

NLS Executive Committee Meeting  
**Tuesday, August 13, 2019**  
**10:00 a.m. – 12:00 p.m.**

Yolo County Library  
Mary L. Stephens Davis Branch- Blanchard Room  
315 E. 14th Street, Davis, CA 95616

- |  |               |                     |
|--|---------------|---------------------|
| 1. Welcome and Roll Call   | Deck, Chair   |                     |
| 2. Public Invited to Comment   | Deck          |                     |
| 3. Adoption of Agenda <b>(Action Item)</b>   | Deck          |                     |
| 4. Approve Minutes of June 6, 2019 <b>(Action Item)</b>  | Brinkley      | Attachment 1 pg. 3  |
| 5. Old Business  |               |                     |
| A. Link+ Ad Hoc Group Update and CLSB  | Olawski       |                     |
| B. Update on NLS LSTA Grant “Recovering Together” Project  | Deck/Brinkley |                     |
| C. Review of 10% Contract Management Administrative Fee <b>(Action Item)</b>   | Deck/Olawski  | Attachment 2 pg. 7  |
| 6. New Business  |               |                     |
| A. Review and Approve FY 2019/20 NLS CLSA Allocation and Consider \$200,000 of CLSA Unallocated Funds <b>(Action Item)</b>   | Deck          | Attachment 3 pg. 10 |
| B. Request from NBCLS for NLS to Consider Allocating \$24,000 for Three Legacy Systems for Attorney Fees for CalPERS Obligations for NLS Legacy Systems <b>(Action Item)</b> | Olawski       | Attachment 4 pg. 11 |
| C. California Library Services Act Regulatory Language Changes and September CLSB Meeting  | Frost         |                     |
| D. Updates from NLS CLSA Formula Ad Hoc Groups   | Frost         |                     |
| 7. System Chair Report   | Deck          |                     |
| 8. Executive Committee Meeting Dates for FY 2019/20  |               |                     |
| 9. Adjournment   |               |                     |

**Brown Act:** The legislative body of a local agency may use teleconferencing in connection with any meeting or proceeding authorized by law. Cal. Gov't Code § 54953(b)(1). A "teleconference" is "a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both." Cal. Gov't Code § 54953(b)(4). A local agency may provide the public with additional teleconference locations. Cal. Gov't Code § 54953(b)(4).

The teleconferenced meeting must meet the following requirements:

- (1) it must comply with all of the Act's requirements applicable to other meetings;
- (2) all votes must be taken by roll call;
- (3) agendas must be posted at all teleconference locations and the meeting must be conducted in a manner that protects the statutory and constitutional rights of the parties or public appearing before the body;
- (4) each teleconference location must be identified in the notice and agenda and each location must be accessible to the public;
- (5) during the teleconferenced meeting, at least a quorum of the members of the legislative body must participate from locations within the boundaries of the body's jurisdiction; and
- (6) the agenda must provide the public with an opportunity to address the legislative body at each teleconference location. Cal. Gov't Code § 54953(b).

**Meeting Locations**

- NLS Admin Office, 2471 Flores Street, San Mateo, CA 94403
- Butte County Library, 110 Oak Grove Parkway, Oroville, CA 95966
- Folsom Public Library, 411 Stafford Street, Folsom, CA 95630
- Lake County Library, 1425 N. High Street, Lakeport, CA 95453
- Nevada County Library, 980 Helling Way, Nevada City, CA 95959
- Orland Public Library, 333 Mill Street, Orland, CA 95963
- Plumas County Library, 445 Jackson Street, Quincy, CA 95971
- Solano County Library, 1150 Kentucky Street, Fairfield, CA 94533
- Tehama County Library, 545 Diamond Avenue, Red Bluff, CA 96080
- Willows Public Library, 201 N. Lassen Street, Willows, CA 95988
- Yolo County Library, 226 Buckeye, Woodland, CA 95695

