A Board of Directors public Hearing and meeting were held on Monday, October 4, 2004 at One Smithfield Street at 5:00PM in the Simmons Board Room. Present were Board members: Mr. Daniel Griffin, Chairman, Dr. Herman Jones, Mr. Rick Pierchalski, Mr. Gerald Voros, Ms. Constance Yarris, Mr. Charles Zappala. Chief Counsel Jim Norris, Executive Director David Donahoe and staff as well as members of the public and news media were also present. Notice of the meeting was published in accordance with the Act and By-laws.

Public Hearing and Comment Period

Mr. Griffin asked Mr. Donahoe to outline the agenda request that would require budget and/or contract amendment. Mr. Donahoe reported that Allegheny Land Trust was requesting an amendment to its 2003 contract on behalf of the Montour Trail. Specifically, the Trail is asking to use the balance of the parking lot project to assist in the repair of damage caused by the recent storm. This would amount to $25,100 of an original $59,000 grant.

Mr. Griffin asked for comments on this request. Hearing none, he asked if there was comment on any other matters of District business.

Glenn Walsh of Mt. Lebanon spoke in reference to the recent resignation of the Director of the Carnegie Library. He is asking the library board to appoint a qualified librarian to head the organization and believes this is required by state regulation. He asked the District Board to join him in this request. He also noted the formation of a citizens group to speak on behalf of the preservation of historic Carnegie library buildings across the country.

Minutes

Mr. Griffin asked for approval of the minutes from the August 30, 2004 meeting. As there were no additions or corrections, Mr. Voros moved approval seconded by Mr. Zappala and the motion carried unanimously.
Treasurer’s Report

Mr. Donahoe gave the following report on behalf of the Treasurer:

Board Members:

The Board has received detailed financial statements for eight months of the year and, as always, these are available for public inspection in the District office.

Tax revenue for the nine months of the year totals $55.1 million. September revenues were about $1.6 million higher than September of last year largely as the result of a late transfer of auto sales taxes that should have been paid to the District fund in August.

Based on the revenue to date, we are projecting final 2004 tax revenue of $72.5 million, just $200,000 shy of the original budget estimate.

Some of this shortfall will be made up from higher than budgeted interest earnings which we now project at $250,000 for the year or about $85,000 more than budgeted. This overage is due to increasing interest rates as well as capital grant payables still in District accounts.

All grant payments are on schedule. As reported last month, we expect to achieve a savings of about $16,000 in the administrative budget by year end.

The Executive Director is prepared to respond to any specific questions the members have on District finances.

Submitted by,

Joyce A. Baskins
Treasurer
The following report was presented by Mr. Pierchalski:

Board Members and Citizens:

We are submitting a 2005 preliminary budget totaling $74.1 million. The proposal would fund 86 operating and capital grants to 82 organizations, utilizing an estimated $72.7 million in tax collections and interest, and $1.4 million of the District’s reserve.

This budget recommends modest increases for contractual assets in accordance with the formula adopted as part of the Year 11 policy. It maintains generally stable funding levels for other applicants that have sufficient support on the Board for continued funding. We are able to do this despite an overall budget that is $1.6 million less than 2004, primarily because debt service obligations of $1.5 million to regional facilities ended this year.

Libraries would continue to receive the majority of funds from the District, some 32%. Parks, trails and other green space projects receive 28%, including $1.6 million in capital funding. Support for the stadiums and the arena is 22% of the budget. Regional facilities (Pittsburgh Zoo & PPG Aquarium, Phipps Conservatory and Botanical Gardens, and the National Aviary) receive 8%, and arts and culture programs and facilities receive 9% of the funds. We note that 60% of funds will go to places that are free to the public (libraries, parks and trails).

As always, the preliminary budget is a work in progress—an important, but not final step in the budget development effort. It is the result of over 100 site visits, two months of application analysis and fifteen hours of public review sessions. While the preliminary budget reflects where the committee believes there is consensus on the board, public input and additional information on revenue and proposed expenditures are needed before the vote is taken on the final budget later this year.

The capital grants provided in the preliminary budget are for regional parks and trails, the traditional recipients of District capital support. Specific projects include shelter, playground, ice rink, restroom and infrastructure rehabilitation and recreation area development in the regional parks and improvements to the Montour, Pan Handle, Youghiogheny and Harmony Trails. The committee plans to keep open the remainder of the capital grant requests until we see how the revenue estimates hold up over the next several months.
From time to time this year it appeared that the District fund might start returning to a growth mode experienced from 1995 through 2000. However, a combination of rising interest rates, negative consumer confidence and local employment figures point to a no growth year in 2005. Recent state projections as well as local economic forecasts support this analysis. Given these facts, we believe the appropriate course for now is to sustain the grant program at current levels through the use of additional reserve funds. As always, the allocations are subject to adjustment in the final budget as additional revenue returns are received.

At the District’s recent hearings, members urged assets to take steps to deal with financial imbalances and to consider opportunities to reduce administrative costs by sharing personnel and services. We cannot stress enough the need for such initiatives and urge the Board to adopt funding policies that reward assets that demonstrate strong and innovative fiscal management and penalize those that do not.

This weekend we began a celebration of ten years of regionally-based support for our regional assets. For ten days, the public will be invited to once again experience for free the variety and quality of the facilities and organizations available to them year round. We thank the elected officials, volunteer boards and staffs of the assets that remain committed to improving the quality of life in our region and for participating in the application process.

Allocations Committee

Rick Pierchalski, Jerry Voros and Charles Zappala

There were no questions from the Board; therefore, Mr. Griffin asked that this report be received and filed.

