

**METROPOLITAN LIBRARY COMMISSION
OF OKLAHOMA COUNTY**

**FINANCE COMMITTEE
AGENDA**

Members: David Greenwell, Chair
Nancy Anthony
Scott Duncan
Greg Womack

Friday, September 7, 2007
at 3:30 pm
Downtown Library
300 Park Avenue
Oklahoma City, OK 73102
Telephone: (405) 231-8650

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 – David Greenwell, Chair
- II. **FY 07-08 Final Budget** - Discussion, Consideration, and Possible Action:
Approval of 2007-2008 Final Budget.
- III. **Purchasing Policy** - Discussion, Consideration, and Possible Action:
Approval of Purchasing Policy changes (suggested policy will be sent via email prior to meeting).

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

REPORT AND RECOMMENDATION FROM ADMINISTRATION

**METROPOLITAN LIBRARY SYSTEM
PROPOSED FINAL BUDGET FY 2007-2008
(July 1, 2007 ~ June 30, 2008)**

**Please remember to bring
Black Budget Binder
to the September 20, 2007
Metropolitan Library Commission Meeting**

ADMINISTRATIVE RECOMMENDATION AND COMMITTEE ACTION:

To approve the Metropolitan Library System Proposed Final Budget
FY 2007-08 totaling \$47,848,051

RECONCILIATION OF FY 2007-08 PROPOSED FINAL BUDGET

The proposed final budget of \$47,848,051 for FY 2007-08 represents an increase of \$5,431,124 or 12.80% over the last fiscal year's budget. It also represents a \$4,973 decrease from the preliminary budget approved by the Library Commission on June 21, 2007.

The decrease from the June preliminary budget is a result of following changes in funding sources:

Tax Revenues	\$ 110,035
Miscellaneous Income	0
Lapsed and Cancelled	<u>(115,008)</u>
Total	<u>\$(4,973)</u>

The attached is a list of additional budget items included in the proposed final budget.

The difference between the smaller funding sources and the additional requested budget items is \$433,680. This amount reduces the projected increase to the Library System's reserve and is earmarked for new libraries.

FINANCE COMMITTEE ACTION

Recommend that the Library Commission approve the FY 2007-08 budget totaling \$47,848,051.

Proposed Changes for FY 2007-08 Budget
(Compared to Preliminary Budget Approved in June)

<u>Acct</u>	<u>Prog.</u>	<u>Increase/ (Decrease)</u>	<u>Description</u>
101	BUS	36,644	Facilities Project Manager
101	BE	(13,240)	Half-time Librarian
101	DC	(4,405)	Part-time Librarian
101	CT	13,703	Half-time Librarian
102	CT	(8,476)	Cut hours
102	LU	10,989	Add another person
113	SYS	156,632	Increase in DBP of \$202,450; decrease in DCP inflation projection
202	DIR	(8,500)	Already paid, due to changing to an 18-month contract
202	IT	1,000	To cover possible increase
208	DN	1,000	Repaint handrail in alley
208	DN	20,000	Replace restroom faucet hardware
208	HUM	5,000	Increased cost of security system maintenance
213	MAC	(8,000)	Development of Village exterior sign
213	HUM	6,000	Additional Lee B Brawner scholarships
213	PLA	(500)	Leadership program
213	NW	50,000	NW building design programming consulting services
213	SYS	5,000	Employee evaluation consultant travel expense
213	HUM	42,000	Hepatitis B shots
213	MTC	500	Professional seminars
226	PLA	500	OK Center for non profits
226	DIR	20	FOLUSA and FOLIO change
226	NP	100	Kiwanis
226	WR	50	Stockyard City Main Street
226	WR	150	Lions Club
226	HR	100	Chamber of Commerce
226	SYS	3,500	OLA memberships
303	DIR	(3,000)	Change where we charge book tape and Jiffy bags
303	ILL	3,250	Change where we charge book tape and Jiffy bags
303	ILL	1,500	New filing system and new labeling procedures
408	MAC	750	Commercial paper cutter
408	MAC	900	Seating for marketing department
450	VI	15,000	Exterior sign
450	SYS	20,000	Exterior signs to be developed along with the Village
450	DN	15,000	Café
450	DN	20,000	Landscaping
450	DN	7,040	Wood shelving in Oklahoma room, carryover
450	DN	2,500	2 nd floor, glass partition, carryover
450	DN	35,000	Sign for NW corner, carryover
450	DN	5,000	Lighting for display case, carryover