**Conference Information**

Phone Number: 1-877-216-1555

Passcode: 907394



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## DRAFT MINUTES

### NLS Executive Committee Meeting

June 6, 2019

1. **Welcome and Roll Call** –Chair, Todd Deck, Tehama County Library, called the meeting to order at 10:03 a.m. Also present were NLS Executive Committee members Suzanne Olawski, Solano County Library, David Dodd, Benicia Public Library, James Ochsner, Sutter County Library, Mark Fink, Yolo County Library, Kathryn Hunt, Lincoln Public Library. Also attending, Michael Perry, Siskiyou County, Carol Frost, Pacific Library Partnership, Andrew Yon, Pacific Library Partnership, and Jacquie Brinkley, NLS/Pacific Library Partnership.
2. **Public Invited to Comment** - No Public in attendance.
3. **Motion to adopt Agenda**  
Olawski moved, Fink seconded. Motion carried.
4. **Motion to approve Minutes of May 17, 2019.**  
Ochsner moved; Hunt seconded. Motion carried.
5. **Old Business**

A. Olawski provided an update from the NLS Link+ Ad Hoc Committee and discussed revised pricing for the “Yes, No, Maybe” list of libraries. The Ad Hoc Committee will draft recommended criteria for developing a Request for Interest statewide notice to gauge the interest of other libraries in joining Link+. Frost and Olawski will attend the California Library Services Board (CLSB) meeting in Southern CA on September 17, 2019 to speak on behalf of NLS and their plan to expend the \$450,000 grant through NLS libraries and/or among other interested libraries across the state. NLS will administer the funding distribution to these other libraries. NLS will work with State Library staff and this grant’s monitor, Janet Coles, to review recommended criteria and finalize the RFI for publication. Olawski stated that the NLS committed list of libraries will need to be finalized as soon as possible in order to determine what amount of funding will be available for other libraries.

Frost added that Innovative had provided a revised quote to add Nevada County, Mendocino, Colusa, Sutter and Folsom, but still waiting on delivery costs as TriCor had been bought out by Unity and Unity is now quoting higher costs than NLS received in original quote. Frost mentioned that NLS is also looking into feasibility of piggy-backing on existing library delivery services. Frost reported that she hopes to have a revised quote including delivery costs for the Ad Hoc Committee to present at the June 14 NLS Administrative Council Meeting.

Fink stated that Woodland should be included in the piggy-back delivery model with Sacramento Public Library. Fink also asked if Sacramento had reported back on the possibility of being a “hub” location for Link+ delivery to NLS libraries. Frost responded that Sacramento is waiting on confirmation of final libraries to determine feasibility of serving as a hub. Olawski noted that Sacramento staff had

mentioned space concerns for “hub” services. Sacramento also noted that they would likely assess a nominal fee to provide this service.

B. Deck presented the Ad Hoc Nominating Committee’s recommendation for FY 2019/21 Executive Committee Members. Slate of candidates for Administrative Council approval are Christopher Veach, Lake County, Lindsay Fuchs, Plumas County, and Lori Easterwood, Folsom Public Library.

**Motion to adopt the nominating committee selections. Ochsner moved; Olawski seconded. Motion carried.**

C. Perry presented a proposal to revise CLSA allocation among NLS libraries whereby shared services including delivery, OverDrive, and Zinio, for example, be paid up front from the total CLSA allocation and the balance of funds be distributed by formula among NLS members. This would allow for OverDrive and other shared resources to budget in advance and have consistent funding level from year to year, pending stable CLSA system funding. Discussion ensued regarding allowable Communications and Delivery (C&D) costs and consortia and systemwide services and contracts. Perry noted that this proposed revision was not intended to exclude how libraries may already be spending their CLSA funds, but he stated that this planned budgeting may allow for greater consortia participation. Perry noted that some vendors, i.e. Flipster, quotes only for a flat rate based on service population of entire consortia. With the flat rate pricing, all members would have the option to participate, as is with Califa membership.

