

JPA-6
06/08/2017

**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: June 8, 2017

TO: Joint Powers Authority Board

FROM: Nancy Howe, County Librarian *NH*

SUBJECT: **ADOPT THE FISCAL YEAR 2017-2018 SANTA CLARA COUNTY LIBRARY
DISTRICT BUDGET**

APPROVED

ACCEPTED

PENDING

DENIED

PRESENTED

MODIFIED

**BY THE SANTA CLARA COUNTY LIBRARY
DISTRICT JOINT POWERS AUTHORITY**

BY: Tracy Ellenberger / org
SECRETARY

DATE: 6/8/2017

RECOMMENDED ACTION

It is recommended that the Board adopt the Fiscal Year 2017-2018 Final Budget.

BACKGROUND/REASONS FOR RECOMMENDATION

The Library District's revenues are expected to continue growing modestly. As a result, the Library is able to develop a budget that maintains existing hours and services, while adding staff to meet additional demand.

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
2016-17	\$ 45,089,398	8,848,833	49,524,921	4,413,310
2017-18	\$ 45,758,195	4,888,710	50,646,905	0
2018-19	\$ 47,019,733	-	45,679,425	1,340,308
2019-20	\$ 48,320,376	-	47,567,173	753,203
2020-21	\$ 49,661,421	-	49,541,841	119,581

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Santa Clara County Library District - Fiscal Year 2017-2018

REQUESTED BUDGET SUMMARY

Estimated Revenue:

Property Taxes	37,276,988
State Sources	46,000
Special Tax	5,824,984
City/ County Contribution	1,621,482
Fines & Fees	542,000
Other	446,741
TOTAL Current Revenue	<u>45,758,195</u>

Transfer from Cap. & IT Res.	4,173,017
2016-17 Budget Rollover	<u>715,693</u>

Requested Expenditures:

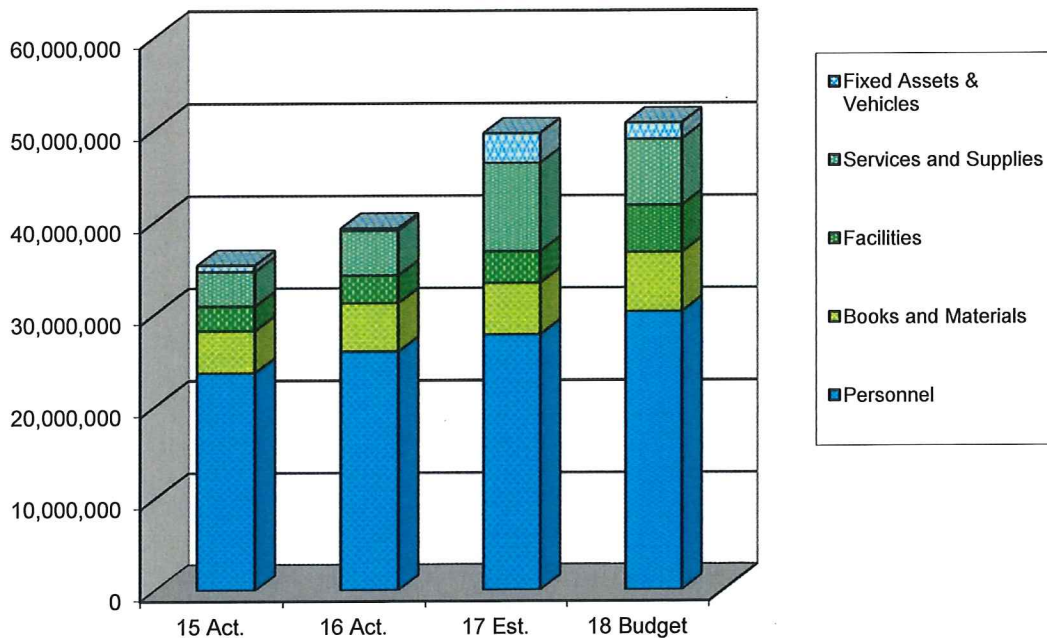
Personnel	30,238,846
Books and Materials	6,406,147
Facilities	5,097,470
Services and Supplies	<u>7,134,425</u>
TOTAL Operating Budget	<u>48,876,888</u>

Fixed Assets & Vehicles	<u>1,770,017</u>
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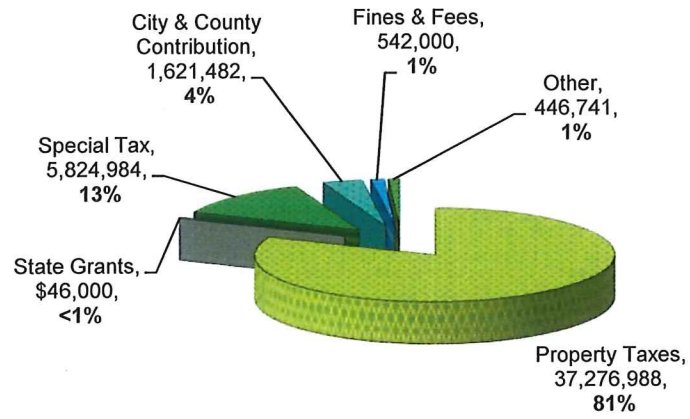
TOTAL \$50,646,905