Library Committee

Ms. Yarris gave the following report:

Board Members:

The committee offers the following report:
1. ALLEGHENY COUNTY LIBRARY ASSOCIATION (ACLA)

The Library Committee met to review the Allegheny County Library Association’s proposed formula submitted as part of the 2005 budget request. The Board will be required to vote on the formula when we meet to consider the final budget. As requested earlier this year, the committee directed that new board members receive a detailed briefing paper on the formula as well as a chance to meet with staff.

The Committee recommends that the Board approve the distribution formula proposed by ACLA for the year 2005. The amounts in each funding category will need to be adjusted based on the final allocation.

The distribution and allocation categories are the same as last year. Approximately 50% of the grant to ACLA is distributed via a formula. The remainder of the grant goes to support the electronic information network, to a pot for reimbursing libraries for serving non-residents, to bookmobile service for specialized populations and for ACLA administration.

The formula factors measure population, the level of local government support, financial stress for less affluent areas, collection turnover and hours of service. The formula factors are attached along with a summary of ACLA’s request compared to the 2004 budget.

As outlined in the ACLA presentation in August, they are working with their members to develop a revised formula for 2006 that includes a focus on service and service standards. We recommend that ACLA consider the concerns raised by members particularly with respect to the continuation of library service in our distressed communities.

2. CARNEGIE LIBRARY OF PGH. PROJECT STATUS AND USAGE INCREASES

The Carnegie Library is continuing with its capital improvement program. Three branches (Homewood, Hazelwood and Brookline) and the first floor of the Main Library are completed. Squirrel Hill Branch will open early next year with an additional 7,000 square feet of space. The Downtown Library’s relocation to Smithfield Street is nearing completion. The preliminary designs for the Woods Run Branch are completed with construction starting next year. In the last budget submitted to the District the Library was within $1 million of funding all of the projects originally envisioned...
for the first phase and were confident that the last project, Woods Run renovation, would begin early next year.

Increased usage in the renovated branches has been dramatic. Total circulation this year through June 2004 has increased 79% at Homewood, 32% at Brookline and 33% at Hazelwood. Juvenile and Teen circulation is 196% more at Homewood, 44% at Brookline and 65% at Hazelwood.

In September the Director of the Library, Herb Elish, announced he will leave the Library and city later this year. The Board of the Library has indicated that it plans to continue the modernization program.

The Committee will make a final report in December.

Submitted by:
Library Committee

Dan Griffin
Rick Pierchalski
Connie Yarris

Mr. Griffin informed the Board that the vote on the library distribution formula will take place when the Board votes on the 2005 budget.

There were no questions by the Board; therefore, Mr. Griffin asked that the report be received and filed.

Audit Committee

Mr. Pierchalski gave the following report:

Board Members:

The Committee met in September and has the following report for your consideration.

1. Agreed Upon Procedure Reviews

As a part of the District’s oversight function, the Board annually selects assets for reviews which are conducted by the District’s independent auditor. In 2004, four assets were selected for review: Pittsburgh Zoo and PPG Aquarium, Allegheny Land Trust, Chatham Baroque and Manchester Craftsmen’s Guild. The auditor provided the Committee with written reports. We gave the assets an opportunity
to add comments but none were received. Copies of the written reports were provided to each board member.

In general, the auditors found that the District funds were used in accordance with the applications and that the reporting to the District was consistent with internal records of the assets.

The auditor’s recommendations included improvements in tracking attendance, preparing formal written policies, improving purchasing procedures and providing affirmative action policy to employees.

2. 2004 Annual Audit

It is expected that the District’s new independent auditor will undertake the 2004 audit shortly after the end of the year. If any member wishes a specific area reviewed, please let the committee know by the end of December.

Submitted by
Rick Pierchalski
Connie Yarris

As there were no questions on this report, Mr. Griffin asked that this report be received and filed.

Executive Director’s Report

1. Mr. Donahoe presented the request of the Allegheny Land Trust that was the subject of the earlier public hearing. The request would authorize the use of the balance of the 2003 capital grant for emergency repairs to the Montour Trail needed as a result of the recent storm. Mr. Voros said that while he supported the request as an emergency, he wanted the Trust advised that this action would not set a precedent for future transfer requests. Mr. Voros then moved, seconded by Ms. Yarris that the Board approve the Trust request with the stated condition. The motion passed by a vote of 6-0. The Chairman directed that the Trail be informed of the condition under which the grant was approved.

2. Mr. Donahoe advised the Board that Allegheny County did not provide the terms for renewal of the office lease as expected. Discussions with the county indicated that they might offer a renewal on the same conditions agreed to by the previous owner but for a shorter period of time. In order
to deal with this matter in a timely fashion, Mr. Donahoe requested that the Board:

a. Authorize entering into a lease renewal agreement with the county and/or its agent under the same conditions as previously authorized for a period of up to five years.

b. In the event no offer is forthcoming, authorize the executive director to engage the services of a real estate agent to assist in locating alternative space.

Mr. Voros moved, seconded by Mr. Pierchalski that the Board approve Mr. Donahoe’s request. The action was approved by a vote of 6-0.

3. An update on the RADical weekend was given by Ms. Julie Goetz. She outlined efforts to involve special populations and the public in general. Early reports indicated good attendance at all venues. She also advised the new public service announcement was completed and would be available soon. Mr. Griffin commended Ms. Goetz on her work with the RADical weekend and the PSA.

Old/New Business

As there was no other old/new business, Mr. Griffin adjourned the meeting at 5:25 PM.