



Sacramento Public Library Authority

March 11, 2010 Agenda Item 11.0: FY 2009/10 Mid Year Budget Update, Grant Acceptance and Acceptance of Q2 Gifts and Donations

TO: Sacramento Public Library Authority Board Members

FROM: Rivkah K. Sass, Library Director
Rick Teichert, Deputy Director - Support Services
Vicki Johnson, Finance Director

RE: FY 2009/10 Mid-Year Budget Update, Grant Acceptance and Acceptance of Q2 Gifts and Donations

RECOMMENDED ACTIONS:

1. **Approve** the FY 2009/10 Mid-Year Budget of \$41,928,330 (see Exhibit A) that is anticipated to be balanced for the remainder of the fiscal year without the need to make reductions in staff.
2. **Accept** the FY 2009/10 California State Library Grant for California Library Literacy Services (CLLS) in an amount up to \$53,171.
3. **Approve** the FY 2009/10 Budget Amendment increasing the revenue and expense budgets to \$53,171 for Library Literacy Services, an increase of \$3,171 over currently budgeted amounts.
4. **Accept** the donations for the period of October 1, 2009 through December 31, 2009, totaling \$84,740, as presented in Exhibit B.
5. **Approve** the correction of the FY 2008/09 year end materials allocation. The net result is a decrease in the fund balance of the County/Cities Fund and Special Tax Fund of \$74,415 and \$542,772 respectively, and an increase in the fund balance of the City of Sacramento General Fund of \$617,187.

Revenue Update

With the first ever negative county-wide Prop. 13 adjustments of -0.237%, the fact that over half of residential sales are still either foreclosures or short sales, and the commercial real estate market showing signs of softening, staff anticipates a 1% reduction, or \$192,270 decrease, in property tax revenues for FY 2009/10. The revised total property taxes available to the Library are \$19,034,708.

The City of Sacramento has advised staff that although sales tax and other revenue has declined more than anticipated, the City will honor its General Fund contribution for the current fiscal year of \$7,921,710.

The City of Sacramento Special Tax is expected to meet budget expectations since the Special Tax is a flat parcel fee that is not subject to assessed value fluctuations. Staff anticipates receiving the full \$4,479,660 budgeted for FY 2009/10.



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Staff has been advised that State Public Library Foundation funding of \$482,465 will be received for the 2009/10 fiscal year, an increase of \$137,259 over the Final Budget amount approved in September, 2009.

Likewise, Transaction Based Revenue from the State will come in \$20,000 higher than was budgeted.

Due to efforts to increase the collections of fines and fees, it is anticipated that an additional \$91,328 will be realized this fiscal year.

As a result of the general economic malaise, Library Galleria rental income will be \$149,000 less than what was budgeted. Total income from Library Galleria operations will drop to \$350,000 from the \$499,000 budgeted for FY 2009/10. Staff has taken action to reduce costs and this projected revenue will at least equal the costs of operation for this fiscal year.

Investment income is expected to increase to \$392,500, an increase of \$57,500. This is primarily due to the City's investment rate of return declining more slowly than expected.

The mid-year adjustments also include actions approved by the Board in October and November of 2009. These actions include first quarter gifts and donations totaling \$122,094; an LSTA Staff Development grant of \$12,335; a Literacy grant in the amount of \$20,000; additional funds of \$22,500 from the Anne M. Richardson Estate bequest; estimated vended copy machine revenue in the amount of \$26,250; and use of \$91,750 of fund balance for the purchase and maintenance of the vended copiers.

Staff is including an increase in the Literacy grant of \$3,171 based on final notice of the grant amount of \$53,171 from the State. Staff is also including the Smart Investing for Women (FINRA) Grant, as these funds are ready to be spent this fiscal year. Note that \$2,707 in fund balance is scheduled to be spent to correct the crediting of that amount as having been spent in FY 2008/09. The FINRA Grant is a reimbursable grant through the Foundation.