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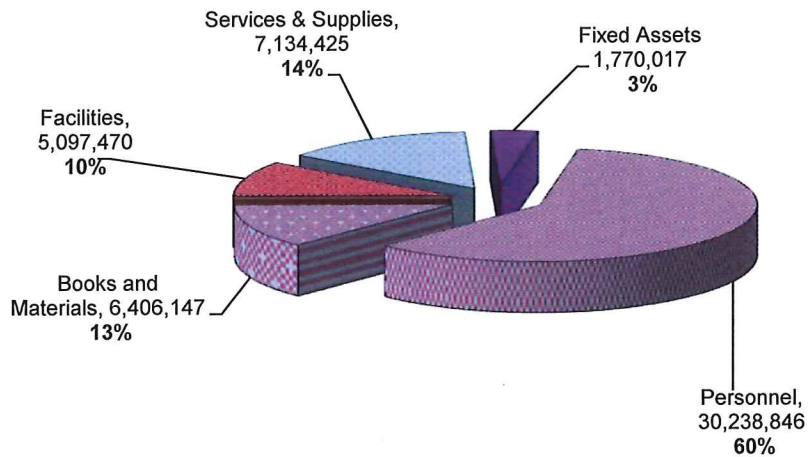
Four-Year Expenditure Trend



Fiscal Year 2017-2018 Library Revenue



Fiscal Year 2017-2018 Library Expenditures



Santa Clara County Library Budget
Fiscal Year 2017 - 2018
Four-Year Recap of Revenue & Expenses

	FY 14-15 Actual	FY 15-16 Actual	FY 16-17 Approved	FY 16-17 Estimated	FY 17-18 Budget
REVENUE					
Property Taxes	32,448,943	35,904,614	33,205,367	36,434,683	37,276,988
State Grants	90,837	119,876	46,000	101,106	46,000
Special Tax	5,766,358	5,818,256	5,821,923	5,821,923	5,824,984
City & County Contribution	1,059,226	1,121,826	1,065,160	1,330,602	1,621,482
Fines & Fees	812,859	555,736	750,500	542,000	542,000
Other	875,489	929,458	304,750	859,084	446,741
TOTAL	41,053,712	44,449,765	41,193,700	45,089,398	45,758,195
Transfer from Cap. & IT Reserves	0	0	5,353,678	5,353,678	4,173,017
Transfer from Prior Year	<u>0</u>	<u>0</u>	<u>3,495,155</u>	<u>3,495,155</u>	<u>715,693</u>
TOTAL FINANCING AVAILABLE	41,053,712	44,449,765	50,042,533	53,938,231	50,646,905

EXPENSES

Personnel	23,650,819	25,947,476	28,333,442	27,770,191	30,238,846
Books and Materials	4,555,277	5,236,957	5,349,213	5,579,323	6,406,147
Facilities	2,655,281	2,998,610	3,651,292	3,398,246	5,097,470
Services and Supplies	3,749,960	4,840,640	9,247,889	9,570,032	7,134,425
Fixed Assets & Vehicles	676,092	235,723	3,207,129	3,207,129	1,770,017
TOTAL	35,287,429	39,259,406	49,788,965	49,524,921	50,646,905

