

JPA-5
06/27/19

JOINT POWERS AUTHORITY BOARD TRANSMITTAL

DATE: June 27, 2019

TO: Joint Powers Authority Board

FROM: Nancy Howe, County Librarian *NH*

SUBJECT: ADOPT THE FISCAL YEAR 2019-20
SANTA CLARA COUNTY LIBRARY DISTRICT BUDGET

APPROVED ACCEPTED PENDING
DENIED PRESENTED MODIFIED

BY THE SANTA CLARA COUNTY LIBRARY
DISTRICT JOINT POWERS AUTHORITY

BY: *Cynthia Rios Garcia*
DATE: *6/27/2019* SECRETARY

RECOMMENDED ACTION

It is recommended that the Board adopt the Fiscal Year 2019-2020 Final Budget.

BACKGROUND/REASONS FOR RECOMMENDATION

A good budget document is one that aligns with an organization's vision and reflects the priorities of its governing body. This proposed budget fulfills those criteria as reflected in the Library District's "vision wheel" on the following page, while ensuring continued fiscal sustainability.

The approval of this budget is expected to be sustainable over the five-year forecast period:

FISCAL YEAR	Operating Revenue	Designated Reserves	Operating Cost	Surplus*
2018-19	\$ 55,658,879	4,170,000	52,372,692	7,456,188
2019-20	\$ 57,395,280	5,040,000	60,902,127	1,533,153
2020-21	\$ 56,751,642	-	55,825,128	926,514
2021-22	\$ 58,287,857	-	57,741,177	546,680
2022-23	\$ 59,869,271	-	59,728,214	141,056

*Surpluses built up over time will be added to the Designated Reserves for the Capital Maintenance Program, the Technology Plan, and the Reserve for Economic Uncertainty

SANTA CLARA COUNTY LIBRARY DISTRICT

STRATEGIC WORK PLAN: VISION, STRATEGIES, AND PRIORITY PROJECTS

2019-2020



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Santa Clara County Library District - Fiscal Year 2019-2020 REQUESTED BUDGET SUMMARY

Estimated Revenue:

Property Taxes	49,355,136
State Sources	53,523
Special Tax	5,895,434
City/ County Contribution	618,458
Fines & Fees	482,000
Other	<u>990,728</u>
TOTAL Current Revenue	<u>57,395,280</u>

Transfer from Cap. & IT Res.	2,945,000
2017-18 Budget Rollover	<u>2,095,000</u>

TOTAL \$62,435,280

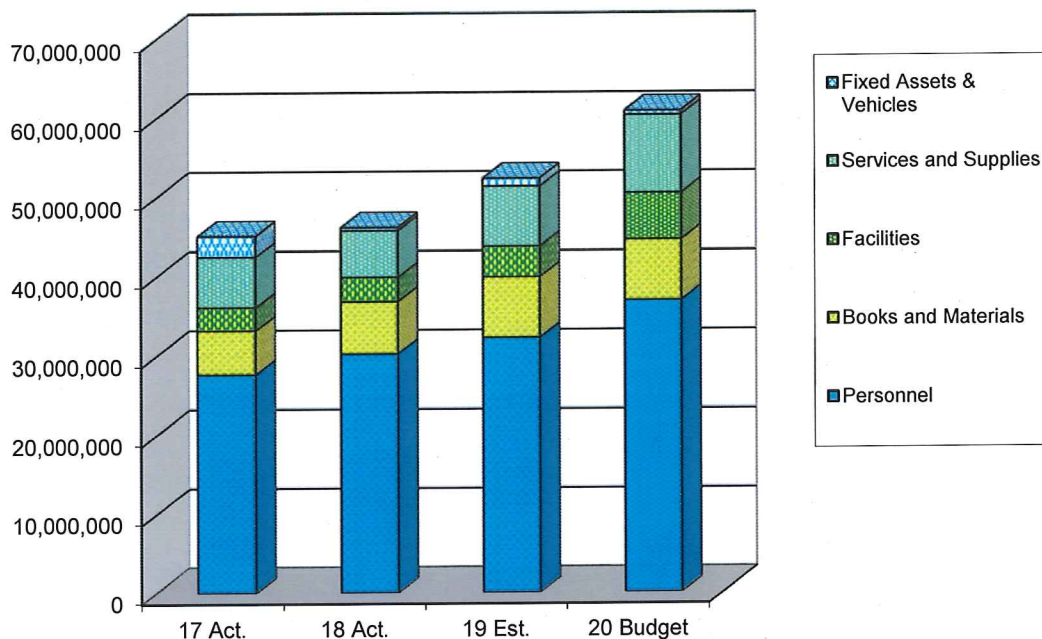
Requested Expenditures:

