



City of Sacramento City Council

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915 I Street, Sacramento, CA, 95814
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Meeting Date: 5/31/2011

Report Type: Staff/Discussion

Title: Budget Hearing: Fiscal Year (FY) 2011/12 Proposed Budgets for the City's Partner Organizations: Sacramento Public Library, Sacramento Convention and Visitors Bureau, Human Rights Fair Housing Commission and the Sports Commission and receive Supplemental Budget Information as available

Report ID: 2011-00435

Location: Citywide

Recommendation: Intent motion to approve the FY2010/11 budget as proposed.

Contact: Leyne Milstein, Finance Director, (916) 808-8491, Finance Department

Presenter: Leyne Milstein, Finance Director, (916) 808-8491, Finance Department

Department: Finance

Division: Budget Office

Dept ID: 06001411

Attachments:

1-Description/Analysis

2-Attachments

City Attorney Review

Approved as to Form
Larry Duran
5/26/2011 1:11:48 PM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
5/26/2011 10:21:07 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/26/2011 11:48:57 AM

Assistant City Manager: John Dangberg - 5/26/2011 12:07:56 PM



Description/Analysis

Issue: This report transmits the FY2011/12 Proposed Operating Budget details for the Sacramento Public Library (SPL), Sacramento Convention and Visitors Bureau (SCVB), Human Rights Fair Housing Commission (HRFH) and the Sports Commission.

The following chart summarizes the proposed reductions to the City’s partner organizations:

FY2007/08 - FY2011/12 Cumulative General Fund Change

Department	FY2007/08	3-Year Cumulative \$ Change	FY2011/12 Proposed \$ Reductions	Total \$ Reduction	% Change From FY2007/08
Sacramento Convention and Visitors Bureau	719,187	(127,627)	(118,312)	(245,939)	-34.2%
Human Rights Fair Housing Commission	145,000	(52,120)	(17,977)	(70,097)	-48.3%
Sports Commission	100,000	(48,000)	(10,400)	(58,400)	-58.4%
Sacramento Public Library	9,481,100	(1,559,390)	(792,171)	(2,351,561)	-24.8%
Totals:	10,445,287	(1,787,137)	(938,860)	(2,725,997)	

Impacts of these reductions as included in the Proposed Budget are included in Attachment 1. In addition, the SPL has provided additional impact information which is included as Attachment 2. Reductions and impacts to the Sacramento Metro Arts Commission are not included in this report as this was included in the discussion of the Convention, Culture and Leisure Department at the May 17th Council meeting.

Policy Considerations: After three consecutive years of reductions, the City continues the monumental task of rightsizing the organization. Given the size of the challenge, and the fact that ongoing efforts to align revenues and expenditures have not been able to keep pace with the revenue declines in prior years and significant year-to-year expenditure increases, it is critical that future reduction efforts reflect the need to initiate major permanent changes to ensure long-term fiscal sustainability.

On May 12, 2011, the City Council approved the following parameters to be used for reconsideration of cuts:

- FY2011/12 actions need to be considered within a multi-year context; the budget process must be a continuous conversation
- The Reserve for Economic Uncertainty will not be used
- One-time cuts will not be used to replace permanent cuts
- Any new revenue proposals will not be used until implemented
- Any labor concessions will be used to mitigate reductions in that bargaining group only during the concession period

Closing the gap will require difficult decisions about program priorities and levels of service, and will require discipline to ensure that the solutions implemented address the City’s long-term financial challenges.

Environmental Considerations:

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

Sustainability: Not applicable.

Commission/Committee Action: The severe economic downturn impacting the nation, state, and City require that significant budget reductions be implemented in order to stabilize the City's budget and continue the process of returning the General Fund budget to sustainability.

Rationale for Recommendation: The severe economic downturn impacting the nation, state, and City require that significant budget reductions be implemented in order to stabilize the City's budget and continue the process of returning the General Fund budget to sustainability.

Financial Considerations: The City must close the \$39 million gap between revenues and expenses in the General Fund to achieve a fiscally sustainable budget. The deficit will persist unless permanent corrective actions are taken to change the City's revenue and cost structures as well as the complement of services delivered in order to create a financially sustainable way to meet the most critical needs of our community.