Discussion regarding how each library currently uses their CLSA funds if not with the OverDrive or Zinio consortia. Olawski asked how the proposed revision of CLSA funds would impact all libraries? Perry referred to models provided in his memo that show some libraries having negative impact, and others benefiting from the various formula models. Perry offered to draft a memo to Directors posing the questions of “If this model had been in effect for FY 18/19, how would this have impacted your budget?” and “Instead of \$X, you would have received \$Y. Would you have made different decisions?” Perry acknowledged that this was a discussion item only at this time, and no action was expected.

Frost suggested NLS Executive Committee create an Ad Hoc Committee to review this proposal and that the Committee might include NLS members who were familiar with or involved in creating the original allocation formula NLS uses for CLSA funds. Frost and Yon offered to assist Perry with drafting a memo to the Administrative Council. Perry suggested outlining a “most extreme” scenario with this proposal to see what shakes out – what is lost, and what is gained. Perry agreed to work with the Ad Hoc Committee for reporting to the Executive Committee. All agreed that the goal of this review would be to improve services with a minimal impact to libraries.

D.1. Frost presented the FY 2019/20 Baseline Contract and Additional Work addendum for review. Additional work contract now includes the Zip Books and Link+ grants, and the Indirect Costs associated with administering these projects. Frost noted that all costs are covered under the NLS CLSA System Administration funding. Frost stated that there is no fiscal impact to NLS with management of these grants.

**Motion to Approve NLS/PLP FY 2019/20 Baseline Contract and Additional Work.**

**Olawski moved; Dodd seconded. Motion carried.**

D.2. Yon presented the updated (from May 17, 2019) NLS FY 2019/20 Draft Budget, now including the updated OverDrive and Zinio contracts costs, the updated PLP/NLS Contract and Indirect costs for the Zip Books and Link+ grants. Yon also noted that Link+ installment payments were added to this budget. Frost noted that the Public Library Staff Education Program (PLSEP) grants will continue to be administered by system, versus the State Library's proposal to award all PLSEP grants through one entity. Frost also noted that travel funds will be used for Olawski and Frost to attend the September CLSB meeting in Southern CA.

Frost also pointed out that the increased costs for OverDrive and Zinio included on the May 17, 2019 Executive Committee Agenda were not approved at that meeting.

Deck and Frost suggested presenting the current and requested increased OverDrive and Zinio costs to the Administrative Council at June 14<sup>th</sup> meeting. Frost pointed out that this decision may require a Director level of understanding as to why libraries would be dropping out of either consortia and that showing both budgets will help to inform the Directors of the impact of dropping out.

**Motion to present two budgets (current and with increase requested) of OverDrive and Zinio to reflect costs to consortia members.**

**Olwaski moved; Hunt seconded. Motion carried.**

Fink asked for clarification on what the Administrative Council would be asked to approve on June 14<sup>th</sup>. Frost responded that Administrative Council will be presented for approval with FY 2019/20 Member Dues and Fees, and FY 2019/20 Budget. A proposal will be presented for two options of Dues and Fees. Version 1 would reflect original costs for OverDrive and Zinio and Version 2 would reflect costs with 2 members dropping out (Folsom and Nevada County). Administrative Council will be informed that a request for an increased budget was requested for OverDrive and Zinio and discussed at the Executive Committee meeting.

**NEW BUSINESS**

6.A. Deck presented the CLSA Grant Award for Link+ Regional Resource Sharing Project in amount of \$450,000.

**Motion to accept CLSA Grant Award for Link+ in amount of \$450,000. Olawski moved; Dodd seconded. Motion carried.**

B. Deck presented the CLSA Zip Books Project Administration FY 2019-21 Grant Award. Dodd stated that he was pleased that this grant will continue to be administered by NLS. Frost noted that NLS was the only agency that applied and that other Systems had communicated with NLS staff and agreed that NLS was doing a good job of administering this large statewide project and that they would not be applying.