Personnel	36,958,430
Books and Materials	7,661,386
Facilities	5,857,898
Services and Supplies	<u>9,894,412</u>
TOTAL Operating Budget	<u>60,372,127</u>

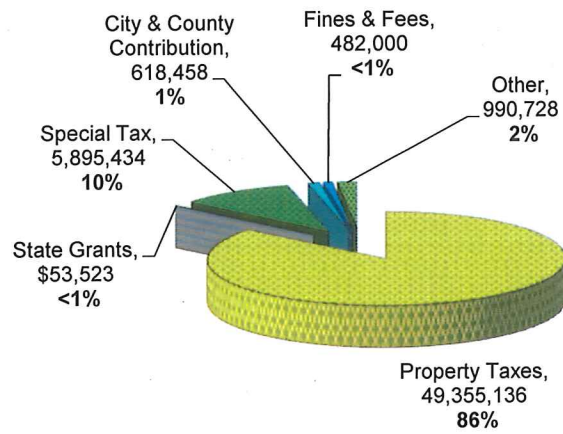
Fixed Assets & Vehicles	<u>530,000</u>
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TOTAL \$60,902,127

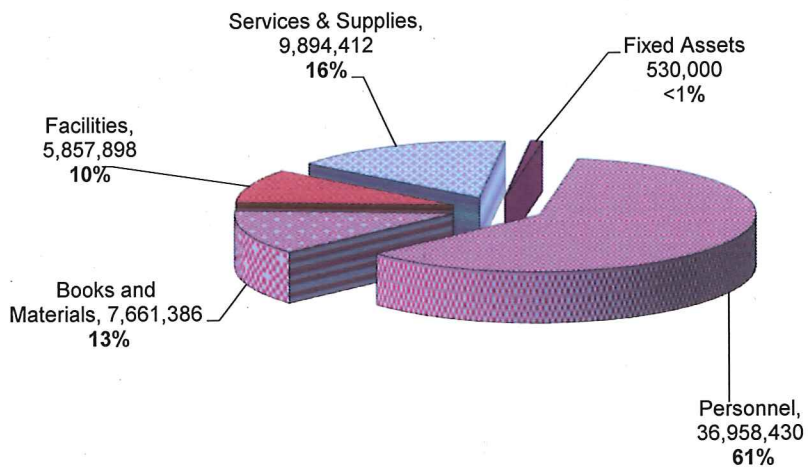
Four-Year Expenditure Trend



Fiscal Year 2019-2020 Library Revenue



Fiscal Year 2019-2020 Library Expenditures



Santa Clara County Library Budget
Fiscal Year 2019 - 2020
Four-Year Recap of Revenue & Expenses

	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Approved	FY 18-19 Estimated	FY 19-20 Budget
REVENUE					
Property Taxes	37,401,559	40,852,344	40,544,738	46,063,922	49,355,136
State Grants	83,203	81,383	53,523	120,523	53,523
Special Tax	5,857,783	5,824,974	5,888,732	5,888,732	5,895,434
City & County Contribution	1,723,189	1,935,997	1,752,271	1,982,684	618,458
Fines & Fees	548,507	526,435	387,000	482,000	482,000
Other	1,598,130	1,493,675	777,605	1,121,018	990,728
TOTAL	47,212,371	50,714,808	49,403,869	55,658,879	57,395,280
Transfer from Cap. & IT Reserves	0	0	890,000	890,000	2,945,000
Transfer from Prior Year	0	0	<u>3,280,000</u>	<u>3,280,000</u>	<u>2,095,000</u>
TOTAL FINANCING AVAILABLE	47,212,371	50,714,808	53,573,869	59,828,879	62,435,280

EXPENSES

Personnel	27,697,581	30,257,567	32,280,568	32,280,568	36,958,430
Books and Materials	5,535,253	6,614,473	7,144,043	7,644,660	7,661,386
Facilities	2,943,795	3,060,989	5,758,022	3,882,676	5,857,898
Services and Supplies	6,364,115	5,892,548	7,396,236	7,569,787	9,894,412
Fixed Assets & Vehicles	2,626,774	394,306	995,000	995,000	530,000
TOTAL	45,167,518	46,219,883	53,573,869	52,372,692	60,902,127

