



REPORT TO COUNCIL City of Sacramento

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PUBLIC HEARING
June 17, 2008

**Honorable Mayor and
Members of the City Council**

Title: Reports Back on the FY2008/09 Proposed Budget

Location/Council District: Citywide (All)

Recommendation: This report provides information as requested by the City Council on items discussed during past Council sessions on the FY2008/09 proposed operating budget.

Contact: Leyne Milstein, Budget Manager, 808-8491

Presenter: Leyne Milstein

Department: Finance

Division: Budget, Policy & Strategic Planning

Organization No: 1140

Description/Analysis:

Issue: This report provides information as requested by the City Council on items discussed during budget hearings, identifies additional adjustments necessary to implement the FY2008/09 budget.

Reports Back – During Budget Hearings the Council requested additional information on several items. Staff have responded previously to many of these questions during department specific budget hearings or in the June 10 Technical Adjustments and Reports Back Council report. The remaining report back for the Library is included as Attachment 1 and 2.

Technical Adjustments – Additional technical adjustments necessary to effectively implement the FY2008/09 Proposed Budget are included as Attachment 3.

Policy Considerations: Policy considerations associated with the issues discussed in this report are referred to and discussed in the corresponding

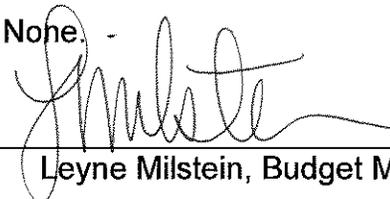
attachments. In all cases, recommendations are consistent with the City Council's Strategic Planning – Strategic Budgeting process.

Environmental Considerations: This report concerns administrative activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Rationale for Recommendation: The rationale for the recommendations related to the issues identified, are discussed in the corresponding attachments.

Financial Considerations: The recommended adjustments contained in this report are necessary to properly implement the proposed operating budget. Detailed descriptions of the financial considerations associated with these recommendations are provided in the corresponding attachments.

Emerging Small Business Development (ESBD): None.

Respectfully Submitted by: 
Leyne Milstein, Budget Manager

Approved by: 
Marty Hanneman, Assistant City Manager

Recommendation Approved:


Ray Kerridge
City Manager

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ATTACHMENT 1

Library Report Back: Reduction Options

Option 1 Implement the Proposed Service Reductions detailed in Attachment 2

Pros: Saves \$940,000 in labor costs on a recurring basis until funding and service can be restored. This options includes \$225,000 in savings that is ongoing from 3 vacant positions at the Central Library that will occur in each options presented.

Cons: Immediate impact to the availability of library services when the community needs the services to advance education, find jobs and provide a positive option for children and young adults.

Option 2 Restore some or all of the proposed cuts in City Library Service for the entire fiscal year.

Impact: Additional Labor cost of up to \$715,000; requires additional funding or alternative cuts.

Pros: Restores some or all of the service critically important to the community.

Cons: Recurring funding is not available for this restoration of service. One-time funding may be used to provide this service for an identified period of time, after which the reduction may need to be made; buys time to study and evaluate other alternatives or cost saving measures.

Option 3 Restore all of the proposed service cuts for an eight month period, until the Library's and City's mid-year budget reviews.

Impact: Additional Labor cost of \$476,776 (see Attachment 2)

Pros: Restores some or all of the service critically important to the community.

Cons: This option would use one-time funding to maintain some or all of the reduced services until the Performance Audit of the Library is completed in December 2008. This option would carry the service until recommended actions from the Performance Audit are evaluated. The Library will have direction on the City's FY 09/10 budget estimates. Mid-year budget actions would determine the service levels for the balance of the fiscal year.

Option 4 Consider reduction of alternative services, such as Bookmobile, Homebound Books by Mail, Literacy Services. These programs are shared services and would save about 28% of the program cost to the City General Fund.

Impact: Varies depending on the service reduction

	<u>City Cost</u>	<u>Total Cost</u>
Bookmobile	61,000	218,749
HBBM	27,000	96,000
Literacy	76,000	314,059

Pros: Retains important Library service days and hours.

Cons: Reduces important services in other needed areas that reach important segments of the population. These are system-wide services and would be difficult to cut in the City of Sacramento only. Lose the advantage of leveraging other grant funding for these programs.

ATTACHMENT 1

Continued

Option 5 Paired Small Branch Operations
 Operate two smaller branches with a single staff team. These options could substitute to retain other proposed service reductions. Would allow reassignment of existing staff and savings by reducing operating days/hours at each affected branch. For Options 5A.2 and 5B.2, the Library is not at this time making a recommendation as to which branch would be open 3 days and which would be open 2 days.

Impacts: See below options/models for potential annual savings. Options are a choice of 5A.1 or 5A.2; a choice of 5B.1 or 5B.2; or none at all.

Pros: Allows service reduction at less heavily used branches. Provides an option to retain service hours at a busier branch in exchange for reductions at smaller branches.

Cons: Requires cutting more days of service to achieve a savings equal to reducing a larger branch by one day per week.