The mid-year budget update includes recognition of the FY 2009/10 second quarter gifts and donations. The total amount donated to the Library for the second quarter is \$84,740 bringing the total donated to the Library through December 31, 2009, to \$206,834 (see Exhibit B for details). Additional donations include \$54,000 from Branch Friends as well as \$17,000 from the Foundation towards the Belle Coledge remodel. This funding supports the project scope discussed later in this report. Staff is also including \$29,000 from SPL fund balance towards the Belle Coledge remodel.

Expenditure Update

Staff is recommending additional expense appropriations totaling a net of \$87,083 in the mid-year budget action. The changes include \$16,925 for self-check machines at Belle Coledge; \$47,000 for initial staff salaries and benefits at the new Robbie Waters Pocket-Greenhaven branch library; \$4,050 to fund improvements completed at the



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Del Paso Community Room; a decrease of \$85,000 for materials at North Natomas; and \$14,500 to operate the second Bookmobile three days a week.

The mid-year adjustment reflect actions the Board approved in October and November of 2009 to capture all activity since the Board Approved September Final Budget. These actions include first quarter gifts and donations totaling \$122,094; an LSTA Staff Development Grant of \$12,335; a Literacy Grant in the amount of \$20,000; additional funds of \$103,000 from the Anne M. Richardson Estate bequest; purchase and maintenance of vended copiers for \$118,000; and staff reorganization of the Library Galleria for a savings of \$26,075.

Additional mid-year adjustments for grants consist of an increase in the State Literacy Grant of \$3,171 as well as the Smart Investing for Women (FINRA) Grant in the amount of \$36,324 for funds ready to be spent this fiscal year.

The mid-year budget update also includes recognition of gifts and donations for the October through December quarter of FY 2009/10. Donations to the Library for the second quarter of FY 2009/10 total \$84,740, which are included in Exhibit B.

Belle Coolegge Branch Remodel Project

The Authority Board approved the Belle Coolegge Branch remodel project in the FY 2009/10 Final Budget in the amount of \$223,650. This budget was based on the project design to modify the branch for the one-desk service model, replace carpeting and furniture, and refresh the interior of the library branch. The project budget is funded by a private capital fundraising campaign that occurred in the early 2000's. Subsequently, meetings with the Friends of the Belle Coolegge Library resulted in a request to upgrade certain surfaces, furniture and lighting to enhance the quality of materials and enjoyment of the Library branch in the years to come. It was also determined that an IT Equipment cabinet needed to be moved, and additional wiring rerouting for relocating computers was necessary. These changes added \$100,000 to the project budget, bringing the revised total to \$323,650. This is funded by an additional \$17,000 held by the Library Foundation; \$54,000 contributed from the Friends of the Belle Coolegge Library and \$29,000 from fund balance to complete this project. The \$29,000 is the only funding from the Library for this project; the entire balance of funding is from private sources through the Library Friends and Foundation.

The City of Sacramento City Council is taking action on March 2, 2010, to add this project to the City's Capital Improvement Project plan. Plans have been submitted for permit review at the City of Sacramento. Results of the permitting process will determine how quickly City and Library staff can move forward to complete this project. Currently, Library staff is anticipating closing the branch for remodel in March 2010 and reopening in June 2010.



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Materials Allocation Adjustment

The adjustment of the FY 2008-09 year end materials allocation is to correct materials expensed against the City of Sacramento General Fund that should have been expensed against the Special Tax Fund and other materials inadvertently allocated through the shared cost formula rather than the materials formula. A subsequent interest adjustment for these changes will be booked to current year interest income after these corrections are approved. The net result is a decrease in the fund balance of the County/Cities Fund and Special Tax Fund of \$74,415 and \$542,772 respectively, and an increase in the fund balance of the City of Sacramento General Fund of \$617,187.

FY 2010/11 Anticipated Budget Challenges

Staff is in the process of updating revenue projections from all sources as an element of the FY 2010/11 budget process.