Fiscal Year 2019-2020

REVENUE PROJECTION

REVENUE SOURCE	FY 17-18 Actual	FY 18-19 Budget	FY 18-19 Projected	FY 19-20 Budget	Variance from Approved
Supplemental Roll	\$ 1,120,524	\$ 928,863	\$ 916,502	\$ 753,502	\$ (175,361)
Property Tax - Current Secured	27,950,060	29,059,561	29,613,653	31,118,653	2,059,092
Property Tax - RDA Distribution	1,470,616	1,303,000	1,442,000	1,471,000	168,000
Property Tax - Current Unsecured	1,980,009	2,189,836	2,312,130	2,312,130	122,294
ERAF Reimbursements	3,355,184	1,902,000	6,411,965	8,071,000	6,169,000
Property Tax - Unitary Roll	811,324	812,478	842,851	873,851	61,373
Property Tax- VLF in lieu	3,259,344	3,444,000	3,487,000	3,696,000	252,000
RDA- Property Tax Pass-thru	905,283	905,000	1,037,821	1,059,000	154,000
Subtotal All Property Tax	\$40,852,344	\$40,544,738	\$46,063,922	\$49,355,136	\$8,810,398
Library Fees and Charges	\$ 234,602	\$ 232,000	\$ 232,000	\$ 232,000	\$ -
Library Overdue Fines	291,833	155,000	250,000	250,000	95,000
Interest Earnings	496,851	250,000	500,000	500,000	250,000
Homeowner Prop. Tax Relief	143,593	140,105	142,768	142,768	2,663
State LSCA	77,333	53,523	53,523	53,523	0
Other State Grants	4,050	0	67,000	0	0
Contributions from Cities	1,584,993	1,701,271	1,701,271	567,458	(1,133,813)
Special Tax - CFD	5,824,974	5,888,732	5,888,732	5,895,434	6,702
Other Library Services	24,538	21,250	21,250	21,250	0
Contributions & Donations	705,547	0	237,000	0	0
Passport Fees	38,474	326,250	180,000	286,710	(39,540)
Misc. Income	49,368	10,000	10,000	10,000	0
Transfer from County	351,004	51,000	281,413	51,000	0
Federal Medicare Credit	35,304	30,000	30,000	30,000	0
Subtotal All Other Sources	\$9,862,464	\$8,859,131	\$9,594,957	\$8,040,143	(\$818,988)
TOTAL	50,714,808	\$49,403,869	\$55,658,879	\$57,395,280	\$7,991,411
Budget Rollover from Prior Year	\$0	\$3,280,000	\$3,280,000	\$2,095,000	(\$1,185,000)
Transfer from Cap. & IT Reserves	\$0	\$890,000	\$890,000	\$2,945,000	\$2,055,000
GRAND TOTAL	\$50,714,808	\$53,573,869	\$59,828,879	\$62,435,280	\$8,861,411

Secured property taxes in FY 2019-2020 are forecasted to increase 5.08% over the projected FY 2018-2019 amounts based on estimates from the County Controller's Office, while overall property taxes are forecast to increase 7.14% -- primarily due to an expected 25.87% increase in ERAF reimbursements. All other revenue sources remain relatively flat, with the exception of "Contribution of Cities" -- as the improved performance of property tax revenue continues, the Library District has sufficient revenue to fund a portion of the additional hours previously funded from the cities of Cupertino and Milpitas and the North County Library Authority. The "Budget Rollover from Prior Year" represents projects budgeted in 2018-19 that will not be accomplished until 2019-20. The "Transfer from Reserves" represents FY 2019-2020 projects for which funding was set aside by the JPA Board in its approval of the Technology and Capital Maintenance Plans.

FISCAL YEAR 2019-2020 PERSONNEL REQUEST

The proposed personnel budget of \$36,958,430 reflects a \$4,677,862 increase from the original JPA-approved Fiscal Year 2018-19 personnel budget. Of this increase, \$1,464,173 is the result of salary and benefit increases, \$1,950,000 is associated with the positions added to ensure all libraries are open seven days/week, and the \$1,263,689 balance is associated with the following proposed personnel actions:

