

MOUNTAIN VALLEY LIBRARY SYSTEM
Steering Committee Meeting
May 8, 2008

CONVENING:

The Steering Committee of the Mountain Valley Library System (MVLS) met this date at the Folsom Public Library in Folsom, California with Chair Darla Wegener presiding. The meeting convened at 9:20 a.m.

ROLL CALL:

| PRESENT | ABSENT | MEMBER LIBRARY | REPRESENTATIVE |
|---------|--------|--------------------------------|-----------------------|
| X | | Alpine County Library | Bessie Platten |
| | X | CSU Sacramento Library | Fred Batt |
| X | | Lincoln Public Library | Darla Wegener - Chair |
| X | | Mono County Library | Bill Michael |
| X | | Sacramento Co. Public Law Lib. | Coral Henning |
| X | | Sacramento Public Library | Anne Marie Gold |
| X | | Yuba County Library | Loren MccRory |
| X | | Woodland Public Library | Sandra Briggs |
| X | | MVLS System Headquarters | Annette Milliron |
| | X | MVLS System Headquarters | Patty Hector |

The Steering Committee introduced themselves to Sandra Briggs, the new director at Woodland Public Library.

1. APPROVAL OF MINUTES – APRIL 10, 2008

A Motion to approve the April 10, 2008 Steering Committee minutes was moved by Anne Marie Gold and seconded by Coral Henning. The Motion passed unanimously.

2. ADMINISTRATOR’S REPORT

A. AUDIT 2006/07

Ms. Milliron discussed a new law that the auditor made her aware of, that states all agencies should have a CPA on staff; even agencies as small as MVLS. Since the systems does not, the auditor was required to write a letter to MVLS that he’s essentially auditing his own financial statement. Discussion ensued. Ms. Milliron will send the Steering Committee a copy of the letter the auditor sent advising MVLS of the new law. The auditor asked Ms. Milliron to reassure the Council that 2007/08 audit would be completed in far more timely fashion. He has scheduled the MVLS audit for late September. Since all of the financial information will now be available to him locally, he will be able to complete the testing in a matter of days. There is a statement on page 1 of the audit that clarifies his lack of access to certain records from the City of Sacramento for testing on the opening balance. He further states the June 30, 2007 records are in conformity and therefore in good condition for a clean audit in 2007/08. Further discussion ensued.

A Motion to recommend acceptance of the audit to the Administrative Council was moved by Bessie Platten and seconded by Coral Henning. The Motion passed unanimously.

Ms. Milliron reported that she had recently met with the Sonoma County Auditor’s Manager of Special Districts, Randy Olson. Discussion was held on how best to set up the MVLS trust account arrangement. Mr. Olson advised against creating a separate trust account. For an agency such as MVLS, his recommendation is to keep the funds within the general ledger, but to designate them. The Council packet contains an example from the North Bay general ledger. Funds 335 and 341 are designed fund balances. Expenditures from those accounts require a majority vote from the Board. NBC also has an unreserved/undesignated fund balance (fund 320) that is their liquid assets.

Under the fiscal policy adopted there would be \$50,000 designated for wind down expenses. Another \$61,500 would be designated for an unreserved/undesignated fund balance that will be used for operation to ensure adequate cash flow. The total 2006/07 audited fund balance is \$377,222. The remaining \$264, 648 could be left in the

general ledger but could be a designated fund balance as recommended by Mr. Olson or it could be moved to a totally separate index as a trust fund. Ms. Milliron will be asking the Council for direction on this issue at their meeting later today but wanted to inform the Steering Committee as well about this matter. Discussion ensued.

A Motion to recommend the designation of \$264,648 for a reserve fund and naming a reserve fund of \$61,500 as a cash flow fund was moved by Anne Marie Gold and seconded by Bessie Platten. The Motion passed unanimously.

B. DATABASE PURCHASE

Ms. Milliron reminded the committee that they had directed the Reference Committee to select a database. She handed out the list of titles that the Reference Committee selected and noted that they also expressed an interest in purchasing an auto database. Discussion ensued. If all of the training money is not spent, the remaining monies will be rolled over to the Reference Committee for this purchase. The Steering Committee noted that they would like to know the price of the entire database purchase as there was concern that the system may be paying too much. Ms. Milliron reminded the Committee that MVLS is purchasing a database license to serve a population of nearly 2.4 million people therefore the price will be higher than that for a single library. Ms. Milliron will send that information to the Steering Committee. The recommendation of the Steering Committee is to have a public library Council member serve as the liaison to the Reference Committee. Loren MccRory stated that she was willing to volunteer for that duty. Various database vendors were discussed.

C. DELIVERY STATISTICS

The delivery schedule was discussed. The Steering Committee deferred discussion of the delivery statistics to the Council meeting.

