



**JOINT POWERS AUTHORITY
BOARD TRANSMITTAL**

DATE: April 21, 2022

TO: Joint Powers Authority Board

FROM: Jennifer Weeks, County Librarian

SUBJECT: **Consider and Adopt the Fiscal Year 2022-23 Santa Clara County Library District Budget**

RECOMMENDED ACTIONS

The Finance Committee recommends that the Board consider and adopt the Fiscal Year 2022-2023 Santa Clara County Library District Budget.

BACKGROUND/REASONS FOR RECOMMENDATION

The Finance Committee and Board consider the preliminary budget for the upcoming Fiscal Year in April of each year, typically with final approval by the Finance Committee in May and Board in June of each year. The Finance Committee considered the budget at its April 6, 2022 meeting and recommended consideration and adoption by the Board.

Overall, this budget assumes a much smaller growth rate in property tax, which is the Library's primary source of revenue. Even with this smaller amount of growth, the Library has sufficient resources to fund new positions that keep up with the demand associated with the return to seven days/week operations, a substantial increase to funding for e-books, electronic resources, and other library materials, and an increase to the Economic Uncertainty Reserve -- all of which is sustainable over the next five years.

As mentioned on page 11 of this budget document, the Library District will continue to reserve the following amounts for future use:

- \$7,903,000 Capital Maintenance Reserve (for major capital maintenance needs expected over the next ten years;
- \$9,453,000 Technology Reserve (for the remaining funding in the JPA adopted Three Year Technology Plan);
- \$21,000,000 Economic Uncertainty Reserve (a \$2.1 million increase);
- \$7,8000,000 1344 Dell Avenue Capital Program.

As a result, the Library District remains well-positioned to confront future revenue fluctuations with prudently planned fiscal resources.

**SANTA CLARA COUNTY LIBRARY DISTRICT
FISCAL YEAR 2022-2023 PROPOSED BUDGET**

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Santa Clara County Library District - Fiscal Year 2022-2023 REQUESTED BUDGET SUMMARY

Estimated Revenue:

Property Taxes	60,924,687
State Sources	104,967
Special Tax	6,013,460
City/ County Contribution	305,244
Fines & Fees	100,000
Other	<u>1,035,187</u>
TOTAL Current Revenue	<u>68,483,545</u>

Transfer from Cap. & IT Res.	4,987,000
2020-21 Budget Rollover	<u>275,000</u>

Requested Expenditures:

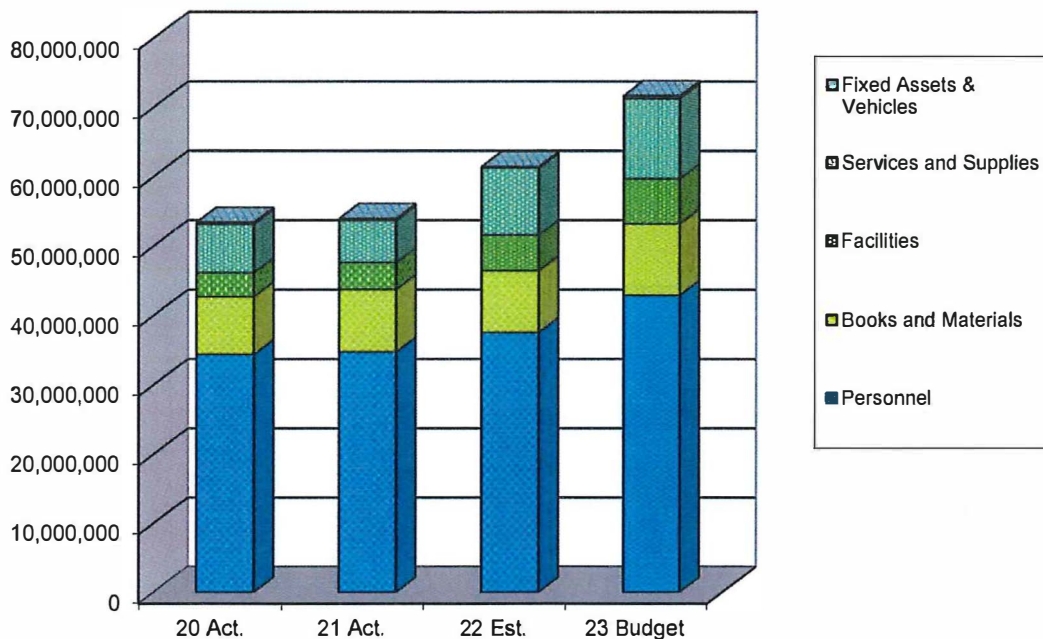
Personnel	42,951,616
Books and Materials	10,272,532
Facilities	6,509,146
Services and Supplies	<u>11,544,153</u>
TOTAL Operating Budget	<u>71,277,446</u>

