

# ORANGE COUNTY PUBLIC LAW LIBRARY

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May 27, 2014

Please be advised that the Finance Committee of the Board of Trustees of the Orange County Public Law Library will meet at the Library on Friday, May 30, 2014 at 12:15 p.m. to review the proposed FY2014-15 budget.

Respectfully submitted,

Maryruth Storer  
Director

*All supporting documentation is available for public review in the Administration Office located in the Law Library Building, 515 North Flower, 32 Civic Center Plaza, Third Floor, Santa Ana, 92703 during regular business hours, 8:00 a.m. - 5:00 p.m., Monday through Friday. In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the Administration Office 72 hours prior to the meeting at 714.834.3003.*

FINANCE COMMITTEE AGENDA

Review of Draft FY2014-2015 Budget

**Historical Background:**

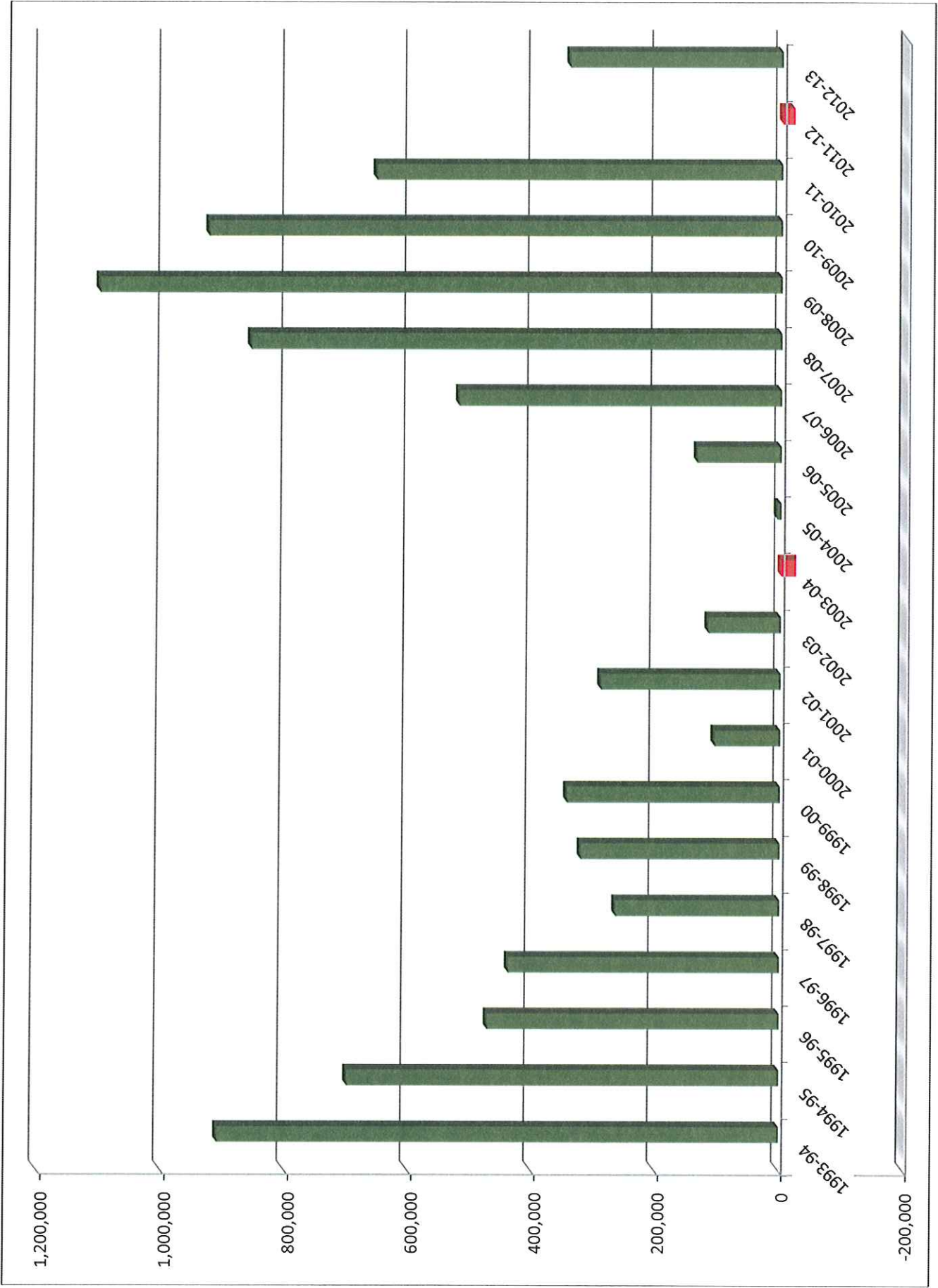
The Law Library operates on a cash accounting method. Each fiscal year is treated separately. At fiscal year-end, any operating funds remaining are held for future use, either in our County Treasury Fund 161 or transferred to Reserves. Our operating budget does not include Capital Income (LAIF interest) or Capital Expenses (equipment costing more than \$2,500.) Over a twenty year period, only two years have had negative balances, and in many years, the surplus has been quite substantial.