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Frost noted that the grant begins June 30, 2019 and that while the Agreement is written as a one-year agreement, the funding could extend to the second year pending the State Library's approval, if needed.

**Motion to accept the 2019-21 Zip Books Project Administration Grant Award.**

**Dodd Moved; Olawski seconded. Motion carried.**

Frost noted that both the Link+ and the Zip Books grant awards will also be included on the Administrative Council agenda for their approval. Also to be included on the Administrative Council Agenda, if received in time, will be the LSTA Grant Award for the FY 2019/20 NLS Recovering Together project. The State Library was delayed in notifying applicants of awards.

System Chair Report – Deck reported that he enjoyed working with the Nominating Committee and with the candidates in discussing what NLS offers and how the Executive Committee work benefits the system. Deck also expressed his appreciation to the Executive Committee for their work on the Link+ project.

The Executive Committee calendar for FY 2019/20 will be set up after the new members are approved. Meeting date of mid to late August was requested for first meeting and that it would be an in-person meeting. Deck noted that new Executive Committee members requested the option of remote meetings during winter months or inclement conditions.

Meeting adjourned at 11:21 a.m.



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**To:** NLS Executive Committee  
**From:** Andrew Yon, Controller  
**Subject:** Analysis of 10% Administrative Fee  
**Date:** August 13, 2019

## Background

At the November 2018 NLS Executive Committee, there was a question about whether the 10% administrative fee is still needed for the services which NLS provides. A memo was presented at the May 17, 2019 NLS Executive Committee with an assessment. At that meeting, it was requested that staff attempt to quantify the amount of staff time for each service.

The purpose of this memo is to review the further analysis and recommend a course of action.

## Establishment of NLS 10% Administrative Fee

When it was developed in 2013, the tiered system was used to allocate contract management fees in what was agreed upon as the most equitable way to share contract expense, since no administrative support was available. It was noted by a member who helped develop the model that the tiered system to allocate contract management fees is similar to a cafeteria plan that fairly allocates cost of these services to only the libraries using the services.

This model is similar to a grant administration model that includes administrative costs. For instance, with Federal and State grants, it is customary to charge 10% for indirect services for contract management.

In the case of the NLS 10% administrative fee, all fees collected are used as revenue which is used to pay for NLS operating expenses. The FY 2019/20 budget is the first budget that includes the cost for Link+ and the related administrative fee of \$23,748.

## Sources of Revenue for NLS

Sources of revenue come from:

- Membership fees
- CLSA funds
- 10% Administration fee for services
- Overhead from grant administration

Some of the economic factors for consideration for revenue include:

- For the last few years, NLS has administered regional grants and Zip Books. Should this revenue be decreased or eliminated, this would have a negative impact on the revenue.
- The revenue assumes a constant source of about \$155,000 of CLSA funds that are applied to the administrative budget. Should the State Library reduce or eliminate one or more years of CLSA funding, this would have a negative impact on the budget and require the fiscal and administrative services contract, as well as other operating expenses to be fully paid for with membership dues and potentially fund balance. Current membership dues alone would not cover these costs.
- It was approved that NLS membership dues increase by the CPI annually, which typically is 3%. This equates to an approximate annual increase of \$4,400.
- Per the agreement with PLP, it would be expected that the PLP/NLS baseline contract would increase 3% each year.
- The two delivery contract costs for NBCLS and MVLS are fixed costs to the agency, where the costs for OverDrive and Zinio are variable. This means dedicated funds must be available to pay the contracted fixed costs.
- Funds which are not spent go to the Fund Balance. Should the administrative fee be reduced, the rate in which NLS is contributing to the fund balance will be reduced.

### **The Administrative Fee as it Applies to the FY 2019/20 Budget**

PLP staff assessed staff time to perform the work of each of the contracts. Based on the assessment, staff spend more than the 10% administrative fee revenue on the databases, and less time than the funds collected on the higher contracts.

