

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
MINUTES OF THE SPECIAL MEETING
AUGUST 9, 2022**

The Indianapolis-Marion County Public Library Board met at the Library Services Center, 2450 North Meridian Street on Tuesday, August 9, 2022, at 10:05 a.m., pursuant to notice given in accordance with the rules of the Board.

1. Call To Order

President Salinas presided as Chairman. Secretary Biederman was present.

2. Roll Call

Members present: Mr. Biederman, Mr. Bigsbee, Dr. Murtadha, Ms. Payne, Judge Salinas and Ms. Tribble.

Members absent: Dr. Robinson.

The Chairman announced that a quorum was present and that the meeting was duly constituted.

3. Finance Committee

a. President Salinas will Convene a Public Hearing:

Judge Salinas announced that this Public Hearing was being held to consider the Library's 2023 Budget.

- 1) **To consider the 2023 Library Budget as advertised on July 29 and August 5, 2022 in *The Indianapolis Star* and posted on the Library's website at www.indvpl.org.**

- a) 2023 Budget Materials and Presentation

Carolyn Adams, the Library's Interim CFO, reviewed the 2023 Budget information presented to the Board. She noted the actual Budget will be voted on by the Board at the August 22, 2022 Board Meeting.

At this time, she reviewed the Budget calendar. The Library will be invited to the Municipal Corporations Committee. The Library CEO and CFO will present our Budget to them at that time. And then, on October 3, 2022, it goes on to be introduced at the City-County Council meeting. On November 1, 2022 the Council is scheduled to adopt the Budget. These dates have been taken from the Council's calendars.

She then reviewed the various stats for the Library for 2021. With cardholders, 30% of our population are cardholders and 51% of our cardholders are active borrowers. It lists our circulation. We had 24 branch locations in 2021 with 1,500,000 walk-ins for assistance during COVID. Those numbers may be down from prior years. And we had

6.9 million website visits. We've signed up 44,000 students in Indianapolis for library cards. The Library received \$2.7 million from our Indianapolis Public Library Foundation.

Ms. Adams then went on to review the 2023 Budget. She noted that our various library funds are required to be advertised and voted on by the Board, our Operating, our Debt Service, our Rainy Day, and our Library Improvement Reserve Funds are required to be voted on and approved.

The Operating Fund is increasing this year. We had some cash reserves during the pandemic. We are able to set aside some funds for some salary market adjustments that we implemented. We also did zero based budgeting this year to try to align all of our funds with what they'll actually be. That is the big increase from 2022 to 2023, mostly.

With regard to our Debt Service, those amounts are the required debt payments that we have to make to those that hold our bonds that we issue. For Rainy Day, we're projecting \$1 million dollars in that fund for incidental construction expenditures that may occur before a bond issue has happened. And, we also have our Library Improvement Reserve Fund. We're planning to spend \$250,000 out of that. Our accounting software, Munis, is requiring an upgrade. This was budgeted in 2022, but it was delayed a year.

Also listed are the adopted tax levy and the adopted tax rate. With our bond funds, we have always tried to keep that at .0318 per \$100. That's been our ongoing commitment to keep it at that or below.

The tax rate history gives you a history of our tax rate on property taxes per \$100. The debt service is historically at .0318 or thereabouts. The rate looks like it will be going down for 2023. We recently received new information and new estimates from the Department of Local Government Finance that, while our assessed values are going up in the county, this is also affecting the circuit breaker cap, which limits how much property taxes homeowners pay, that are capped. We're going to receive less in our Operating Fund than we projected a month ago. That is why on the operating line shows the tax rate in 2022 was .1015. It is dropping to .0905 which will be the estimated tax rate for 2023 for the Library.

Ms. Payne asked about the negative impact of the circuit breaker.

Ms. Adams shared that the Department of Local Government and Finance provides estimates of the assessed value increases and the circuit breaker effect. Recently, they had a projection that increased. It increased the circuit breaker effect by \$3.4 million, which is not a good increase for the Library. That increase reduces the actual amount of property tax revenue the Library will receive by \$3.4 million. And the effect of that is to reduce our property tax rate to .0905 for \$100 of value.

There are several goals the Library is working on including developing a culture of racial equity, strengthen organizational framework, and increase our collaboration with schools. We have incorporated some IPS school systems into our Shared System recently. Should adapt library services and leverage technology to improve service to patrons, retain and attract diverse, highly competent and knowledgeable staff, and continue to provide welcoming, clean, safe, and accessible branch locations.

Given these goals, we do have some revenue challenges regarding our net property tax receipts that are decreasing by \$2.4 million from 2022. For the first time in recent history, our property tax revenues are estimated to go down from the prior year. The impact of the circuit breaker continues to grow, estimated at 27% of the levy in 2023. It was not this high in previous years. There is also no growth in the levy freeze amount in our inter-governmental revenue and there's a lack of comparable share of LIT certified shares when compared to other Indiana libraries. The Indianapolis Public Library does not get as big a piece of the pie from LIT as libraries in other counties. The expenditure challenges are increasing in personnel costs. When there's turnover and we try to get new people in, the rates to hire these people in is much higher than what our current minimum pay rates allow.

