

FY 10-11 Budget Proposal



LIBRARY COMMISSION PRESENTATION

February 18, 2010

FY 10-11 Budget Priorities



Projected Budget Timeline

- Jan. 7: Budget update and priorities discussion w/ Commission
- Feb. 4: Submission of preliminary budget to Commission
- **Feb. 18: Commission's approval of final FY 10-11 budget requested**
- Feb. 22: Budget submission due to Controller's Office
- Mar. 1: Controller's submission of all budgets to the Mayor's Office
- June 1: Mayor's proposed budget introduced to the Board
- Mid-June: Budget Committee hearings
- July: Budget approval at full Board

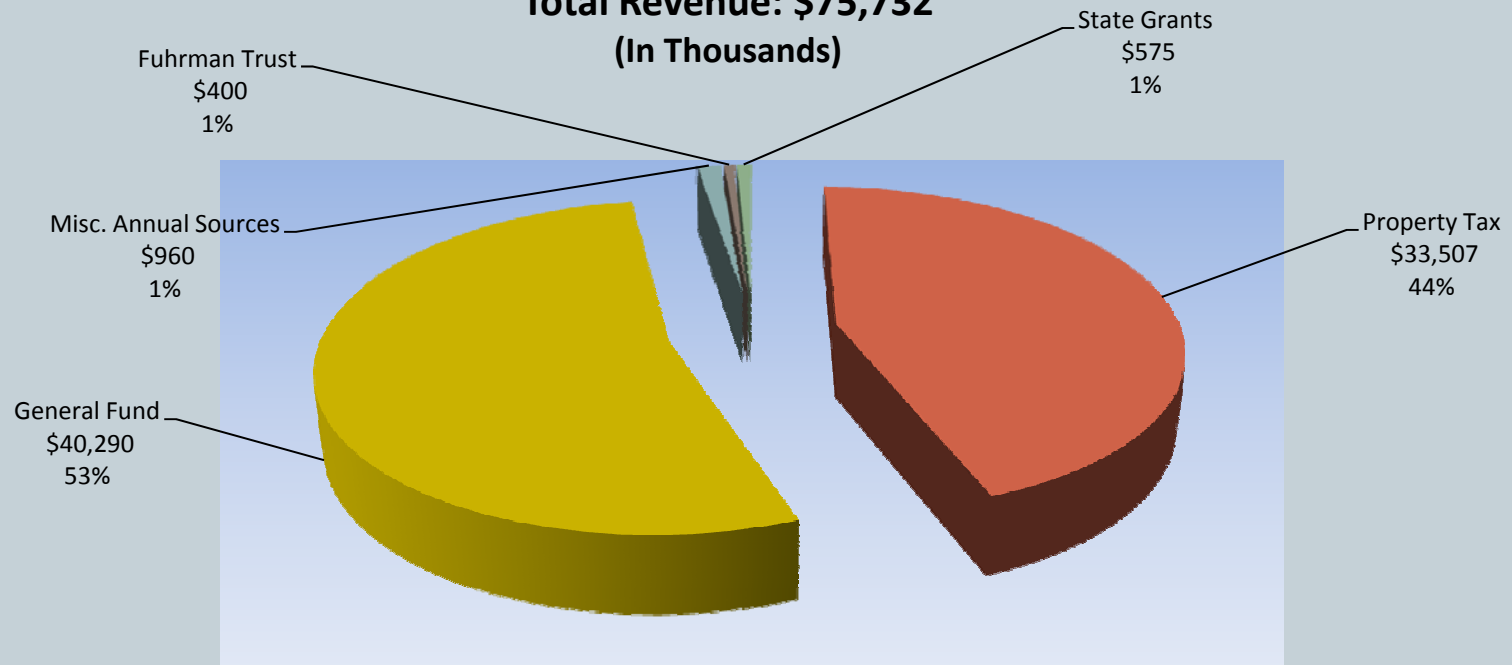
FY 10-11 Comparison, per Controller's 6-month projection

