The regular meeting of the Library Board of Trustees was called to order at 7:20 p.m. by Chair Jeff Breeden.

I. Pledge of Allegiance The pledge was led by Jeff Breeden.

II. Citizen Participation: Items raised under this portion of the Agenda cannot be acted upon until provisions of Nevada’s Open Meeting Law have been completed. Therefore, any action on such items must be considered at a later meeting. Public comment is generally limited to 5 minutes per person.

There were no comments at this time

III. Consent Agenda: Matters considered routine by the Board of Trustees and which may be enacted in one motion. Any item, however, may be discussed separately per Board member request. Any exceptions to the Consent Agenda must be stated prior to approval.

Ann Langevin moved that we approve this agenda. Rachel Hunt seconded. Motion carried.

IV. Reports: Kim verified that there were no reports.

V. Report/Discussion/Action Possible: The agenda items in this section are for discussion and for possible action. The items may be heard in any order; two or more items may be combined for consideration; an item may be removed from the agenda; or discussion related to an item may be delayed at any time.

1. Determine construction budget for planned expansion / Hobbs, Ong & Associates - Action Possible, Jim Chachas

Darren Hodge presented a decrease in the assessed value. He attested that their best guess is that it is down to $719,365,019. He explained, if the assessed value is low, the tax becomes higher.

Jeff wanted to know how unusual it is for a 20% discrepancy to become apparent over a 15-day period.

Jim assisted with the answer. He said an error had occurred in the personal property side of the process. The Clark County Assessor’s Office had overestimated construction work in progress and the result was in essence a double counting. Last year the figure was overstated. Jim stated that it is a drastic change for the library but that $719 million is now the driving number. Jeff
asked, given the number of revisions they had seen in the last few weeks, if Jim thought they were in the ballpark now. Jim doubted that it would get worse.

Darren then went through his report. Page 4 reflected sources and uses of funds. The sources are funds received from bond holders. He pointed out that the number to look at is the project fund. Option 1 exhibited the number they originally ran as $8,500,000. An additional four scenarios were run at 9, 9 ½, 10, and 10 ½ million dollars. He explained that greater need will equate to more debt service the library will have to pay.

The next page covered assumptions. The first assumption Darren went over is that this will begin in August of 2019. The library will have two months from the beginning of the fiscal year before the debt needs to be sold. He explained that the library could go to a bank and ask for a loan, however, there are limitations and 20 years is on the cusp of what a bank will buy. The conservative approach is to assume the debt will be sold on the public market. Repayment will last for 20 years. Level debt means that payment will remain the same each month. An “AAA” rating is the best, and “A” is still a strong rating, so this is the category they selected for the library. He answered a question from the Board regarding the spread between an “AA” rating and an "A” rating and the reasoning for the push back from July 1st to Aug. 1st. Jim explained the mechanics of the way property taxes are paid. The previous year’s taxes are still collected into August and he would like to get as much of the collection into the bank before the library will have to make a payment.

Page 6 of the property tax options report was discussed next. It dealt with Option 1 which made the assumption the expansion will cost 8.5 million. It reflected the debt levy as higher than was shown on the previous calculation. With a 10 cent debt levy the library would owe an approximate $670,000 annual payment. The other important calculation Darren pointed out was a column indicating an over collection to allow for a reserve which can act as a “rainy day fund.” A reserve in the amount of a one-year debt service payment is required. Jim explained what drives the number used for calculation is what the library will need to raise plus the interest rate. Darren and Jim helped the Board to understand the differential by explaining that within a fiscal year, July 1 and Aug. 1 are principle payments but the rest are interest payments.

Darren explained that the following page offered a variation in which they were solving for an 11 cent debt levy and Option 1B exhibited that the needed reserve could be generated within 2 years.

The need for discussion to identify a strategy for continuity between the current year and a future rate was discussed.

Jim pointed out that once the reserve is established, the rate can potentially be ratcheted down. If the assessed value increases, then the levy can decrease. The report prepares for a worst case scenario.

On page 8, Option 2A (Proposed bonds to fulfill a 9-million-dollar debt at a 10 cent tax) displayed that after five years the reduction could be passed along to the taxpayers.
Jeff asked if the current rate has been bouncing around since the inception of the bond. Jim said several years ago there was a discussion with the Department of Taxation. They require that a full year of debt service be held in reserve yet they were asking why the library wanted to keep a higher rate than necessary. Jim explained that the reserve was spent on day 1 of the fiscal year. He explained to the Board that the reserve amount had been getting closer and closer to the edge with this year having the $56,000 shortfall; necessitating the payment from the general fund.

