

## **HARVARD CITY LIBRARY BOARD MINUTES**

**August 19, 2021**

**Call to order:** The meeting was called to order at 7:15 PM by President Ann Almgren. Also present were board members Faith Bennett, Trent Bruha, Michelle Faler, Lisa Haderlein, Heather Kriete, Jessica Reuter, Kelly Wood and Library Director Karen Sutera. Presenter James Rachlin was also in attendance.

**Citizen Comments:** None

### **Financial Presentation with James Rachlin, Meristem Advisors**

Mr. Rachlin provided an overview of the library finances covering the last three fiscal years (see attached presentation handout). From his analysis of the City, Library and Diggins Trust income, he determined that the Library averaged \$100,000 surplus at the end of each of the last three fiscal years. Projecting forward, Mr. Rachlin assumes that property tax revenue will continue to increase at 2.2% each year with the Trust growing at 6% annually. He estimated expenses to remain steady. Salaries will be subject to the minimum wage increase over the next four years but this was included in the analysis. Given these factors, Mr. Rachlin forecast a \$90,000 cash surplus for each of the coming fiscal years. He recommended that some of that money be put in reserve for emergencies or larger future projects with the remaining balance of \$82,000 available for projects. These projects could include planned capital projects or service enhancements as desired. Mr. Rachlin forecast three possible borrowing options based on how much the Library chooses to make available for debt service. These range from utilizing the full \$82,000 each year to only using \$32,000 with the balance used for enhancing operations. Costs for 10, 15, and 20 year terms were included.

Mr. Rachlin provided a special analysis of the impact of increasing the minimum wage between now and 2025 when it reaches the mandatory minimum of \$15 per hour. His recommendation is to 'feather' the impact by giving supplemental increases to higher paid employees during the transition to maintain a wage gap, value training and preserve competitiveness with the labor force. Taking this approach will increase the salary expense line by \$13,000 cumulatively.

Mr. Rachlin suggested that the Library work with the City to establish a way to determine cash on hand in a more timely manner than the current monthly reports. He also pointed out that the \$90,000 needs to take into account any increase in maintenance costs or enhanced services the library may wish to add in the future.

After the presentation, the board briefly discussed Mr. Rachlin's findings. The next step at this point is to review the list of outstanding projects to determine what might be done with the various levels of funding. The board will discuss this at the September meeting.

Respectfully submitted,  
Karen Sutera, Director

Next meetings: September 16, 2021

September 16, 2021  
October 21, 2021  
November 18, 2021