McKinley/McClatchy Pairing

Model 5A.1 Reduce open days from 5 days to 3 days at each branch
 Net service cut: 4 days

3/3 Service Days	FTE's	Annual Savings
Library Supervisor I	1.0	81,000
Librarian	0.5	39,000
Library Services Assistant	0.5	31,000
Total	2.0	151,000

Model 5A.2 Reduce from 5 days to 3 days at one branch and 2 days at the other branch
 Net service cut: 5 service days

3/2 Service Days	FTE's	Annual Savings
Library Supervisor I	1.0	81,000
Librarian	0.5	39,000
Library Services Assistant	1.0	54,000
Library Services Assistant	0.5	31,000
Total	3.0	205,000

North Sac/Del Paso Pairing

Model 5B.1 Reduce open days from 5 days to 3 days at each branch
 Net service cut: 4 days

3/3 Service Days	FTE's	Annual Savings
Library Supervisor II	1.0	91,000
Library Services Assistant	0.5	35,300
Library Services Assistant	0.5	31,000
Total	2.0	157,300

Model 5B.2 Reduce from 5 days to 3 days at one branch and 2 days at the other branch
 Net service cut: 5 service days

3/2 Service Days	FTE's	Annual Savings
Library Supervisor II	1.0	91,000
Library Services Assistant	1.0	54,000
Library Services Assistant	0.5	35,300
Library Services Assistant	0.5	31,000
Total	3.0	211,300

ATTACHMENT 1

Continued

Option 6A No Reductions at Cooledge and South Natomas Until New Branches Open
 Continue current operating days/hours at Cooledge and South Natomas Branches until the respective new branches open at Pocket and North Natomas.

Impact: The additional cost to continue the operation:

	FY 08/09	FY 09/10	Total	
Cooledge	205,000	136,664	341,664	Pocket opens Winter 2010
S. Natomas	180,000	45,000	225,000	N. Natomas opens Sept. 2009
Total	385,000	181,664	566,664	

Pros: Maintains existing heavily used service levels until the new branches open. At the time of new branch opening, both the existing and new branch would adjust to the reduced level of operating hours.

Cons: Requires additional funding not easily available to continue the service level for a period of 15 to 20 months. This funding will require the use of one-time fund balance by the City and/or the Library, or an alternate service reduction elsewhere to fund this option.

Option 6B No Reductions: Cooledge, South Natomas and North Natomas Until New Branches Open
 Continue current operating days/hours at Cooledge, South Natomas and the current North Natomas Branches until the respective new branches open at Pocket and North Natomas.

Impact: The additional cost to continue the operation:

	FY 08/09	FY 09/10	Total	
Cooledge	205,000	136,664	341,664	Pocket opens Winter 2010
S. Natomas	180,000	45,000	225,000	N. Natomas opens Sept. 2009
N. Natomas	75,000	18,750	93,750	N. Natomas opens Sept. 2009
Total	460,000	200,414	660,414	

Pros: Same as 6A, but expands to include the North Natomas operation continuing at existing levels. Since this Library is combined with the schools, continuing hours consistent with school operations has direct benefits.

Cons: Requires additional funding not easily available to continue the service level for a period of 15 to 20 months. This funding will require the use of one-time fund balance by the City and/or the Library, or an alternate service reduction elsewhere to fund this option.

ATTACHMENT 2

Library Report Back: Branch Cost

Staffing			Annual Budget	Cost per Month	Cost to Maintain Service for 8 Months	Positions
Coolidge						
Librarian	Full Time	Filled	75,000			
Library Service Asst.	Full Time	Filled	50,000			
Library Service Asst.	Full Time	Filled	50,000			
Library Service Asst.	Part Time	Filled	30,000			
			<u>205,000</u>	17,083	136,667	4.0
Colonial Heights						
Librarian	Full Time	Filled	75,000			
Librarian	Full Time	Filled	75,000			
			<u>150,000</u>	12,500	100,000	2.0
Martin Luther King, Jr.						
Librarian	Full Time	Filled	75,000			
Library Service Asst.	Part Time	Filled	30,000			
			<u>105,000</u>	8,750	70,000	2.0
North Natomas						
Librarian	Full Time	Filled	75,000	6,250	50,000	1.0
South Natomas						
Librarian	Full Time	Filled	75,000			
Librarian	Full Time	Filled	75,000			
Library Service Asst.	Part Time	Filled	30,000			
			<u>180,000</u>	15,000	120,000	3.0
Subtotals of Branch Reduced Position Costs			\$ 715,000	\$ 59,583	\$ 476,667	
Central Library						
Library Sup. 3	Full Time	Vacant	110,000			
Librarian	Full Time	Vacant	75,000			
Librarian	Part Time	Vacant	40,000			
			<u>225,000</u>	*		3.0
Total Estimated Savings			\$ 940,000	78,333	\$ 476,667	15.0

Footnote - Central Library positions are vacant and will remain vacant in all options being considered.

ATTACHMENT 3

**FY2008/09 PROPOSED BUDGET
SUMMARY OF CHANGES AND TECHNICAL ADJUSTMENTS**

FY2008/09 OPERATING BUDGET ADJUSTMENTS

Department	Fund	Net \$ Change	Net FTE	Description
City Treasurer	General (101)	-	1.00	Restore the Assistant City Treasurer FTE previously marked as unfunded. This will provide continuity in the investment business functions during this transitional period under the leadership of a newly appointed City Treasurer. The costs of this position (\$201,834) will be funded within the City Treasurer's proposed budget.
Parks and Recreation	General (101)	-	(0.40)	Unfund 0.40 FTE Program Leader position
Parks and Recreation	General (101)	-	0.50	Fund 0.50 FTE Arts and Crafts Specialist