However, within the context of reductions, it is important to note that the City understands the relationship between General Fund contributions and the City's library special parcel tax and remains committed to funding levels that will ensure the continued resources from this funding source as the loss of these funds (approximately \$4.5 million) would be detrimental to library service within the City of Sacramento. This proposal is consistent with the requirements of the citywide voter approved parcel tax for library services.

Emerging Small Business Development (ESBD): Not applicable.

Sacramento Public Library

The City contributes General Fund support, in addition to funding provided by the voter approved Special Parcel Tax, to the SPLA to provide library services through the Central Library and 10 branch libraries throughout the City. The proposed General Fund reduction for SPLA is 10% (\$792,121) of the current General Fund contribution of \$7.92 million, representing an overall reduction to the City's contribution for library service of 24.8% since 2008. During this same period, Sacramento Public Library opened three new facilities within the City: Valley Hi-North Laguna (August 2009), North Natomas (January 2010), and Robbie Waters Pocket Greenhaven (August 2010).

Budget reductions will be met through a combination of freezing vacant positions, the layoff of non-public service staff, eliminating or reducing overtime, security, on-call, and temporary staff budgets, and finally, because there is nothing left to reduce without impacting our other JPA partners, significantly reducing service in City branches by reducing or eliminating evening hours, rolling service blackouts that eliminate days of service each week in some locations, eliminating meeting room space to save on staff and cleaning costs, or closing one or more branches altogether.

Sacramento Public Library Impacts

Reductions are outlined below, and staff continues to refine scenarios for service hours and staffing that meet the target goal; however, we know that any reductions will ultimately reduce public access to computers, job resources, and other services.

Library Staffing

Reduction Net General Fund savings of \$293,740 and the elimination of 2.0 FTE and freezing 7.0 FTE (vacant).

Impact The library must reduce staff in non-public service areas to align staffing in all support areas in proportion to our ability to provide public service. The proposed budget includes freezing 7.0 FTE positions in branches, collection development, and the Finance Departments and includes the elimination of two single-incumbent positions.

Homework Center Aides

Reduction Net General Fund savings of \$68,000.

Impact The Colonial Heights and Martin Luther King, Jr. Libraries afterschool homework assistance to students in grades 4 through 12 will be eliminated. No-cost alternatives are being investigated.

Security in City Library Branches

Reduction Net General Fund savings of \$100,000.

Impact The library contracts for security in most branches to keep the public and staff safe. This will reduce the number of hours by approximately one-third.

Reduce overtime, supplies, training, shift differential and on-call staff

Reduction Net General Fund savings of \$121,331.

Impact This will impact service hours and levels at the Central Library and branches, resulting in fewer evening hours and reduced staffing.

Materials Budget

Reduction Net General Fund savings of \$100,000.

Impact People and books are the library's most important resource. This further reduces the library's ability to provide informational and educational resources for the citizens of Sacramento. This reduction represents approximately 5,000 fewer books.

Computer Refresh

Reduction Net General Fund savings of \$102,000.

Impact The library replaces its computers on a four-year cycle, ensuring access for the more than 700,000 computer sessions that occur in city branches each year.

The City understands the relationship between General Fund contributions and the City's library special parcel tax and remains committed to funding levels that will ensure the continued resources from this funding source as the loss of these funds (approximately \$4.5 million) would be detrimental to library service within the City of Sacramento.

Other Partners Reductions and Impacts

Contributions to these partners include a 20% reduction of approximately \$224,000. Anticipated impacts of the reduction of the SCVB contribution includes the elimination of the Film Commission which will reduce the number of films produced in Sacramento and the closure of the Visitor Center in Old Sacramento reducing the informational services supporting Old Sacramento merchants, visitors, and the business district. No specific impacts have been identified for HRFH or Sports Commission. The proposed reductions will be absorbed by these organizations.

