution due to actuarial method change
230	BO	13,000.00	Increase in County Assessor's re-valuation cost
401	SYS.	50,000.00	Additional funds for materials
408	BE	375.00	A table for Bethany Library's lobby
408	DC	14,225.00	A cir. counter for Del City Lib. \$10,000 was carryover from 2001-02
410	AUT	(1,200.00)	Eliminate the computer for the tech position
410	DN	(19,800.00)	Reduce the number of computers required for the new DN Library
Sub-total		<u>(\$163,983.00)</u>	Total decrease to the General Operating Budget
450	DVS	(\$5,000.00)	Reduce the budget for donor wall plaques
450	MC	50,000.00	HVAC monitoring system carryover from FY 2001-02
450	DN	2,070,820.00	Unused DN/LC budget carryover from FY 2001-02
450	WA	80,000.00	Restroom remodeling carryover from FY 2001-02
450	LU	(20,000.00)	Delete the additional contribution for the new Luther Library
Sub-total		<u>\$2,175,820.00</u>	Total additions to the Capital Improvement budget
490	999	<u>\$409,063.00</u>	Balance to increase the reserves
Grand Total		<u>\$2,420,900.00</u>	Total Final Budget Increases

Items not approved from preliminary budget:

450	AUT	\$80,000.00	Communication equipment for data closet
450	DN	48,000.00	Additional professional design fees
450	DN	100,000.00	Added security, hardware, data and electric work
450	DVS	<u>15,000.00</u>	Donor Wall Plaques & installation (original request was \$20,000)
		<u>\$243,000.00</u>	Total

Explanation of additional funds for the Downtown Library Learning Center in FY 2002-03 budget.

As requested at the June Finance Committee meeting; further explanation of four items that were requested in account 450 for the Downtown Library & Learning Center.

Communication equipment for data closets **\$80,000**

See page 2 for details.

Additional professional design fees **\$48,000**

Since fall of 2001, Beck Associates has billed us for costs that they believe were not part of their contract with the city of Oklahoma City. These are for design changes that occurred after initial design completion. These costs have averaged around \$6,000 per month. These costs are expected to continue over the next twelve months until completion of the building. While we will continue to monitor these costs; this budget request reflects the estimated cost of this work.

Added security, hardware, data & electric work **\$100,000**

The requirements of the security and the data systems have evolved significantly since this project was developed and bid. While the base contract includes the rough in for much of this work, it is clear that some items of work, needed for the library to operate properly, are missing. This amount will be needed so that adjustments can be made regarding power, data, security cameras, door locks, etc. Normally the contingency can be expected to cover many of these costs; however, we have had to use much of the contingency to cover other costs, and in our estimation, the remaining amount will not be sufficient.

Donor wall plaques and installation **\$15,000**

This amount will cover all design time, a rendering, request for pricing from sign company, installation of glass plaques, and appropriate lighting for a donor wall to recognize donors to the downtown library project. The quote for this work is \$15,560.00. The request presented in the preliminary budget was \$20,000, however we expect to reduce the amount of plaques needed which will place the final cost in the range of \$10,000 - 15,000, and the budget amount was reduced accordingly.

COMMITTEE ACTION

Approval of the Metropolitan Library System Final Budget FY 2002-2003 includes these items.

Requested Funds for Data Communications at the Downtown Library & Learning Center

Communications Upgrade Deferred

During the past year, all of the full service libraries with the exception of Downtown and Choctaw have been upgraded to high speed communications. The reason these two libraries were not upgraded is because they were both getting new buildings and the cost to upgrade them in their current locations for a short period of time would not have been feasible. When a library has their communications upgraded, the service provider must bring fiber into the building. Their upgrading of the infrastructure has a pretty high cost so they must justify to their management that they will be able to recoup the costs. For these providers to recoup their infrastructure upgrade costs at Downtown and Choctaw, they would have required the library to pay approximately \$50,000 for one year since we did not plan to be at those buildings for more than 12-18 months. Therefore, we elected to defer installation at these two buildings until they were moved to their new locations.

Each of the libraries that have been upgraded has a 100Mb line whereas the current Downtown Library has a 1.5Mb line which is 67 times less bandwidth than the other locations. The Downtown building currently has 90 computers sharing one 1.5Mb line which provides very slow response time for both staff and customers.

Explanation of need for requested funds

In the new Downtown Library/Learning Center, there will be data closets on each floor that will allow the IT staff to connect computers on that floor to the central network which provides both Internet access outside the building as well as access to library applications. There will be approximately 276 computer and printer devices connected to this network on opening day not including the connections needed for the fourth floor classrooms.