Fund Balance at Fiscal Year End

Fiscal Year (FY)	Operational Funds	4000 Equipment Expenditures
2013-14		
2012-13	343,996.91	20,155.44
2011-12	(18,860.79)	36,526.69
2010-11	657,795.27	327,164.10
2009-10	929,664.58	339,778.62
2008-09	1,106,528.08	124,853.50
2007-08	860,964.28	88,219.53
2006-07	522,020.00	279,519.50
2005-06	136,185.57	222,391.25
2004-05	6,839.09	255,422.26
2003-04	(79,290.12)	22,378.51
2002-03	117,029.36	81,402.87
2001-02	289,777.78	158,675.77
2000-01	106,056.01	100,612.64
1999-00	344,066.19	83,504.45
1998-99	321,510.86	124,462.63
1997-98	264,787.92	102,204.56
1996-97	438,331.93	68,355.58
1995-96	472,224.47	295,121.31
1994-95	699,688.56	114,729.40
1993-94	909,721.89	47,574.92

Note: Capital equipment purchases were high 2004-2007 related to new shelving and new furniture connected with the building expansion, and 2009-2011 for compact shelving on Floor A.

# Fund Balance at Fiscal Year End



**Reserves:**

Our account at the State Treasurer's Local Agency Investment Fund was established in March 1995. Whenever our County Treasury Fund 161 got over \$1,000,000, a sizeable amount was transferred to the LAIF account. The last transfer (\$600,000) into the account was made in June, 2011. The last withdrawal was for construction costs in January, 2006. The balance as of April 30, 2014 is \$5,087,293.37.

**Current Fiscal Year 2013-2014:**

As adopted, our budget had a \$133,789 deficit. Due to filing fee revenue lower than projected, as of 4/30/14 the deficit is \$192,005; staff projects this will improve by 6/30/14 to around \$175,000 deficit, depending on June filing fee receipts and staff efforts to control expenses.

**Fiscal Year 2014-2015:**

As staff began preparing the draft FY2014-2015 budget, it quickly became apparent that if we used "business as usual" expenses (publisher increases between 5-10%, conference registrations, etc.) that the Operating Budget would have a \$315,726 deficit. That was Budget Option A, and we are not presenting that to you.

Budget Option B makes the following cuts to achieve a \$37,159 estimated deficit:

- Suspends contribution to Executive Deferred Compensation (line 0204)
- Reduces number of staff LEXIS IDs from three to two (line 1901)
- Reduces number of fobs to access County network from six to three (line 1940)
- Assumes we can renegotiate vendor contracts to achieve a 30% reduction in collection costs (lines 1802, 1901, and 2400)
- Omits all future professional development conference attendance and the LAIF Conference (line 2700)
- Cancels subscriptions to LA Times, OC Register, and Wall Street Journal
- Stops providing Nolo Press books to Superior Court Self-Help Centers

Budget Option C adds to all the cuts in Budget Option B a 10% furlough for all Library staff and deletes the December Joint Board-Staff meeting. The Library would be closed one day every other week. To implement a furlough, OCEA's position is that they must agree to the furlough through contract negotiation, and OCEA representatives indicated they would want a no layoff clause if furloughs were implemented. Under Budget Option C, we project an \$88,842 surplus.

