



Sacramento Public Library Authority

September 24, 2009

Agenda Item 8.0: FY 2009/10 Final Budget

TO: Sacramento Public Library Authority Board Members

FROM: Rivkah Sass, Library Director
Rick Teichert, Deputy Director of Administrative Services

RE: FY 2009/10 Final Budget

RECOMMENDED ACTIONS:

1. **Approve** the FY 2009/10 Final Budget for the Sacramento Public Library Authority as presented in Exhibit A, a total of \$41,357,265.
2. **Recognize** that the FY 2009/10 Final Budget contains funding for operations in the amount of \$34,727,721, an overall increase of \$648,823 from the FY 2009/10 Proposed Budget approved in May, 2009.
3. **Recognize** that the FY 2009/10 Final Budget contains funding for capital projects in the amount of \$6,629,544, an overall increase of \$5,937,628 from the FY 2009/10 Proposed Budget approved in May, 2009. The increase is as follows:

a. Valley Hi-North Laguna Library	\$ 1,626,200
b. North Natomas Library	\$ 1,889,199
c. Robbie Waters Pocket-Greenhaven Library	\$ 1,003,695
d. Other Capital Projects	<u>\$ 1,418,534</u>
TOTAL	\$5,937,628
4. **Recognize** a reduction of \$100,000 in anticipated investment income due to lower than estimated returns.
5. **Approve** the proposed Fine and Fee Schedule (see Exhibit B), which adds cost recovery fees for Resale of Merchandise and a fee for color photocopying (previously unavailable), and proposes an increase in the fee for black and white computer printouts to reflect increased costs.
6. **Acknowledge** that the State of California has suspended Proposition 1A, resulting in an 8% shift of local property taxes to the state for a three-year period with an estimated impact to the Library Authority of \$1,681,200.
7. **Direct** staff to explore the desirability of mitigating the impact of the State seizure of local property taxes by participating with "California Communities" to receive immediate repayment of the seized funds in lieu of receiving interest income from the State at the end of the three year period. Direct



staff to make a report of their findings to the Authority Board and to seek authority to take additional actions if appropriate.

8. **Approve** the proposed elimination of one of the three bookmobiles currently in service, resulting in savings of \$56,000 for the remainder of FY 2009/10, with ongoing annualized savings of approximately \$100,000.
9. **Authorize** staff to take the steps necessary to close the books for FY 2008/09, including the necessary steps to encumber and carryover amounts approved but not fully expended in FY 2008/09, in order to provide a timely audit of the Authority's finances.
10. **Approve** continuation of the Retiree Health Care Contribution at a maximum rate of \$225 per month, as originally approved by the Sacramento Public Library Authority Board in Resolution 02-09. This maximum rate shall be in effect through June 30, 2010.

REASON FOR RECOMMENDATIONS

FY 2009/10 Final Budget Recommendation

On May 28, 2009, the Sacramento Public Library Authority Board approved a balanced budget for FY 2009/10 of \$34,770,814 (\$34,558,214 in Operating Fund revenue plus \$212,600 in Shared Fund revenue).

The proposed Final Budget for FY 2009/10 is balanced, with expected revenue and expenditures of \$41,357,265, an overall increase of \$6,586,451. This reflects an increase of \$6,669,302 in one-time revenues and expenditures, decreased by \$82,851 in ongoing cost reductions as described below.

Operating Budget

The Operating Budget reflects an increase of \$648,823 over the Proposed Budget approved in May, reflecting an increase in one-time operating expenditures of \$265,200, plus adjustments for carryovers and encumbrances for expenditures approved in FY 2008/09 but not fully expended at June 30 in the amount of \$466,474. This also includes ongoing cost reductions in the amount of \$82,851.

The one-time operating expenditures include the estimated cost for settling the PERS contract issues presented to the Board in 2008. A professional actuary has estimated the cost for settling with the 15 retirees to be \$60,000. A final proposed settlement will be presented to the Authority Board at a future meeting.