Staff analysis of data from the County Assessor impacting the Library's portion of the 1% property tax levy indicates a 2% decrease or \$379,698 reduction in property tax revenues from the current mid-year adjusted amount. The total amount of property taxes available to the Library is anticipated to be \$18,655,010.

As the City of Sacramento prepares to address a \$35-40 million budget deficit, it has not yet advised the Library how much to expect in reduced revenues.

Staff is anticipating a 25% reduction in State funding sources for FY 2010/11.

Interest income from investments in the City of Sacramento treasury pool is expected to decrease by about \$90,000 due to declining interest rates on investments as well as a decrease in fund balance.

The new Robbie Waters Pocket-Greenhaven Library will be funded entirely from the City of Sacramento Special Tax Fund as the entire branch represents additional library services. However, the Authority cannot indefinitely operate the entire Pocket branch out of this fund. Within three to four years, this branch will need to operate like the other City branches with funding provided by both the City of Sacramento General Fund and the Special Tax Fund.

Staff will be analyzing options to address the anticipated revenue reductions as the FY 2010/11 budget is prepared, and anticipates presenting a Proposed Budget at the May 27, 2010 Authority Board meeting.

ATTACHMENTS:

Exhibit A: Proposed Mid-Year Budget Changes – FY 2009/10

Exhibit B: Donations and Gifts – October 1, 2009 through December 31, 2009

Sacramento Public Library Authority
Proposed Mid-Year Budget Changes
FY 2009-10

	Amount	101 Shared	201 County	202 City	203 Special Tax	Total
REVENUES						
September Adopted Budget - Revenue		212,600	20,317,881	9,133,714	4,529,286	34,193,481
Contributions from other agencies				4,492,894		4,492,894
Carryover and Encumbrances funded from prior year fund balance		423,470	880,525	297,886	40,844	1,642,725
Use of current year fund balance		45,583	15,356	446,923	520,304	1,028,166
Total Resources Available - September Adopted Budget		681,653	21,213,762	14,371,417	5,090,434	41,357,266
Previously Appropriated						
Donations 1st Quarter - Books, Programs & Other	122,094	50,000	31,040	41,054		122,094
LSTA Staff Development	12,335	12,335				12,335
Literacy	20,000	20,000				20,000
Anne Richardson Estate Bequest	22,500		22,500			22,500
Vended Copiers	26,250		17,000	9,251		26,250
Fund Balance for Vended Copiers	91,750		43,181	48,569		91,750
Grant						
Literacy Grant	3,171	3,171				3,171
Grant Carryover Revenue						
SPL Fund Balance- FINRA Grant (Smart Investing for Women)	2,707	2,707				2,707
Foundation - FINRA Grant (Smart Investing for Women)	33,617	33,617				33,617