2011-12 Budget Impacts -- Sacramento Public Library

The proposed General Fund reduction for Sacramento Public Library is \$792,171, bringing the overall reduction to the City's contribution for library services to 23.88% since 2008. During this same period, Sacramento Public Library opened three new facilities within the city, Valley Hi-North Laguna (8/2009) with an annual operating cost of \$614,653, North Natomas (1/2010) with an annual operating cost of \$410,679, and Robbie Waters Pocket Greenhaven (8/2010) with an annual operating cost of \$566,059. The additional \$1.6 million in expenses have not been covered by additional operating revenues provided to the Library Authority by the City, requiring the use of fund balance to maintain operations in these locations and at others for a total use of fund balance of \$1,797,472.

To meet the requested 10% reduction in general fund revenues from the City, staff identified reductions in staff, materials and supplies, security and equipment. The proposed FY 2011-12 budget presented to the Sacramento Public Library Authority Board on May 26 recommended a combination of freezing or holding vacant twenty seven (27) positions and the layoff of three career employees. Other cost saving measures include elimination of overtime, a 50% reduction in security and on-call staff services, and reductions in funding for temporary staff. Finally, because there is nothing left to reduce without impacting the Authority's other member agencies; Library staff is planning significant service reductions in City branches that include the reduction or elimination of evening hours. Library staff is also reviewing the use of meeting room space in city branches to determine if the reduced custodial services will necessitate restricting use of the rooms.

The Library Authority is also concerned that the proposed reductions in other City departments, which include the proposed closure of the Clunie Community Center, will result in closure of the McKinley Branch Library. This will impact library service to a significant number of library users within the city. Because of the unknowns that exist at this time, a scenario is being developed that includes the elimination of service at this location with staff, materials and furniture transfers to other locations.

The Colonial Heights and Martin Luther King Libraries have provided afterschool homework assistance to students in grades 4 through 12. The proposed reductions in City revenue have made it necessary to eliminate funding for temporary staff to provide these services going forward.

The library contracts for unarmed security services in most branches. To meet the reductions, security staff in city library branches will be reduced by approximately 50%. In addition, the Library will be unable to renew its contract with the Downtown Partnership for a Downtown Navigator at the Central Library. This position has proved to be invaluable because the library, as a public place, needs a trained expert who can identify and meet the needs of the many at-risk citizens who frequent the Central Library, especially veterans, the homeless and others who require help.

People and materials are the library's most important resources. This reduction in funding further limits the library's ability to provide informational and educational resources for the citizens of Sacramento.

Unemployment in the Sacramento region is still tracking at 12%. With most employers requiring applications to be submitted online, library branches are virtually the only resource for those individuals without computers or Internet access. To keep up with demand, the library replaces its computers on a four-year cycle, ensuring access for the more than 700,000 computer sessions that occur in city branches each year. Because of the proposed reductions, the computer refresh schedule has been gutted, leaving only enough funds to deal with emergencies. This may result in equipment being unavailable as it awaits replacement parts or repair by IT staff. This reduced access to technology will mean that the Library cannot leverage the 80% rebate on technology costs received each year from the Federal government for enhanced technology services. Impacts to technology access for school-age youth will be profound, especially in those locations that are co-located with schools.

The reductions will also result in a loss of evening hours in all locations. In addition, the reduction in hours at the Central Library necessitates the elimination of system-wide centralized call center support on Mondays, negatively impacting our patrons and staff in locations that are open on Mondays.

The Sacramento Public Library's commitment is to the people we serve. Because we believe that economic recovery for Sacramento will be delayed for several years, Library staff are developing strategies to weather the continued economic challenges system-wide. These strategies seek to make as few public service reductions as possible, and strive to maintain existing staff and service levels; however, reduced access to computers, job resources and other services cannot be avoided.

The Sacramento Public Library Authority is extremely concerned about the impact of these reductions on the City of Sacramento's special parcel tax to support library services. To honor the commitment made by those who voted to support Measure X, and provide the library with supplemental funding for youth services, technology access and new library services, funding for the Library must remain as whole as possible. The budget action proposed this year to reduce the general fund contribution below the maintenance of effort level specified in the ordinance requires restoration of funds next year in order to levy the parcel tax. Restoration of funding is an unlikely reality given the delayed recovery in the local economy. Losing the special parcel tax (approximately \$4.5 million) would result in drastic reductions to library service at library branches within the Sacramento city limits, including the closure of five or more library branches, putting additional strain on County-funded branches.