Also included is \$110,200 for continuation of lease payments for the former Valley Hi-North Laguna facility, as staff learned in May that there is no termination provision in the existing lease which expires in February 2012. To mitigate this cost, staff is working with the City of Sacramento to sublet the space or to identify



a suitable City tenant that would assume the existing lease. Until resolved, staff is proposing to include this cost in the FY 2009/10 budget. Staff will continue to provide updates to the Board until this issue is resolved.

Staff is also proposing to include a one-time contribution of \$85,000 for materials at the new North Natomas Library, per the four-party Memorandum of Understanding between the Library Authority, the City of Sacramento, Natomas Unified School District, and Los Rios Community College District. In light of the reduction of the City of Sacramento's contribution toward Library operations this fiscal year, staff will request that this obligation be waived. Updates will be provided on the status of this request.

Capital Budget

The most significant changes in the FY 2009/10 Final Budget relate to capital project funding in the amount of \$5,937,628. The Library has entered into reimbursement agreements with the City of Sacramento to ensure reimbursement of expenses paid by the Authority for two of the projects (Valley Hi-North Laguna and North Natomas), with the third agreement for the Robbie Waters Pocket-Greenhaven Library scheduled to be in place prior to the end of the calendar year. These reimbursement agreements total \$4,492,894. Funding for the Valley Hi-North Laguna and Robbie Waters Pocket-Greenhaven Libraries has been provided by a City of Sacramento Revenue Bond for capital projects, while the North Natomas Library has been funded through a grant from the California State Library and library development impact fees in North Natomas.

Other capital projects include a significant and important remodel project for the Belle Cooleedge Branch in the amount of \$223,650. This project is funded through donations specified for this project. The project will include new carpet and redesign of the public space to accommodate the new model of service, and will be designed and completed by June 2010.

The Library also received a bequest for improvements to the Rancho Cordova Library staff area. Staff is recommending additional improvements be undertaken simultaneously in order to minimize service interruptions, including new carpet and RFID equipment. The project is in the planning phase, and is scheduled to be complete by June 2010. The total project is estimated at \$494,500.

In addition to the funds provided by the City of Sacramento for the Robbie Waters Pocket-Greenhaven Library project, a generous donation of \$26,200 has been received for enhancements to the children's area. The revenue and corresponding expenditure of these funds is in the Library's capital budget.

Finally, staff is recommending additional one time expenditures for technology equipment, including the installation of video surveillance cameras at the Colonial Heights, Fair Oaks, North Sacramento and Southgate branches per the request of



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the Authority Board in August 2009, in the amount of \$140,000. Staff is also recommending the purchase of “electronic people counters” for all facilities at a cost of \$50,000. This will provide more accurate counts of library usage for planning, staffing and statistical reporting and will free staff who are currently conducting these counts by hand to be available to customers.

Investment Income

Staff is recommending a reduction in anticipated interest income of \$100,000, from \$435,000 to \$335,000, as interest on library investments has dropped from the 2.5% assumed rate of return to less than 2.0%.

Fine and Fee Schedule

The Fine and Fee Schedule as presented in Exhibit B consolidates the fee categories for simpler presentation. Staff recommends the following new and changed fees in the proposed fee schedule.

Resale of merchandise	New: Cost recovery
Printouts (Computer, Coin-operated Microform, Fax)	Updated Fee: \$0.15/page (formerly \$.10/page)
Color photocopying (self service)	New: \$0.50/page

Staff is proposing to resell merchandise such as earbuds, flash drives and book bags, and is proposing to set the fee for these items at cost recovery which includes procurement and handling costs for each item.

Staff is proposing to increase the fee for printing from the public computers to \$.15 per page, the cost of black and white photocopying charges.

Based on a survey of other providers of color copy services, staff is proposing to institute a charge for color photocopies of \$.50 per page.