D. BUDGET 2008/09

Ms. Milliron referred the Committee to the proposed budget included in the packet. Both the NBC reference and administration contracts include a 3.8% COLA as that matches the CPI for the Bay Area ending December 2007. The delivery contract includes a 15% increase to cover fuel surcharge costs. The April delivery invoice included a \$500 fuel surcharge. Member share does not increase this year, but she noted that all but approximately \$1,500 of the member share monies are used to pay for delivery costs. There isn't a budget allocation for a local program. She also noted that approximately \$16,000 will need to be moved from the reserves to pay for the administration costs. Ms. Milliron reported that the Sonoma County Pooled Investment program earned 4.298% before fees, 4.198% after fees. Discussion ensued.

A Motion to approve the 2008/09 budget as presented was moved by Loren MccRory and seconded by Bill Michael. The Motion passed unanimously.

3. SYSTEM MERGER

Ms. Milliron reported that John Shupe, the attorney working on the tri-system merger, has completed his initial research. There are three alternatives that could be used to form a consolidated organization. The best approach, in his opinion would be to have MVLS and NSCLS Councils voted join NBCLS. MVLS and NSCLS are joint resolution agencies and have the power to join other agencies if joining will benefit their members. Resolutions from MVLS and NSCLS governing authorities authorizing this action are not necessary as a JRA has the authority to operate for the benefit of its members. The State Library felt this method would be financially damaging as MVLS and NSCLS would be counted as only 2 new members to NBC rather than 26 new members. **OR** NBCLS, MVLS, and NSCLS could form a new joint resolution agency but this would require a resolution from each governing authority of each member. However, Mr. Shupe feels that JRA resolutions are not as difficult to craft and pass as are JPA resolutions. The third and final option is to form a 501 C 3 non-profit public benefit agency that would hire NBCLS as the fiscal agent and staff for the agency. The State Library recommends the formation of a new agency as a Joint Resolution Agency. They feel that a JRA gives the systems the greatest flexibility. Ms. Milliron will check to see if the existing JPA and JRAs have to be dissolved and how that would work.

The possible damaging fiscal effects are grim. Rosario Garza received an estimate for CLSA budget figures for a consolidated MCLS in 2009/10 and was shocked to discover that the group would lose \$90,000. It seems that the CLSA formula punishes consolidation. Discussion ensued. Ms. Milliron reported that she was told that the systems will have approximately the same amount of money to work with and distribution will be based on population. The base

amount will be divided among the 15 systems which after the pending consolidations will be pared down to seven systems. She noted that there had been a suggestion that the State “hold harmless” all systems for 2008/09 while they are in the midst of planning their consolidation. Ms. Milliron spoke with Sandy Habbestad at the State Library and found that the current formula was a LoC Board action and not listed in the regulations. It is important that the Systems find out what the current formula is and then contribute our input in formulating the new calculation/formula. Ms. Milliron noted that geography and population are definitely part of the current calculation. Ms. Milliron will contact the State Library to request the current formula calculation and will bring it to the Joint Systems meeting in Redding on May 16th. At the LoC August meeting, the systems will submit their merger request and the Board to hold all systems contemplating a merger harmless while holding funding at current levels. Further discussion ensued.

Ms. Milliron reported on the discussion she held with Jeanne Goodrich regarding her thoughts on system consolidation. Ms. Goodrich offered to work with NBC in a discussion approach, much the way that Liz Gibson offered. She has some valid suggestions that are so vast that all the systems and the State Library should be involved in the discussion and development of the ideas. She feels that the CLSA model is so out of date that systems need to return to a zero base system planning approach. Furthermore, there is merit in the idea that the “Mega-Systems” could work in a library development manner, but only as long as it was in concert to move the agenda of the State Library. Her concern is that the systems will never have the funding to “provide” services to libraries and should not even attempt to do so. North State is a prime example of how giving service to the libraries didn’t foster them to grow their local services. The NBC delivery program is another example of how the System could never give delivery to the members. Ms. Goodrich also suggests that new legislation to structure the new approach would be more beneficial than patching up CLSA.

Consultants for the tri-system merger were discussed. Consultants June Garcia and Sandra Nelson were recommended.

4. NEXT MEETING DATE

The next Steering Committee meeting will be held on Friday, June 6th at Placer County Library.

5. OTHER UPDATES, ANNOUNCEMENTS, AGENDA BUILDING FOR COUNCIL MEETING AT FOLSOM PUBLIC LIBRARY

Items that need to be on the next meetings agenda are: who will serve on the Steering Committee (Executive Committee) and the 2008/09 Steering Committee (Executive Committee) meeting dates.

6. ADJOURN

There being no further business, the meeting was adjourned at 10:30 a.m.

Annette Milliron DeBacker
Clerk of the Board
May 8, 2008