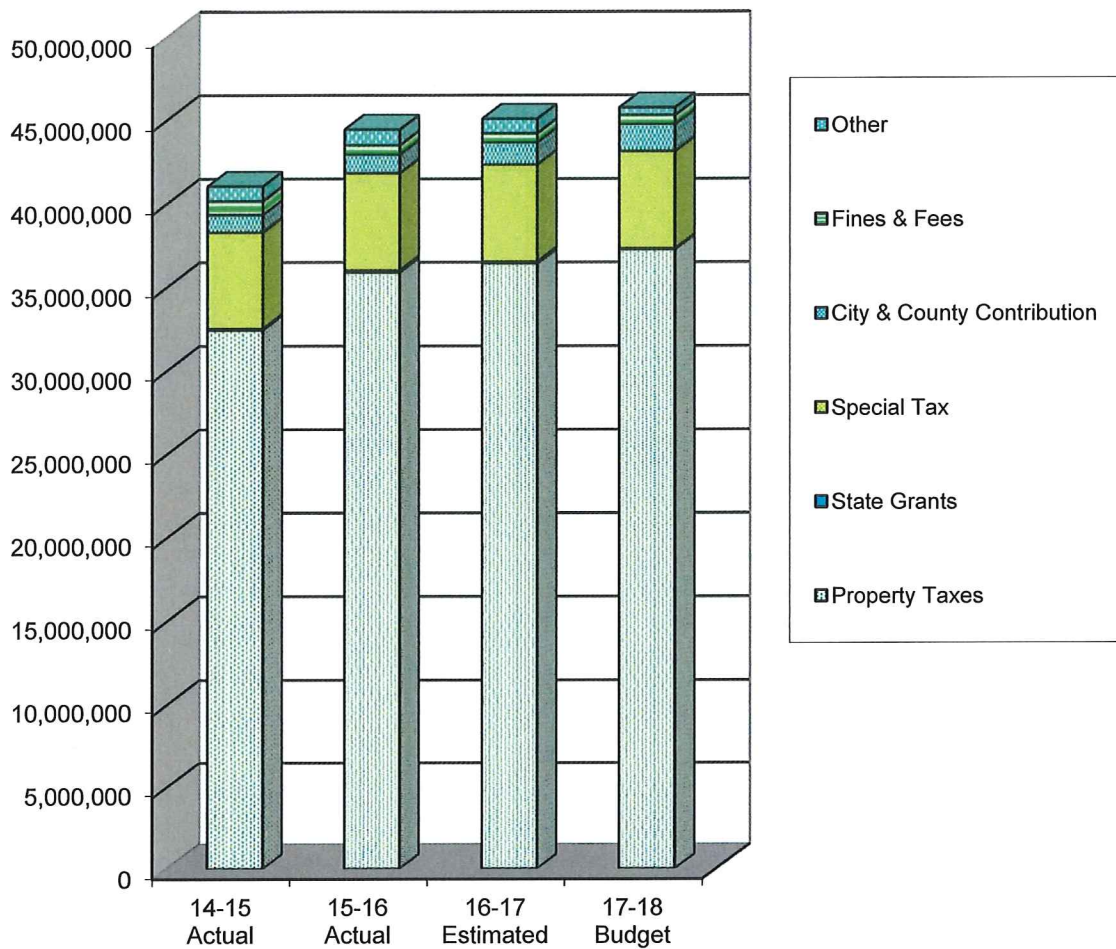
Fiscal Year 2017-2018

REVENUE PROJECTION

REVENUE SOURCE	FY 15-16 Actual	FY 16-17 Budget	FY 16-17 Projected	FY 17-18 Budget	Variance from Approved
Supplemental Roll	\$ 937,055	\$ 654,674	\$ 979,611	\$ 979,941	\$ 325,267
Property Tax - Current Secured	24,921,132	25,015,942	26,017,914	26,831,914	1,815,972
Property Tax - RDA Distribution	1,102,383	933,000	1,253,000	1,300,000	367,000
Property Tax - Current Unsecured	1,920,752	2,021,468	2,051,219	2,080,219	58,751
Excess ERAF	2,653,273	260,000	1,500,000	1,300,000	1,040,000
Property Tax - Unitary Roll	791,288	741,283	800,914	800,914	59,631
Property Tax- VLF in lieu	2,812,845	2,813,000	3,036,025	3,188,000	375,000
RDA- Property Tax Pass-thru	<u>765,886</u>	<u>766,000</u>	<u>796,000</u>	<u>796,000</u>	<u>30,000</u>
Subtotal All Property Tax	\$35,904,614	\$33,205,367	\$36,434,683	\$37,276,988	\$4,071,621
Library Fines and Fees	\$ 555,736	\$ 750,500	\$ 542,000	\$ 542,000	\$ (208,500)
Interest Earnings	200,291	100,000	250,000	250,000	150,000
Homeowner Prop. Tax Relief	150,751	150,750	146,139	142,741	(8,009)
State LSCA	115,855	46,000	56,000	46,000	0
Other State Grants	4,021	0	45,106	0	0
Contributions from Cities	979,046	1,014,160	1,279,602	1,570,482	556,322
Special Tax - CFD	5,818,256	5,821,923	5,821,923	5,824,984	3,061
Other Library Services	19,717	14,000	14,000	14,000	0
Contributions & Donations	502,317	0	400,000	0	0
Misc. Income	29,055	10,000	18,945	10,000	0
Transfer from County	142,780	51,000	51,000	51,000	0
Federal Medicare Credit	<u>27,327</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Subtotal All Other Sources	\$8,545,151	\$7,988,333	\$8,654,715	\$8,481,207	\$492,874
TOTAL	44,449,765	\$41,193,700	\$45,089,398	\$45,758,195	\$4,564,495
Budget Rollover from Prior Year	\$0	\$3,495,155	\$3,495,155	\$715,693	(2,779,462)
Transfer from Cap. & IT Reserves	\$0	\$5,353,678	\$5,353,678	\$4,173,017	(\$1,180,661)
GRAND TOTAL	\$44,449,765	\$50,042,533	\$53,938,231	\$50,646,905	\$604,372