450	RE	100,000	Replace boiler/HVAC items, carryover
450	RE	35,000	Moving expense, carryover
450	RE	(139,000)	Architect fees, paid in '07
Sub-total		<u>\$428,707</u>	Total additions to the General Operating Budget
490	999	<u>(\$433,680)</u>	Decrease to reserves
Grand Total		<u><u>\$4,973</u></u>	Total Final Budget Increases

Stewardship of Financial Resources

SF 200 Purchasing

Adopted: 1/86; Revised: 5/86, 4/88, 10/94, 8/00, 6/04; Draft: 3/07

Policy

The Metropolitan Library System expends public funds for library service for the maximum benefit of library customers and obeys all applicable laws in order to be a good steward of these funds.

I. Legal Background

The Metropolitan Library Act (62 O.S. 1971, Section 551 et seq.) empowers the Metropolitan Library Commission to administer the expenditure of funds derived from the library tax levy and from fines, fees, sales of personal property and other miscellaneous income.

II. Annual Budget's Role in Purchasing Authority

Commission approval of the annual budget serves as the principal authority for the Library to encumber and expend the funds necessary to operate. This authority begins with approval of the preliminary budget (estimate of needs), normally adopted in June. Recognition of the preliminary budget as an operating budget is necessary because the new fiscal year begins on July 1. Expenditures such as personal services, materials, utilities, insurance coverage, maintenance, repairs and supplies must be in place with "first day" funding and reasonable assurance of adequate funding throughout the year. The final budget, incorporating necessary changes to the preliminary budget, is normally adopted in August.

III. Budget Documentation of Commission-Approved Purchases

The annual budget overview/summary, along with the line item budget submitted to the Commission, documents details of routine and non-routine proposed expenditures.

Some line items, such as office supplies, technical processing supplies, etc., are normally routine or self-descriptive and require little or no explanation in the budget overview/summary. Other categories, such as salaries and related personnel expenditures, require and receive more detailed explanations in the budget document. Proposals for purchases of furniture, fixtures, equipment, vehicles, automation hardware, capital improvements and other major, tangible items are listed individually in the proper accounts of the line item budget.

Except for items removed from the list or designated as "tentative" by a majority of the Commission during the budget adoption process, approved items may be purchased by the Library at the appropriate time without further Commission review. The purchase price shall not be greater than the budgeted amount plus the lesser of ten percent (10%) or \$500. When the competitive bidding procedure is required, the Commission reviews and approves or rejects a contract or purchase award at the time bids are submitted for review. The Commission may also choose at any time, by a majority vote, to reverse its approval given during the budget process to any item not yet purchased.

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To ensure adequate funding for the approved preliminary budget, capital improvement projects, unless approved by the Commission in a prior year and funded within the Library's cash reserve plan, should not be implemented until the final budget is approved by the Commission.

IV. Monthly Commission Review of Claims

The list of claims for which checks have been issued during a given month is attached to the financial statement presented at the Commission's monthly meetings. The list serves as final documentation for audit purposes.

V. Definitions

Library Materials: All books and non-book items such as periodicals, films, records, prints, videos, CDs, cassette tapes, electronic databases and other products to which the public has direct access.

Capital Improvement Projects: Construction, remodeling and renovation, or major repairs or improvements to library facilities.

Personal Services: A category of the annual budget containing line items beginning with the number "1" or "2", including salaries, wages, payroll taxes, direct-cost benefits, janitorial services, security services, professional/consulting services, etc.