Increase to Reserves	2,102,099
Fixed Assets & Vehicles	<u>366,000</u>

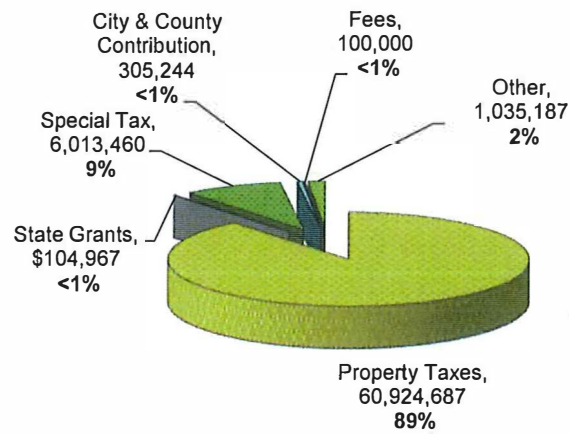
TOTAL \$73,745,545

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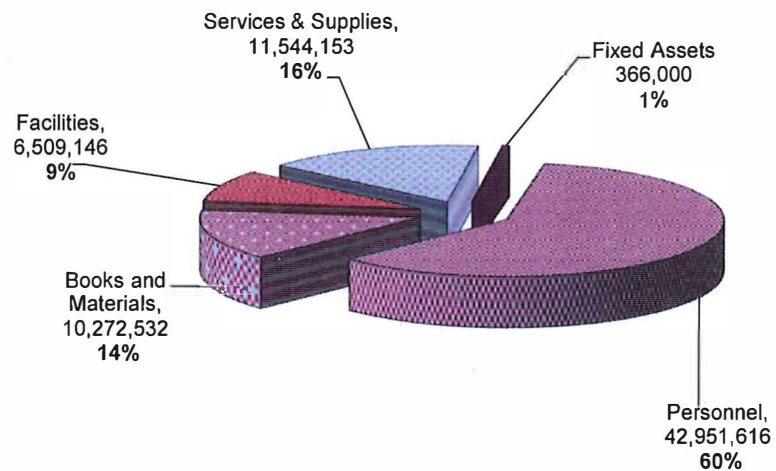
Four-Year Expenditure Trend



Fiscal Year 2022-2023 Library Revenue



Fiscal Year 2022-2023 Library Expenditures



Santa Clara County Library Budget

Fiscal Year 2022-2023

Four-Year Recap of Revenue & Expenses

	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Approved	FY 21-22 Estimated	FY 22-23 Budget
REVENUE					
Property Taxes	51,828,991	59,032,401	55,659,407	60,342,844	60,924,687
State Grants	137,738	129,158	53,523	120,559	104,967
Special Tax	5,942,468	5,965,733	5,999,484	5,999,484	6,013,460
City & County Contribution	1,012,709	2,005,033	1,240,863	1,210,953	305,244
Fines & Fees	405,817	49,087	250,000	100,000	100,000
Other	1,690,980	954,798	1,374,649	1,095,621	1,035,187
TOTAL	61,018,704	68,136,209	64,577,926	68,869,461	68,483,545
Transfer from Cap. & IT Reserves	0	0	2,937,000	2,937,000	4,987,000
Transfer from Prior Year	0	0	5,397,610	5,397,610	275,000
TOTAL FINANCING AVAILABLE	61,018,704	68,136,209	72,912,536	77,204,071	73,745,545