At the May NLS Executive Committee meeting, a chart was presented with three scenarios and the affect it would have on the budget: no administrative fee, 5% administrative fee, and the current 10% administrative fee on all services.

As noted previously, should no administrative fee be assessed, and should CLSA and membership dues revenue continue, NLS is able to cover all operating costs and continue allocating funds for staff development back to libraries, however, it significantly reduces the amount being put into the fund balance. Should no administrative fee be assessed and CLSA funding be decreased or eliminated, the ability to pay the ongoing operational costs will require use of fund balance and reduction or elimination of the staff development funds allocated to libraries, and fund balance may be depleted over time.

In **Exhibit A** below, staff has done further analysis and is recommending a hybrid approach, where 10% is applied to contracts less than \$100,000, and 5% is applied to contracts more than \$100,000. In this scenario, the cost is reduced for NBCLS Delivery and Link+ services, with an overall reduction of \$20,439 of administrative fees. This slight reduction recognizes the continued need for the administrative fee and recognizes that larger contracts may warrant a lower percentage.



Exhibit A

**NLS FY19/20 Budget and Admin Fee % Comparison**

					Recommended
FY19/20 Budget	Cost	No Fee	5% Admin Fee	10% Admin Fee	10% Admin Fee on Contracts less than \$100K and 5% Admin Fee on Contracts more than \$100K
<b>REVENUES</b>					
Admin Fees					
<i>Databases (Gale, ProQuest)</i>	\$4,249		\$212	\$425	\$425
<i>Zinio</i>	\$56,249		\$2,812	\$5,625	\$5,625
<i>OverDrive</i>	\$86,600		\$4,330	\$8,660	\$8,660
<i>MVLS Delivery</i>	\$55,947		\$2,797	\$5,595	\$5,595
<i>NBCLS Delivery</i>	\$171,303		\$8,565	\$17,130	\$8,565
<i>Link+</i>	\$237,480		\$11,874	\$23,748	\$11,874
<b>Total Admin Costs &amp; Fees</b>	<b>\$611,828</b>	<b>\$0</b>	<b>\$30,850</b>	<b>\$61,183</b>	<b>\$40,744</b>
Membership Dues	\$81,158	\$81,158	\$81,158	\$81,158	\$81,158
<i>CLSA Funds</i>	\$156,716	\$156,716	\$156,716	\$156,716	\$156,716
Other Revenue	\$30,878	\$30,878	\$30,878	\$30,878	\$30,878
<b>Total Revenue</b>		<b>\$268,752</b>	<b>\$299,602</b>	<b>\$329,935</b>	<b>\$309,496</b>
<b>EXPENDITURES</b>					
<i>Contractual Services (PLP &amp; NLS)</i>		\$157,180	\$157,180	\$157,180	\$157,180
*Other Operating Expenses		\$83,610	\$83,610	\$83,610	\$83,610
<b>Total Expenditure</b>		<b>\$240,790</b>	<b>\$240,790</b>	<b>\$240,790</b>	<b>\$240,790</b>
<b>Fund Balance</b>		<b>\$27,962</b>	<b>\$58,812</b>	<b>\$89,145</b>	<b>\$68,706</b>

\* Annual Audit & Staff Development

**Recommendation**

It is recommended that the NLS Executive Committee consider adopting an administrative fee schedule with 10% administrative fees for contracts less than \$100,000, and 5% administrative fees for contracts more than \$100,000.

The NLS Membership Dues, which include the cost for the Administrative Fees, was approved at the June 2019 NLS Administrative Council. The invoices to member libraries for services will be issued in August. The NLS Executive Committee may consider adopt the new schedule for FY 2019/20 or FY 2020/21.



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**To: NLS Executive Committee**  
**From: Carol Frost, CEO, PLP**  
**Subject: Allocation of NLS California Library Services Act (CLSA) Funds for FY 2019/20**  
**Date: August 13, 2019**

## Background

The FY 2019/20 CLSA allocations for the NorthNet Library System (NLS) is \$820,118. Once system administration costs are accounted for, there will be \$657,902 of Baseline funds remaining.