Categories	FY10 Budget	FY11 Budget Base Feb. 4 3 Mo Projection	Increase (Decrease)	FY11 Budget Base Feb. 18 6 Mo Projection	FY11 Budget Proposal
Property Tax	37,384,000	32,783,000	724,000	33,507,000	33,507,000
General Fund Transfer	42,240,000	39,750,000	540,000	40,290,000	40,290,000
Subtotal LPF Baseline	79,624,000	72,533,000	1,264,000	73,797,000	73,797,000
Misc. Annual Sources	993,800	971,800	-	971,800	960,200
Fuhrman Trust	530,000	400,000	-	400,000	400,000
State Grants	574,665	574,665	-	574,665	574,665
Subtotal Other Sources	2,098,465	1,946,465	-	1,946,465	1,934,865
Total Revenues	81,722,465	74,479,465	1,264,000	75,743,465	75,731,865
Salaries	41,022,828	41,857,238	37,957	41,895,195	41,109,199
Fringes & Benefits	17,249,748	19,113,611	7,254	19,120,865	18,755,487
Non Personnel Services	3,151,926	3,150,940	-	3,150,940	2,753,351
Materials & Supplies	1,709,995	1,709,995	-	1,709,995	1,500,509
Books and Materials	10,642,742	10,642,742	-	10,642,742	9,070,000
Capital Outlay	357,435	-	-	-	-
LRB Debt Service	3,414,524	3,394,478	-	3,394,478	2,500,000
Work Order	5,521,336	5,295,605	-	5,295,605	4,936,825
Total Expenditures	83,070,534	85,164,609	45,211	85,209,820	80,625,370
Net (Revenues - Expenditures)	(1,348,069)	(10,685,144)	1,218,789	(9,466,355)	(4,893,505)

FY11 Revenues by Source



FY11 Revenues by Sources Total Revenue: \$75,732 (In Thousands)

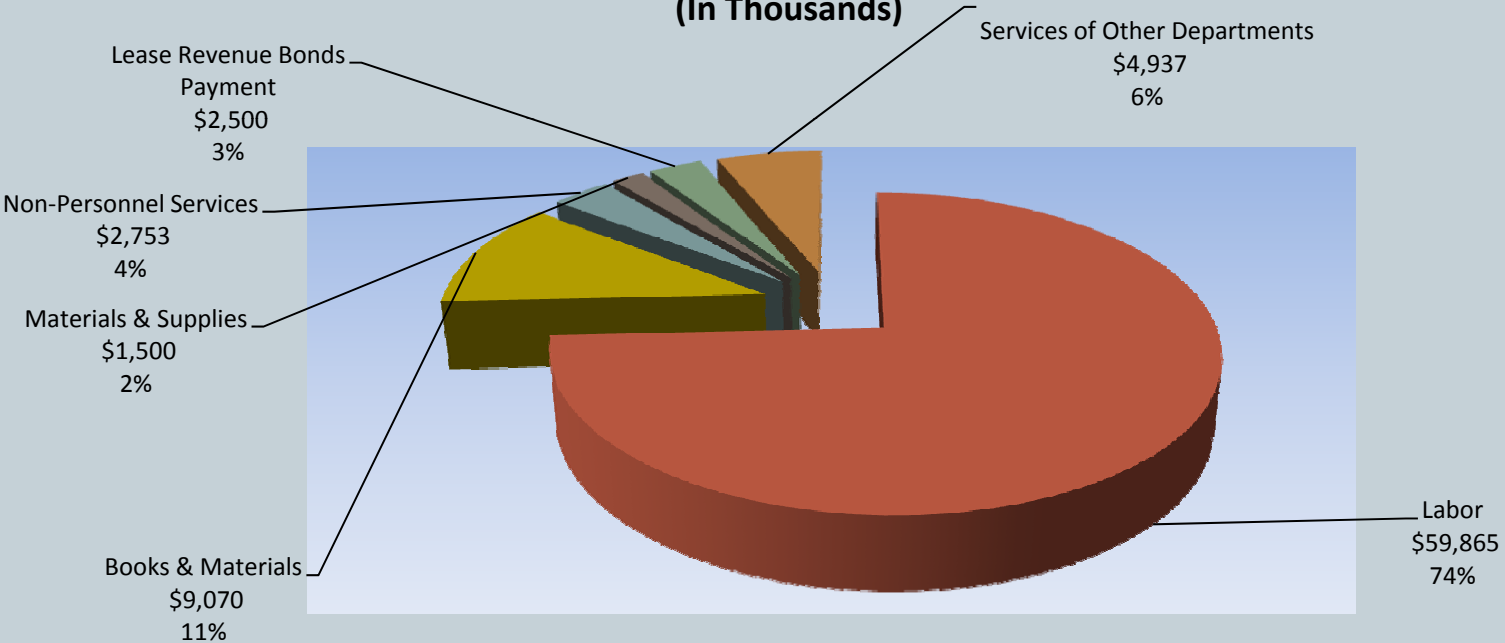


Library relies on property taxes and other general fund revenues

FY11 Expenses



Proposed Operating Budget - FY11 Total Operating Budget : \$ 80,625 (In Thousands)