EXPENSES

Personnel	34,407,430	34,778,489	40,584,127	37,584,127	42,951,616
Books and Materials	8,322,228	9,007,190	8,728,020	8,878,020	10,272,532
Facilities	3,448,276	3,851,516	5,673,081	5,153,611	6,509,146
Services and Supplies	6,974,823	6,064,941	10,735,886	9,635,133	11,544,153
Fixed Assets & Vehicles	251,320	255,152	6,150,000	182,000	366,000
Increase to Reserve for Economic Uncertainty			1,897,901	1,897,901	2,102,099
TOTAL	53,404,077	53,957,288	73,769,015	61,432,891	73,745,545

Fiscal Year 2022-2023

REVENUE PROJECTION

REVENUE SOURCE	FY 20-21 Actual	FY 21-22 Budget	FY 21-22 Projected	FY 22-23 Budget	Variance from Approved
Supplemental Roll	\$ 1,272,652	\$ 416,896	\$ 633,108	\$ 633,108	\$ 216,212
Property Tax - Current Secured	33,376,531	34,016,253	34,675,135	35,273,135	1,256,882
Property Tax - RDA Distribution	2,436,784	1,929,175	2,148,157	2,096,000	166,825
Property Tax - Current Unsecured	2,366,785	1,711,468	2,143,329	2,143,329	431,861
ERAF Reimbursements	13,322,713	11,376,378	14,193,000	14,229,000	2,852,622
Property Tax - Unitary Roll	908,189	869,237	936,787	936,787	67,550
Property Tax- VLF in lieu	3,992,259	3,992,000	4,175,328	4,175,328	183,328
RDA- Property Tax Pass-thru	<u>1,356,489</u>	<u>1,348,000</u>	<u>1,438,000</u>	<u>1,438,000</u>	<u>90,000</u>
Subtotal All Property Tax	\$59,032,401	\$55,659,407	\$60,342,844	\$60,924,687	\$5,265,280
Library Fees and Charges	\$ 41,166	\$ 250,000	\$ 100,000	\$ 100,000	\$ (150,000)
Library Overdue Fines	7,921	0	0	0	0
Interest Earnings	539,367	850,000	500,000	500,000	(350,000)
Homeowner Prop. Tax Relief	137,219	134,632	135,492	133,492	(1,140)
State LSCA	111,190	53,523	104,967	104,967	51,444
Other State Grants	17,968	0	15,592	0	0
Contributions from Cities	0	1,189,863	560,703	254,244	(935,619)
Special Tax - CFD	5,965,733	5,999,484	5,999,484	6,013,460	13,976
Other Library Services	0	21,250	21,250	21,250	0
Contributions & Donations	219,281	0	201,755	0	0
Passport Fees	0	328,767	150,000	335,445	6,678
Misc. Income	18,063	10,000	52,125	10,000	0
Transfer from County	2,005,033	51,000	650,251	51,000	0
Federal Medicare Credit	<u>40,868</u>	<u>30,000</u>	<u>35,000</u>	<u>35,000</u>	<u>5,000</u>
Subtotal All Other Sources	\$9,103,808	\$8,918,519	\$8,526,618	\$7,558,858	(\$1,359,661)
TOTAL	68,136,209	\$64,577,926	\$68,869,461	\$68,483,545	\$3,905,619
Budget Rollover from Prior Year	\$0	\$5,397,610	\$5,397,610	\$275,000	(\$5,122,610)
Transfer from Cap. & IT Reserves	\$0	\$2,937,000	\$2,937,000	\$4,987,000	\$2,050,000
GRAND TOTAL	\$68,136,209	\$72,912,536	\$77,204,071	\$73,745,545	\$833,009

Estimates from the County Controller's Office predict a slight increase (< 1%) to overall property taxes in 2022-23. All other revenue sources remain relatively flat, with the exception of "Contributions from Cities" -- although the full cost of additional hours paid for by the North County Library Authority, the City of Milpitas, and the City of Cupertino represented by this line item is higher at \$1,842,510, estimated property tax collections are sufficient to cover most of this cost. The "Budget Rollover from Prior Year" represents specific projects budgeted in 2021-22 that will not be accomplished until 2022-23. The "Transfer from Reserves" represents FY 2022-2023 projects for which funding was set aside by the Board in its approval of the Technology and Capital Maintenance Plans.