Donations						
Donations 2nd Quarter - Books, Programs, & Other	84,740	8,250	53,957	22,533		84,740
Project Funding						
Branch Friends Donation - Belle Cooleedge remodel	54,000			54,000		54,000
Foundation Donation - Belle Cooleedge remodel	17,000			17,000		17,000
SPL Fund Balance- Belle Cooleedge remodel	29,000			29,000		29,000
Revenues						
County Property Taxes	(192,270)		(192,270)			(192,270)
PLF	137,259		88,807	48,452		137,259
TBR	20,000		12,940	7,060		20,000
Fines & Fees	91,328		60,167	30,111	1,050	91,328
Galleria	(149,000)			(149,000)		(149,000)
Interest Income	57,500		42,061	7,544	7,895	57,500
Mid-Year Adopted Budget - Revenue	483,981	130,080	179,383	165,574	8,945	483,981
Net Additional Increase/Decrease to Fund Balance at Mid-Yea	87,083	78,244	78,244	(52,265)	61,104	87,083
Total Resources Available - Mid-Year Adopted Budget	571,065	811,733	21,471,388	14,484,726	5,160,483	41,928,330
EXPENSES						
September Adopted Budget - Expense		13,848,203	12,633,509	11,668,021	3,207,532	41,357,265
Shared Cost Allocation		(13,166,550)	8,580,252	2,703,396	1,882,902	
Total Use of Funds - September Adopted Budget		681,653	21,213,761	14,371,417	5,090,434	41,357,265
Previously Appropriated						
Donations 1st Quarter - Books, Programs & Other	122,094	50,000	31,040	41,054		122,094
LSTA Staff Development	12,335	12,335				12,335
Literacy	20,000	20,000				20,000
Anne Richardson Estate Bequest	103,000		103,000			103,000
Vended Copiers	118,000		60,181	57,819		118,000
Galleria Reorganization	(26,075)			(26,075)		(26,075)
Grants/Donations						
Donations 2nd Quarter - Books, Programs & Other	84,740	8,250	53,957	22,533		84,740
Literacy Grant	3,171	3,171				3,171
FINRA Grant	36,324	36,324				36,324
Belle Cooleedge remodel	100,000			100,000		100,000
Operating & Project Expenses						
Belle Cooleedge self-check	16,925				16,925	16,925
POC staff salary and benefits	47,000				47,000	47,000
Del Paso Community Room	4,050				4,050	4,050
Decrease in North Natomas Expense	(85,000)			(85,000)		(85,000)
Bookmobile 3 days/week	14,500		9,450	2,977	2,074	14,500
Mid-Year Adopted Budget - Expense	571,065	130,080	257,627	113,309	70,049	571,065
September Adopted Budget + Mid-Year Adopted Budget - Expense		811,733	21,471,388	14,484,726	5,160,483	41,928,330
Mid-Year Budget FY2009/10						
Personnel Salaries and Benefits		9,625,417	8,008,450	4,886,680	1,822,318	24,342,865
Services and Supplies - New		3,832,500	1,616,513	1,393,554	456,145	7,298,711
Books and Materials		123,781	2,121,561	220,251	845,303	3,310,896
Capital and Projects		396,585	1,144,613	5,280,846	153,815	6,975,858
Cost Allocation Summary		(13,166,550)	8,580,252	2,703,396	1,882,902	-
Total Expenditure Budget		811,733	21,471,388	14,484,726	5,160,483	41,928,330