Service to the public is the Library's primary cost driver

FY 10-11 Budget: Priorities



- **Maintain Public Service hours**
- **Maintain collections**
- **Targeted technologies**
- **Facilities**
- **Public Safety**
- **Workforce Development**

FY 10-11 Budget Strategy

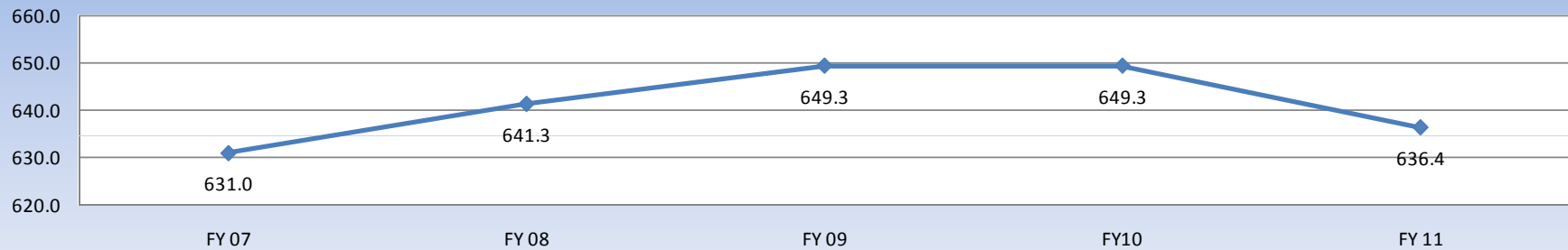


- **Reduce staffing, \$2.7M:**
 - Review and adjust Main and Branch staffing requirements
 - Implement efficiencies in support functions
 - Reorganization of positions to accommodate vacancies
 - Incremental reduction of FTE through creation of part time positions from full time vacancies
 - Minimize layoffs

Long Term Labor Trend



Budgeted FTE by Fiscal Year



Number of Full Time Equivalent (FTE) employees is driven by number of service locations, services and hours

FY 10-11 Budget Strategy

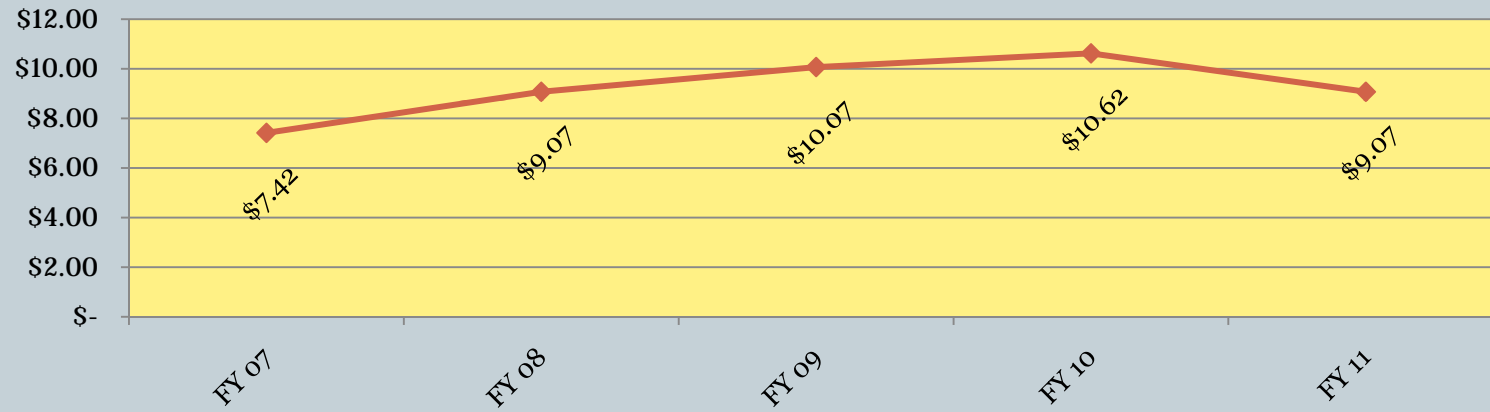


- **Reduce staffing, \$2.7M**
- **Reduce collections spending to FY 08 level, \$1.6M**