FISCAL YEAR 2022-2023 PERSONNEL REQUEST

At the beginning of the pandemic, it was unclear how property tax (the Library's primary source of revenue) would change, or how the state's recalculation of ERAF reimbursements would affect that growing proportion of the budget. Similarly, from an expense standpoint, it was difficult to gauge when our buildings would fully reopen to the public. In 2021, multiple retirements and a hold on hiring county-wide also led to a reduction of the Library's workforce.

Fortunately, the revenue situation turned out much better than anticipated. Not only did the expected decline and stagnation of regular property tax revenue never materialize, ERAF reimbursements also exceeded expectations despite the state's recalculation.

After thoughtful consideration, this ongoing funding allows the Library to propose adding back some of the most critical and relevant positions to adequately staff seven day/week operations (within the allocation limits of the Funding Formula), to add capacity to our IT operations, and to significantly expand library materials, programming, and outreach to the public. These staffing changes include:

- The addition of two full-time Librarians, one part-time Librarian, one full-time Management Aide, one full-time Library Assistant, and one full-time IT position to Library Administration with the reduction of one full-time Executive Assistant I and one full-time Supervising Librarian.
- The addition of one full-time Senior Library Clerk at Cupertino Community Library.
- The addition of one part-time Librarian at Saratoga Community Library.
- The addition of one full-time Senior Library Clerk at Milpitas Community Library.
- The addition of one full-time Library Clerk at Morgan Hill Community Library.
- The addition of one part-time Library Circulation Aide, and one Part-Time Librarian at the Gilroy Community Library, with the conversion of two half-time Library Assistants to $\frac{3}{4}$ -time.

The proposed personnel budget of \$42,951,616 reflects a \$1,553,476 increase from the original Board-approved Fiscal Year 2021-22 personnel budget. Of this increase, \$564,237 is the result of salary and benefit increases and \$989,239 is associated with the personnel actions identified above.

**Personnel Budget
FY 2022-2023**

Expenditure & Revenue Recap

2022-23	Traditional	CFD	Local/Gifts	Passport	Transfer	TOTAL
REVENUES						
	\$61,880,396	\$6,013,460	\$254,244	\$335,445	\$5,262,000	\$73,745,545
EXPENDITURES						
Operating	\$13,041,298.50				\$5,012,000	\$18,053,299
Capital	\$116,000				\$250,000	\$366,000
Books, Etc.	\$9,069,840	\$1,202,692	\$0			\$10,272,532
Personnel	\$37,551,159	\$4,810,768	\$254,244	\$335,445		\$42,951,616
TOTAL	\$59,778,297	\$6,013,460	\$254,244	\$335,445	\$5,262,000	\$71,643,446

Community Facilities District Recap

CFD REVENUES		Personnel	Books
Campbell	583,027	\$466,421	\$116,605
Cupertino	762,895	\$610,316	\$152,579
Gilroy	739,651	\$591,721	\$147,930
Los Altos/Wo	505,825	\$404,660	\$101,165
Milpitas	1,118,187	\$894,550	\$223,637
Morgan Hill	635,106	\$508,085	\$127,021
Saratoga/MS	437,718	\$350,174	\$87,544
Subtotal	4,782,409	\$3,825,927	\$956,482
Bookmobile*		\$741,552	\$70,000
Unincorporated*	1,231,051	\$243,289	\$176,210
Total	\$6,013,460	\$4,810,768	\$1,202,692

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)	FY23 TOTAL	FY22 Budgeted
Campbell	10.63%	\$1,546,760	\$1,236,533	\$466,421	\$25,872			\$3,275,587	\$3,008,512
Cupertino	21.81%	\$2,507,198	\$2,536,323	\$610,316	\$53,067	\$111,815	\$184,156	\$6,002,874	\$5,617,648
Gilroy	9.66%	\$1,660,142	\$1,123,030	\$591,721	\$23,497			\$3,398,390	\$3,145,095
Los Altos/Woodland	17.65%	\$2,131,760	\$2,052,573	\$404,660	\$42,946	\$111,815	\$15,247	\$4,759,001	\$4,651,115
Milpitas	17.79%	\$2,068,039	\$2,068,428	\$894,550	\$43,278	\$111,815	\$54,842	\$5,240,951	\$4,957,303
Morgan Hill	9.60%	\$1,410,950	\$1,115,886	\$508,085	\$23,348			\$3,058,268	\$2,799,344
Saratoga	12.86%	\$1,742,584	\$1,495,091	\$350,174	\$31,282			\$3,619,130	\$3,487,010
Sub-Total Libraries	100%	\$13,067,432	\$11,627,863	\$3,825,927	\$243,289	\$335,445	\$254,244	\$29,354,201	\$27,666,027
Headquarters		\$12,408,387						\$12,408,387	\$11,887,327
The Reading Program		\$447,477						\$447,477	\$439,756
Bookmobile					\$741,552			\$741,552	\$591,017
GRAND TOTAL		\$25,923,296	\$11,627,863	\$3,825,927	\$984,841	\$335,445	\$254,244	\$42,951,616	\$40,584,127