VI. Regulations

1. The library administration shall establish and maintain a purchasing procedure to:
 - a. Assure that each encumbrance is a legal and just claim and is within the authorized available balance of the appropriate budget categories
 - b. Certify that purchased items are satisfactorily received
 - c. Provide accurate records for audit and keep such records on file for not less than three years
2. Primary vendor contracts for purchases of library materials shall be awarded following the competitive bidding procedure. Current vendor performance will be evaluated annually and a survey of all potential primary vendors will be made at least every five years. The competitive bidding process will be initiated if and when the current vendor fails to meet the libraries needs or when a survey of potential vendors indicates that it would be advantageous to the library to do so
3. Acquisitions including capital items and construction contracts expected to cost \$10,000 or more each and not listed under State Contract shall be purchased via a competitive bidding procedure as described in Item 14 below. Items listed under State Contract may be purchased directly from the vendor, regardless of cost, with no further bidding procedure required. Purchases of similar items or groups of items should not generally be subdivided into multiple purchases of less than \$10,000. The Commission shall be advised if exceptions are made.

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4. Contracts within the Personal Services category shall be governed by the Personal Services policy.
5. The following acquisitions and contracts shall not be subject to competitive bidding procedures:
 - a. Utilities and other services for which fees or rates are regulated by federal, state or local government
 - b. Sole source contract. Any department requesting products or services by sole source contract shall attach to the requisition an affidavit signed by the chief administrative officer of that department to indicate it is indeed a sole source contract
 - c. Professional services contract, such as architectural, engineering, actuarial, training, consulting, auditing, performing and etc. For these types of contracts, requests for a professional service bid shall be sent to qualified providers. Bids shall be evaluated by the Executive Director and staff involved in the requisition. Both cost and technical expertise shall be considered in determining the best bidder. A documented evaluation report shall be completed prior to awarding a professional service contract
6. In an emergency situation requiring swift action when no regular or emergency Commission meeting is scheduled or practical under the circumstances, the administration may contract to handle the emergency. A report of the emergency acquisition will be presented to the Commission at the next scheduled Commission meeting.
7. Library employees holding job titles designated as "Purchasing Officers" by the Metropolitan Library Commission may act in that capacity. Attachment A is a list of Purchasing Officers. This list may be amended by the Commission as needed. All Purchasing Officers shall be bonded in the amount of not less than \$25,000.
8. The Library's Business Office shall be the central purchasing agency through which requests for the purchase of all library materials and operational items are routed and accounted for; the Director of Finance shall be the system's designated Encumbering Officer. The Executive Director, Deputy Executive Director/Technology and Deputy Executive Director/Library Operations are also authorized to sign purchase orders as Encumbering Officers.
9. Library checks (warrants) may be signed by any two of the following: Chair, Vice-Chair, Disbursing Agent, Secretary (Executive Director) of the Commission, Deputy Executive Director/Technology, Deputy Executive Director/Library Operations and Deputy Executive Director/Materials & Outreach. The Secretary (Executive Director), Deputy Executive Director/Information Technology, Deputy Executive Director/Library Operations and Deputy Executive Director/Materials & Outreach may not sign checks or warrants in which they are the payees of checks in payment of goods and services or when they have signed the respective purchase order as "Purchasing Officer".
10. The "Request for Reimbursement of Out-of-Pocket Expenditures"(Form #417) shall be used for cash reimbursements under \$50.

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11. Request for Purchase (form #410) must be completed by the requesting agency/department as the authorization to issue a purchase order and procure the requested item or service. Exceptions to this requirement are:
 - a. Cash reimbursement for out-of-pocket expenditures under \$50, supported by form #417
 - b. Utilities and other services for which the fees or rates are regulated by federal, state or local government
 - c. Service or maintenance contracts awarded by the Commission, of which the fees or rates have been specified in the bid and subsequent contract award.
12. The Library will not knowingly purchase nor accept bids to purchase any item from:
 - a. Commission members
 - b. Library employees
 - c. Children, parents, grandparents, grandchildren, brothers and sisters of the above individuals and their spouses
 - d. Firms or enterprises in which any of the above individuals have a vested interest involving ownership, partnership, sales commission or other direct and immediate gain resulting from such purchase
 - e. **Except for the special situations listed in item 18.**