In addition, the IT department will be moving to the new building and the communication equipment in the building must be capable of handling the data coming from all of the other buildings in the system. In other words, the data network that is now connected to the Capitol Hill building will be switched to the Downtown building. The \$80,000 that was put in the FY03 budget is for equipment (switches and routers) in the wiring closets for handling a large number of computers as well as the data coming from outside the building. Without this funding, either the IT department will have to stay at Capitol Hill and the Downtown Library will not be connected to the rest of the system or if the IT department moves, none of the libraries including Downtown will be connected to the IT department which houses the system that allows for circulation of material, reserves, catalog searching as well as most other library and department functions.

6/13/02		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	Final	Projected	Projected	Projected	Projected	Projected
Current Year Tax	12,942,684	13,872,678	14,828,943	15,957,629	16,744,561	17,498,056	18,285,468	19,108,314	19,968,189	20,866,757	
% of increase	4.2%	7.2%	6.9%	7.8%	4.9%	4.5%	4.50%	4.50%	4.50%	4.50%	
State Aid/Fines	628,214	632,797	624,781	634,541	662,745	669,372	676,066	682,827	689,655	696,552	
% of increase	1%	1%	-1%	2%	4%	1%	1%	1%	1%	1%	
Tax carryover	961,469	1,143,535	1,319,472	1,199,694	1,513,263	1,581,360	1,652,521	1,726,884	1,804,594	1,885,801	
% of increase	-1%	19%	15%	-9%	28%	4.5%	4.5%	4.5%	4.5%	4.5%	
Investment Income	200,031	303,229	500,997	727,128	566,017	210,000	210,000	220,500	198,450	99,225	
% of increase	-1%	52%	65%	45%	-22%	-63%	0%	5%	-10%	-50%	
Other Income	182,580	269,527	348,468	394,652	241,345	275,000	277,750	280,528	283,333	286,166	
% of increase	48%	48%	29%	13%	-39%	14%	1%	1%	1%	1%	
Lapsed Fund	1,357,453	1,290,371	2,993,198	1,821,144	3,790,041	1,400,000	1,000,000	1,000,000	1,000,000	1,000,000	
% of increase	36%	-5%	132%	-39%	108%	-63%	-29%	0%	0%	0%	
Available for Budget	16,272,431	17,512,137	20,615,859	20,734,787	23,517,962	21,633,788	22,101,805	23,019,053	23,944,220	24,834,500	
% of increase	5.81%	7.62%	17.72%	0.58%	13.42%	-8.01%	2.16%	4.15%	4.02%	3.72%	
Reserve carryover	3,750,000	5,982,857	7,065,350	9,600,875	9,379,798	9,190,771	9,814,808	9,670,530	8,099,871	4,460,058	
Expenditures:											
100-S.W. & FB	8,084,786	8,772,322	9,768,340	10,970,921	11,760,561	12,859,435	13,631,001	14,448,861	15,315,792	17,234,740	
% of increase	5.96%	8.50%	11.35%	12.31%	7.20%	9.34%	6.00%	6.00%	6.00%	12.63%	
200-M&O Contract	1,953,592	2,016,103	2,002,871	2,494,182	2,936,040	3,206,142	3,398,511	3,602,422	3,818,567	4,397,681	
% of increase	6.95%	3.20%	-0.66%	24.53%	17.72%	9.20%	6.00%	6.00%	6.00%	15.17%	
300-M&O Commod.	550,609	571,050	678,578	773,578	988,705	1,067,801	1,131,869	1,199,782	1,271,769	1,383,076	
% of increase	4.08%	3.71%	18.83%	14.00%	27.81%	8.00%	6.00%	6.00%	6.00%	8.75%	
400-Materials	2,039,906	2,298,880	2,527,160	2,754,340	2,898,800	3,014,752	3,075,047	3,228,799	3,390,239	3,559,751	
% of increase	6.41%	12.70%	9.93%	8.98%	5.24%	4.00%	2.00%	5.00%	5.00%	5.00%	
400-OP Capital	497,882	413,471	431,035	468,021	488,159	517,449	548,495	581,405	616,289	853,267	
% of increase	1.16%	-16.95%	4.25%	8.59%	4.30%	6.00%	6.00%	6.00%	6.00%	38.46%	
Total OP budget	13,126,775	14,071,826	15,407,984	17,461,042	19,072,265	20,665,579	21,784,924	23,061,268	24,412,657	27,428,514	
% of increase	5.92%	7.20%	9.50%	13.32%	9.23%	8.35%	5.42%	5.86%	5.86%	12.36%	
450-Capital Proj.	812,800	2,357,818	2,672,350	3,494,822	4,634,724	344,172	461,160	1,528,443	3,171,377	894,000	
% of increase											
Total OP & CIP	13,939,575	16,429,645	18,080,334	20,955,864	23,706,989	21,009,751	22,246,084	24,589,712	27,584,034	28,322,514	
490-Reserves	2,332,856	1,082,492	2,535,525	(221,077)	(189,027)	624,037	(144,278)	(1,570,659)	(3,639,813)	(3,488,013)	
Total Budget	16,272,431	17,512,137	20,615,859	20,734,787	23,517,962	21,633,788	22,101,805	23,019,053	23,944,220	24,834,501	
Reserves as of 6/30	6,082,856	7,065,350	9,600,875	9,379,798	9,190,771	9,814,808	9,670,530	8,099,871	4,460,058	972,045	
Designated Reserve	4,812,400	5,039,400	5,267,750	8,543,302	7,294,825	7,315,141	7,556,796	6,728,044	4,270,923	4,321,684	
Undesignated Reserve	1,270,456	2,025,950	4,333,125	836,496	1,895,946	2,499,667	2,113,734	1,371,827	189,135	(3,349,639)	
See Next page for projection assumptions and notes											