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

**Santa Clara County Library District
FTE from FY 2012-2013 to FY 2022-2023**

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

Headquarters	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Administration	6.0	6.5	6.5	6.5	6.5	8.5	9.5	13.0	14.0	14.0	13.0
Business Office	14.0	13.5	13.6	14.2	14.6	15.1	16.1	18.1	20.1	19.1	20.1
Public Services	6.2	6.2	6.2	7.4	7.4	7.4	6.5	8.5	8.5	7.5	9.0
Computer Support	7.1	7.1	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0
Tech & Digital Svcs	16.7	16.7	16.7	16.7	17.7	18.7	19.7	19.7	18.7	17.7	18.7
Subtotal	50.0	50.0	50.0	51.8	53.2	56.8	58.8	66.3	68.3	65.3	68.8
Percent of total	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Direct Service	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Centr. Pub. Svc.	5.5	6.9	6.9	6.9	9.4	9.0	9.0	13.0	13.0	13.0	14.0
Bookmobile	3.2	3.2	3.2	3.2	3.7	4.5	5.0	5.0	5.0	5.0	6.0
Campbell	21.3	20.7	21.0	21.3	22.2	23.2	23.2	27.2	28.2	26.7	26.7
Cupertino	40.8	38.8	39.4	39.8	40.4	41.9	43.8	49.7	51.7	47.8	48.8
Gilroy	21.1	20.5	20.6	20.9	21.0	22.0	22.4	25.4	26.9	27.1	28.4
Literacy	2.9	2.9	2.9	2.9	3.1	3.0	3.5	3.5	3.5	3.5	3.5
Los Altos	29.7	28.8	28.8	30.1	30.6	32.3	32.3	34.5	36.0	35.2	35.1
Woodland	4.1	4.1	4.1	4.8	4.8	5.0	5.9	5.9	5.9	5.9	5.9
Milpitas	32.6	30.9	31.1	33.1	33.7	41.4	43.3	44.0	46.0	44.2	45.0
Morgan Hill	20.3	20.0	20.0	20.8	21.4	21.9	22.5	26.9	26.7	25.4	26.0
Saratoga	23.9	23.4	23.6	23.9	24.4	25.2	25.7	30.1	31.6	31.1	31.6
Subtotal	205.3	200.1	201.5	207.6	214.7	229.3	236.5	265.2	274.6	264.9	270.9
Percent of total	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Total FTE	255.2	250.1	251.5	259.5	268.0	286.0	295.3	331.6	342.8	330.1	339.6

	2021/22	2022/23
Benefited FTE:	269.8	282.0
Extra Help FTE:	35.7	33.6
Extra Hours FTE:	24.7	24.1
TOTAL:	330.1	339.6

