



**BOARD OF TRUSTEES  
PIERCE COUNTY LIBRARY SYSTEM  
SPECIAL MEETING MINUTES – AUGUST 20, 2024**

**CALL TO ORDER**

Chair Pamela Duncan called to order the Special Meeting of the Pierce County Rural Library District Board of Trustees at 4:00 pm. Board members present were Pamela Duncan, Neesha Patel, Abby Sloan, Ryan Wheaton, and Pat Jenkins. The meeting was conducted in person, with the option of virtual attendance.

**FISCAL MANAGEMENT AND LEVY SUSTAINABILITY FUND**

Executive Director Gretchen Caserotti welcomed the trustees and provided an overview of the agenda. She noted that 2024 and 2025 continue to be planning years.

Business and Compliance Director Cliff Jo provided an overview of the Levy Sustainability Fund (LSF), a state auditor approved fund which captures monies that are in excess of the Library's expenditures from the 2018 levy lid lift ballot measure. The intent of the sustainability fund was twofold – to plan for the time that expenditures would exceed revenue and to extend the promises to the voters to sustain services beyond just a few years from the levy lid lift. He provided an overview of the three phases of the LSF. Phase 1: deposits into the fund when revenue exceeds expenditures; Phase 2: no deposits into the fund when revenue equals expenditures; and Phase 3: expenditures exceed revenue, requiring the Library to draw funds to balance its budget.

Director Jo noted there are no legal obligations on the ballot measure to sustain services for a set amount of time and that the only the Board can authorize release of these monies via resolution. The Library anticipates a balance of approximately \$17.5 million by the end of 2024. The Fund is earning approximately \$80,000 per month at an interest rate of 5.25%.

Discussion ensued on the 1% property tax cap on revenue and how growth has an inverse effect on the mill rate. Director Jo noted that while the Library can control expenses, it cannot control the legislative limits on revenue. He also noted that expenses were much higher than predicated in 2018, which led to reaching Phase 2 earlier than anticipated.

Finance Director Mary Stimson noted the Library has been ensuring compliance and being disciplined with the budget process, streamlining fiscal management and reporting. The Library is also working toward returning to Governmental Financial Officers Association (GFOA) standards. Director Stimson noted the importance of continued service levels, managing budget and reserves, remaining solvent and rebuilding the Capital Fund reserves.

Director Jo shared the 11-year outlook for the levy sustainability fund, referred to as "The Curve". Based on the new financial model, the LSF is forecasted to be depleted within three to four years if no changes were made to address the key financial challenges the Library is facing.

Administrators will request that 1.5% of the interest earned on the LSF be transferred to the Capital Fund. The Library is also exploring external financial support grants, the need to align material and staffing budgets with cost projections.

Director Stimson noted the importance of ensuring sufficient cash flow for the General Fund balances to cover expenditures in April. She also shared a model of the forecasted deficits in the budget through the year 2031. The model reflects a compensation package which includes a 6.5% annual increase that includes the COLA, which is at 90% of the CPIU, and a 3% step increases for all employees.

Discussion ensued on the factors that contributed to the change in the projections shared in 2022. Inflation, personnel costs and Capital Fund needs for the Lakewood Library played a role in the change.

The question arose on whether unanticipated employee costs contributed to the steepening of the curve. Executive Director Caserotti noted that the collective bargaining agreement makes personnel a predictable number. Approximately 70% of the Library's Maintenance and Operation budget is allocated for personnel, which includes salaries and benefits.

Executive Director Caserotti noted Administrators are seeking the Board's guidance on prioritizing the allocation of the Library's resources. She noted other considerations such as running a capital ballot measure to fund facility needs or moving toward a levy lid lift, which would require a five-year runway for planning. She confirmed the Library cannot do both as it has no reserves to fill the gaps.

Executive Director Caserotti asked the Board to consider how they would like the Library to close the gap. Would they prefer depleting a steady amount from the LSF each year, requiring an adjustment of expenses, or using the funds as a stop gap? She added that long-term sustainability and accountability to the taxpayers are the goals of the Library.

Trustees noted the importance of being mindful of how close the 2018 ballot measure was. They inquired about whether the Library has undergone an external audit to better understand where to make reductions. Executive Director Caserotti noted increased transparency of the budget process has been particularly effective. Departments are exploring ways to be more efficient and collaborative, reducing redundancy and increasing accuracy. Leaders are also very intentionally assessing the need to fill positions as they become vacant. In 2025, a project to re-examine all job descriptions will commence. She added that the Comprehensive Capital Plan (CCP), which is currently underway, includes a financial analysis component.

There was discussion on the Library's commitment in the 2018 levy lid lift campaign to maintain current service levels. Deputy Director Connie Behe noted the Library continues to focus on being more efficient, understanding changing business needs, and adjusting its services in response to how the people in the communities are using the Library.

A question arose on the option to reduce the Capital Fund. Director Stimson noted the projection reflects the current needs for the interim Lakewood Library and the new Sumner

Library, as well as anticipated maintenance and repair on other facilities. She stressed the importance of maintaining the reserves to align with the Fiscal Management Policy, noting the outcome of the building condition assessments and the CCP at the end of 2025 will better inform the Library's approach.

Discussion ensued on how the work of the Foundation impacts budgetary decisions. Director Jo noted the importance of the Foundation's efforts in supporting the new Sumner Library through their Capital Campaign, with a goal of raising \$3 million. Foundation Director Dean Carrell noted the Foundation has additional opportunities to raise funds, such as through grants.

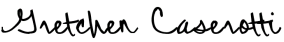
Trustees asked for more information on viable grants and partnerships. Executive Director Caserotti noted the Library and the Foundation are exploring ways to increase self-generated revenue through state and federal funding. There was discussion on how the Library could leverage these funds to acquire other funds, utilizing funds for grant matching opportunities and the value in the Library not carrying debt.


Executive Director Caserotti thanked the Board for the discussion, noting it would inform administrators as they prepare to present a draft budget in October.

Trustees shared appreciation to administrators for sound fiscal policies and stewardship of taxpayer dollars, adding that all viable options for managing reserves and future spending be considered. Administrators are encouraged to explore ways to extend the curve an additional year or more as the 2025 budget is prepared.

**ADJOURNMENT**

The meeting adjourned at 5:25 pm on motion by Trustee Wheaton, seconded by Trustee Jenkins.

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Gretchen Caserotti, Secretary

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Pamela Duncan, Chair