

In the November 2012 Board meeting we discussed how the current situation involving the split of capital improvement funds between the main branch and the smaller branches was leaving us in an unfavorable position to fund the upkeep of our information technology assets. If you want a refresher, my report on this is available for you to read in the November 2012 packet.

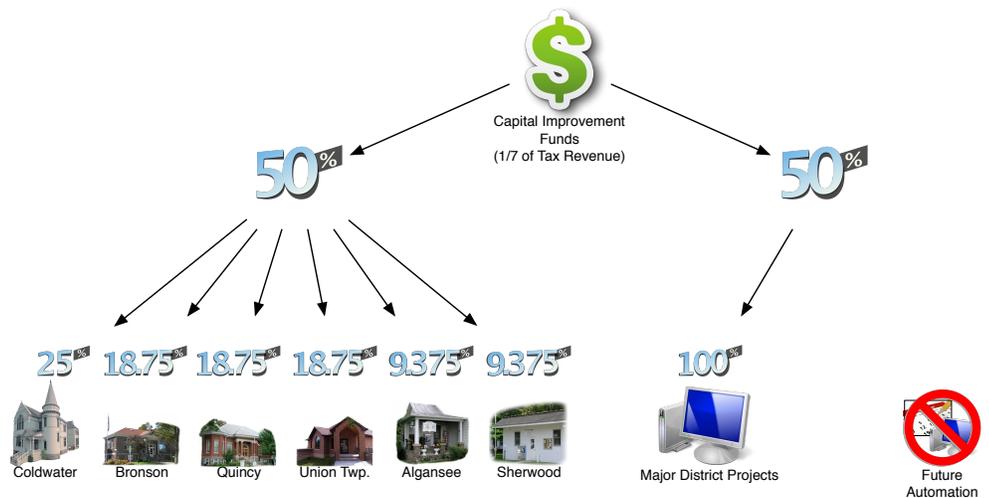
We tabled discussion of this issue until January’s Board meeting, at which time the Board opted to make the following changes, as noted in the minutes from January 14, 2013:

Capital Fund breakdown: The 2013 budget has no funds to be reserved for Future Automation. Rucker outlined at the time we adopted the 2013 budget, how Future Automation had been handled in the past. In 2011 we amended the provision in the Plan of Service that provided, beginning in fiscal year 2011 through 2012, 50% of the Capital funds shall be re- served for future needs within the district. The remaining 50% of the Capital Improvement Fund shall be spent as the branches propose for local needs, as specified in section 4 of the Plan of Service, as approved by the BDLS board. This breakdown of funds shall be reviewed after two years for the year commencing January 1, 2013. At this time we have no money set-aside for Future Automation needs. Since the line item for Future Automation is an internal transfer, there is no need to have it as a separate line item in the budget. **Motion by Frick, supported by Johnson, to eliminate line item Future Automation from the 2013 budget. Motion carried.** **Motion made by Reppert, supported by Watson, the Plan of Service on page 7, Capital Fund breakdown will be amended to continue a 50/50 split for 2013, and revert to a 60/40 split commencing January 1, 2014 due to budget constraints and provided we schedule a Public Hearing and notify all the municipalities to attend and speak on the subject. Motion carried.**

During the discussion of this motion it was decided we would revisit this issue this summer, well ahead of the 2014 budget process, to work out the details.

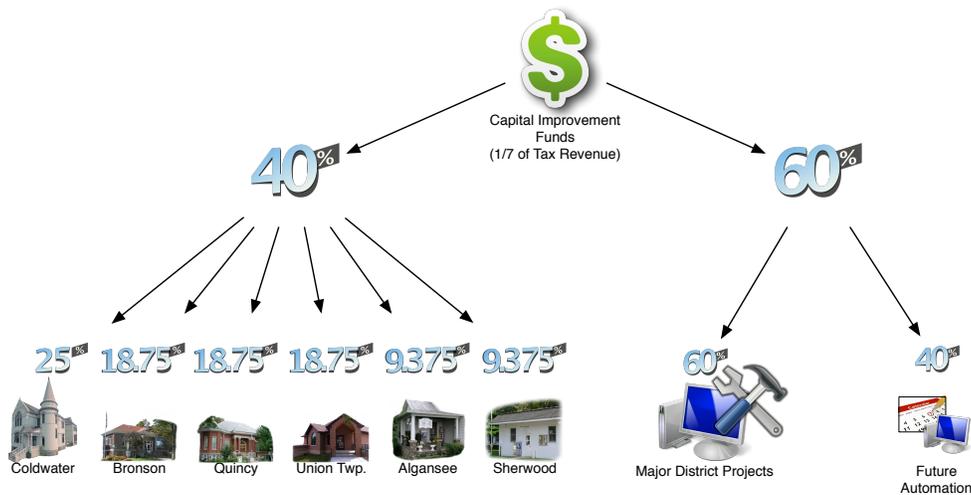
There was some confusion leading up to this motion, and as it turned out some additional confusion by us at the library, which we cleared up with you the week following the meeting. I provided an online presentation to the Board (link to archived presentation in this month’s online packet agenda), and an email discussion followed.