Secured property taxes in FY 2017-2018 are forecasted to increase 3.13% over the projected FY 2016-2017 amounts based on estimates from the County Controller's Office, while overall property taxes are forecast to increase 2.31%. "Excess ERAF" is expected to continue through 2017-18. though at a smaller amount than collected in 2015-16.. All other revenue sources remain relatively flat, with the exception of "Contribution of Cities," due to the financial support from the City of Milpitas and the North County Library Authority for additional hours of service at the Milpitas and Los Altos Community Libraries. The "Budget Rollover from Prior Year" represents projects budgeted in 2016-17 that will not be accomplished until 2017-18. The "Transfer from Reserves" represents FY 2017-2018 projects for which funding was set aside by the JPA Board in its approval of the Technology and Capital Maintenance Plans.

Four-Year Revenue Trend



FISCAL YEAR 2017-2018 PERSONNEL REQUEST

The proposed personnel budget of \$30,238,845 reflects a \$1,905,405 increase from the original JPA-approved Fiscal Year 2016-17 personnel budget. Nearly \$890,000 of this change is attributed to negotiated salary increases, while nearly \$167,000 is attributed to increased fringe costs.

The balance of the increase is attributable to increased salary, benefit, and employee retirement contributions associated with the following proposed personnel actions:

- The addition of one full-time Public Communication Specialist, one full-time Electronic Resources Librarian, one full-time Maintenance Project Manager, and one full-time Utility Worker at the Services and Support Center, offset by the deletion of one full-time Administrative Support Officer and one part-time Utility Worker;
- The one-time addition of one full-time Senior Library Clerk for one year only, to pilot Passport services in the Library;
- The addition of one full-time Library Assistant for the Bookmobile offset by the deletion of one part-time Librarian and 416 extra Librarian hours;
- The addition of one full-time Librarian for community engagement projects and outreach including the PlaneTree Health Information Center, offset by the deletion of 832 extra Librarian hours;
- The addition of three part-time Pages at Cupertino Community Library;
- The addition of one full-time Library Assistant at Campbell Community Library;
- The addition of one full-time Janitor at Los Altos Community Library;
- The addition of one part-time Library Assistant and 520 Page hours at Saratoga Community Library, offset by the deletion of 40 extra-help Librarian hours;
- The addition of one full-time Librarian, one part-time Page, 260 extra Page hours, and 242 extra Janitor hours at Milpitas Community Library, offset by the deletion of one part-time Librarian and 260 extra-help Librarian hours;
- The addition of one part-time Library Assistant and 416 extra Janitor hours at Morgan Hill Community Library, offset by the reduction of 312 extra help Librarian hours and 85 extra Library Clerk hours.

**Personnel Budget
FY 2017-2018**

Expenditure & Revenue Recap

2017-18	Traditional	CFD	Local/Gifts	Transfer	TOTAL
REVENUES					
	\$38,362,729	\$5,824,984	\$1,570,482	\$4,888,710	\$50,646,905
EXPENDITURES					
Operating	\$8,451,202			\$3,780,693	\$12,231,895
Capital	\$662,000			\$1,108,017	\$1,770,017
Books, Etc.	\$5,241,151	\$1,164,997	\$0		\$6,406,147
Personnel	\$24,008,377	\$4,659,987	\$1,570,482		\$30,238,846
TOTAL	\$38,362,729	\$5,824,984	\$1,570,482	\$4,888,710	\$50,646,906

Community Facilities District Recap

CFD REVENUES		Personnel	Books
Campbell	\$570,992	\$456,793	\$114,198
Cupertino	\$744,881	\$595,905	\$148,976
Gilroy	\$697,262	\$557,809	\$139,452
Los Altos/Wo	\$502,830	\$402,264	\$100,566
Milpitas	\$1,043,547	\$834,837	\$208,709
Morgan Hill	\$594,182	\$475,345	\$118,836
Saratoga/MS	\$435,111	\$348,089	\$87,022
Subtotal	\$4,588,803	\$3,671,043	\$917,761
Bookmobile*		\$442,169	\$70,000
Unincorporated*	\$1,236,181	\$546,776	\$177,236
Total	\$5,824,984	\$4,659,987	\$1,164,997