Impacts of Proposition 1A Suspension

The State’s suspension of Proposition 1A is in essence a three-year “loan” funded through an 8% shift of local property taxes to the State. Staff has worked with the County and has estimated the impact to the Library at \$1,681,200. This shift results in no significant program impacts for the FY 2009/10 Final Budget as there are sufficient reserves to cover this seizure of funds. However, staff is seeking direction from the Board to explore the desirability of mitigating the impact of the State seizure by participating with “California Communities” to receive immediate repayment of the seized funds in lieu of receiving interest income from the State at the end of the three year period. Staff will report their findings to the Authority Board at a future meeting and seek authority to take additional actions if appropriate.



Revisions to Bookmobile Operations

Staff is proposing elimination of one of the three bookmobiles currently in service, which will result in savings of \$56,000 for the remainder of FY 2009/10 in the City of Sacramento Fund, with ongoing annualized savings of approximately \$100,000. The remaining bookmobiles will continue to operate.

Accounting Actions – Encumbrances and Carryovers

Each year, staff reviews contracts and purchase orders in place at June 30 and prepares a comprehensive action to encumber the funds, reserving a prior year fund balance to complete these purchases. Encumbrances that require appropriation in FY 2009/10 total \$480,180.

Staff also reviews active projects that are in various stages of completion at fiscal year end and recommends appropriating funds to complete these projects. Carryover projects total \$303,429.

Staff has included carryover amounts for Gifts and Donations received in FY 2008/09 for books, materials, programs and supplies in FY 2009/10. The total of gifts and donations carryover is \$191,749.

Retiree Health Care Contribution

Staff recommends continuing the post retirement health benefit at the current level, amounting to:

- \$112.50 per month after 10 years of service;
- \$168.75 per month after 15 years of service
- \$225 per month after 20 years of service (the maximum benefit)

Staff has included the full Annual Required Contribution in the FY 2009/10 budget. At the Board's request, in early 2010 staff will prepare and present information on a defined contribution program vs. a defined benefit program for their review.

ONGOING CHALLENGES

To maintain current levels of service and to address increased demand resulting from new buildings, the Library Authority will continue to face challenges in balancing revenues with expenditures required to operate. Increasing costs on the horizon include rising payroll taxes and health benefit contributions, and rising PERS retirement costs that will peak in FY 2011/12. Current deficit funding for operations at the recently opened Valley Hi-North Laguna Library and soon-to-be opened North Natomas Library will carry over to future years, and the operations budget will be further impacted by the opening of the Robbie Waters Pocket-Greenhaven Library in mid-2010 with potentially no additional funding from the City of Sacramento to cover these increased operational costs. The Library Authority also faces pressure from the Library's largest labor union for salary and/or benefit increases as this agreement is set to expire on September 30, 2009.



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The largest challenges continue to be in the branches funded by City of Sacramento General Fund and Special Tax. The branches funded through the County/Cities Fund will be able to maintain current service levels through use of property tax funds saved during more favorable economic times; however, no service growth will be possible for the foreseeable future. Staff will be planning for management of these cost factors over the coming months. Staff is working on a long range planning model which will allow staff to model a variety of revenue and cost assumptions and demonstrate the impact on available fund balance over an extended period of time. This will enable staff to proactively present cost management options prior to the development of a crisis scenario that could require more drastic cost reduction actions.

ATTACHMENTS

Exhibit A: FY09/10 Final Budget Schedules

Exhibit B: Fine and Fee Schedule dated September 24, 2009

FY 2009/10
PROPOSED
SEPTEMBER FINAL
BUDGET
EXHIBITS A1-A5



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**SACRAMENTO PUBLIC LIBRARY AUTHORITY
SEPTEMBER FINAL BUDGET SUMMARY
FISCAL YEAR 2009/10**