Next year, without a rate change, a $50,000 infusion will be needed from the library general fund. He assured the Board they will be well positioned to monitor the new bond issue because it will be outside the cap that required the current bond to be calculated per parcel individually. The new bond will be sold to the voters outside of the cap and so 1 cent will generate as an exact science.

The final payment for the current bond will be July 1, 2019. Jeff asked if the current 8.5 cent rate can or should be modified in the next three months? Jim clarified that 99% of the library income comes from property tax and consolidated tax. He explained the existing practice of transferring general fund monies to the capital projects fund as a savings method. He provided the example that next year the plan is to transfer $275,000. Rather than hitting the voters with an increase at the same time it is asking for a new bond issue, he suggested that the shortfall be addressed out of the capital projects fund and separate the two issues. He advised just focusing on selling the new issue.

Rachel asked with an 8.5 cent rate now, if the community asks what to expect in the future, what range would be safe to say. Jim addressed the question saying, if the assessed value drops out and this year proves not to be an anomaly, a general obligation (GO) bond requires the library to levy a tax sufficient to repay the bond. Operating the library comes second.

Darren added the assumed 2% growth over time addresses the bottom falling out and is a conservative calculation designed to prepare for a worst case scenario. He then proceeded to move through the rest of the report which indicated raises in the required amount to include 9, 9.5, 10 and 10.5 million dollars. The calculations also provided for two possible tax rate options which would allow for faster accumulation of the one-year repayment reserve.

Darren pointed out that as the amount borrowed from the market increased the debt service amount also increases. For example, between Option 1 and Option 3 (page 6 and page 10) a $670,000 payment would increase to $740,000 in debt service. It will also take longer to generate the reserve. By Option 4A (page 12) the tax levy of 10 cents will not meet the repayment need, so the calculations required a jump to 10.5 cents. An optional 11 cent proposal will permit the reserve to be built within 5 years in this case.

The numbers were run to accommodate scenarios of up to 10.5 million and with a 12 cent tax levy, but Darren offered to run any additional “what if…” scenarios the Board would require page. 16 offered a homeowner impact view. Calculations were offered for homes valued from $100,000 to $400,000. Both annual and monthly impacts were shown on the report for 10, 11,
and 12 cent property tax. Jeff quickly calculated that at a 12 cent levy on a $400,000 property the increase would be $50 a year. Jim in response to curiosity expressed by the Board offered to provide the history of tax rates on the current bond. He knew the rate had been 6.5 only four or five years ago before it had been raised to 8.5. Marita indicated that the information would be helpful to them with their decision. Considering the shared community funding needs for firetrucks, swimming pools, and the library, she wanted to be considerate of voter options.

Jeff expressed thanks for the finance modelling which had been done. He generally agreed with the solution of taking payment from the savings but he asked if they wanted to change the tax rate how much time would be available to do so. Jim informed him that they would have to have a request in by the following day. A great deal of number crunching would be required before the Dept. of Taxation could be informed of the request by their deadline which was 2 or 3 weeks out. The general consensus was that the library does have an option which is workable.

After the departure of the financial advisors the Board worked to figure out their options and come to a decision. They examined the document from ESG Construction Consultants providing an estimate of costs. Jeff cautioned the furniture, fixtures, and equipment (FF & E) figure would be a wild guess. Rachel asked for clarification on the timeline. Jeff expected a fall of 2019 roll-out and he guessed at a year’s duration. They also discussed disruption and library service during construction. As a vehicle has been on the wish list for some time, operating out of a bookmobile in the driveway was a joke offered.

They examined architecture fees and construction costs and realized that they were already at $8,000,000. The Board then questioned the inclusion of grading the property next door if the library does acquire it. Kim indicated that the City knows of the library’s interest. Jeff felt that Kiernan would like to save appraisal money and would be speaking at an upcoming council meeting about the possibility of deeding the property to the library. Kim said a gentleman, Mr. Marsh, is interested in the building next door and intends to attend the May meeting.