Fiscal Year 2022-2023 Facilities, Services and Supplies Request

EXPENDITURE CATEGORY	FY 20-21 ACTUAL	FY 21-22 Budget (Adj)	FY 21-22 Projected	FY 22-23 Proposed Budget	Change
Safety Shoes	1,583	5,500	5,500	3,500	(2,000)
Communications & Phone	309,132	502,444	452,444	593,000	90,556
Communications & Phone- Co.	7,365	6,655	6,655	6,400	(255)
Insurance Premiums	175,667	246,300	235,294	351,500	105,200
Insurance- Internal	76,732	87,373	87,373	102,304	14,931
Maintenance- Equipment	743,854	867,104	867,104	1,080,900	213,796
Maintenance- Structures	1,486,692	2,818,178	2,543,178	3,484,980	666,802
Membership Dues & Fees	56,309	57,000	57,000	60,000	3,000
Office Expense	473,455	602,270	602,270	654,807	52,537
Postage Expense-External	7,683	200,000	75,000	200,000	0
Postage Expense- Internal	7,294	1,372	1,372	7,300	5,928
Printing- External	17,909	208,291	150,000	202,214	(6,077)
PC Software	604,419	1,003,982	1,003,982	1,101,389	97,407
Education Exp.- Other	0	75,000	10,000	75,000	0
Workshops, Conf. & Seminars	8,748	30,000	30,000	30,000	0
Professional Services	1,203,617	2,827,062	2,100,000	2,363,486	(463,576)
SCC Library Foundation	535	10,000	10,000	10,000	0
Silicon Valley Reads	10,000	10,000	10,000	10,000	0
Data Proc. Serv.- External	55,618	60,000	60,000	60,000	0
IT Services.- Internal	513,860	580,593	580,593	585,477	4,884
Legal Services	24,130	61,170	61,170	61,170	0
Lease- Equipment- Other	165,153	221,000	221,000	218,000	(3,000)
Rent & Lease Building & Improve.	372,674	431,131	431,131	446,856	15,725
Small Tools & Instru.	31,647	173,750	125,000	183,750	10,000
Furniture	224,212	200,000	200,000	234,106	34,105
PC Hardware	748,185	1,671,691	1,671,691	2,997,000	1,325,310
Service Staff Meetings	0	10,000	10,000	10,000	0
Incentives and Promotions	6,835	50,000	50,000	70,000	20,000
Summer Reading Marketing	10,580	30,000	30,000	30,000	0
Library Materials	9,007,190	8,728,020	8,878,020	10,272,532	1,544,512
County Overhead	1,252,620	1,765,884	1,765,884	1,314,731	(451,153)
Fuel	3,509	3,790	3,790	4,420	630
Garage Fleet Services	21,869	28,778	28,778	31,309	2,531
Mileage	28,118	30,500	30,500	30,500	0
Automobile Services	59,251	48,950	47,000	47,000	(1,950)
Local Meals and Meetings	261	5,000	500	5,000	0
Business Travel	1,875	72,200	2,000	72,200	0
Utilities	1,199,594	1,381,000	1,197,536	1,290,000	(91,000)
Misc. Expenses -- Other	5,473	25,000	25,000	25,000	0
TOTAL	\$18,923,647	\$25,136,987	\$23,666,764	\$28,325,830	3,188,844

Facilities, Services and Supplies Summary:

The most dramatic increases from the prior year include \$1,554,512 in "Library Materials" to keep up with the demand in E-Books and other electronic resources; \$1,325,310 in "PC Hardware" for the replacement of all public and staff computers and laptops; \$666,802 in "Maintenance-Structures" for FF&E costs associated with Campbell Library; and \$213,796 in "Maintenance-Equipment" for additional RFID and AMHS maintenance. Most major reductions are associated with one-time projects completed in 2021-22, including 1344 architectural design work in "Professional Services," and Countywide IT projects in "County Overhead."

**Books and Materials Budget
FY 2022-2023**

Expenditure & Revenue Recap

2022-23	Traditional	CFD	Local/Gifts	Passports	Transfer	TOTAL
REVENUES						
	\$61,880,396	\$6,013,460	\$254,244	\$335,445	\$5,262,000	\$73,745,545
EXPENDITURES						
Operating	\$13,041,299	\$0	\$0	\$0	\$5,012,000	\$18,053,299
Capital	\$116,000	\$0	\$0	\$0	\$250,000	\$366,000
Books, Etc.	\$9,069,840	\$1,202,692	\$0	\$0	\$0	\$10,272,532
Personnel	\$37,551,159	\$4,810,768	\$254,244	\$335,445	\$0	\$42,951,616
TOTAL	\$59,778,297	\$6,013,460	\$254,244	\$335,445	\$5,262,000	\$71,643,446

Community Facilities District Recap

CFD REVENUES		Personnel	Books
Campbell	\$583,027	\$466,421	\$116,605
Cupertino	\$762,895	\$610,316	\$152,579
Gilroy	\$739,651	\$591,721	\$147,930
Los Altos/Wo	\$505,825	\$404,660	\$101,165
Milpitas	\$1,118,187	\$894,550	\$223,637
Morgan Hill	\$635,106	\$508,085	\$127,021
Saratoga/MS	\$437,718	\$350,174	\$87,544
Subtotal	\$4,782,409	\$3,825,927	\$956,482
Bookmobile	\$0	\$741,552	\$70,000
Unincorporated*	\$1,231,051	\$243,289	\$176,210
Total	\$6,013,460	\$4,810,768	\$1,202,692