Line explanations and variances are detailed in the attached Budget Notes.

**Staff Recommendation:**

Budget Option B is the appropriate choice in our current circumstances. It will use a minimal amount from the Operating Reserve and is less draconian for the staff.

## FY 2014-2015 Budget Options

### INCOME AND EXPENDITURE STATEMENT

REVENUE	Option B 2014-2015	Option C 2014-2015	BUDGET 2013-2014
6610 Interest (on Cash)	\$ 3,000	\$ 3,000	\$ 3,500
7430 Court Filing Fees	2,568,577	2,568,577	2,935,800
7570 Library Services	3,200	3,200	3,550
7590 Fee-Based Services	1,000	1,000	1,100
7670 Miscellaneous Revenue	10,850	10,850	12,600
7680 Outlawed Checks	0	0	0.00
	<u>\$ 2,586,627</u>	<u>\$ 2,586,627</u>	<u>\$ 2,956,550</u>

### OPERATING EXPENDITURES

0101 Regular Salaries	\$ 1,227,892	\$ 1,105,103	\$ 1,206,435
0102 Salaries (extra help)	0	0	0
0104 Annual Leave Payoff	0	0	0
0111 Other Pay	969	969	957
0112 Other Salaries	0	0	1,300
0200 Retirement	167,916	167,916	354,242
0204 Library Paid Exec. Deferred Comp.	0	0	8,835
0206 Retiree Medical	48,625	48,625	48,219
0301 Unemployment Insurance	6,783	6,783	4,403
0304 Management Employee Insurance	7,406	7,406	7,417
0306 Health Insurance	143,270	143,270	165,260
0319 Unit Employee Insurance	8,112	8,112	8,112
0352 Worker's Compensation-General	9,328	8,396	9,025
0401 Medicare	17,804	16,024	17,808
0403 Optional Benefit Plan	15,000	15,000	15,000
0450 Accrued Salary & Benefits	n.a.	n.a.	n.a.
0740 Telephone-Interfund Transfers	6,577	6,577	11,376
0741 Telephone-Other	23,712	23,712	11,082
1100 Insurance	36,419	36,419	38,843
1300 Maintenance-Equipment	43,203	43,203	55,960
1400 Maintenance-Bldgs. & Improv.	1,500	1,500	2,250
1402 Minor Alt. & Improv.	2,000	2,000	5,000
1600 Memberships	4,844	4,844	4,830
1700 Miscellaneous Expense	3,700	3,700	6,210
1800 Office Expense	14,223	14,223	16,305
1802 Periodicals	416,745	416,745	567,000
1803 Postage	350	350	400
1806 Printing-Outside Vendors	800	800	582
1809 Minor Equipment Control	10,272	10,272	7,950
1900 Professional & Spec. Svcs.	15,965	15,965	21,838
1901 Databases	148,584	148,584	154,888
1907 Collection Agency Fees	0	0	0
1909 Contracts	6,262	6,262	8,245
1911 CWCAP	36,000	36,000	62,124
1940 County IT Charges	5,985	5,985	3,416
2100 Rents & Leases-Equip.	503	503	501
2400 Spec. Departmental Exp.-Books	169,050	169,050	230,000
2600 Transportation & Travel-Gen.	1,947	1,447	1,535
2601 Private Auto Mileage	200	200	400
2602 Garage Expense	16,620	16,620	17,700
2700 Transportation & Travel-Mtgs.	5,220	5,220	14,891
	<u>\$ 2,623,786</u>	<u>\$ 2,497,785</u>	<u>\$ 3,090,339</u>

### CAPITAL INCOME

6610 Interest (on Reserve)	\$ 12,530	\$ 12,530	\$ 16,000
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### CAPITAL EXPENDITURES

4000 Equipment	\$ 13,098	\$ 13,098	\$ 3,400
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**NOTES ON FY 2014-2015 PROPOSED BUDGET**

**REVENUE**

Interest on Cash (6610):

The County Treasurer is estimating 0.50% net earnings in FY2014-2015 for the County Investment Pool.