- The addition of one full-time Deputy County Librarian, one full-time Library Services Manager, one full-time Supervising Librarian, one full-time Administrative Assistant to Library Administration.
- The addition of one full-time Management Analyst, one full-time Senior Warehouse Materials Handler, one full-time Stock Clerk, two full-time “floating” Librarians, two full-time “floating” Library Clerks, and one full-time Media Specialist Coordinator (converted from one part-time Media Specialist Coordinator).
- The addition of Library School Student Intern hours to every Community Library.
- The addition of two full-time Protective Services Officers shared between the Campbell, Cupertino, and Milpitas Community Libraries.
- The addition of one full-time Senior Library Clerk and one part-time Janitor at Campbell Community Library (in addition to the JPA-approved staffing for Sunday hours);
- The addition of one half-time Librarian and one half-time Library Clerk for the Cupertino City Council-funded expansion of GoGo Biblio services at Cupertino Community Library and the addition of 445 extra hours for part-time Library Clerks (in addition to the 2.5 Janitor FTE approved in a separate JPA transmittal);
- The addition of one full-time Library Clerk for passport services at Los Altos Community Library (approved in a separate JPA transmittal) and the addition of 740 extra hours for part-time Librarian staff;
- The addition of one full-time Librarian, 1,254 extra hours for part-time Librarians, and additional janitorial hours (in addition to the previously JPA-approved position additions for expanded Sunday hours) at Saratoga Community Library;
- The addition of 690 extra hours for part-time Librarians, in addition to the previously approved addition of one part-time Janitor (offset by a reduction in extra help Library Page hours) at Milpitas Community Library;
- The addition of one part-time Library Assistant at Morgan Hill Community Library (in addition to the previously JPA-approved position additions for Sunday hours) at Morgan Hill Community Library;
- The addition of 995 extra hours for part-time Librarians, in addition to the previously JPA-approved position additions for Sunday hours at Gilroy Community Library.

**Personnel Budget
FY 2019-2020**

Expenditure & Revenue Recap

2019-20	Traditional	CFD	Local/Gifts	Passport	Transfer	TOTAL
REVENUES						
	\$50,645,677	\$5,895,434	\$567,458	\$286,710	\$5,040,000	\$62,435,280
EXPENDITURES						
Operating	\$11,112,310				\$4,640,000	\$15,752,310
Capital	\$130,000				\$400,000	\$530,000
Books, Etc.	\$6,482,300	\$1,179,087	\$0			\$7,661,386
Personnel	\$31,387,915	\$4,716,347	\$567,458	\$286,710		\$36,958,430
TOTAL	\$49,112,525	\$5,895,434	\$567,458	\$286,710	\$5,040,000	\$60,902,127

Community Facilities District Recap

CFD REVENUES		Personnel	Books
Campbell	574,260	\$459,408	\$114,852
Cupertino	754,618	\$603,694	\$150,924
Gilroy	716,143	\$572,914	\$143,229
Los Altos/Wo	504,759	\$403,807	\$100,952
Milpitas	1,055,520	\$844,416	\$211,104
Morgan Hill	609,356	\$487,485	\$121,871
Saratoga/MS	435,918	\$348,734	\$87,184
Subtotal	4,650,574	\$3,720,459	\$930,115
Bookmobile*		\$518,267	\$70,000
Unincorporated*	1,244,860	\$477,621	\$178,972
Total	\$5,895,434	\$4,716,347	\$1,179,087

Salary and Benefit Recap

PERSONNEL	Formula Share	Traditional by Platform	Remainder by Formula	100% CFD Return	Unincorp CFD by formula	Passport Fees	Specific Place \$ (City/NCLA)	FY20 TOTAL	FY19 Budgeted
Campbell	10.89%	\$1,361,757	\$1,000,907	\$459,408	\$51,995			\$2,874,067	\$2,441,314
Cupertino	22.12%	\$2,177,717	\$2,033,835	\$603,694	\$105,653	\$95,570	\$117,000	\$5,133,469	\$4,648,021
Gilroy	10.42%	\$1,155,235	\$957,987	\$572,914	\$49,765			\$2,735,901	\$2,329,632
Los Altos/Woodland	16.27%	\$1,861,765	\$1,495,915	\$403,807	\$77,709	\$95,570	\$289,834	\$4,224,602	\$3,925,755
Milpitas	17.37%	\$1,781,310	\$1,597,391	\$844,416	\$82,981	\$95,570	\$160,624	\$4,562,291	\$4,317,326
Morgan Hill	10.23%	\$1,209,996	\$940,519	\$487,485	\$48,858			\$2,686,857	\$2,254,494
Saratoga	12.70%	\$1,518,751	\$1,167,696	\$348,734	\$60,659			\$3,095,840	\$2,595,238
Sub-Total Libraries	100%	\$11,066,528	\$9,194,250	\$3,720,459	\$477,621	\$286,710	\$567,458	\$25,313,028	\$22,511,780
Headquarters		\$10,707,597						\$10,707,597	\$8,862,706
The Reading Program		\$419,535						\$419,535	\$410,897
Bookmobile					\$518,267			\$518,267	\$495,182
GRAND TOTAL		\$22,193,662	\$9,194,250	\$3,720,459	\$995,888	\$286,710	\$567,458	\$36,958,428	\$32,280,565

