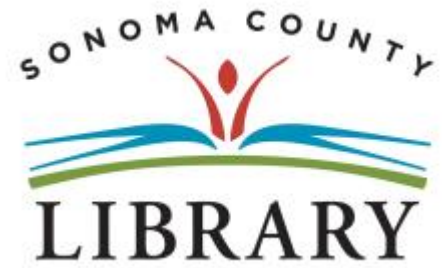


Library Commission

Agenda Item Report



Subject: Approve Budget for Fiscal Year 20/21
Type: Action
Meeting: Library Commission - 01 Jun 2020 Regular Meeting
Department: Budget and Finance
Submitted By: Jodi Frost

DRAFT MOTION:

I move that the Sonoma County Library Commission adopt the proposed budget for Fiscal Year 20/21 as presented, with the intent to revisit and reevaluate revenue in September of 2020.

BACKGROUND INFORMATION:

The annual budget cycle for the Sonoma County Library was interrupted by the COVID 19 pandemic. With the shelter in place orders and many businesses closed – including library branches – government agencies have been attempting to project the impact of reduced sales tax revenue. Projections range from a 10-30% loss. This loss will be compounded for the library due to the fact that the 2019/2020 fiscal year budget included the use of almost \$3 million in unspent surplus.

The finance committee asked for six projection scenarios, and recommended a moderate scenario, with a 5% reduction in property tax revenue and a 22% reduction in sales tax revenue. The recommended scenario projects the library's FY 20/21 property tax revenue to be \$19,727,479, with sales tax at \$9,828,000. This would be a 19% overall reduction from FY 19/20, for a budget total of \$29,555,471 for FY 20/21.

This scenario requires an expense reduction of \$3,810,298. The finance committee further recommended that the library make cuts across departments, instead of focusing reductions in only one sector, such as services and supplies. Once the budget is revisited in September, more reductions may need to be made based on revenues received by that time. For perspective, for every 5% cut in sales tax revenue, the library receives \$630,000 less.

It is important to the library staff and commission to maintain services to the public, which has high expectations of the library. With this in mind, a 65/35 split in reductions, with the larger portion to come from salaries and benefits, and a lesser proportional reduction in services and supplies, is recommended. This scenario would require a \$2,476,694 reduction in salaries and benefits in FY 20/21, and a \$1,333,604 reduction in services and supplies.

The unassigned fund balance is fairly small at \$3,932,759 and it is not recommended that this surplus be used for FY 20/21. There are indications that FY 21/22 will have further reductions in revenue, so it is advised that the commission not allocate the unused surplus at this time.

There are options to reduce salaries and benefits without layoffs, but most options are subject to negotiations with the union. In the past few years, staffing has increased in Public Services in order to provide more hours, six-day service, and expanded programming. If staffing is reduced, some of the gains may be reduced, but Public Services is planning to minimize the impact as much as feasible.

A tighter budget will require agility and creativity on the part of library staff, but the library management team is committed to ensuring that all sectors of the community – especially the underserved – continue to benefit from extensive and valuable library services.

FUTURE COMMISSION ACTIONS:

Review revenues and expenditures in September 2020 to make possible budget adjustments.

FISCAL IMPACT:

A cut to the library's budget of \$3,810,288.

ATTACHMENTS:

[Library Budget 20-21](#)

SONOMA COUNTY LIBRARY

BUDGET PROPOSAL FOR FY 2020/2021

BUDGET 19/20

FY 19/20 BUDGET			
	Property Tax	Sales Tax	TOTAL
Salaries & Benefits	\$ 17,517,728	\$ 5,065,256	\$ 22,582,984
Services and Supplies	\$ 4,749,975	\$ 5,874,444	\$ 10,624,419
Capital	\$ 50,000	\$ 3,165,000	\$ 3,215,000
Total	\$ 22,317,703	\$ 14,104,700	\$ 36,422,403
WITHOUT SURPLUS	20,765,769	12,600,000	33,365,769

What needs to be reduced? 5% of Property Tax, and 22% of Sales Tax

Applied Organization Wide

5% Reduction in Property \$ 1,038,288

22% Reduction in Sales Tax \$ 2,772,000

Total Cut: \$ 3,810,288

ANTICIPATED REVENUE FOR 20/21

WITH A 5% REDUCTION IN PROPERTY TAX, AND 22% REDUCTION IN SALES TAX

Fiscal Year 20/21 Budget			
FY 20/21	Property Tax	Sales Tax	TOTAL
Salaries & Benefits	\$ 16,842,834	\$ 3,263,456	\$ 20,106,290
Services and Supplies	\$ 2,884,637	\$ 5,204,544	\$ 8,089,181
Capital	\$ -	\$ 1,360,000	\$ 1,360,000
Total: Expected Rev.	\$ 19,727,471	\$ 9,828,000	\$ 29,555,471

CHANGES TO THE BUDGET FOR 20/21

- Besides the revenue reduction, some other changes were made to the budget.
- All of the security, utility, landscaping, and janitorial funds have been moved into the Facilities budget.
- Training is recommended to be reduced to cover only law-mandated, safety, or remedial training, saving \$100,000 over the year.
- Office Supplies will be centrally managed through Finance.