This policy does not prohibit the purchase of items from any firm or enterprise in which an individual defined in C above is employed or owns stock but who does not have a vested interest as defined in D above.
13. The Commission gives preferential consideration when purchasing supplies or services through the competitive bidding procedure, to Oklahoma County residents and businesses whose property taxes directly support the Library. Preferential consideration is given only when all other factors used in determining lowest and best bidder are equal, and when the difference between the local and non-local vendor's bid price does not exceed five percent (5%) or \$1000, whichever is less.
14. For acquisitions or contracts expected to cost \$10,000 or more and not listed under State Contract, and in each situation involving a competitive bidding arrangement, the following procedures shall be followed:
 - a. The Library will seek current, qualified vendors to whom specifications will be sent inviting bids
 - b. A notice inviting bids will be published not less than two times in an Oklahoma County newspaper
 - c. The library will allow not less than 14 days for bids to be received
 - d. The bid proposal shall specify that the Commission retains the right to reject all bids and to waive any formalities and technicalities
 - e. Each bidder shall submit an "Affidavit for Filing With A Competitive Bid" to ensure a true competitive bidding process

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- f. Contractors engaged in service for the Library shall provide and maintain Workers' Compensation and employers' liability insurance coverage for the contractor and all employees of the contractor or the subcontractors engaged in any service contracts awarded by the Commission
 - g. The bidding and contract award procedures for construction contracts and building improvements shall be administered in accordance with the Public Competitive Bidding Act of 1974, unless the Commission procedures described in this section are more stringent than those provided for in the Act
 - h. When required by law, all contractors engaged in library construction projects shall pay prevailing wages to their employees I. The administration shall analyze acceptable bids received from vendors and recommend the vendor who has submitted the lowest and best bid to the Commission for approval
 - i. The Commission shall review the bids and accept the lowest and best bid, retaining the right to reject all bids
 - j. The administration shall then purchase the item via the established purchase order procedure
 - k. Each contractor who is awarded a contract by the Commission shall execute an "Affidavit for Contract or Claim". This affidavit shall be for the entire contracted amount and/or for the entire fiscal year in which the contract is awarded
15. The administration shall review all contracts at least annually and, depending on vendor performance, shall submit a recommendation regarding extension, renewal, cancellation or rebidding to the Commission. All contracts in force for three consecutive years, which exceed \$10,000 in any one year, shall be subject to rebidding at the end of the third year unless this requirement is waived by the Commission.
16. For items or services expected to cost less than \$10,000 and not listed under State Contract, the following procedures shall be followed:
- a. For acquisitions between \$2,500 and \$9,999 the Library will solicit informal written quotes from available qualified vendors and award to the vendors with the best and lowest quotes. This procedure may be waived by the Executive Director in an emergency situation requiring immediate action when the procedure is not practical under the circumstances
 - b. The records of written quotes will support the award to the lowest and best bidder, and will be attached to the Request for Purchase
 - c. The requirement of proper and adequate insurance coverage (see paragraph 14 F & G) for construction and service contracts will also apply to the successful bidder under this procedure.
17. For contracts with the financial auditors will extend for five years. The auditing firm may be retained for subsequent five-year periods if the firm agrees to rotate its audit partner or audit manager for the contracting period. Unless such requirement is waived by the commission.

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18. The Library may contract with employees or other associated individuals, who might otherwise be prohibited from performing special services, to perform as musicians, actors, authors, or in other artistic capacities for the benefit of patrons or employees at special functions of the Library. Examples of these special situations would be employees hired to perform musically at a Library grand opening, when such employee regularly contracts with other entities to perform similar services; employees hired to act in special performances hosted by the Outreach Department; employees who have authored books and are hired to perform a reading of their book for the general public; and, children of employees who are members of a band that is hired to entertain at a Library function. In these special situations, it does not matter if the contract is directly with the individual or with a group in which the individual is a member. Books or other materials written or produced by employees or other associated individuals may be purchased for the library's collection if they meet the requirements of the Materials Selection Policy (AM 310).