



In March 2009 the BDL Board voted to change the Plan of Service to change the breakdown of capital improvement funds, eliminating the mechanism to add money to the Future Automation account¹. In January 2011 the Board voted to extend this for another 2 years. The current language from the Plan of Service is:

Beginning in fiscal year 2011, 50% of the Capital Fund shall be reserved for future needs within the district. The remaining 50% of the Capital Improvement Fund shall be spent as the branches propose for local needs as specified above in this Section IV and approved by the BDLS Board. This breakdown of funds shall be reviewed after two (2) years, i.e. for the year commencing January 1, 2013.

—Section IV. Premises Maintenance and Capital Improvement

This Future Automation account is where we set aside money to migrate to new library systems as the need arises. This need is lessened with our adoption of Evergreen, which we anticipate using for many years to come, but it is still prudent to keep enough money in this account for a migration just in case. Our migration in ~2002 to the system from the Library Corporation was around \$100,000, for example.

The Future Automation account is also where our district-wide capital purchases for computer and network hardware are paid from. The first several years I was here, our annual needs to swap out hardware was around \$15,000. The last several years have seen us increase our computing and network hardware in all branches, but especially in Coldwater, Bronson, and Union Twp. To maintain our 5-year replacement schedule now requires around \$20,000.

As you can see from this month's capital report, the Future Automation line is in negative territory. Unless the Board votes to change the current Plan of Service back to something similar to what was in place prior to 2009, there will be no purchasing of new computing or networking equipment next year or for the foreseeable future.

Here is the language from the same section of the Plan of Service before the March 2009 change:

Beginning in fiscal year 2008, the 60% of the Capital Fund "banked" to provide funds necessary for upgrading the computer system in the future shall be further divided, with 40% of the 60% "banked" or reserved for future needs. The cost of annual computer maintenance charges on the Internet-based computer system and the cost of needed computer hardware and software upgrades shall be paid from the remaining 60% designated for the computer system to the extent funds remain available in this designated portion of the Capital Improvement Fund. All Internet connection and phone charges, together with any needed software and hardware upgrade expenditures for which funds are not available in the Capital Improvement Fund, shall continue to be paid from the general operating fund. The remaining 40% of the Capital Improvement Fund shall be spent as the branches propose for local needs as specified above in this Section IV and approved by the BDLS Board. This breakdown of funds shall be reviewed after one (1) years, i.e. for the year commencing January 1, 2009.

So prior to 2009, the split was not 50/50. 40% went to the branches and 60% went to the Major District Projects fund. 40% of the Major District Projects fund was then set aside for Future Automation. In dollar terms, if you went back to the 2008 breakdown next year it would look like this:

¹ OK, "account" isn't the best term—it's more of an internal designation within the Major District Projects fund—but it will do for this discussion.

2013 Capital Funds Available (1/7 taxable income)		\$108,439.71
Major Projects (60% of Capital Funds)		\$65,063.83 (\$39,038.30 available after Future Automation set aside)
Future Automation (40% of Major Projects)		\$26,025.53
Capital Improvement for Branches (40% of Capital Funds)		\$43,375.88
Algansee	0.09375	\$4,066.49
Sherwood	0.09375	\$4,066.49
Bronson	0.1875	\$8,132.98
Quincy	0.1875	\$8,132.98
Union Twp	0.1875	\$8,132.98
Coldwater	0.25	\$10,843.97

When the change to the 50/50 split was made in 2009, the Board did not go to all the Townships about the change since it was in their favor. It is my opinion that you similarly do not need to go back to the Townships to revert to the 2008 breakdown. Putting the Plan of Service back to the 2008 levels would not constitute a reduction in money to the branches, only to their capital funds. The Major District Projects fund serves the district, as the name implies. And Future Automation provides for the technology for all 6 branches, so this money will still be going their way in the form of computers and networking equipment.

I request a motion to reinstate the capital breakdown language from the Plan of Service in effect in 2008.

Respectfully Submitted,

John Rucker