

Erie County Legislature
Mid-Year Budget Hearing
Wednesday, June 17, 2015
1:15 p.m.

TED JOHNSON: Good afternoon and thank you for having us here today. On behalf of the Library, please accept my sincerest appreciation for your time. As always, I must express the Library's gratitude for your ongoing support and confidence in the services we provide to the residents of Erie County.

Today, we will be speaking to the status of the 2015 budget. Looking at the Library's financials for the month ending 4/30/2015, you will note we are running within budget for areas such as salaries and wages; however, fringe benefits are above budget - significantly in the area of retiree health insurance. This is concerning to all of us and Ken Stone will be touching on this further in just a few moments. There are a few categories for which you may have questions, and we will be glad to answer [your questions]. I now turn this over to Mary Jean.....

MARY JEAN JAKUBOWSKI: Thank you Ted. I would like to recognize the presence of the Library's Administrative Team here with us today. Thank you for joining us.

On behalf of the B&ECPL, thank you for listening to us today and, as always, thank you for your ongoing support of library services.

As Chair Johnson noted, we have concerns regarding rising costs in the area of retiree medical. Insomuch as health insurance is

experienced rated; this account can be highly volatile. We will continue to monitor the situation closely.

I would like to quickly address the Library vacancies as listed for April 30th. All but 2/15 of the full-time/regular part-time vacant positions are slated for elimination. They are vacant because of civil service/union contract requirements until such time the incumbent passes probation. The 2 full-time vacancies, which have since been filled, were done so under the auspicious of need - our evening caretaker retired - this position supervises a night cleaning crew, and the Book Processor RPT, also vacant due to retirement, is 1 of only 3 positions [other 2 full-time] which are responsible to process (label, stamp, RFID tag, etc) ALL of the new materials received for the System.

Part-time vacancies are predominantly from Page/Sr. Page positions, which are high turnover positions. I would like to note that several of the positions will be eliminated as I can happily announce that all 37 of our libraries are now up and fully running using RFID technologies.

I do want to take a few moments to update you on an emergency capital item affecting the Central Library building.

One of 2 feeder lines transporting roof water and sanitary waste to the main 9' sewer line running down Oak Street was backing up during rainfall, causing water and sewage to enter the library's boiler room and fill a nearby elevator shaft; the connection was found to be 80% collapsed. Library staff worked with Department of Public Works and Erie County Health Department staff to assess the situation and identify solutions. Contractors have been engaged to replace the failed lines and

sanitize impacted areas. Costs are estimated to approach \$255,000. It is our understanding the fix is complicated because of the collapse location, underneath the center of Oak Street between William and Clinton Streets, which is the significant factor driving the project's cost.

The Library deeply appreciates the commitment and response from the County Executive who on June 8th issued an emergency declaration to expedite repairs, DPW Commissioner Loffredo, Health Department Commissioner Burstein and their staffs who were instrumental in working with Library staff to identify the problem and effective solutions.

Funding for this work will come from the 2015 Central Library MEP Capital Project, budgeted at \$500,000, which your body approved as part of the 2015 Erie County Capital Budget. This situation highlights the need and wisdom of budgeting for ongoing restoration of mechanical, electrical, plumbing (MEP) systems for the 50+ year old Central Library. A request for additional MEP Capital funding has been submitted for consideration for 2016 Capital funding.

Library staff are also working with DPW staff who are in the process of engaging design services for the 2015 Central Library Auditorium Rehabilitation and Asbestos Abatement Project. This project would renew the Central Library's Auditorium to bolster its role as a unique downtown presentation, meeting and public performance space.

Bids to install a large capacity elevator to replace the Central Library's original escalator system are expected to be in the street this summer. A request for removal and abatement of the

escalators has been submitted for consideration for Capital funding in 2016.

Mr. Stone will provide additional information. Mr. Stone....

KEN STONE: Good afternoon. Thank you for the opportunity to provide an update of the Library's year-to-date budget status. I will briefly review the Library's Operating Financial Report as of April 30, 2015 which has been distributed for your consideration. The first 2 pages provide bulleted highlights of revenue and expenditure items followed by line item detail spreadsheets. I will cover the highlights from that report.

On the revenue side, we received good news from Albany this year. The Library, working with other libraries through the New York Library Association, emphasized our message that "Libraries Are Education" and library funding should increase proportionately with increases in school aid. That message was heard loud and clear.

In this year's budget, libraries will receive a \$5 million increase in library aid over the Governor's Executive Budget, bringing total library aid in FY2015-16 to \$91.6 million, a nearly 6% increase in library funding over last year that functionally tracks this year's percentage increase in education funding. It also represents the biggest single-year increase in library aid in 7 years.

We are most grateful for the interest and support provided by our State Legislators. For the B&ECPL, the increase represents approximately \$116,000 to the Library Operating Fund and \$36,000 in recurring Library Grants.

The expenditure side is more of a mixed bag, with 32.9% of the budget year elapsed. Salaries and wage expense is running under budget, 31.4%, with turnover contributing to the under-budget condition. However, fringe benefit expense is running above budget at 37.0% overall. The impact of vacancies on percent driven benefits (payroll taxes, unemployment insurance, retirement and workers compensation) was more than offset by retiree health insurance expense being at 48.8%, the latter subject to significant swings due in large part to changes in usage by retirees. If present trends were to continue, the increased retiree medical expense would consume the anticipated salary savings and possibly the increased New York State library aid. This account can be highly volatile; library staff will continue to closely monitor the situation.

Moving on to other operating accounts, telephone and Internet service charges show at 58.4% pending receipt of e-Rate reimbursements. The federal e-Rate program currently covers 62% of eligible expenses in this category, with most expenses eligible. This will increase to up to 90% for eligible wide area network/Internet access and up to 70% for plain old telephone service (POTS) on July 1st. Most of the e-Rate funding is provided on a reimbursement basis. Factoring in payment timing and anticipated reimbursements, these charges are expected to end the year below budget.

Switching from telecomm to other utilities, electric and natural gas utility expense, unlike the first 4 months of 2014, is running well below budget. A second long (even colder) winter saw usage increase, but costs decrease due to moderate rates. January - April natural gas charges of \$93,813, came in at 49.9% of the 2015 annual budget, however they were 35.2% LOWER than the

\$144,746 paid in January – April 2014. Similarly electricity charges of \$187,836 came in at 24.6% of the 2015 annual budget and were 32.7% below the \$279,250 paid in January – April 2014. The season’s prolonged cold was not accompanied by the large rate spikes that occurred in early 2014, which moderated as the year progressed. This reduces the budget impact for both natural gas and electricity (as natural gas is used for both heating and electrical generation). Combined, interfund utility charges were \$142,347 (33.6%) BELOW those incurred for the same months in 2014. Only time and Mother Nature will tell us if the savings from earlier in the year continue or are offset by a hot summer! The Library participates in Erie County’s aggregated utility purchasing pool which saves costs compared to retail pricing. I hope you found the presentation useful. We are pleased to answer any questions you may have.

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