*Bookmobile expenses are deducted from the Unincorporated Revenues before applying formula to Unincorporated CFD

Santa Clara County Library District
FTE from FY 2009-2010 to FY 2019-2020

The following totals included benefited positions, extra help positions and allocations of extra hours for part-time employees:

Headquarters	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Administration	6.0	6.0	6.0	6.0	6.5	6.5	6.5	6.5	8.5	9.5	13.0
Business Office	14.80	14.8	13.9	14.0	13.5	13.6	14.2	14.6	15.1	16.1	18.1
Public Services	5.2	5.3	5.6	6.2	6.2	6.2	7.4	7.4	7.4	6.5	8.5
Computer Support	6.3	6.9	7.3	7.1	7.1	7.0	7.0	7.0	7.0	7.0	7.0
Tech & Digital Svcs	18.3	18.4	16.8	16.7	16.7	16.7	16.7	17.7	18.7	19.7	19.7
Subtotal	50.60	51.3	49.5	50.0	50.0	50.0	51.8	53.2	56.8	58.8	66.3

Percent of total	18.6%	19.2%	19.5%	19.6%	20.0%	19.9%	20.0%	19.9%	19.8%	19.9%	20.0%
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Direct Service	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Centr. Pub. Svc.	5.8	5.5	5.5	5.5	6.9	6.9	6.9	9.4	9.0	9.0	13.0
Bookmobile	3.5	3.4	3.3	3.2	3.2	3.2	3.2	3.7	4.5	5.0	5.0
Campbell	23.3	22.3	20.6	21.3	20.7	21.0	21.3	22.2	23.2	23.2	27.2
Cupertino	39.2	39.3	37.8	40.8	38.8	39.4	39.8	40.4	41.9	43.8	49.7
Gilroy	22.2	20.9	20.4	21.1	20.5	20.6	20.9	21.0	22.0	22.4	25.4
Literacy	1.0	2.5	2.5	2.9	2.9	2.9	2.9	3.1	3.0	3.5	3.5
Los Altos	32.7	31.7	30.0	29.7	28.8	28.8	30.1	30.6	32.3	32.3	34.5
Woodland	4.6	4.1	4.1	4.1	4.1	4.1	4.8	4.8	5.0	5.9	5.9
Milpitas	39.3	40.0	37.7	32.6	30.9	31.1	33.1	33.7	41.4	43.3	44.0
Morgan Hill	21.9	20.8	19.5	20.3	20.0	20.0	20.8	21.4	21.9	22.5	26.9
Saratoga	27.3	25.2	22.9	23.9	23.4	23.6	23.9	24.4	25.2	25.7	30.1
Subtotal	220.8	215.4	204.1	205.3	200.1	201.5	207.6	214.7	229.3	236.5	265.2

Percent of total	81.4%	80.8%	80.5%	80.4%	80.0%	80.1%	80.0%	80.1%	80.2%	80.1%	80.0%
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Total FTE	271.4	266.8	253.6	255.2	250.1	251.5	259.5	268.0	286.0	295.3	331.6
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	2018/19	2019/20
Benefited FTE:	242.5	273.8
Extra Help FTE:	33.4	33.7
Extra Hours FTE:	19.5	24.1
TOTAL:	295.3	331.6