	FY 09/10 MAY APPROVED BUDGET	FY 09/10 SEPTEMBER FINAL BUDGET	CHANGE	
Total Ongoing Revenues all sources	\$ 34,442,093	\$ 38,686,375	\$4,244,282	12.3%
Use of prior year Fund Balance		\$ 1,642,724	\$1,642,724	100.0%
Use of current year Fund Balance	\$ 328,721	\$ 1,028,166	\$699,445	212.8%
Total Sources of Funds	\$ 34,770,814	\$ 41,357,265	\$ 6,586,451	18.9%
Operating Budget				
Salaries and Benefits	24,276,826	24,321,939	45,113	0.2%
Services and Supplies	6,682,391	7,093,566	411,175	6.2%
Books/Materials	3,119,681	3,312,216	192,535	6.2%
Operating Budget Subtotal	34,078,898	34,727,721	648,823	1.9%
Capital Budget				
Equipment/Capital Projects	691,916	6,629,544	5,937,628	858.1%
Total Expenses	\$34,770,814	\$41,357,265	\$6,586,451	18.9%
Net Surplus/Deficit for the Year	\$0	\$0	\$0	0.0%

SACRAMENTO PUBLIC LIBRARY REVENUE DETAILS BY FUND SOURCE SEPTEMBER FINAL BUDGET FISCAL YEAR 2009/10				
REVENUE	MAY APPROVED BUDGET 2009-10	SEPTEMBER FINAL BUDGET 2009-10	CHANGE	
COUNTY/CITIES FUND				
County Contributions	\$19,226,978	\$19,226,978	\$0	0.0%
State Appropriations	\$325,107	\$325,107	\$0	0.0%
Fines and Fees	\$436,741	\$436,741	\$0	0.0%
Donations/Other	\$60,000	\$60,000	\$0	0.0%
Cell Tower Lease	\$24,000	\$24,000	\$0	0.0%
Carryover/Other	\$372,262	\$0	(\$372,262)	-100.0%
Interest Income	\$318,255	\$245,055	(\$73,200)	-23.0%
TOTAL	\$20,763,343	\$20,317,881	(\$445,462)	-2.1%
SAC CITY FUND				
City Contributions	\$7,921,710	\$7,921,710	\$0	0.0%
City Capital Contributions	\$0	\$4,492,894	\$4,492,894	100.0%
State Appropriations	\$173,354	\$173,354	\$0	0.0%
Galleria	\$499,000	\$499,000	\$0	0.0%
Fines and Fees	\$222,039	\$222,039	\$0	0.0%
Donations	\$50,000	\$273,650	\$223,650	447.3%
Interest Income	\$56,961	\$43,961	(\$13,000)	-22.8%
TOTAL	\$8,923,064	\$13,626,608	\$4,703,544	52.7%
SAC CITY SPECIAL TAX				
Special Taxes	\$4,479,660	\$4,479,660	\$0	0.0%
Fines	\$3,642	\$3,642	\$0	0.0%
Interest Income	\$59,784	\$45,984	(\$13,800)	-23.1%
TOTAL	\$4,543,086	\$4,529,286	(\$13,800)	-0.3%
SHARED COST				
State Foundation/Grants	\$30,000	\$30,000	\$0	0.0%
Other Contributions	\$182,600	\$182,600	\$0	0.0%
TOTAL	\$212,600	\$212,600	\$0	0.0%
GRAND TOTAL	\$34,442,093	\$38,686,375	\$4,244,282	12.3%

