



Legislation Details (With Board Report)

File #: 17-0987 **Name:** Amend FY 17-18 Library Budget
Type: General Agenda Item **Status:** Passed
File created: 9/15/2017 **In control:** Board of Supervisors
On agenda: 12/12/2017 **Final action:** 12/12/2017

Title: Adopt a Resolution to amend the Monterey County Free Libraries budget:
a. Authorize the Auditor-Controller to amend the FY 2017-18 Monterey County Free Libraries budget, Fund 003, Appropriation Unit LIB001, reducing appropriations by \$1,168,589.26 and reducing estimated revenue by \$1,870,664.55, where the reduction in the contribution to fund balance is a result of the appropriation and estimate revenue decrease (4/5ths vote required);
b. Authorize the Auditor-Controller to amend the FY 2017-18 budget, reducing appropriations in Fund 001, Contingencies (CAO020), by \$51,299 and increasing appropriations for Other Financing Uses, Fund 001, Appropriation Unit CAO017, by \$51,299 (4/5ths vote required); and
c. Authorize an operating transfer in FY 2017-18 to the Monterey County Free Libraries, Fund 003, Appropriation Unit LIB001, in the amount of \$51,299, financed by an operating transfer out of \$51,299 from Other Financing Uses, Fund 001, Appropriation Unit CAO017 (4/5ths vote required).

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. Attachment A - 1 Amended Budget FY 2017-18 Projection - Option 1, 3. Attachment A -2 Amended Budget FY 2017-18 Projection - Option 2, 4. Attachment B - Comparison Table, 5. Attachment C - PPT Option 1 vs Option 2 PPT presentation, 6. Attachment D 1 Board Resolution - Amend FY 17-18 Library Budget, 7. Attachment D 2 Board Resolution Amend FY 17 - 18 Library Budget Option 2, 8. Completed Board Order and Resolution, 9. Revised Board Order and Resolution

Date	Ver.	Action By	Action	Result
12/12/2017	1	Board of Supervisors	approved	Pass

Adopt a Resolution to amend the Monterey County Free Libraries budget:
a. Authorize the Auditor-Controller to amend the FY 2017-18 Monterey County Free Libraries budget, Fund 003, Appropriation Unit LIB001, reducing appropriations by \$1,168,589.26 and reducing estimated revenue by \$1,870,664.55, where the reduction in the contribution to fund balance is a result of the appropriation and estimate revenue decrease (4/5ths vote required);
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RECOMMENDATION:

It is recommended that the Board of Supervisors:

Adopt a resolution to amend the Monterey County Free Libraries budget:

- a. Authorize the Auditor-Controller to amend the FY 2017-18 Monterey County Free Libraries budget,

Fund 003, Appropriation Unit LIB001, reducing appropriations by \$1,168,589.26 and reducing estimated revenue by \$1,870,664.55, where the reduction in the contribution to fund balance is a result of the appropriation and estimate revenue decrease (4/5ths vote required).

- b. Authorize the Auditor-Controller to amend the FY 2017-18 budget, reducing appropriations in Fund 001, Contingencies (CAO020), by \$51,299 and increasing appropriations for Other Financing Uses, Fund 001, Appropriation Unit CAO017, by \$51,299 (4/5ths vote required).
- c. Authorize an operating transfer in FY 2017-18 to the Monterey County Free Libraries, Fund 003, Appropriation Unit LIB001, increasing appropriations in the amount of \$51,299, financed by an operating transfer out of \$51,299 from Other Financing Uses, Fund 001, Appropriation Unit CAO017 (4/5ths vote required)

SUMMARY/DISCUSSION:

The Monterey County Free Libraries (MCFL) is requesting authorization to amend its budget to correct an overstated revenue projection. The FY 2017-18 Library adopted budget currently reflects a net surplus of \$732,215. This projected net gain was in line with the Library's goal of increasing its fund balance. However, the close of FY 2016-17 resulted in the discovery of an excessive revenue projection, and, as a result, the gain in property tax revenue anticipated in FY 2017-18 are inaccurate. The revised estimated revenue reflects revenue projections based on actual revenues received in FY 2016-17 with a conservative increase of five percent for the current year. The proposed projection also includes realistic expectations of grant funding.