Fiscal Year 2019-2020 Facilities, Services and Supplies Request

EXPENDITURE CATEGORY	FY 17-18 ACTUAL	FY 18-19 Budget (Adj)	FY 18-19 Projected	FY 19-20 Proposed Budget	Change
Safety Shoes	3,108	3,128	3,000	3,000	(128)
Communications & Phone	77,942	333,020	191,811	303,560	(29,460)
Communications & Phone- Co.	23,200	28,034	28,034	14,122	(13,912)
Insurance Premiums	118,952	126,910	122,275	142,358	15,448
Insurance- Internal	96,259	98,066	98,066	95,383	(2,683)
Maintenance- Equipment	930,392	761,987	761,987	769,273	7,286
Maintenance- Structures	665,429	3,630,208	1,538,965	3,403,120	(227,088)
Membership Dues & Fees	50,366	55,000	50,567	55,000	0
Office Expense	606,299	612,003	612,503	610,000	(2,003)
Postage Expense-External	15,157	227,577	50,000	200,000	(27,577)
Postage Expense- Internal	9,783	10,456	10,456	12,338	1,882
Printing- External	110,102	211,168	83,842	200,000	(11,168)
PC Software	836,424	1,001,713	1,001,713	1,049,424	47,711
Education Exp.- Other	6,591	22,000	22,000	75,000	53,000
Workshops, Conf. & Seminars	31,231	30,000	30,000	30,000	0
Professional Services	685,212	1,758,937	1,200,000	2,349,400	590,463
SCC Library Foundation	810	10,000	2,612	10,000	0
Silicon Valley Reads	10,000	10,000	10,000	10,000	0
Data Proc. Serv.- External	52,410	70,200	62,604	70,200	0
IT Services.- Internal	297,932	401,500	371,150	447,099	45,599
Legal Services	30,935	28,125	49,338	55,000	26,875
Property Tax Admin Fee	30,029	27,000	30,029	30,930	3,930
Lease- Equipment- Other	198,026	279,746	275,660	206,000	(73,746)
Rent & Lease Building & Improve.	505,029	365,704	365,704	365,355	(349)
Small Tools & Instru.	55,207	166,401	87,524	145,000	(21,401)
Furniture	461,312	268,683	304,130	276,000	7,317
PC Hardware	928,460	1,603,967	1,527,502	2,214,455	610,488
Incentives and Promotions	23,823	50,000	25,989	50,000	0
Summer Reading Marketing	27,380	15,000	15,000	15,000	0
Library Materials	6,614,473	7,308,756	7,644,660	7,661,386	352,630
County Overhead	757,476	1,036,111	1,036,111	1,101,459	65,348
Fuel	2,301	1,805	2,704	2,622	817
Garage Fleet Services	23,001	17,588	17,588	21,513	3,925
Mileage	20,503	25,500	25,500	27,500	2,000
Automobile Services	44,409	37,000	74,001	45,000	8,000
Local Meals and Meetings	5,283	5,000	2,309	5,000	0
Business Travel	64,240	72,200	66,262	72,200	0
Utilities	1,112,866	1,331,000	1,233,692	1,258,000	(73,000)
Misc. Expenses -- Other	35,661	12,000	12,000	12,000	0
TOTAL	\$15,568,233	\$22,063,492	\$19,097,124	\$23,423,697	1,360,204

Facilities, Services and Supplies Summary:

The overall increase from 2018-19 to 2019-20 is \$1,360,204, or 6%. The most dramatic increases include: \$610,488 in "PC Hardware" for updated audio-visual equipment to our library community rooms; \$590,463 in "Professional Services" for homework help and "tech tool bars" at every library; and \$352,630 in "Library Materials" for additional library books and e-resources.

**Books and Materials Budget
FY 2019-2020**

Expenditure & Revenue Recap

2019-20	Traditional	CFD	Local/Gifts	Passports	Transfer	TOTAL
REVENUES						
	\$50,645,677	\$5,895,434	\$567,458	\$286,710	\$5,040,000	\$62,435,280
EXPENDITURES						
Operating	\$11,112,310	\$0	\$0	\$0	\$4,640,000	\$15,752,310
Capital	\$130,000	\$0	\$0	\$0	\$400,000	\$530,000
Books, Etc.	\$6,482,300	\$1,179,087	\$0	\$0	\$0	\$7,661,386
Personnel	\$31,387,915	\$4,716,347	\$567,458	\$286,710	\$0	\$36,958,430
TOTAL	\$49,112,524	\$5,895,434	\$567,458	\$286,710	\$5,040,000	\$60,902,127

Community Facilities District Recap

CFD REVENUES		Personnel	Books
Campbell	\$574,260	\$459,408	\$114,852
Cupertino	\$754,618	\$603,694	\$150,924
Gilroy	\$716,143	\$572,914	\$143,229
Los Altos/Wo	\$504,759	\$403,807	\$100,952
Milpitas	\$1,055,520	\$844,416	\$211,104
Morgan Hill	\$609,356	\$487,485	\$121,871
Saratoga/MS	\$435,918	\$348,734	\$87,184
Subtotal	\$4,650,574	\$3,720,459	\$930,115
Bookmobile	\$0	\$518,267	\$70,000
Unincorporated*	\$1,244,860	\$477,621	\$178,972
Total	\$5,895,434	\$4,716,347	\$1,179,087