SACRAMENTO PUBLIC LIBRARY AUTHORITY

Donations and Gifts Received

October 1, 2009 through December 31, 2009

Fund	Branch/Department	Books	Programs	Supplies	General	Capital Projects	Qtr 2	Year to Date
							FY09/10 Total	FY 09/10
SHARED COST FUND (101)								
101-1102	MARKETING						\$0.00	\$0.00
101-2105	HUMAN RESOURCES						\$0.00	\$0.00
101-3001	SHARED PUBLIC SERVICES						\$0.00	\$50,000.00
101-3006	COLLECTION MANAGEMENT	\$5,250.00					\$5,250.00	\$5,250.00
101-3007	YOUTH SERVICES		\$2,999.47				\$2,999.47	\$2,999.47
101-3502	CENTRAL/SYSTEM WIDE SERVICES						\$0.00	\$0.00
101-3504	SACRAMENTO ROOM						\$0.00	\$0.00
101-3601	COMMUNITY SERVICES						\$0.00	\$0.00
101-3602	BOOKMOBILES						\$0.00	\$0.00
	Subtotal Shared Cost Fund Donations	\$5,250.00	\$2,999.47	\$0.00	\$0.00	\$0.00	\$8,249.47	\$58,249.47
COUNTY/CITIES FUND (201)								
201-3002	COUNTY PUBLIC SERVICES						\$0.00	\$0.00
201-3101	COURTLAND	\$1,200.00		\$1,200.00			\$2,400.00	\$2,400.00
201-3102	ELK GROVE	\$719.00		\$0.40	\$0.25		\$719.65	\$8,819.65
201-3103	FRANKLIN		\$450.00	\$250.00			\$700.00	\$2,050.00
201-3104	GALT	\$1,000.00	\$575.00	\$700.00			\$2,275.00	\$2,721.50
201-3105	ISLETON	\$233.33	\$233.33	\$233.33			\$699.99	\$1,199.99
201-3106	RANCHO CORDOVA	\$800.00		\$700.00	\$1,000.00		\$2,500.00	\$2,700.00
201-3107	SOUTHGATE		\$850.00	\$250.00			\$1,100.00	\$1,100.00
201-3108	WALNUT GROVE		\$1,700.00				\$1,700.00	\$2,950.00
201-3301	ARCADE		\$713.00				\$713.00	\$3,073.00
201-3302	ARDEN	\$14,119.19	\$200.00	\$892.00	\$1,701.81		\$16,913.00	\$19,685.00
201-3303	CARMICHAEL	\$350.00	\$500.00			\$3,000.00	\$3,850.00	\$4,115.00
201-3304	FAIR OAKS	\$4,065.00	\$400.00	\$1,235.00			\$5,700.00	\$8,621.07
201-3305	NORTH HIGHLANDS/ANTELOPE	\$1,000.00	\$400.00	\$778.00	\$1,000.00		\$3,178.00	\$4,578.00
201-3306	ORANGEVALE		\$723.00				\$723.00	\$5,573.00
201-3307	RIO LINDA	\$2,700.00			\$1,540.44		\$4,240.44	\$4,240.44
201-3308	SYLVAN OAKS (Citrus Heights)	\$5,710.00	\$325.00	\$450.00	\$60.00		\$6,545.00	\$11,170.80
	Subtotal County Fund Donations	\$31,896.52	\$7,069.33	\$6,688.73	\$5,302.50	\$3,000.00	\$53,957.08	\$4,997.45
SACRAMENTO CITY FUND (202)								
202-2107	GALLERIA						\$0.00	\$0.00
202-3003	CITY PUBLIC SERVICES						\$0.00	\$0.00
202-3201	COLONIAL HEIGHTS	\$500.00	\$366.00	\$3,500.00			\$4,366.00	\$10,366.00
202-3202	COOLEGGE	\$1,399.00	\$400.00	\$280.00			\$2,079.00	\$32,079.25
202-3203	MARTIN LUTHER KING	\$877.00	\$750.00		\$0.05		\$1,627.05	\$1,627.05
202-3204	VALLEY HI / NORTH LAGUNA	\$300.00		\$400.00	\$0.10		\$700.10	\$700.10
202-3205	Mc CLATCHY	\$205.00	\$500.00				\$705.00	\$867.50
202-3206	McKINLEY	\$230.00	\$680.00	\$290.00			\$1,200.00	\$2,800.00
202-3401	DEL PASO	\$233.33	\$233.33	\$233.33	\$0.10		\$700.09	\$700.24
202-3404	NORTH NATOMAS	\$0.10		\$701.00			\$701.10	\$1,651.10
202-3405	NORTH SACRAMENTO (Hagginwood)	\$233.33	\$233.33	\$233.33			\$699.99	\$699.99
202-3406	SOUTH NATOMAS	\$715.00	\$1,200.00	\$650.00			\$2,565.00	\$2,565.95
202-3501	CENTRAL - City	\$690.00	\$6,250.00	\$250.00			\$7,190.00	\$9,529.80
202-3501	CENTRAL - SACRAMENTO ROOM						\$0.00	\$0.00
	Subtotal City Fund Donations	\$5,382.76	\$10,612.66	\$6,537.66	\$0.25	\$0.00	\$22,533.33	63,586.98
	Total Monetary Donations - Library System	\$42,529.28	\$20,681.46	\$13,226.39	\$5,302.75	\$3,000.00	\$84,739.88	\$206,833.90