The reduction of appropriations counts on savings through delaying filling of vacancies, impacting the currently minimal staffing levels at Library branches. Staffing is at a minimum at the branch locations and the use of temporary staff is limited, which provides no contingencies for full staff coverage if and when other staff members request for leave or have unexpected leave of absences. This balanced budget does not provide any leeway for unexpected emergency expenses related to library buildings that are currently in need of structural and basic improvements due to depreciation and wear and tear.

The reduction of appropriations also reflects a 48% reduction of the books and materials budget from \$580,096 in FY 2016-17 to \$300,000. The book, periodicals and subscriptions budget's reduction directly impacts the services and products offered to library patrons. With the proposed reduction of \$150,000, some database services will either be discontinued or services severely limited, such as BookBrowse and OneClick. It also removes the status of MCFL as cutting edge and competitive amongst other libraries in the County and California. Reference book orders, newspaper and magazine subscriptions, and DVD selections will be limited and will not satisfy patron's level of needs and requests.

In addition, State law (California Education Code Article 2, Section 19147) mandates that the salary of the County Library Director is to be paid from the general fund, not the library fund. For the current year, the estimated salary and benefits cost for the Library Director is \$230,921. Library is already budgeted to receive a general fund contribution of \$179,622. The County Administrative Office recommends an additional \$51,299 from the contingency appropriation (CAO020) to cover the entire salary and benefit costs of the Library Director. Library will submit an augmentation request as part of the next budget process to cover the cost next fiscal year.

At the Budget Committee meeting on October 25, 2017, the Budget Committee recommended that the Library Director bring two options to the full Board:

- Option 1: Amend the budget with the addition of \$51,299 from the general fund to cover the County

Librarian's salary, using the yearly general fund contribution of \$179,622 to cover the rest of the salary and benefits.

- Option 2: Amend the budget to cover the County Librarian's salary of \$230,921 using contingencies, in addition to the yearly general fund contribution of \$179,622.

Option 2 would provide funds for the resumption of public library services to the Parkfield region of Monterey County. The Parkfield community is collaborating with the Parkfield Elementary School to build a library building for resumption of public library services by MCFL. The building is expected to be completed in Spring of 2018, during fiscal year 2017-18. Option 2 provides funds to Library which will be used to fund library materials (including books), computers, furniture, and similar in order to start serving the community.

OTHER AGENCY INVOLVEMENT:

The proposed action has been reviewed by the Auditor-Controller's Office and County Administrative Office.

FINANCING:

The additional \$51,299 in general fund contributions to cover the Librarian's salary would reduce contingencies to \$473,526. Option 2 would require a general fund contribution of \$230,912 in addition to the yearly general fund contribution of \$179,622, reducing contingencies to \$293,904. The library may need to return to the Board in the event unexpected expenses arise due to emergency situations.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommendations set forth in this report support sound, prudent fiscal administration of County programs. The recommendations set forth in this report enable the Monterey County Free Libraries to continue to provide important libraries services to the public.

- Economic Development
- Administration
- Health & Human Services
- Public Safety
- Infrastructure

Prepared by: Jacqueline C. Bleisch, Administrative Services Assistant, (831) 883-7576

Approved by: Jayanti Addleman, Library Director, (831) 883-7566

Attachments:

- Attachment A-1 Amended Budget FY 2017-18 Projection Option 1
- Attachment A-2 Amended Budget FY 2017-18 Projection Option 2
- Attachment B - Comparison Tables - Option 1 vs Option 2
- Attachment C - PPT presentation Comparison Option 1 vs Option 2
- Attachment D-1 Board Resolution Option 1
- Attachment D-2 Board Resolution Option 2