

MHLS PROPOSED BYLAWS REVISION - The Trustees Services Committee, which met on February 19, had recommended that the Board of Trustees consider requiring its members to attend a library trustee essentials workshop within three years of their being elected or within their first year serving as trustee. Their recommendation was referred to the Bylaws, Policy and Procedures Committee, which drafted the proposed amendments to the bylaws that are in your packet.

In addition to addressing MHLS Trustee qualifications, the Bylaws, Policy and Procedures Committee also addressed concerns raised by board members that greater clarity was needed regarding the board's role vis a vis the creation of staffing positions and the appointment of staff.

Next Steps: According to Article XII, amendments need to be:

- Proposed at least 120 days prior to the annual meeting, which is October 18; that's 163 days from Board's May 8th meeting and 100 days from its July 10th meeting.
- Mailed to member library board presidents at least 90 days before the annual meeting.
- Voted on at the annual meeting by "designated representatives of member libraries;" approval is a simple majority.

2013 BUDGET DRAFT REVISION - The Finance Committee met on Monday, April 29, to review a draft revision of the 2013 Budget as well as consider preliminary projections for 2014 and 2015.

A joint meeting of the member library directors' System Services Ad Hoc Committee and System Funding Task Force will meet after the Directors Association on May 2 to review the draft revisions as well as discuss the 2013 members assessment.

The summary of the 2013 revision has been shared with member library directors and I itemized the revisions in my May report to the DA. Some revisions were increases in spending or set-asides for future spending that reflected requests by the members for improvements in service or priorities identified by advisory committees. But I indicated that these increases were also choices that the directors could either support or not.

In my memo to the directors meeting after the DA meeting, I reviewed these choices in greater detail and also analyzed the System's increases in state aid since 2011. This memo addressed two questions:

- Why, having for the second year received an increase in state funding, isn't the System showing a reduction in the members assessment?
- And how much more state aid has the System received since 2011 and what's available to reduce the members assessment?

Integrating the cloud-fee Integration and applying Central Library Development Aid

In continuing to include \$600,000 in 2013 receipts, it may appear that we are not budgeting less in the members assessment, but in fact, we are. We're proposing that the annual \$30,000 Sierra cloud-fee be permanently integrated into the \$600,000 members assessment instead of being added to the assessment. In addition, we're planning to apply \$47,288 from Central Library Development Aid to the 2013 assessment, which would reduce this year's assessment, at minimum, to \$552,712.

Additional options and choices

The increases in the draft revision that respond to member requests and advisory committee priorities are:

1. A new part-time position that would extend help-desk support until 6 PM Monday through Friday and provide the same coverage Sunday as Saturday--9AM to 4 PM. The cost in 2013 would total \$8,000.

2. Reinstating mileage reimbursement for member libraries (and the MHLS Board), which is budgeted in 2013 at \$20,000. In the last year this was provided, these costs, (which also included member library conference reimbursements), ran upwards of \$40,000. Limits could be implemented in order to ensure that these costs would not exceed certain budgeted amounts. But the choice, (with the exception of the reimbursement for the MHLS Board) would largely be the directors'.
3. An additional \$30,400 year-end transfer to the members capital fund, which, added to the \$39,600 already budgeted, would increase these transfers to \$70,000. Considering the strong advisory committee interests in a mobile app or a catalog discovery interface that would combine our physical collections, e-books and periodical articles, increasing the members capital fund would seem a priority to me. But these are choices we need to make with our members.

If none of these options in the revision are supported by the members, then, their assessment could be reduced an additional \$58,400 and fall to \$494,312 this year.

What increases in state aid are available to reduce the members assessment?

Since 2011, actual and anticipated increases in state aid are:

- A) 9.27% for the System's general state-aid and Local Services Support Aid.

This includes an actual increase of 4.87% in 2012 and a working estimate increase of 4.4% in 2013 for a total increase of \$131,169.

- B) 9.31% for Local Library Service Aid (LLSA) and Central Library Book Aid and Development Aid.

This includes an actual increase of 4.91% in 2012 and a working estimate increase of 4.4% in 2013 for a total increase of \$36,237. However, we're already planning to apply the additional CLDA dollars anticipated in 2013 to the members assessment and LLSA is a pass-through to member libraries.

- C) 6.37% for outreach, jails and correctional services.

This includes the actual increase of 3.82% in 2012 and a working estimate increase of 2.55% in 2013 for a total increase of \$10,970. However, this aid is directed to very specific purposes and no available to offset the members assessment.

*Only increases A), which provide an additional \$131,169, are available to adjust the members assessment. However, should every dollar increase be applied to the members assessment even if the members assessment represents only 20% of total System receipts? Should 20% of the increase be applied to the members assessment? **Note: the permanent integration of the cloud-fee represents 23% of the available increases in state aid already being applied to the members assessment.***

Preliminary 2014 Budget and 2015 Projections

I have included a new full-time position in the preliminary 2014 budget in response to staff concerns. But staff have been exploring alternate ways to "get the job done." If we eliminate this new position from the preliminary 2014 budget, we would reduce MHLS personnel costs, (including salary and benefits), by \$60,000. That would mean any further reductions in the members assessment decided in 2013 could be more easily sustained in 2014 and 2015. Members of the MHLS Finance Committee also expressed concern about the increases in personnel costs projected in 2014 and 2015 and didn't believe these to be sustainable. I have to agree.

Final thoughts

There's an interest among the members, as well as among the members of the Finance Committee, to reassess the members annual \$600,000 commitment to the System. But there are also directors, as well as members of the MHLS Finance Committee and System staff, interested in ensuring that the cooperative has adequate funding to continue to strengthen and position its member libraries for success.

The revised 2013 budget will need to be finalized by June 30 and will come before the Board for approval at its meeting on July 10. It's likely to look a different than the draft that's in your packet, as is the 2014 preliminary budget.

OTHER:

- A brief overview of the System's Plan of Service will be shared with the Board on May 8.
- The Facility Committee will report on its recommendation that we apply for another public library construction grant to help underwrite the cost of installing energy efficient windows in the office building, which is the next priority in our facility plan. It is also recommending that the repaving of the parking lot, also a priority, be considered for the grant application. The windows are clearly eligible under the grant and we believe the parking lot will be as well.
- The Personnel & Planning Committee will need to meet in June to consider:
 - Updating the salary and wage review.
 - A staff restructuring in our cataloging and ILL services.
 - Draft of a non-solicitation policy.