FY11 Books and Materials Proposal at FY08 Level



5 Year Library Collections (In Millions)



FY10-11 Reduction Impact on Collections



- **8 Opening Day Collections Built by close of FY11**
 - Approx. \$228,500 per branch = \$1.8M
- **Reduction in Bindery Costs - periodicals**
 - \$35K = 26.5% reduction (\$97K budget remaining)
- **\$7.2M for Regular Collection Development**
 - Comparable with other large public library systems
 - Demand for collections increases annually
 - ✦ Circulation
 - ✦ Reserves

FY 10-11 Budget Strategy



- **Reduce staffing, \$2.7M**
- **Reduce collections spending to FY 08 level, \$1.6M**
 - Bindery Services \$35K
- **Reduce non-salary, non-collection spending, \$1.1M**
 - Facilities \$384K
 - Information Technology \$309K
 - Programs \$196K
 - Public Safety \$25K
 - Miscellaneous/Other \$109K

FY11 Reduction Impact to Facilities



ITEM	FY10	FY11	\$\$\$ Reduced	% Reduced	DESCRIPTION
Building Maintenance Contracts	\$619,639	\$519,639	\$ (100,000)	16%	Reduced capacity for major upgrades
Reduction in DPW Workorder	\$534,995	\$444,995	\$ (90,000)	17%	Carpet replacement at Main (50K); No branch carpet replacement
Reduction in "Janitorial Services"	\$132,000	\$44,400	\$ (87,600)	66%	Window washing service contract
Materials and Supplies	\$527,563	\$482,462	\$ (45,101)	9%	Adjustment to maintenance and office supplies
Miscellaneous Reductions - Contracts and Services	\$311,008	\$284,161	\$ (26,847)	9%	Membership Fees; trash expenses; uniform cleaning; postage
Minor Furnishings	\$ 50,000	\$16,000	\$ (34,000)	68%	Main Library reduced replacement of furniture & small office items

Reduction to Facilities Non-Personnel \$383,548

FY11 Reduction Impact to Public Technology



ITEM	FY10	FY11	\$\$\$ Reduced	% Reduced	DESCRIPTION
Defer Purchasing IT Equipment	\$145,000	\$ -	\$ 145,000	100%	Reduced capacity to purchase equipment
Software Licenses & Maintenance	\$469,103	\$388,494	\$(80,609)	17%	Reduce number of licenses; adjustment to maintenance services
Reduction to Desktop & Network Supplies	\$1,053,938	\$1,008,858	\$(45,080)	4%	Adjustment to supplies based on need
Materials and Supplies	\$457,631	\$419,731	\$(37,900)	8%	Equipment replacement

Reduction to IT Non-Personnel \$308,589

FY11 Reduction Impact to Programs



ITEM	FY10	FY11	\$\$\$ Reduced	% Reduced	DESCRIPTION
Writer's Corps	\$341,000	\$170,000	\$(171,000)	50%	Reduction in Work Order to Arts Commission to FY09 level
Early Literacy	\$68,000	\$43,000	\$(25,000)	37%	\$25K reduction in "Play to Learn" budget; retain supplies, printing, & services
Supporting Successful Teens	\$71,000	\$71,000	\$ -	0%	SAT Programs and Teen program support materials
Systemwide Support for Children's and Teens Services	\$113,112	\$113,112	\$ -	0%	Adjustment to maintenance and office supplies

Reduction to Children's and Teen Program Non-Personnel \$196,000

FY11 Reduction Impact to Public Safety



ITEM	FY10	FY11	\$\$\$ Reduced	% Reduced	DESCRIPTION
DPH Work Order	\$201,000	\$176,000	\$(25,000)	12%	Funds social worker; 4 health & safety associates; SFHOT presence at the Main Library; and training for staff

Reduction to Public Safety Non-Personnel \$25,000

FY 10-11 Budget Strategy



- Reduce staffing, \$2.7M
- Reduce collections spending to FY 08 level, \$1.6M
- Reduce non-salary, non-collection spending, \$1.1M
- Utilize LPF Reserve to cover debt payment of \$2.5 M and the remaining gap of \$2.4M