Books and Materials Recap

MATERIALS**	Formula Share	Traditional by Formula	CFD Return	Unincorp CFD by formula	Specific Place \$ (City/NCLA)	FY23 TOTAL	FY22 Budgeted
Campbell	10.63%	\$947,705	\$116,605	\$18,739		\$1,083,050	\$976,838
Cupertino	21.81%	\$1,943,891	\$152,579	\$38,436		\$2,134,906	\$1,838,495
Gilroy	9.66%	\$860,714	\$147,930	\$17,019		\$1,025,663	\$903,219
Los Altos/Woodland	17.65%	\$1,573,135	\$101,165	\$31,105		\$1,705,405	\$1,351,680
Milpitas	17.79%	\$1,585,287	\$223,637	\$31,345		\$1,840,270	\$1,546,445
Morgan Hill	9.60%	\$855,238	\$127,021	\$16,910		\$999,170	\$841,843
Saratoga	12.86%	\$1,145,869	\$87,544	\$22,657		\$1,256,070	\$1,031,501
Sub-Total Libraries	100%	\$8,911,840	\$956,482	\$176,210	\$0	\$10,044,533	\$8,490,019
Bookmobile				\$70,000		\$70,000	\$70,000
Headquarters		\$158,000				\$158,000	\$158,000
GRAND TOTAL		\$9,069,840	\$956,482	\$246,210	\$0	\$10,272,533	\$8,718,019

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

FIXED ASSET and VEHICLE REQUEST

Fiscal Year 2022-2023

Fixed Assets

The following fixed asset requests will be funded from unspent funding from a \$250,000 transfer from the Technology Reserve (\$250,000) and a \$116,000 transfer from the Capital Maintenance Reserve:

Smart Devices for Public Use **\$150,000**

This funding supports the loaning of “smart” devices to respond to patron needs.

Fleet Replacement **\$116,000**

This funding supports replacement of library fleet vehicles in excess of 100,000 miles and 10 years of age.

Media Box **\$100,000**

This funding supports a pilot project to test media lending machines in the libraries.

Total Fixed Asset Request: **\$366,000**

BUDGETED RESERVES Fiscal Year 2022-2023

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 2022-23 is \$1,550,000 for the following projects:

Campbell Library FF&E: \$998,000
Cupertino Lighting LED Retrofit: \$200,000
Cupertino Exterior Painting: \$131,000
Fleet Replacement: \$116,000
Los Altos Interior Painting \$78,000
Los Altos BMS Software Upgrade: \$27,000

The current balance in this reserve: \$9,453,000

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 2022, the Board considered the three-year comprehensive plan for technology replacement and upgrade and designated funds for technology improvements through 2025. The amount requested to be transferred from this reserve in Fiscal Year 2022-23 is \$3,437,000. 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 is \$12,967,000

Fund Balance- Economic Uncertainty Designation

The Board established this reserve to continue library services during the next economic downturn. Additional amounts are added periodically to keep pace with increased operating costs. The amount requested to be transferred to this reserve is \$2,102,099. The current balance in this reserve is \$18,897,901.

Reserves Recap: The *estimated* status of reserves/fund balance, following adoption of the FY 2022-23 Budget, is as follows.

<u>FUND 0025</u>	
\$ 7,903,000	Capital Maintenance Reserve
9,530,000	Technology Reserve
21,000,000	Fund Balance- Economic Uncertainty Designation
7,800,000	1344 Dell Avenue Capital Program
 \$25,062,121	 Undesignated Fund Balance

REBUDGET OF UNSPENT FISCAL YEAR 2021-22 FUNDS
Fiscal Year 2022-2023

The following project, budgeted in Fiscal Year 2021-2022, will not be completed before June 30, 2022 and needs to be rebudgeted to Fiscal Year 2022-2023:

- \$275,000 for 1344 Dell Avenue Furniture, Fixtures and Equipment

Total amount rebudgeted from Fiscal Year 2021-2022: \$275,000.

