



**BOARD OF TRUSTEES  
PIERCE COUNTY LIBRARY SYSTEM  
MEETING MINUTES – SEPTEMBER 18, 2023, STUDY SESSION**

**CALL TO ORDER**

Chair Jamilyn Penn called to order the special meeting of the Pierce County Rural Library District Board of Trustees at 9:00 am. Board members present were Jamilyn Penn, Pat Jenkins, Pam Duncan, Neesha Patel, and Abby Sloan. The meeting was conducted in person, with the option of virtual attendance.

Revenue, Budget and Sustainability – Finance Director Mary Stimson outlined the Library's fiscal principles, emphasizing responsible stewardship of taxpayer funds, valuable community services, long-term organizational health, adaptability to change, and sustaining capital investments. The Fiscal Management Policy requires the Library to present a General Fund budget that uses current revenues, achieving a balanced budget through operational cost reductions rather than general fund reserves. It also requires an allocation of a specified percentage of general fund revenue to the capital fund. Ms. Stimson provided an overview and timeline of the Library's budget process, starting in September and concluding in December with the Board's approval of the final budget.

Ninety-seven percent of the Library's revenue comes from property and other taxes. The estimated 2024 revenue is \$46,844,573. This is determined through multiple methodologies, including data from the Pierce County Assessor, the preliminary levy certificate, new construction permits, and Moody's Case-Shiller property value projections. Revenue constraints include the 1% annual cap on existing property tax revenues, fluctuations in new construction, investment rates, and reimbursements from purchases made with P-cards and reimbursements from the Federal e-rate program for technology infrastructure and connectivity. Discussion ensued on the Library's current mill rate, which is estimated at 33 cents per \$1,000 for 2024 and the calculations used to help determine when a future levy lid lift seems feasible.

Personnel expenditures make up 69% of the Library's budget and are expected to rise in the coming years. In 2024, salaries and wages increased by \$900,000, with a 3.5% Cost of Living Allowance (COLA) due to a high CPI-U and annual step increases of 3%. Additionally, insurance costs are estimated to increase by \$300,000. The Library also plans to offer stipends to staff utilizing foreign language skills, considering usage and needs in stipend determinations. Savings in the personnel budget will result from not filling the retiring Deputy Director Melinda Chesbro's position.

Maintenance and Operations (M&O) accounts for 19% of the Library's budget. Impacts to expenditures include increased costs in leases, inflation, and supply chain challenges. The Library's commitment to Equity, Diversity, and Inclusion (EDI) efforts will require increased costs to support staff training and development. Enhancements are being made to the budget review

process, with a focus on aligning actual expenditures against the budget, particularly in areas such as general repairs and maintenance. Additionally, the Library is exploring departmental variable spending and optimizations to streamline budget requests and promote efficiency.

The Library's Materials budget, representing 10% of the total budget, is anticipated to undergo minimal adjustments in 2024.

Additional expenditures from the Capital Fund include the purchase of new vehicles, engagement and advertising for building projects and strategic planning, and major projects such as the Interim Lakewood building, demolition of the Wildaire Rd. facility, restoration to the Buckley landscaping, preparations for the new Sumner Library, and the facilities condition assessment and master plan update.

The Library plans to reduce the amount of funds transferred to the Capital Fund from \$1.5M to \$1.25M. No deposits to the Sustainability Fund are planned as we have reached the end of phase 1 of the sustainability strategy.

Business and Compliance Director Cliff Jo provided background on the implementation of the Levy Sustainability Fund. The 2018 levy promises included setting aside a portion of the restored levy to last for several years. By 2024, the fund total will be approximately \$16M, due in large part to favorable interest rates.

Mr. Jo reviewed the three phases of the 11-year outlook, notably called "The Curve," which he initially presented to the Board in March 2020.

Based on updated data and trends, the Levy Sustainability Fund will deplete by 2028 if no changes are made to annual expenditures. The mill rate has begun moving up and property value growth is easing. As a result of these factors, the Library must cut spending by \$4M-8M before 2028 in order to sustain operations.

Phase 1, the point in time when revenue exceeds expenditures, will end in 2023. Phase 2, the point in time when revenue and expenditures are equal, will be 2024. Phase 3 will now begin in 2025. Mr. Jo stated the Library would begin planning for Phase 3 in 2024, supported by the upcoming strategic planning process.

Mr. Jo presented a 12-year outlook on projected mill rates, which would inform the Library as it considers when a levy lid lift could be brought to the voters.

Discussion ensued about factors affecting the mill rate and the importance of the Library's diligence in determining whether it should go to the voters to request a levy lid lift.

Executive Director Gretchen Caserotti noted that initiatives such as the Facility Master Plan and the Strategic Plan projects beginning in 2024 will inform the Library about community needs and guide the Library as it determines future budgetary strategies.

Trustees thanked Library administrators for the comprehensive information and material.

**ADJOURNMENT**

The meeting was adjourned at 10:03 am on motion by Trustee Duncan, seconded by Trustee Sloan.

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*Gretchen Caserotti*  
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Gretchen Caserotti, Secretary

DocuSigned by:  
*Jamilyn Penn*  
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Jamilyn Penn, Chair