Salary and Benefit Recap

PERSONNEL	Formula Share	Traditional by Platform	Remainder by Formula	100% CFD Return	Unincorp CFD by formula	Specific Place \$ (City/NCLA)	FY18 TOTAL	FY17 Budgeted	Change from FY17
Campbell	10.79%	\$1,291,270	\$519,985	\$456,793	\$59,020		\$2,327,068	\$2,248,100	\$78,968
Cupertino	22.15%	\$2,071,446	\$1,067,029	\$595,905	\$121,111	\$449,295	\$4,304,785	\$4,169,471	\$135,314
Gilroy	10.60%	\$1,094,504	\$510,644	\$557,809	\$57,960		\$2,220,917	\$2,142,321	\$78,596
Los Altos/Woodland	15.98%	\$1,771,168	\$769,798	\$402,264	\$87,375	\$634,325	\$3,664,929	\$3,497,049	\$167,880
Milpitas	17.88%	\$1,698,161	\$861,127	\$834,837	\$97,741	\$486,863	\$3,978,729	\$3,332,960	\$645,769
Morgan Hill	9.95%	\$1,144,068	\$479,151	\$475,345	\$54,385		\$2,152,949	\$2,080,168	\$72,781
Saratoga	12.65%	\$1,443,350	\$609,526	\$348,089	\$69,183		\$2,470,148	\$2,400,186	\$69,962
Sub-Total Libraries	100%	\$10,513,966	\$4,817,260	\$3,671,043	\$546,775	\$1,570,482	\$21,119,527	\$19,870,255	\$1,249,272
Headquarters		\$8,349,600					\$8,349,600	\$7,724,107	\$625,493
The Reading Program		\$327,549					\$327,549	\$343,669	(\$16,120)
Bookmobile					\$442,169		\$442,169	\$395,409	\$46,760
GRAND TOTAL		\$19,191,115	\$4,817,260	\$3,671,043	\$988,944	\$1,570,482	\$30,238,845	\$28,333,440	\$1,905,405

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

Santa Clara County Library District
FTE from FY 2007-2008 to FY 2017-2018

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

Headquarters	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Administration	5.0	6.0	6.0	6.0	6.0	6.0	6.5	6.5	6.5	6.5	8.5
Business Office	14.50	14.50	14.80	14.8	13.9	14.0	13.5	13.6	14.2	14.6	15.1
Public Services	5.2	5.2	5.2	5.3	5.6	6.2	6.2	6.2	7.4	7.4	7.4
Computer Support	6.0	6.3	6.3	6.9	7.3	7.1	7.1	7.0	7.0	7.0	7.0
Tech & Digital Svcs	19.5	17.8	18.3	18.4	16.8	16.7	16.7	16.7	16.7	17.7	18.7
Subtotal	50.20	49.70	50.60	51.3	49.5	50.0	50.0	50.0	51.8	53.2	56.8
Percent of total	20.4%	19.3%	18.6%	19.2%	19.5%	19.6%	20.0%	19.9%	20.0%	19.9%	19.8%
Direct Service	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Centr. Pub. Svc.	4.5	5.0	5.8	5.5	5.5	5.5	6.9	6.9	6.9	9.4	9.0
Bookmobile	3.5	3.5	3.5	3.4	3.3	3.2	3.2	3.2	3.2	3.7	4.5
Campbell	22.2	22.2	23.3	22.3	20.6	21.3	20.7	21.0	21.3	22.2	23.2
Cupertino	33.8	38.1	39.2	39.3	37.8	40.8	38.8	39.4	39.8	40.4	41.9
Gilroy	18.1	19.5	22.2	20.9	20.4	21.1	20.5	20.6	20.9	21.0	22.0
Literacy	1.0	1.0	1.0	2.5	2.5	2.9	2.9	2.9	2.9	3.1	3.0
Los Altos	31.9	32.0	32.7	31.7	30.0	29.7	28.8	28.8	30.1	30.6	32.3
Woodland	4.1	4.1	4.6	4.1	4.1	4.1	4.1	4.1	4.8	4.8	5.0
Milpitas	34.9	37.8	39.3	40.0	37.7	32.6	30.9	31.1	33.1	33.7	41.4
Morgan Hill	17.4	20.0	21.9	20.8	19.5	20.3	20.0	20.0	20.8	21.4	21.9
Saratoga	24.2	24.9	27.3	25.2	22.9	23.9	23.4	23.6	23.9	24.4	25.2
Subtotal	195.6	208.1	220.8	215.4	204.1	205.3	200.1	201.5	207.6	214.7	229.3
Percent of total	79.6%	80.7%	81.4%	80.8%	80.5%	80.4%	80.0%	80.1%	80.0%	80.1%	80.2%
Total FTE	245.8	257.8	271.4	266.8	253.6	255.2	250.1	251.5	259.5	268.0	286.0

	2016/17	2017/18
Benefited FTE:	218.3	233.8
Extra Help FTE:	32.5	33.4
Extra Hours FTE:	17.3	18.9
TOTAL:	268.0	286.0