We're also trying to meet the demand of E-resources as they're requested by our patrons. There's a lack of flexibility due to the high fixed costs from our facilities. And there's an increasing ongoing cost of technology and the trend towards software as a service, which means you pay for software every year as a license instead of actually purchased software and not have to pay for it then for several years.

Charges for services like faxing charges and printing charges for patrons are holding flat right now. We don't know if that's actually going to increase. Our other revenue includes some specific donations for the InfoZone, the branch in the Children's Museum. And, we often rent space at Central Library and we have some revenue from that.

Under Expenses, we have four main categories: Personal Services, Supplies, Other Services, and Charges and Capital Outlay. The increase under Personal Services includes money we have set aside for salary adjustments, and this also includes benefit increases in medical, for example. And the other line items are remaining the same or have actually decreased somewhat as we move to zero based budgeting.

It is noted that our revenue is less than our expenses, but we do have a cash reserve at the moment that we were planning to use to help fund the Budget. She mentioned the breakdown of our Operating Fund revenues, showing that we get 79% of our revenues from property taxes, which is unlike other municipal corporations.

Ms. Adams then reviewed the Debt Service and the specific bonds that we have outstanding and the required payments that are to be made in 2023. She shared that on April 6, 2022 we had our groundbreaking at the Fort Ben location, and it's estimated that building will be completed in early January 2023. We also had our Glendale Branch groundbreaking on April 21, 2022. It is anticipated that Glendale will be opening in early 2023 also. As a reminder, Glendale will be moving from a leased location into a location that we own. That will help save us some money.

The Rainy Day Fund and the Library Improvement Fund were reviewed next. She commented that we need to watch carefully our fund balance going forward.

Ms. Payne requested more information on intergovernmental funding.

Ms. Adams replied that that the funds include excise taxes that the county collects such as Local Option Income Tax, LIT, certified shares, commercial vehicle excise

tax, financial institutions tax, etc. These are taxes that flow through to us from the county. And obviously, we get an estimate of what those are anticipated to be each year for our Budget purposes. She mentioned that this information is contained on Page 12 of the Budget Book for everyone to review.

At this time, Nichelle Hayes, Interim CEO, thanked Ms. Adams and the rest of the Accounting staff for gathering this information and presenting it to us in a way that we could unpack it. She also commented that when we learned about the change in the circuit breaker, Ms. Adams began moving to make changes to our projections and to communicate that to us as an organization. We are trying fervently to speak with our elected officials to let them understand where we are financially. We're trying to be very good stewards of our funds, being very careful on how we're spending. However, there are some things that we don't have control over.

In addition to that, when hiring new staff who want additional funds because of the increases in our economy we have to look at things very, very carefully and have to advocate fully for our organization to be funded. We have world class staff and we want to support them as such. She is confident that we'll be able to meet this challenge, but it is a challenge.

Then there was a lengthy discussion about the Library's cash reserves and how the Library relies on that.

Ms. Hayes advised that her concern is that it's not a sustainable model. We need to have more money coming in. As it stands right now, the Library receives 1% of our Budget and that compares to other counties such as, St. Joseph County, which is South Bend, who gets 10%. Carmel Clay Public Library gets 30%. Those are large discrepancies. If we could even make incremental additions to that, that would put us in a much stronger position.

Mr. Bigsbee asked about the ongoing discussion surrounding this situation.

Ms. Hayes advised that the Library has spoken with several City-County Councillors, as well as the Mayor and we've explained to them about our Budget issue. Another component of that is that we have to continue to say it over and over and over again, is that we have a compression issue with our staffing salary models. What that means is that fully, most of our staff are in the bottom third of the pay ban. Not only do we need to bring people up in what they're making, we need to bring them over, because those are some of the things that we're dealing with. And we're going to have to continue to say this and also communicate the urgency. This is just a matter of urgency because we have to take care of our staff.

Judge Salinas thanked both Ms. Hayes and Ms. Adams for today's presentation.

2) **Invite Public Comment from the Audience**

President Salinas invited public comment at this time.

There were no comments.

President Salinas Will Consider a Motion to Close the Public Hearing

Dr. Murtadha made a motion to close the Public Hearing. Ms. Payne seconded the motion.

Motion carried on the following roll call vote:

Mr. Biederman – Aye	Ms. Payne – Aye
Mr. Bigsbee – Aye	Judge Salinas – Aye
Dr. Murtadha – Aye	Ms. Tribble – Aye

The Public Hearing was closed at this time and the Special Meeting was reconvened.

4. **Other Business**

None.

5. **Adjournment**

The Secretary announced that there was no further business to come before the Board.

The Chairman declared the Special Meeting adjourned at 11:00 a.m.

Raymond Biederman, Secretary to the Board

CERTIFICATION

I, Raymond Biederman, Secretary to the Board, of the Indianapolis-Marion County Public Library, hereby certify that the foregoing minutes are true and correct.

Raymond Biederman, Secretary to the Board