Books and Materials Recap

MATERIALS**	Formula Share	Traditional by Formula	CFD Return	Unincorp CFD by formula	Specific Place \$ (City/NCLA)	FY20 TOTAL	FY19 Budgeted
Campbell	10.89%	\$688,478	\$114,852	\$19,483		\$822,813	\$760,904
Cupertino	22.12%	\$1,398,981	\$150,924	\$39,590		\$1,589,494	\$1,467,054
Gilroy	10.42%	\$658,954	\$143,229	\$18,648		\$820,831	\$769,880
Los Altos/Woodland	16.27%	\$1,028,971	\$100,952	\$29,119		\$1,159,041	\$1,067,626
Milpitas	17.37%	\$1,098,771	\$211,104	\$31,094		\$1,340,969	\$1,301,834
Morgan Hill	10.23%	\$646,939	\$121,871	\$18,308		\$787,118	\$708,027
Saratoga	12.70%	\$803,204	\$87,184	\$22,730		\$913,117	\$840,718
Sub-Total Libraries	100%	\$6,324,298	\$930,115	\$178,972	\$0	\$7,433,384	\$6,916,043
Bookmobile				\$70,000		\$70,000	
Headquarters		\$158,000				\$158,000	
GRAND TOTAL		\$6,482,298	\$930,115	\$248,972	\$0	\$7,661,384	

*Bookmobile expenses are deducted from the Unincorporated Revenues before applying formula to Unincorporated CFD

FIXED ASSET and VEHICLE REQUEST

Fiscal Year 2019-2020

Fixed Assets

The following fixed asset requests will be funded with unspent funding from FY 2018-19 (\$130,000) and a transfer from the Technology Reserve (\$400,000):

Smart Devices for Patron Use	\$400,000
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This funding supports the loaning of “smart” devices to respond to patron needs.

Outreach Vehicle	\$75,000
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This funding will be used to purchase a gas-powered outreach vehicle for the library system.

Maintenance Truck	\$55,000
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This funding provides a dedicated vehicle with a lift gate and lumber rack for facilities staff.

Total Fixed Asset Request:	\$530,000
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BUDGETED RESERVES Fiscal Year 2019-2020

Capital Maintenance (Building) Reserve

The designated Building Reserve serves to identify funding for future significant building repair and maintenance obligations. The amount requested to be transferred from this reserve in Fiscal Year 2019-20 is \$550,000 for the following projects:

Saratoga Carpet Replacement: \$250,000
Morgan Hill and Woodland Roof Restorations: \$115,000
HVAC Unit Replacement: \$75,000
Exterior Automatic Door Replacement and Repair: \$60,000
Gilroy Lighting Ballasts: \$50,000

The current balance in this reserve: \$5,414,000

Reserve for Future Operation (Technology)

The Board established this designated reserve to accrue financing for large, costly computer system upgrades and equipment replacement. In January 2019, the JPA Board considered the three-year comprehensive plan for technology replacement and upgrade and designated funds for technology improvements through 2022. The amount requested to be transferred from this reserve in Fiscal Year 2019-20 is \$2,395,000. It is needed to pay for the items detailed in the Fixed Asset request and certain Services and Supplies items.

The current balance in this reserve: \$8,720,000

Reserves Recap: The *estimated* status of reserves/fund balance, following adoption of the FY 2019-20 Budget, is as follows.

<u>FUND 0025</u>	
\$ 4,864,000	Capital Maintenance Reserve*
6,325,000	Technology Reserve
17,000,000	Fund Balance- Economic Uncertainty Designation
7,800,000	1344 Dell Avenue Capital Program
 \$ 5,041,241	 Undesignated Fund Balance*

*Should the Board adopt the Capital Maintenance Plan as presented elsewhere on this Agenda, the Capital Maintenance Reserve will increase to \$7,297,000, while the Undesignated Fund Balance will reduce to \$2,608,241.

REBUDGET OF UNSPENT FISCAL YEAR 2018-2019 FUNDS
Fiscal Year 2019-2020

The following projects and purchases, budgeted in Fiscal Year 2018-2019, will not be completed before June 30, 2019 and need to be rebudgeted to Fiscal Year 2019-2020:

- \$750,000 for 1344 Dell Architectural and Construction Management;
- \$460,000 for Los Altos Community Library Roof
- \$245,000 for Campbell Community Library Roof
- \$205,000 for Saratoga Community Library Roof Restoration
- \$200,000 for Gilroy Community Library Interior Space
- \$200,000 for Morgan Hill Community Library Interior Space
- \$35,000 for Morgan Hill Community Library Interior Painting;

Total amount rebudgeted from Fiscal Year 2018-2019: \$2,095,000.