Fiscal Year 2017-2018 Facilities, Services and Supplies Request

EXPENDITURE CATEGORY	FY 15-16 ACTUAL	FY 16-17 Budget (Adj)	FY 16-17 Projected	FY 17-18 Proposed Budget	Change
Safety Shoes	1,486	3,309	1,605	3,059	(250)
Communications & Phone	373,489	193,182	222,950	201,690	8,508
Communications & Phone- Co.	43,939	44,412	49,975	45,169	757
Insurance Premiums	122,089	123,000	118,593	121,499	(1,501)
Insurance- Internal	49,261	67,956	67,956	96,259	28,303
Maintenance- Equipment	996,293	720,283	686,688	682,106	(38,177)
Maintenance- Structures	748,930	1,557,436	1,250,000	2,726,600	1,169,164
Membership Dues & Fees	50,274	55,500	50,216	55,000	(500)
Office Expense	223,413	492,884	430,720	544,720	51,836
Postage Expense-External	7,489	70,000	7,495	200,000	130,000
Postage Expense- Internal	9,177	18,420	18,420	18,420	0
Printing- External	94,184	123,426	104,157	200,000	76,574
PC Software	562,770	772,765	1,182,695	703,732	(69,033)
Education Exp.- Other	1,000	25,000	3,500	22,000	(3,000)
Workshops, Conf. & Seminars	24,568	32,000	21,763	30,000	(2,000)
Professional Services	629,667	1,387,221	1,074,691	1,373,136	(14,085)
SCC Library Foundation	0	0	0	10,000	10,000
Silicon Valley Reads	10,000	10,000	10,000	10,000	0
Data Proc. Servc.- External	51,076	62,000	48,573	65,000	3,000
IT Services.- Internal	390,746	314,033	314,033	317,099	3,066
Legal Services	37,380	31,590	46,261	39,300	7,710
Property Tax Admin Fee	27,785	27,000	27,000	27,000	0
Lease- Equipment- Other	165,796	211,292	179,517	187,000	(24,292)
Rent & Lease Building & Improve.	433,320	423,966	423,966	442,253	18,287
Small Tools & Instru.	110,107	114,000	86,663	116,800	2,800
Furniture	164,744	126,231	77,838	253,000	126,769
PC Hardware	409,578	4,594,811	4,500,000	1,536,500	(3,058,311)
Service Staff Meetings	10,000	10,000	10,000	10,000	0
Incentives and Promotions	30,000	30,000	30,000	50,000	20,000
Summer Reading Marketing	15,000	15,000	15,000	15,000	0
Library Materials	5,236,957	5,579,323	5,579,323	6,406,147	826,824
County Overhead	842,659	548,003	548,003	757,476	209,473
Fuel	4,169	15,663	15,663	5,637	(10,026)
Garage Fleet Services	28,147	44,799	48,522	27,439	(17,360)
Mileage	21,425	26,500	15,085	24,000	(2,500)
Automobile Services	22,809	23,000	25,566	26,000	3,000
Local Meals and Meetings	1,958	3,000	2,648	3,000	0
Business Travel	51,555	44,000	54,170	65,000	21,000
Utilities	1,062,838	1,168,000	1,186,968	1,211,000	43,000
Misc. Expenses -- Other	10,132	30,000	11,377	10,000	(20,000)
TOTAL	\$13,076,207	\$19,139,006	\$18,547,601	\$18,638,042	(500,964)

Facilities, Services and Supplies Summary:

Although there are a number of fluctuations identified above, many of these are related to the expenditure of one-time funds in a given fiscal year that do not repeat in another. For example, the \$3,058,311 decrease in "PC Hardware" expenditures relates to the 2016-17 funding to replace all of the public and staff computers, laptops, and ADA stations. The most dramatic increases include \$1,119,164 in "Maintenance-Structures" for capital maintenance projects as discussed in the "Budgeted Reserves" and "Rebudget of Unspent Fiscal Year 2016-2017 Funds" pages of this document (pages 12 and 13, respectively), and \$826,824 in "Library Books" for additional high demand materials and e-resources. Postage and printing costs have increased for additional outreach to non library users. Incentives and Promotions were increased to allow for additional Summer Reading incentives.

**Books and Materials Budget
FY 2017-2018**

Expenditure & Revenue Recap

2017-18	Traditional	CFD	Local/Gifts	Transfer	TOTAL
REVENUES					
	\$38,362,729	\$5,824,984	\$1,570,482	\$4,888,710	\$50,646,905
EXPENDITURES					
Operating	\$8,451,202	\$0	\$0	\$3,780,693	\$12,231,895
Capital	\$662,000	\$0	\$0	\$1,108,017	\$1,770,017
Books, Etc.	\$5,241,151	\$1,164,997	\$0	\$0	\$6,406,147
Personnel	\$24,008,377	\$4,659,987	\$1,570,482	\$0	\$30,238,846
TOTAL	\$38,362,729	\$5,824,984	\$1,570,482	\$4,888,710	\$50,646,905