FY 10-11 Balancing the Budget



Baseline Revenue		\$73,797,000
General Fund Support	\$40,290,000	
Unallocated Property Tax	\$33,507,000	
Fuhrman Trust		\$ 400,000
State Grants		\$ 574,665
Miscellaneous Annual Sources		\$ 960,200
LPF Reserve Fund Balance		<u>\$13,300,000</u>
TOTAL REVENUES		\$89,031,865
Proposed FY 2010-2011 Budget		\$78,125,370
Debt service payment		<u>\$ 2,500,000</u>
REMAINING RESERVE		\$ 8,406,495

FY 10-11 Budget

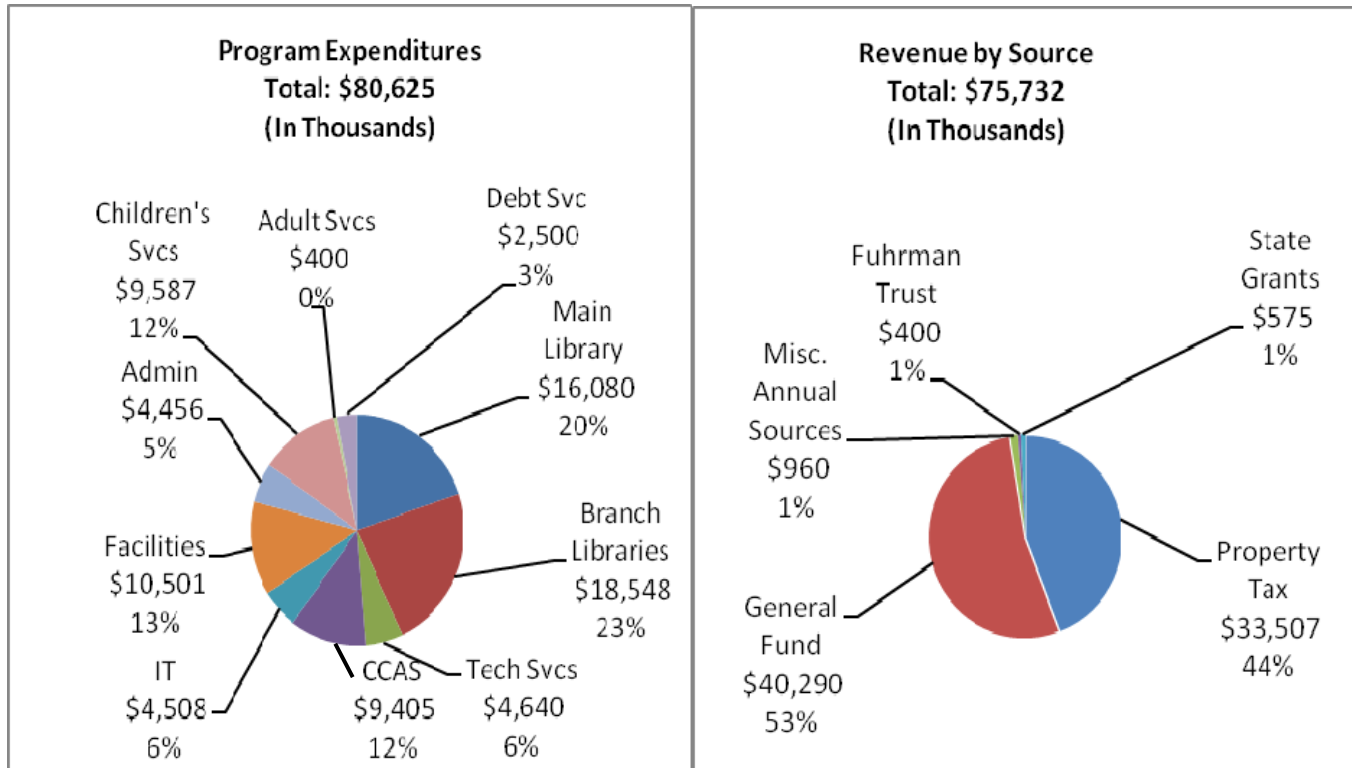


Next Steps

- Monitor baseline revenues and expense assumptions
- Monitor ongoing Mayor's discussions on labor concessions and proposed 37.5 hour positions
- Monitor potential increases on department work orders
- Continue exploration of expenditure reductions
- Request budget approval at February 18th commission meeting

PUBLIC LIBRARY: FY 10-11 Proposed Budget

Budget Overview: FY 10-11



Expenditure Budget

	FY09-10	FY10-11- Proposed	Change	% Change
Expenditures-Operation	\$ 79,656,010	\$ 78,125,370	\$ (1,530,640)	1.92%
Expenditures – BLIP Debt Service Payment	\$ 3,414,524	\$ 2,500,000	\$ (914,524)	-26.78%
Total Expenditures	\$ 83,070,534	\$ 80,625,370	\$ (2,445,164)	2.94%
FTE	649.3	636.4	-12.9	-1.99%

The Library's proposed budget for FY 10-11 totals \$80.6 million & supports approximately 636.4 FTE.