CHANGES IN THE LINE ITEMS

The \$3,810,298 that needed to be reduced from the budget was divided into two amounts.

Having all of the reductions land on services and supplies would prevent the library from delivering programs and information to the community, so the Finance Committee recommended that decreases across all sectors of the organization be used.

The reductions are to be distributed on a 65/35 ratio. 65% of the needed reductions would be applied to salaries and benefits, for a total of \$2,476,694. 35% of the reductions would be to services and supplies, for a total of \$1,333,604.

RECOMMENDATIONS FOR FY 20/21 BUDGET

- Accept the Finance Committee's recommendation for a 20/21 annual budget totaling \$29,555,471.
- Revisit and reevaluate revenues in September of 2020, and adjust the budget accordingly.

RECAP OF BUDGET TOTALS

SHOWING 5% DECREASE IN PROPERTY TAX, AND A 22% DECREASE IN SALES TAX REVENUE

Fiscal Year 20/21 Budget			
FY 20/21	Property Tax	Sales Tax	TOTAL
Salaries & Benefits	\$ 16,842,834	\$ 3,263,456	\$ 20,106,290
Services and Supplies	\$ 2,884,637	\$ 5,204,544	\$ 8,089,181
Capital	\$ -	\$ 1,360,000	\$ 1,360,000
Total: Expected Rev.	\$ 19,727,471	\$ 9,828,000	\$ 29,555,471

CAPITAL IMPROVEMENT PROJECTS -\$7,667,642

These are projects previously approved by the Commission. No action needed at this time.

Project	17-18 Surplus	18-19 Surplus	Surplus	Remaining
Capital Improvements:				
Roseland Tenant Improvements (TI)	500,000	1,000,000	1,500,000	1,000,000
Roseland Relocation	18,389		18,389	18,389
Automated Material Handling (AMH) Reserve	1,028,600		1,028,600	992,028
Petaluma Refresh	492,920	500,000	992,920	864,225
Branch Refreshes	500,000	1,163,000	1,663,000	1,663,000
Delivery Vehicle	90,000		90,000	90,000
Mobile Library Van	400,000		400,000	360,000
ADA Assessment, Improvements and Partnership Funds		500,000	500,000	500,000
Parking Lot Reseals (All Branches Except NW)		300,000	300,000	300,000
Exterior Paint Branches		180,000	180,000	180,000
Landscaping Branches		220,000	-	-
Building Improvements		500,000	500,000	500,000
Furniture Replacement		500,000	500,000	250,000
Other, Unassigned from ILS Reallocation		650,000	650,000	650,000
Branded New Signage		300,000	300,000	300,000
Total Capital Improvements	3,029,909	5,813,000	8,622,909	7,667,642

REST OF CAPITAL PROJECT MONEY – \$317,000

Special Collections and Archives:				REMAINING
Inventory and rehousing	-	137,000	137,000	137,000
Digitization of Special Collections Items	-	50,000	50,000	50,000
Total Special Collections and Archives	-	187,000	187,000	187,000
Technology:				
Technology Upgrades	-	350,000	350,000	50,000
Total Technology	-	350,000	350,000	50,000
Materials:				
Additional Materials	40,000	380,170	420,170	-
Total Materials	40,000	380,170	420,170	-
Additional Expenditures:				
Facilities Assessment/Plan	-	150,000	150,000	-
Strategic Planning Consultant	-	80,000	80,000	80,000
Capital Campaign Feasibility Study	-	40,000	40,000	-
Fund Development Program Support	-	60,000	60,000	-
Total Additional Expenditures	-		330,000	80,000
TOTAL ALL:				317,000

FUND BALANCE FOR FY 20/21

Fund Balance	Amount	
Capital Projects	\$	7,984,642
Restricted Funds	\$	4,011,338
Stabilization Fund	\$	4,583,100
OPEB	\$	1,500,000
Assigned Petty Cash	\$	1,220
Reserve	\$	3,932,759
TOTAL:	\$	22,013,059
UNALLOCATED:	\$	1,506,572
TOTAL ALL	\$	23,519,631

OPEB PAYMENTS TO DATE

Date	Name	Amount
10/4/2019	Sonoma County Library	\$ 1,500,000
7/22/2019	Sonoma County Library	\$ 750,000
1/15/2019	Sonoma County Library	\$ 750,000
9/20/2018	Sonoma County Library	\$ 750,000
8/17/2018	Sonoma County Library	\$ 750,000
5/3/2018	Sonoma County Library	\$ 150,000
3/24/2017	Sonoma County Library	\$ 150,000
3/8/2016	Sonoma County Library	\$ 500,000
Paid to Date		\$ 5,300,000

WE ASK THAT THE COMMISSION APPROVE THE RECOMMENDED BUDGET

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