Community Facilities District Recap

CFD REVENUES		Personnel	Books
Campbell	\$570,992	\$456,793	\$114,198
Cupertino	\$744,881	\$595,905	\$148,976
Gilroy	\$697,262	\$557,809	\$139,452
Los Altos/Wo	\$502,830	\$402,264	\$100,566
Milpitas	\$1,043,547	\$834,837	\$208,709
Morgan Hill	\$594,182	\$475,345	\$118,836
Saratoga/MS	\$435,111	\$348,089	\$87,022
Subtotal	\$4,588,803	\$3,671,043	\$917,761
Bookmobile	\$0	\$442,169	\$70,000
Unincorporated*	\$1,236,181	\$546,776	\$177,236
Total	\$5,824,984	\$4,659,987	\$1,164,997

Books and Materials Recap

MATERIALS**	Formula Share	Traditional by Formula	CFD Return	Unincorp CFD by formula	Specific Place \$ (City/NCLA)	FY18 TOTAL	FY17 Budgeted	Change from FY17
Campbell	10.79%	\$505,509	\$114,198	\$19,131		\$638,839	\$542,530	\$96,309
Cupertino	22.15%	\$1,037,323	\$148,976	\$39,258		\$1,225,558	\$1,052,265	\$173,293
Gilroy	10.60%	\$496,428	\$139,452	\$18,788		\$654,668	\$565,463	\$89,205
Los Altos/Woodland	15.98%	\$748,367	\$100,566	\$28,322		\$877,255	\$743,099	\$134,156
Milpitas	17.88%	\$837,154	\$208,709	\$31,682		\$1,077,546	\$891,298	\$186,248
Morgan Hill	9.95%	\$465,812	\$118,836	\$17,629		\$602,277	\$520,687	\$81,590
Saratoga	12.65%	\$592,557	\$87,022	\$22,426		\$702,005	\$605,871	\$96,134
Sub-Total Libraries	100%	\$4,683,149	\$917,761	\$177,236	\$0	\$5,778,147	\$4,921,213	\$856,934
High Demand Materials Reserve		\$400,000				\$400,000	\$200,000	\$200,000
Bookmobile				\$70,000		\$70,000	\$70,000	
Headquarters		\$158,000				\$158,000	\$158,000	\$0
GRAND TOTAL		\$5,241,149	\$917,761	\$247,236	\$0	\$6,406,147	\$5,349,213	\$1,056,934

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

FIXED ASSET and VEHICLE REQUEST

Fiscal Year 2017-2018

Fixed Assets

The following fixed asset requests will be funded with unspent funding from FY 2016-17 (\$175,000), a transfer from the Technology Reserve (\$1,048,017) and from library funding (\$487,000):

Self-Check Machine Replacements **\$790,000**

Originally scheduled in the Technology Plan for fiscal year 2018-19, this project will be moved to fiscal year 2017-18 to coincide with the replacement of security gates.

Laptop Loaning for In-Library Use **\$330,017**

This funding supports the loaning of laptop devices to respond to patron needs.

Security Gate Replacement **\$175,000**

This funding will be used to replace security gates at each library location.

Self-Vending 24 Hour Library Unit **\$315,000**

Self-vending 24-hour library units that can loan materials and/or dispense holds will be piloted.

Disc Repair Machines **\$100,000**

Large capacity disc repair machines will be piloted to ensure extended use of Blue-Ray discs and CD's.

Electric Vending Vehicle **\$60,000**

Custom mobile vending will allow for additional outreach and library promotion.

Total Fixed Asset Request: **\$1,770,017**

BUDGETED RESERVES

Fiscal Year 2017-2018

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 2017-18 is \$1,930,000 for the following projects:

1344 Dell Avenue Construction: \$750,000
Los Altos Library Roof: \$460,000
Campbell Library Roof: \$245,000
Morgan Hill Library Interior Space: \$200,000
Gilroy Library Interior Space: \$200,000
Milpitas HVAC Unit Replacement: \$60,000
Gilroy HVAC Unit Replacement: \$15,000

The current balance in this reserve: \$7,834,000

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 2016, the JPA Board considered the three-year comprehensive plan for technology replacement and upgrade and designated funds for technology improvements through 2019. The amount requested to be transferred from this reserve in Fiscal Year 2017-18 is \$2,243,017. 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: \$2,643,017

Reserves Recap: The *estimated* status of reserves/fund balance, following adoption of the FY 2017-18 Budget, is as follows.

FUND 0025

\$ 5,904,000	Capital Maintenance Reserve
400,000	Technology Reserve
13,000,000	Fund Balance- Economic Uncertainty Designation
 \$ 7,111,790	 Undesignated Fund Balance

REBUDGET OF UNSPENT FISCAL YEAR 2016-2017 FUNDS

Fiscal Year 2017-2018

The following projects and purchases, budgeted in Fiscal Year 2016-2017, will not be completed before June 30, 2017 and need to be rebudgeted to Fiscal Year 2017-2018:

- \$200,000 for Network Enhancements and Upgrades;
- \$175,000 for Replacement of Security Gates;
- \$200,000 for Cupertino Community Library Interior Space;
- \$60,000 for Interior Library Signage
- \$35,000 for Morgan Hill Community Library Interior Painting;
- \$45,693 in funds from an estate gift to the Saratoga Library.