The short of the presentation and discussion was that, as the chart shows at right, the 2009-2013 breakdown left nothing for Future Automation, that is our “rainy day fund” for switching computer systems to run the library’s operations should the need arise.



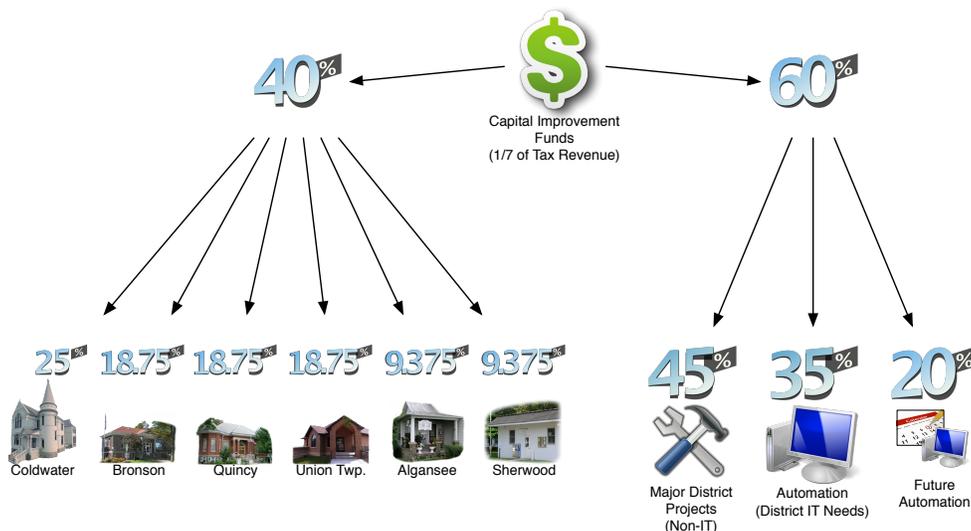
This was not a problem in 2009 when the breakdown was established, since the Future Automation budget line had \$60,886 in it, and I supported stopping deposits to the fund. \$60,000-\$100,000 is a prudent amount to reserve for switching systems for a library our size. However, due to misunderstanding the library had paid our annual ongoing equipment replacement costs through the end of last year out of this Future Automation fund, depleting it. (As big-ticket items, computers have not come out of our operating budget, though maintenance and small items do. We have sought Board approval each year for computers as a capital purchase.)

Which brings us to this month's discussion. The Board voted in January to revert to the 40% / 60% split that was in effect before 2009, as shown below:



Due to some of the confusion mentioned earlier, the minutes don't mention the further 60/40 split to put money into the Future Automation line.

I request, therefore, that the motion from January be clarified to clearly lay out how capital funds are distributed between the non-IT needs of the District, as well as our ongoing and future IT needs. As a starting point for your discussion I would like to propose that the 60% of capital reserved for District-wide use is further divided 3 ways: 1) 45% for major projects that are not typically IT-related; 2) 35% for our IT needs; and 3) 20% for a future automation fund that is not to be touched except as the Board approves for major library system software upgrades.



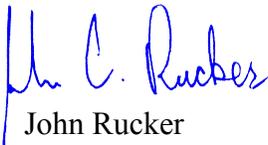
Using the 2013 budget's projected tax revenue, the 1/7 available to capital improvements would be \$108,440. Broken down by the above proposal we would see \$29,279 for Major District Projects, \$22,772 for annual IT needs, and \$13,013 for our future automation system needs.

One issue to consider is how to stop money going into the Future Automation line once our goal is met in 7 or 8 years, since there's really no need to let that line grow indefinitely. Call a meeting to change the breakdown when you hit \$100,000 or so? Put in language ahead of time to set a limit?

Either way, clearly delineating how district capital funds can be used will help to ensure that we can continue to offer high-quality resources to our patrons.

And finally, your motion from January required public hearings on this change. How would you like to proceed with this?

Thank you,



John Rucker