SACRAMENTO PUBLIC LIBRARY EXPENSES DETAILS BY FUND SOURCE SEPTEMBER FINAL BUDGET FISCAL YEAR 2009/10				
EXPENSE	MAY APPROVED BUDGET 2009-10	SEPTEMBER FINAL BUDGET 2009-10	CHANGE	
COUNTY/CITIES FUND				
Salaries and Benefits	\$8,008,450	\$8,008,450	\$0	0.0%
Services and Supplies	\$1,517,189	\$1,565,813	\$48,624	3.2%
Books/Materials	\$2,080,814	\$2,080,814	\$0	0.0%
Equipment/Capital Projects	\$221,324	\$978,432	\$757,108	342.1%
TOTAL	\$11,827,777	\$12,633,509	\$805,732	6.8%
SAC CITY FUND				
Salaries and Benefits	\$4,912,754	\$4,912,754	\$0	0.0%
Services and Supplies	\$1,359,303	\$1,366,012	\$6,709	0.5%
Books/Materials	\$268,568	\$267,568	(\$1,000)	-0.4%
Equipment/Capital Projects	\$48,600	\$5,121,687	\$5,073,087	10438.5%
TOTAL	\$6,589,225	\$11,668,021	\$5,078,796	77.1%
SAC CITY SPECIAL TAX				
Salaries and Benefits	\$1,775,318	\$1,775,318	\$0	0.0%
Services and Supplies	\$346,745	\$454,071	\$107,326	31.0%
Books/Materials	\$759,299	\$845,303	\$86,004	11.3%
Equipment/Capital Projects	\$93,300	\$132,840	\$39,540	42.4%
TOTAL	\$2,974,662	\$3,207,532	\$232,870	7.8%
SHARED COST				
Salaries and Benefits	\$9,580,304	\$9,625,417	\$45,113	0.5%
Services and Supplies	\$3,459,154	\$3,707,670	\$248,516	7.2%
Books/Materials	\$11,000	\$118,531	\$107,531	977.6%
Equipment/Capital Projects	\$328,692	\$396,585	\$67,893	20.7%
TOTAL	\$13,379,150	\$13,848,203	\$469,053	3.5%
GRAND TOTAL	\$34,770,814	\$41,357,265	\$6,586,451	18.9%

**SACRAMENTO PUBLIC LIBRARY AUTHORITY
UNDESIGNATED FUND BALANCE CHANGES
SEPTEMBER FINAL BUDGET
FOR FISCAL YEAR 2009-10**

	Shared Fund	County/ Cities Fund	Sac City Fund	Sac City Special Tax Fund	Total
Estimated Beginning Fund Balance: Undesignated	\$0	16,756,890	1,482,029	3,851,468	\$22,090,387
Use of FY 08/09 Carryover Fund Balance	\$139,865	\$640,757	\$172,210	\$17,964	\$970,796
Use of FY 09/10 Fund Balance	\$45,583	\$15,356	\$446,923	\$520,304	\$1,028,166
Net Change to Undesignated Fund Balance	\$185,448	\$656,113	\$619,133	\$538,268	\$1,998,962
Estimated Ending Fund Balance: Undesignated	(\$185,448)	\$16,100,777	\$862,896	\$3,313,200	\$20,091,425
Ending Designated Economic Uncertainty Reserve	\$0	\$2,114,895	\$956,075	\$437,290	\$3,508,260

**SACRAMENTO PUBLIC LIBRARY
FINE/FEE STRUCTURE
Adopted September 24, 2009**

Categories	Current Fees
FINES	
Periodicals	\$0.05/day to \$1.00 maximum
All Juvenile and Young Adult (YA) Materials	\$0.05/day to \$1.00 maximum
All Adult Materials	\$0.25/day to \$5.00 maximum
Engravers	\$0.25/day to \$5.00 maximum
All Visual Media (VHS, DVD)	\$0.25/day to \$5.00 maximum
Link + books	\$1.00/day to \$15.00 maximum
Inter-Library Loan (ILL) Materials	\$2.00/day to the cost of the material
GENERAL FEES	
Resale of merchandise	New: Cost plus purchasing and handling cost recovery
Self-service black & white photocopying	\$0.15/page
Printouts (Computer, Coin-operated Microform, Fax)	Updated Fee: \$0.15/page (formerly \$.10/page)
Self-service color photocopying	New: \$0.50/page
Replacement of Library Card	\$2.00
Damaged Material (repairable)	\$2.50 Juvenile and Young Adult Materials \$5.00 Adult Materials
Damaged media boxes and cases	\$5.00 for all materials
Material Processing Fee	\$5.00 per cataloged item
Collection Agency Processing Fee	\$10.00
Returned Check Service Fee	\$20.00
Damaged Material (unusable)	Unit cost of item + Material Processing Fee
INTER LIBRARY LOAN FEES	
ILL Request (SPL customers)	\$5.00
ILL fee to send a book to out-of-state library	\$20.00
LOST LIBRARY MATERIALS	
Lost periodical	\$5.00
Lost item (uncataloged paperback)	\$8.00
Lost item (ILL) fee charged to SPL customer	\$60.00 minimum to cost of item (fine goes to owning library, not SPL)
Link+ Lost Materials	\$115.00 per item (fine goes to owning Library not SPL)

