

Loutit District Library  
Finance and Personnel Committees Joint Meeting Minutes  
May 12, 2020

Meeting held via Zoom due to library closure.

Committee members present: Brooks, Bulthouse, Derdowski, De Young, Menerick, Osmun, Rusco, Zink, and Martin

Committee members absent: Craun

Others present: FitzGerald, Knight, Moore, Brian Mortimore, Amy Van Oordt

Meeting called to order by Brooks at 3:33 p.m.

Minutes from the April 28, 2020, joint Finance and Personnel committees were approved as presented, 9 yes and 0 no, roll call votes.

Call to Public – Library employee Amy Van Oordt commented on calls she and other staff members have been making to residents over age 70. She mentioned Brooks is on her contact list.

1. Compensation Philosophy – Brian Mortimore, Mortimore Consulting

As part of Mortimore's salary study he included a draft *Compensation Philosophy* document which is intended to guide management and board in decisions regarding employee compensation. Committee members reviewed the draft document and referred it to Personnel Committee and staff to finalize. De Young questioned whether the library's pay classification – market spread of 25<sup>th</sup> – 75<sup>th</sup> percentile – should be included? Menerick questioned whether job classifications should be included? In discussion of definition of "employee in good standing" Mortimore suggested this language be added to the Purpose paragraph, "An employee shall be deemed to be in good standing when they are performing as expected, attending to their work in the spirit by which they were hired, and generally meeting the needs of the library."

2. Five-Year Financial Plan

Derdowski presented the updated Five-Year Financial Plan. The County's financial projection is 4% growth in library district values. This plan assumes a more conservative 3% growth. Interest income has been reduced to 1%. General Fund budget surpluses are forecast for the next several years.

Derdowski proposed pursuing fund development to ensure long-term financial security for the library. Menerick volunteered to assist if needed.

3. Proposed Organizational Chart

The Chart was reviewed. Total number of employees has been reduced from 29 to 23 with two upcoming retirements and 4 positions being eliminated. Vacant positions will not be filled at this time but will instead be evaluated for need in the near future, once the library is able to reopen and begin providing in-person services.

#### 4. Director's Proposed FY2020/21 Budgets

Suggestion to include information on elimination of overdue fines in the Budget Overview and to include statistical information on number of electronic materials circulated.

Derdowski reviewed Debt Service funds, Maintenance Fund, and General Fund proposals. All funds are in good financial shape and fund balances are adequate. Debt Service A Fund reserve is projected to grow and in future years the board may want to lower the tax rate assessed on this fund.

Included in the General Fund budget are salary adjustments based on market research from the recent salary study, cell phone reimbursement to nine managerial staff members, funds for building repairs to windows and window sealant, and funding for a new automated patron hold pickup device to be placed in the garage.

#### 5. Review of Health Insurance Plans

For FY20/21, two health insurance plans are available to staff members eligible for insurance – a traditional HMO copay plan and a high deductible HSA plan. Employees will get to choose and the library's cost will be about 5% over FY19/20. Health Savings Account contributions will continue to be made to eligible employees. Vision, dental, and disability insurance costs are unchanged from the current FY.

#### 6. Salary Study

Based on market research from the April salary study, De Young proposed raising wages of all employees under 100% of market average to 100%. Goal is to have pay ranges from 90% - 110% of market average. Discussion of what to do with employees whose salaries are above 115% of market average?

Brooks proposed making salary adjustments as presented in the budget proposal, bringing those under 100% to 100% with a 1.9% inflationary raise for those above 100%. He also suggested that the library invest annually in a current market study of wages at a cost of approximately \$3,000. De Young stated that this is a transition year and supported Brooks. Total one-time salary adjustments will be \$84,200, cost of living increases of \$2,400, lump sum payments of \$4,400 and FICA, retirement and other fringe costs of \$19,640, for a total increase of approximately \$110,600.

Brooks also pointed out that recent staff reductions were not the result of the salary study, a process that began over two years ago, but by the COVID-19 pandemic.

**Motion by Brooks, second by Bulthouse, to recommend the board approve 1.9% wage increase for employees below 110% of market average, to make one-time lump-sum payment equal to 1.9% of wages for those employees whose salaries are above 110% of market, and to accept the salary adjustments as presented based on the salary study.**

**Roll call vote, 9 yes and 0 no.**

7. Other

- A. Derdowski recommended the current capitalization figure of \$1,000 be raised to \$5,000. Library of Michigan, based on recommendations from the accounting firm of Yeo & Yeo, recommended \$5,000.

**Motion by Menerick, second by Rusco, to recommend to the board adjusting the library's capitalization figure to \$5,000.**

**Roll call vote, 9 yes and 0 no.**

- B. Personal Cell Phone Subsidy Benefit – It was recommended that a new policy and procedures for this proposed staff benefit be created. Reimbursement is proposed for nine management staff members at \$40 per month without need to produce their personal cell phone bill.

**Motion by Osmun, second by Bulthouse, to recommend to the board that library management staff receive a \$40 monthly subsidy for use of their personal cell phones for library work.**

**Roll call vote, 9 yes and 0 no.**

- C. Menerick questioned expense of background checks for all employees. Derdowski explained that currently background checks are conducted for new hires. However, we need to pursue an attorney's opinion on conducting background checks on existing employees. The question will be asked as part of a complete rewrite of the Personnel Manual.
- D. Rusco suggested the Personnel Committee meet soon to discuss the Compensation Philosophy and to send comments or suggestions to Bulthouse or Martin. Martin will arrange a meeting date/time.

Meeting adjourned at 6:21 p.m.

Respectfully submitted,  
John Martin, Library Director