NorthNet generally allocates the entire amount of the remaining funds back to the libraries by formula, and libraries can choose to apply their funds towards costs related to delivery, Zinio and OverDrive, Link+ and Broadband.

NorthNet also has \$200,000 the CLSA FY 2017/18 allocation which were held back and earmarked for Link+, but which have not yet been spent. These funds must be spent by June 30, 2020.

## Recommendation

The NLS Executive Committee has several options for allocating the \$657,902 and the \$200,000.

California Law outlines acceptable use of expenditures of CLSA funds, including: staff training as it relates to services provided using CLSA funds (staff training for other purposes can be funded from System Administration); and shared e-Resources between 3 or more libraries.

**Option one:** allocate the \$657,902 to the public libraries per the formula for CLSA approved purchases.

**Option two:** During the last budget cycle, \$105,700 of CLSA funds were allocated to existing NLS Link+ libraries. The Executive Committee may consider allocating the \$200,000 to Link+ libraries or allocation it in another way (for example, to fully cover delivery, to augment OverDrive, as seed money for a new product, to supplement Zip Books for libraries, etc.)

To: NLS Executive Committee  
Date: August 13, 2019  
From: Suzanne Olawski, NBCLS Chair, NLS Vice-Chair  
Michael Perry, NSCLS Chair  
Rivkah Sass, MVLS Chair  
Subject: Consideration of Approval of \$24,000 for Attorney Fees for Legacy Systems CalPERS Issues

### **Background**

At the May 16, 2017 NLS Executive Committee Meeting, the Committee approved up to \$16,000 in funds to come from unrestricted NLS fund balance to contract for legal representation for NLS and legacy systems in CalPERS issues and approve the letter of agreement for legal representation from law firm Best, Best & Krieger (BB&K) regarding scope of work for the three legacy systems (NBCLS, MVLS, and NSCLS) on CalPERS issues. Since that time, BB&K attorney Ms. Isabel Safie has provided NLS with her analysis and reasoning of the legacy systems' legal obligations to fund their CalPERS obligations (October 2017) and updates from AB1912 (June 2018, November 2018, and January 2019). Ms. Safie has made presentations to NLS membership and has been available to address any additional questions pertaining to this matter.

The legacy systems individually are in the process of determining shared funding formulas to pay for their annual CalPERS obligations and retiree health care costs, particularly as they relate to recent changes by CalPERS to accelerate the Unfunded Liability amortization schedule from 30 years to 15 years, which has precipitated the urgency of cost sharing determination.

At the Annual Meeting of the NBCLS Board of Directors, June 7, 2019, the Board found itself with questions pertaining to non-active or former agency members' unfunded liability obligations and changes to the retiree healthcare coverage. At that meeting, the Board approved up to \$2,000 of the NBCLS fund balance to contract with Ms. Safie for legal research and reporting on NBCLS's obligation for on-going payment on the one retiree's health benefits and recourse for communications with non-active and former NBCLS member libraries. A Scope of Service was provided to Ms. Safie, and her firm has provided an estimate of approximately \$5,000 for work on these two questions.

At the June 14, 2019 NLS Annual Administrative Council meeting, a suggestion was made to set aside funds from the NLS budget for the legacy systems to use for attorney fees to examine CalPERS obligations.

### **Recommendation**

The FY 2019/20 approved NLS budget reflects \$128,962 of unrestricted unallocated funds. Use of these funds would represent a return on investment to the systems from their membership fees. It is recommended that the NLS Executive Committee consider approving \$24,000 of unrestricted funds that would be available to the three legacy systems, with the cost not to exceed \$8,000 for each legacy system, for attorney fees pertaining to questions about CalPERS issues. These allocated funds could be used beyond FY 2019/20 should the funds not be spent this fiscal year.