- **Reduction in FTE is made possible, without reducing public operating hours, using a combination of solutions:**
 - Reviewing and adjusting public service staffing requirements to maximize open hours;
 - Reorganizing support functions to achieve time and staffing efficiencies while optimizing services;
 - Reducing FTE incrementally through the creation of part time positions from full time vacancies;
 - Minimizing layoffs.

- **The proposed operating budget has been reduced through a number of Budget Efficiency Proposals, including such items as:**
 - Returning the books & materials budget to FY08 level;
 - Reducing work orders to the Department of Public Health, Department of Public Works, and the Arts Commission;
 - Reducing capacity to purchase public technology (while continuing to meet service needs through previous year investments and grant funding);

PUBLIC LIBRARY: FY 10-11 Proposed Budget

- Incrementally reducing allocation for materials and supplies.

Revenue Budget

Public Library services are funded by annual revenue allocations made pursuant to Charter Section **16.109**. The Charter requires allocation of property taxes equivalent to **2½ cents** for every **\$100** of assessed property valuation in the City; and, allocation of discretionary General Fund money. Funding is appropriated to the Library through the Library Preservation Fund (LPF). The Controller's Office has not finalized the revenue allotment for FY 11 as of February 12, 2010 and as such the Library Administration prepared their proposed budget base on 6 months Revenue projection by the Controller's Office. The Administration will inform the Library Commission of the FY 11 revenues once the Controller finalizes the revenue figures. Revenue sources total **\$75.73** million with LPF baseline and other annual miscellaneous revenue (Fuhrman, gifts, grants, etc.) accounting for **100%** of proposed spending. Revenue detail is shown below:

Categories	FY10 Budget	FY11 Budget Proposal	Change	% Change
Property Tax	\$ 37,384,000	\$ 33,507,000	\$ (3,877,000)	-10.4%
General Fund Transfer	\$ 42,240,000	\$ 40,290,000	\$ (1,950,000)	-4.6%
Subtotal LPF Baseline	\$ 79,624,000	\$ 73,797,000	\$ (5,827,000)	-7.3%
Misc. Annual Sources	\$ 993,800	\$ 960,200	\$ (33,600)	-3.4%
Fuhrman Trust	\$ 530,000	\$ 400,000	\$ (130,000)	-24.5%
State Grants	\$ 574,665	\$ 574,665	\$ -	0.0%
Subtotal Other Sources	\$ 2,098,465	\$ 1,934,865	\$ (163,600)	-7.8%
Total Revenues	\$ 81,722,465	\$ 75,731,865	\$ (5,990,600)	-7.3%

The Library Preservation Fund (LPF) Balance:

- Current balance in the LPF Reserve is approximately **\$13.3** million.
- The proposed budget would utilize **\$4,893,505** of the LPF fund balance: **\$2,500,000** for the debt service and **\$2,393,505** for operational funding. With approval of the budget, the LPF fund balance would have a remaining balance of approximately **\$8.4** million or **11.38%** of baseline revenue.

Summary:

Available revenues to fund Library operations in FY 11 total **\$75,731,865**. The proposed budget for FY 11 totals **\$80,625,370** which equals the available funding, including the use of **\$4,893,505** of the Library's fund balance. The remaining available fund balance is estimated to be approximately **\$8.4 million**.

The proposed budget supports library services and operations in keeping with the department's priorities which emphasize: public service hours, strong collections, targeted technologies, safe and welcoming facilities, public safety and workforce development.

Next Steps:

All City Departments are required by the Mayor to submit their budgets on **February 22, 2010**. Library Administration will enter into budget negotiations with the Mayor's Office in March and with the Board of Supervisors in June.

The Library Commission will be asked to take action on the proposed FY 11 budget during its meeting on **February 18th**.