Santa Clara County Library Formula 2019-2020

Library	Population 1-1-18	Percent	Assessed Valuation	Percent	Circulation	Percent	Formula Share	FY 18- 19
Campbell	42,696		10,187,110,496					
Unincorporated	8,464		2,202,817,800					
Redevelopment			-1,096,525,752					
RDA Pass-thru			1,096,525,752					
RDA Dissolution			<u>14,160,607</u>					
	51,160	13.229%	12,404,088,903	10.658%	795,627	8.771%	10.89%	10.79%
Cupertino	60,091		25,182,059,606					
Unincorporated	4,006		<u>648,154,209</u>					
	64,097	16.574%	25,830,213,815	22.195%	2,502,911	27.593%	22.12%	21.98%
Gilroy	55,615		8,741,061,361					
Unincorporated	7,663		<u>1,531,094,347</u>					
	63,278	16.362%	10,272,155,708	8.826%	550,535	6.069%	10.42%	10.47%
Los Altos	31,361		15,720,232,198					
Los Altos Hills	8,568		8,079,300,293					
Unincorporated	4,288		<u>1,394,211,431</u>					
	44,217	11.434%	25,193,743,922	21.648%	1,426,723	15.729%	16.27%	16.14%
Milpitas	74,865		18,343,899,235					
Unincorporated	312		90,650,938					
Redevelopment			-7,396,784,335					
RDA Pass-thru			399,925,469					
RDA Dissolution			<u>1,009,173,241</u>					
	75,177	19.439%	12,446,864,548	10.695%	1,994,402	21.987%	17.37%	18.23%
Morgan Hill	44,513		9,451,519,593					
Unincorporated	7,633		2,406,782,411					
Redevelopment			-3,189,630,340					
RDA Pass-thru			996,879,643					
RDA Dissolution			<u>2,192,750,697</u>					
	52,146	13.484%	11,858,302,004	10.189%	636,327	7.015%	10.23%	9.80%
Saratoga	31,435		15,393,228,913					
Monte Sereno	3,630		2,189,749,893					
Unincorporated	1,586		<u>791,382,691</u>					
	36,651	9.477%	18,374,361,497	15.788%	1,164,276	12.835%	12.70%	12.58%
Percentages are based on assigned								
	Population		Assessed Valuation		Circulation			
Total	440,440		131,256,633,000		9,647,883			
Assigned	386,727		116,379,730,397		9,070,801			
Cities	352,774		113,288,161,588					
Unincorporated	33,953		9,065,093,827					
Unassigned	53,713		8,903,377,585		577,082	(Bookmobile, HQ)		
Redevelopment			-5,973,525,019					
Total Unincorp	87,666		17,968,471,412					

FUNDING FORMULA PARAMETER ADJUSTMENTS

Fiscal Year 2019-2020

At the October 27, 2016 JPA Board meeting, the Board adopted the following funding formula parameters to the existing funding formula, beginning in Fiscal Year 2017-18:

When a community's relative percentage of assessed valuation and/or "public service transactions"¹ exceeds their Community Library's funding formula share by more than 5%, increase these Community Libraries' staffing and library materials budgets to an amount that would be realized if these differences were limited to 5%, subject to available annual funding from excess fund balance.

¹"Public Service Transactions" include circulation of library materials, program attendance, reference questions, and computer sessions.

Test 1: Assessed Valuation

Test 2: Public Service Transactions

	Assessed			Public Service		
	Valuation	Formula		Transactions	Formula	
	Percentage	Percentage	Difference	Percentage	Percentage	Difference
Campbell	10.658%	10.89%	-0.228%	8.937%	10.89%	-1.949%
Cupertino	22.195%	22.12%	0.074%	26.814%	22.12%	4.694%
Gilroy	8.826%	10.42%	-1.593%	6.766%	10.42%	-3.653%
Los Altos	21.648%	16.27%	5.378%	15.683%	16.27%	-0.587%
Milpitas	10.695%	17.37%	-6.679%	21.787%	17.37%	4.413%
Morgan Hill	10.189%	10.23%	-0.040%	7.311%	10.23%	-2.918%
Saratoga	15.788%	12.70%	3.088%	12.701%	12.70%	0.001%

In the Fiscal Year 2019-20 Funding Formula, there is only one instance in which a one-time adjustment could be made.

- 1) Los Altos' relative share of assessed valuation is 21.648%, while the formula share is 16.27% -- a difference of 5.378%. If this difference were limited to 5%, Los Altos libraries would receive an additional \$36,537 for staffing and \$24,567 for materials.

As sufficient unrestricted fund balance is available to fund this increased budget, the 2019-20 Personnel Budget and Books & Materials Budget will be adjusted accordingly.