Assumptions for Budget Projections												
Revenue Assumptions:												
Current Year Tax	From 1999 to 2001 property values increased by about 7% each year due to good economy. But it has been leveling off, only 4.88%, the average annual growth in the past 20 years, is used for years after 2004-05. The law in FY 1997-98 limited annual increase on existing property to 5%.											
State Aid/Fines	State aid is projected about the same each year. Fines will have a small steady increase each year due to expected higher circulation.											
Tax carryovers	The collection of prior year delinquent taxes is very unpredictable. An annual growth of 4.5% is assumed here to be in line with current year tax.											
Investment Income	There are two major factors affecting the investment income: the amount of cash reserve and the interest rate. Cash reserve will decrease gradually after FY 2002-03 because of the completion of DN and CT libraries and future OKC-CIP projects. Fed lowered the interest rate 11 times in 2001 from 6.5% to 1.75%, a 73% decrease. However, since the investment income is recorded on cash basis and used as budget source of the next year. The low interest will not impact the budget much until FY 2003-04.											
Other Income	Several large reimbursements or refund received in the prior years, such as E-rates, WIC rate discount, have been changed to discount. Therefore, a reduction was budgeted for FY 2002-03. An increase of \$50,000 is added to FY 2003-04 and after for learning center rent revenue. As the investment income above, misc. revenues are also budgeted one year behind.											
Lapsed Fund	Historically, it has been around one million each year from operating budget plus incomplete capital projects. However, the projected lapsed fund from operating budget from 2001-02 will be only around \$800,000. That amount is used for future projections. The carryover from capital projects usually are not included because they are usually offset by increased amount in the following year budget.											
Expenditure Assumptions: (assume the new DN will open Jan. 2003, new Choctaw Library, July 2003 and the new NW Library, July 2007)												
100 - SW& FB	A basic 6% annual increase plus anticipated additional staff or benefit cost. Additional costs include: \$257,279 in FY 2003-04 for DN & CT, \$128,265 in FY 2003-04 for insurance to compensate one-time rate cut in 2002-03, \$100,000 in FY 2004-05 for new positions, and \$1 million in 2007-08 for the new NW lib.											
200 - M & O Contr.	A basic 6% annual increase and additional \$93,940 for DN in FY 2003-04. Additional \$350,000 in 2007-08 for the new NW lib.											
300 - M & O	A basic 6% annual increase is projected. Additional \$35,000 in FY 2007-08 for the NW library.											
400 - Materials	Since \$200,000 is included in FY 2001-02 and 2002-03 budget for DN opening collections, \$68,500 in 2001-02 for CT, and \$150,000 will be included in FY 2003-04. Therefore, only 4% incr. is included in 2003-04 and 2% incr. in 2004-05. Then the incr. will resume to 5% a year. The 1.6m opening collections for NW lib. is currently in capital reserve.											
400 - FFE, Vehicle Computers	A basic 6% annual increase. Additional \$200,000 for new computers in FY 2007-08 for the new NW library.											
450 - Capital Proj.	Annual requirement of \$300,000 plus special capital projects transferred from cash reserve fund.											
Designated Reserves Designated reserves are listed in a separate schedule. It includes monies need to be reserved for a specific purpose as approved by the Commission												
budget/inbudget												