From page two of the renovation estimates, the Board looked at the alternative prices and discussed whether the painting which had just been done could reduce one figure while they wondered if the new service drive figure listed as A-5 included the option for a loop to the lower level. They hoped that the estimate may have been prepared to allow for them to complete the project under budget, but with the FF&E and alternative costs bringing the project up to $9,414,975 they questioned their agreement with the figure. They noted that contingencies seemed to have been built into everything. For instance, construction escalation costs gave a 30% cushion.

They next tackled the question of how much they wanted for a construction fund. Jeff felt that the 8.5 cent tax felt thin to him. He suggested the group start by eliminating choices that seemed too low. Marita felt that Option 2 at 9 million was too low. She felt that 9.5 million would have to be the starting point. This concerned her because problems had yet to be factored in. Ann expressed that she would hate to build a wonderful place and not have funding for furniture or an audio system. Jeff pointed out that audio for the amphitheater might be a want, but not a need. It
is functional as it is and there is no guarantee that dropping money into it will improve its under-utilization. They questioned what is driving the under-utilization. They also discussed the benefits of the other alternative costs such as the balcony and the play area and decided they would like to include having them funded. Ann expressed her greater comfort with the 9.5 million-dollar option.

Rachel asked how utilities might be affected. She mentioned the solar panel subject which had been brought up in earlier discussions. The downstairs is already cool so they determined the temperature is already regulated and should not double the utility requirements. They also discussed staffing costs and needs. The group determined that 9.5 million-dollars was the lowest they would be comfortable with.

On the subject of the Café, Jeff noted that it does not have to open at the same time as the other renovations are completed.

Once the building goal was established, the group looked at the 9.5 table Jim and Darren had presented, so they noted that the minimum would be at least a 10 cent tax. At a penny and a half increase, Jeff stated that equated to a $20 a year increase for the property owner of a $400,000 home.

At a $10 million budget the Board realized they could not keep the 10 cent rate anymore. Jeff related that his instinct indicated this was the range they would need, however, Marita did not want to cut the funding too close and not be given the option to acquire the land next door. They discussed options for the adjoining property.

The group tried to remember bond issues they as citizens had been presented with in the past. They agreed they would be locked into what was put on the ballet. They liked having a nice round number so a $10 million budget put them at an 11 cent minimum. They decided they did not want to do a re-classification for the remaining two-year period on the current bond because they would prefer to work on building community relations.

Questions were asked about the proposed aquatic center. The values of the library were shared and a discussion followed regarding the ways they could promote the library to those who have not been exposed to the vision for the future. A conversation about needs, public relations, and sales work was embarked upon. The need for a promotional fact sheet was agreed upon. The consensus was that Boulder City is a conservative town about their money and it causes the Board concern about asking to increase the property tax.

Having decided to settle on the $10,000,000 figure, the Board discussed the difference between an 11 cent and a 12 cent tax. With the 12 cent figure, the reserve fund can be accrued within three years. The space next door was again brainstormed. The subject of security was also discussed. If they do get the parcel, it will be a wild card. They decided they wanted the have funding breathing room.

Ann Langevin moved to set the construction fund target at $10 million. Marita Rhinehart seconded. Marita called Erica (who was attending a class) in order to include her in the decision.
Jeff explained to her they had thrown out 8.5 and 9 million dollar options as part of the deliberation and settled on $10 million as a round number to talk to people about. She was informed they will be required to raise the levy rate from 8.5 to at least 11. The difference is $3 a month on a $400,000 home. Jeff stated for her that if the population chooses to not do anything it will equate to 8.5 cents being taken off their bill. He informed Erica that no estimates existed for the property next door. Erica offered her questions and felt caught up on the conversation. Jeff restated the motion and called for a vote, including Erica. Motion carried unanimously.

VI. Announcements:

1. Boulder City Library Board Meeting, 7pm, Board Room, Wednesday, April 18, 2018
2. Boulder City Library 75th Anniversary Celebration w/Family Movie, 5pm, Community Room & Amphitheater, Friday, April 20, 2018
3. Superhero Saturday Comic Book Fair, Noon-3pm, Community Room & Amphitheater, Saturday April 28, 2018

VII. Citizen Participation: Items raised under this portion of the Agenda cannot be acted upon until provisions of Nevada’s Open Meeting Law have been completed. Therefore, any action on such items must be considered at a later meeting. Public comment is generally limited to 5 minutes per person.

There were no comments.

VIII. Adjournment:

Rachel Hunt moved to adjourn, Ann Langevin seconded. The meeting was adjourned at 9:14 p.m.