**SACRAMENTO PUBLIC LIBRARY
FINE/FEE STRUCTURE
Adopted September 24, 2009**

Categories	Current Fees
All Lost Juvenile, Young Adult and Adult item (cataloged)	Unit cost of item or “Default Cost”* plus Material Processing Fee
Lost item (cataloged paperback)	Unit cost of item or “Default Cost”* plus Material Processing Fee
*Default Cost	\$5.00 for a magazine \$8.00 for a paperback \$30.00 for a book
MEETING ROOMS	
After-hours fee (when staff or security must open or secure a meeting room when the library is not open).	\$50.00
Excessive clean up costs: Charge for post-event cleaning beyond normal custodial duty assignments	Actual costs including labor, materials and outside services
PUBLIC RECORDS DISCLOSURE	
Duplication of Authority Board Meeting DVD (with DVD provided)	Actual cost, excluding staff time
Photo Copies	First ten (10) pages free; At cost thereafter
Copies of Campaign Statements and Conflict of Interest Statements (FPPC)	\$0.10 per page
FPPC Document Retrieval Fee (Statements five or more years older)	\$5.00 per request
Authority Board Agenda Packets (Copy and Send by Mail)	\$20.00 per packet
Authority Board Agenda Packets (Copy and Send by Federal Express)	\$30.00 per packet

**SACRAMENTO PUBLIC LIBRARY
FINE/FEE STRUCTURE
Adopted September 24, 2009**

LIBRARY GALLERIA MEETING ROOMS:

	<u>Mon-Thurs</u>	<u>Friday</u>	<u>Saturday</u>	<u>Sunday</u>
Main Floor (5 hrs)	\$750	\$950	\$1,700	\$950
Main Floor (9 hrs)	\$1,075	\$1,350	\$2,300	\$1,350
2nd Floor Balcony (5 hrs.)	\$300	\$450	\$500	\$450
2nd Floor Balcony (9 hrs.)	\$450	\$650	\$800	\$650
Meeting Room (1/2 Day)	\$250	\$250	\$250	\$250
Meeting Room (Full Day)	\$350	\$350	\$350	\$350
Meeting Room (Evening 6 PM+)	\$275	\$275	\$275	\$275

LIBRARY GALLERIA COMMUNITY USE POLICY AND FEES:

Community use policy states that the following groups may qualify for meeting room use at no charge:

- Neighborhood groups from the downtown district and other groups outside the downtown district which have been formed to improve conditions in their respective neighborhoods
- Public forums which have been called by elected city officials
- Interested groups must see Library Galleria staff for room use guidelines and availability

Events may be subject to associated fees as described below.

Community Use Associated Fees				
Type of Service/Fee	Minimum hours required	Staff required	Rate per hour	Total
Library Event Duty	2 hrs	1 coordinator	\$30	\$60
Security Officer	4 hrs	1 officer	\$30	\$120
Room Set Up				
Up to 10 tables	4 hrs	1 custodial	\$20	\$80
11+ tables	8 hrs/ea	2 custodial	\$20	\$320
Strike & clean	8 hrs	1 custodial	\$20	\$160
Strike & clean	5 hrs/ea	2 custodial	\$20	\$200