Court Filing Fees (7430):

June 2013 to May 2014 filing fee receipts were down 10.64% from same period of the preceding year.

Our practice is to estimate a decrease just to be extremely conservative. Because of the downward trend over the past several years, the projected filing fee amount is 10.64% below the actual receipts of the most recent 12 month period.

At this time, there is no mechanism for adjusting the amount of filing fee county law libraries receive. We are receiving \$35 per filing, unchanged since 2007. We receive \$2 per small claims filings for cases claiming \$5,000 or more.

Library Services (7570):

This is our collection of fines and book replacement charges.

Fee-Based Services (7590):

This includes fees for our fax and copy service and conference room rental.

Miscellaneous Revenue (7670):

1) We are negotiating a one year extension of our contract with QCI to provide and service the patron copy machines. We collect and deposit all currency paid by patrons for photocopies, then pay an agreed amount to QCI (which is posted in 1909 Contracts.) There has been a continuing decrease in the number of photocopies made (\$6,821 received through 4/30/14), which is probably because patrons can download from our database subscriptions at no cost.

2) Funds received from the Annual Borrowers Fee would be deposited here, but we have not charged this fee in recent years following the settlement of the Vlosky case.

3) Our Used Books Sales (\$1,060 received through 4/30/14) are included here.

**EXPENDITURES**

Salaries (0101):

This includes anticipated step increases for the one employee eligible to receive

one and the 1% general wage increase for all employees.

Annual Leave Payoff (0104):

This category was suspended in FY2013-2014, and would remain suspended unless an employee makes a request stating an extreme financial hardship.

Other Pay (0111):

This is the category for Saturday shift supervision premium pay. We no longer have premium pay for evening hours work.

Other Salaries (0112):

We are using this code for tuition reimbursement payments to staff. The MOU and Personnel Resolution provide that employees may receive up to \$1,300 per fiscal year in tuition reimbursement. However, no employee is currently in a program qualifying for reimbursement.

Retirement (0200):

We prepaid the entire FY2014-2015 amount in January 2014 to obtain the 7.25% discount. OCERS will consider the future of the prepayment program later in 2014. The most likely outcome is that we would be able to pay only half of the FY2015-2016 contribution in January 2015, with a smaller discount being offered for the other half if it is paid in July 2015. There is a significant possibility that the program will not be offered, in which case we have zero retirement payment during FY2014-2015. Both Budget Options assume we would pay half in January 2015. The FY2015-2016 net employer contribution rate estimate is 29.13% after reduction for future service only and the employees' 1.75% reverse pickup.

Retiree Medical (0206):

This is 3.96% of payroll. The employees' 1.75% reverse pickup is intended to offset part of the employer's cost for this benefit.

Unemployment Insurance (0301):

The base rate for 2014 is 5.7%, and it is calculated on the first \$7,000 of each employee's salary.

Management Employee Insurance (0304): This is the County benefits package for non-represented employees and includes salary continuance, dental, life, and AD&D insurances.

Health Insurance (0306):

Library employees receive the County benefits package for medical, dental, and associated insurances. The 2015 increase for medical insurance is 12.5% for PPO plans and 13.7% for HMO plans. This budget estimate is based on the medical plans employees have chosen. If they switch during the annual open enrollment



period, the costs will adjust slightly.

Unit Employee Insurance (0319):

This is the "Health & Welfare" benefit program of the County, in which our OCEA Unit staff members participate. They receive dental, vision, salary continuance and life insurance coverage through this program, administered by OCEA.

Workers Compensation (0352):

Our premium is based on our total payroll.