Santa Clara County Library Formula 2022-2023

Library	Population 1-1-21	Percent	Assessed Valuation	Percent	Circulation	Percent	Formula Share	FY 21- 22
Campbell	41,533		12,372,600,892					
Unincorporated	11,521		2,488,079,094					
Redevelopment			-1,407,553,638					
RDA Pass-thru			1,369,931,874					
RDA Dissolution			<u>37,621,764</u>					
	53,054	13.338%	14,860,679,986	10.775%	655,049	7.789%	10.63%	11.42%
Cupertino	58,656		28,807,298,064					
Unincorporated	13		<u>16,418,984</u>					
	58,669	14.750%	28,823,717,048	20.900%	2,505,035	29.788%	21.81%	22.37%
Gilroy	56,599		10,289,233,066					
Unincorporated	6,566		<u>906,240,836</u>					
	63,165	15.880%	11,195,473,902	8.118%	418,509	4.977%	9.66%	10.03%
Los Altos	30,510		18,825,558,858					
Los Altos Hills	8,390		9,325,564,181					
Unincorporated	14,607		<u>4,501,753,866</u>					
	53,507	13.452%	32,652,876,905	23.676%	1,331,100	15.828%	17.65%	16.59%
Milpitas	75,663		22,346,414,172					
Unincorporated	629		73,580,835					
Redevelopment			-9,287,988,535					
RDA Pass-thru			1,425,970,741					
RDA Dissolution			<u>3,216,766,791</u>					
	76,292	19.180%	17,774,744,004	12.888%	1,791,001	21.297%	17.79%	17.55%
Morgan Hill	47,374		11,481,021,640					
Unincorporated	9,904		1,854,629,671					
Redevelopment			-3,938,843,504					
RDA Pass-thru			615,220,535					
RDA Dissolution			<u>1,423,497,065</u>					
	57,278	14.400%	11,435,525,407	8.292%	512,834	6.098%	9.60%	9.50%
Saratoga	30,546		17,543,601,528					
Monte Sereno	3,604		2,565,909,567					
Unincorporated	1,650		<u>1,061,534,474</u>					
	35,800	9.000%	21,171,045,569	15.351%	1,196,033	14.222%	12.86%	12.53%
Percentages are based on assigned								
	Population		Assessed Valuation		Circulation			
Total	438,509		154,039,546,921		9,223,702			
Assigned	397,765		137,914,062,821		8,409,561			
Cities	352,875		133,557,201,968					
Unincorporated	44,890		10,902,237,760					
Unassigned	40,744		9,580,107,193		814,141	(Bookmobile, HQ)		
Redevelopment			-6,545,376,907					
Total Unincorp	85,634		20,482,344,953					

FUNDING FORMULA PARAMETER ADJUSTMENTS Fiscal Year 2022-2023

At the October 27, 2016 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	10.775%	10.634%	0.141%	7.715%	10.634%	-2.919%
Cupertino	20.900%	21.812%	-0.913%	29.466%	21.812%	7.654%
Gilroy	8.118%	9.658%	-1.540%	5.325%	9.658%	-4.333%
Los Altos	23.676%	17.652%	6.024%	15.873%	17.652%	-1.779%
Milpitas	12.888%	17.789%	-4.900%	21.219%	17.789%	3.431%
Morgan Hill	8.292%	9.597%	-1.305%	6.160%	9.597%	-3.437%
Saratoga	15.351%	12.858%	2.493%	14.242%	12.858%	1.384%

In the Fiscal Year 2022-23 Funding Formula, there are two instances in which one-time adjustments could be made.

- 1) Los Altos' relative share of assessed valuation is 23.676%, while the formula share is 17.652% -- a difference of 6.024%. If this difference were limited to 5%, Los Altos libraries would receive an additional \$121,567 for staffing and \$93,067 for materials.
- 2) Cupertino's relative share of Public Services Transactions is 29.466%, while the formula share is 21.812% -- a difference of 7.654%. If this difference were limited to 5%, Cupertino Community Library would receive an additional \$315,000 for staffing and \$241,151 for materials.

Upon approval from the Board, the 2022-23 Personnel Budget and Books & Materials Budget will be adjusted accordingly.