Total amount rebudgeted from Fiscal Year 2016-2017: \$715,693.

Santa Clara County Library Formula 2017-2018

Library	Population 1-1-16	Percent	Assessed Valuation	Percent	Circulation	Percent	Formula Share	FY 16- 17
Campbell	42,584		8,858,256,103					
Unincorporated	8,434		1,971,589,685					
Redevelopment			-906,569,397					
RDA Pass-thru			906,569,397					
RDA Dissolution			0					
	51,018	13.333%	10,829,845,788	10.583%	727,635	8.467%	10.79%	10.68%
Cupertino	58,185		21,346,570,360					
Unincorporated	3,992		580,117,952					
	62,177	16.249%	21,926,688,312	21.426%	2,472,889	28.775%	22.15%	22.53%
Gilroy	55,170		7,700,974,884					
Unincorporated	7,636		1,370,376,534					
	62,806	16.414%	9,071,351,418	8.864%	560,571	6.523%	10.60%	10.69%
Los Altos	31,353		13,713,091,004					
Los Altos Hills	8,658		7,093,263,573					
Unincorporated	4,273		1,247,862,113					
	44,284	11.573%	22,054,216,690	21.551%	1,273,276	14.816%	15.98%	16.02%
Milpitas	75,521		16,018,809,160					
Unincorporated	311		81,135,378					
Redevelopment			-6,276,238,663					
RDA Pass-thru			691,018,583					
RDA Dissolution			2,612,501,325					
	75,832	19.818%	13,127,225,783	12.828%	1,803,187	20.982%	17.88%	17.03%
Morgan Hill	43,645		8,312,464,115					
Unincorporated	7,605		2,154,144,285					
Redevelopment			-2,709,465,972					
RDA Pass-thru			284,035,748					
RDA Dissolution			947,949,720					
	51,250	13.394%	8,989,127,896	8.784%	658,459	7.662%	9.95%	10.11%
Saratoga	30,219		13,670,793,906					
Monte Sereno	3,475		1,958,060,287					
Unincorporated	1,580		708,311,850					
	35,274	9.219%	16,337,166,043	15.964%	1,097,971	12.776%	12.65%	12.93%
Percentages are based on assigned								
	Population		Assessed Valuation		Circulation			
Total	436,162		114,754,617,975		8,959,357			
Assigned	382,641		102,335,621,930		8,593,988			
Cities	348,810		98,672,283,392					
Unincorporated	33,831		8,113,537,797					
Unassigned	53,521		7,968,796,786		365,369	(Bookmobile, HQ)		
Redevelopment			-4,450,199,259					

Total Unincorp 87,352

16,082,334,583

FUNDING FORMULA PARAMETER ADJUSTMENTS

Fiscal Year 2017-2018

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 Valuation Percentage	Formula Percentage	Difference	Public Service Transactions Percentage	Formula Percentage	Difference
Campbell	10.583%	10.79%	-0.207%	8.640%	10.79%	-2.150%
Cupertino	21.426%	22.15%	-0.724%	27.921%	22.15%	5.771%
Gilroy	8.864%	10.60%	-1.736%	7.415%	10.60%	-3.185%
Los Altos	21.551%	15.98%	5.571%	14.692%	15.98%	-1.288%
Milpitas	12.828%	17.88%	-5.052%	20.783%	17.88%	2.903%
Morgan Hill	8.784%	9.95%	-1.166%	7.976%	9.95%	-1.974%
Saratoga	15.964%	12.65%	3.314%	12.574%	12.65%	-0.076%

In the Fiscal Year 2017-18 Funding Formula, there are two instances in which one-time adjustments could be made.

- 1) Los Altos' relative share of assessed valuation is 21.551%, while the formula share is 15.98% -- a difference of 5.571%. If this difference were limited to 5%, Los Altos libraries would receive an additional \$30,628 for staffing (recommended for 872 extra Janitor hours) and \$27,753 for materials.
- 2) Cupertino's relative share of public service transactions is 27.921%, while the formula share is 22.15% -- a difference of 5.771%. If this difference were limited to 5%, Cupertino Community Library would receive an additional \$41,356 for staffing (recommended for the addition of one part-time Library Clerk and 34 extra Library Clerk hours) and \$37,474 for materials.

As sufficient unrestricted fund balance is available to fund these increased budgets, the 2017-18 Personnel Budget and Books & Materials Budget will be adjusted accordingly.