Telephone-Interfund Transfers (0740):

Telephone-Other (0741):

These estimates are based on completing the telephone switch by November 2014.

Insurance (1100):

Our broker indicated that we could expect premium increases of no more than 5% for renewal of our package policy and the Directors & Officers Liability policy .

Maintenance-Equipment (1300):

This includes computer hardware and software maintenance agreements and service contracts or estimated repair costs on the compact shelving, staff photocopiers, Lektrievers, fax machine, library materials security system and cash register. It also includes the one-time catalog authority control service approved at the April 2014 Board Meeting.

Maintenance-Building & Improvements (1400):

The County pays for custodial service and routine repairs, but we pay for burglar alarm system repairs, closed circuit television system repairs, and minor changes.

Minor Alterations (1402):

This category includes only an allowance for unexpected building modification work, e.g. adding an electrical outlet.

Memberships (1600):

The Library belongs to the Council of California County Law Librarians, the Innovative Users Group, the Innovative Law Users Group and Califa, a non-profit corporation for library support services, through which we receive discounts on supplies and some conference registrations. We pay American Association of Law Libraries dues for six professional staff members.

Miscellaneous Expense (1700):

Included is \$100 for interlibrary loan charges by other libraries, some computer training for all staff, and technical training for our Network Services staff.



Office Expense (1800):

Among items in this account are security strips for books and DVDs, circulation cards, the County's charges for the pony delivery system, armored car pickup and credit card merchant fees, along with general supplies such as printer cartridges and paper for the staff copiers and fax machine.

Periodicals (1802):

Besides periodicals, this code includes loose-leaf services, print Shepard's Citations and pocket parts. We implemented a Library Maintenance Agreement (LMA) with Thomson West in FY2008-2009 that offered approximately a 40% discount from list price, and in May 2012 we were able to renegotiate the LMA, cancelling many titles and lowering our monthly costs. This projected figure is 30% lower than our FY2013-2014 estimate, and we will have to make significant painful collection cuts.

Printing – Outside Vendors (1806): We have switched from thermography to printed letterhead to save money. There will be an increase related to changing telephone numbers.

Minor Equipment (1809):

These are items approved at the April 2014 meeting (7 replacement staff computers) and an allowance for replacing broken chairs and other equipment.

Professional Services (1900):

This includes an estimate for attorney fees (\$9,225 total for General Counsel and Special Counsel), human resources consultant (\$6,000 for both general work and negotiations in Spring 2015), and the County's charge for expenses for the Investment Pool (estimate \$740.) This year we do not have the biennial audit by the outside CPA firm.

Databases (1901):

We use this code for all types of electronic materials: our database subscriptions (Westlaw Patron Access, Lexis Patron Access and Lexis for staff use), Internet subscription fees (for CEB ONLaw, HeinOnLine, LLMCDigital for government documents, Nolo e-books), and use of OCLC, the national cataloging database.

CWCAP (1911): This is the County's charge for county accounting services and data system development. This figure is the amount stated in the Draft Final MOU from the County.

Books (2400):

The cancellations we made in FY2012-2013 did lower our costs from previous years, but we'll need to make significant additional cuts to meet this projected figure, which

is 30% lower than our FY2013-2014 estimate.

Transportation & Travel – General (2600):

This category includes validated parking (\$580), the lunches for monthly Board meetings (\$867), and the December joint meeting of the Board and Staff (\$500, in Option B only.)

Garage Expense (2602):

This category is for employee parking expenses (up to \$100 per month per staff member), and includes the partial Saturday reimbursement during winter months.

Transportation and Travel-Meetings (2700):

Included are costs for the Director to attend 2 CCCLL business meetings (in San Diego and Sacramento) and the negotiated Educational Reimbursement Program. Omitted are staff expenses to attend the American Association of Law Libraries 2015 Annual Meeting, the Internet Librarian Conference, the national Innovative Users Group meeting, the SCALL Institute, and one Trustee's attendance at the LAIF Conference.

Equipment (4000):

These are the equipment replacements (tape drive, server and desensitizer) approved at the April 2014 meeting.