



Orange County Public Law Library

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NOTICE OF MEETING

Please be advised that the Finance Committee of the Orange County Public Law Library Board of Trustees will meet Thursday, June 11 at 12:15 p.m. to review the proposed fiscal year 2020-21 budget.

Pursuant to California Executive Order No. N-29-20 (March 17, 2020), interested members of the public are asked to attend electronically by one of the following options:

<https://us02web.zoom.us/j/82227067586>

Meeting ID: 822 2706 7586

or

Phone (669) 900-6833
Alternate phone (253) 215-8782
Meeting ID: 822 2706 7586

Supporting documentation is available for review in the Law Library Administrative Offices, Monday-Friday, 8 a.m.-5 p.m., except where exempt from disclosure.

Those requiring accommodations under the Americans with Disabilities Act should contact the Law Library Administrative Offices at least 24 hours prior to the meeting at (714) 338-6803. Later requests will be accommodated to the extent feasible.

Review of FY2019-20 Proposed Budget

Background

The 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 fund in the county treasury fund or in reserves. Our operating budget does not include capital income (interest on reserves) or capital expenses (equipment costing more than \$5,000 or major building expenses). Over a 24-year period, the Library has ended on a negative balance only four times. *See p. 2.*

Reserves

Our account in the state Local Agency Investment Fund (LAIF) was established in March 1995. The balance as of June 1, 2020 is \$5,217,789.35. Funds held in LAIF are not subject to transfer, loan, impoundment, or seizure by the state.

Current Fiscal Year

As of May 31, the library has an operating surplus of \$696,154.80 and \$1,421,300.49 in operating cash in the county treasury. Both of those balances should decline substantially as payments that were held up due to COVID-19-related closures post by fiscal year-end. Nevertheless, we do not anticipate ending in the red.

Fiscal Year 2020-21

The public health crisis has significantly cut revenue and created uncertainty. Filing fee revenue from May and June (posting in July and August, respectively) will likely be down substantially and civil filings may remain lower than usual even after reopening. Nevertheless, staff recommend avoiding substantial cuts to staffing, materials, and services until a better perspective may be obtained.

Despite reductions in expenditures, the current budget anticipates a deficit of \$307,079. Given the unusual nature of the current situation, staff recommend using reserves, if necessary, to cover a potential shortfall.

Fund Balance at Fiscal Year-End

FY	Operational	Capital
2018-19	\$ 665,156.46	\$ 83,656.93
2017-18	569,352.85	237,296.00
2016-17	368,790.76	98,980.44
2015-16	202,481.42	15,174.00
2014-15	(1,579.19)	7,702.14
2013-14	(77,468.23)	-
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

Proposed Budget FY2020-21

Revenue	FY2020-21	FY2019-20
6610 Interest (on Cash)	\$ 5,850	\$ 6,270
7430 Court Filing Fees	1,969,594	2,813,705
7570 Library Services	2,240	2,800
7590 Fee-based Services	550	1,100
7670 Miscellaneous Revenue	4,340	6,200
TOTAL	\$ 1,982,574	\$ 2,830,075

Capital Income		
6610 Interest (on Reserve)	\$ 101,747	\$ 88,200

Operating Expenditures		
0101 Regular Salaries	\$ 1,129,058	\$ 1,129,058
0104 Annual Leave Payoff	27,065	32,906
0112 Other Salaries	-	2,000
0200 Retirement	124,673	141,725
0204 Executive Deferred Compensation	6,750	6,750
0206 Retiree Medical	39,507	45,317
0301 Unemployment Insurance	2,205	2,205
0304 Management Employee Insurance	4,409	4,875
0306 Health Insurance	140,049	139,495
0319 Unit Employee Insurance	7,488	7,488
0352 Worker's Compensation—General	8,500	7,678
0401 Medicare	20,596	20,512
0403 Optional Benefit Plan	11,500	11,500
0450 Accrued Salary & Benefits	n/a	n/a
0741 Telephone—Other	11,771	11,178
1100 Insurance	42,215	42,579
1300 Maintenance—Equipment	60,150	65,087
1400 Maintenance—Building	3,000	4,010
1402 Minor Alterations & Improvements	3,000	3,000
1600 Memberships	4,780	4,780
1700 Miscellaneous Expense	5,818	5,818
1800 Office Expense	15,729	15,073
1801 County Publishing	150	150
1802 Periodicals	253,407	362,010
1803 Postage	425	425
1809 Minor Equipment Control	4,875	9,115
1900 Professional & Specialty Services	6,725	23,133
1901 Databases	147,187	141,650
1909 Contracts	43,317	41,055
1911 CWCAP	27,633	27,634
1940 County IT Charges	4,308	2,414
2100 Rents & Leases—Equipment	10,312	353
2400 Books	95,200	136,000
2600 Transportation & Travel—General	12,200	12,200
2601 Private Auto Mileage	500	2,000
2602 Garage Expense	3,000	3,000
2700 Transportation & Travel—Meetings	12,150	13,425
TOTAL	\$ 2,289,652	\$ 2,477,597

Capital Expenditures		
4000 Equipment	\$ -	\$ 35,014

Notes

Revenue

Interest on Cash (6610): The county treasurer is estimating 1.95% net earnings in FY2020-21 for the county investment pool. While we currently have a large balance in the county treasury (\$1,421,300 as of May 31), that will drop as we close out the fiscal year with declining revenue. The current estimate is conservative.

Court Filing Fees (7430): Total filing fee revenue through February, the library's last month of normal operations, was 12% higher than budgeted. Then came the COVID-19-related closures. March revenue fell by nearly half, and we expect even greater declines through the close of this fiscal year. June filing fees will post in August, when we expect the numbers to begin ticking up due to gradual reopening.

County law libraries are taking different approaches to budgeting during this unusual time. Some are carrying over last year's budget numbers, with the idea that they will be revised continually as new information becomes available. Others are implementing austerity measures immediately. We prefer the approach of Los Angeles Law Library, which is to assume a 30% decline in filing fee revenue. That number tracks this library's experience during the last recession.

Library Services (7570): fines and book replacement charges. Staff predict a slight decline, as materials will continue to circulate.

Fee-based Services (7590): document delivery and conference room rental. This line was underperforming even before the library closed to the public. This estimate reflects a 50% cut.

Miscellaneous Revenue (7670): used book sales, donations, vendor refunds, and photocopier commission. Staff applied the same 30% estimate to this line as to filing fees, as we expect in-person usage to be lower than usual even after the library reopens fully.

Interest on Reserve (6610): This is a conservative estimate, although the amount is higher this year because the state supplemental funding amount is included.

Expenditures

Salaries (0101): reflects no wage increases for the fiscal year.

Annual Leave Payoff (0104): The Library's Personnel and Salary Resolution and its Memorandum of Understanding (MOU) with the Orange County Employees Association (OCEA) allow employees to request a payout of a specified amount of accrued annual leave each fiscal year.

Other Salaries (0112): covers bonuses and extra pay as provided for by the MOU. Staff do not anticipate any such expenses this fiscal year.

Retirement (0200): We prepaid the entire FY2020-21 employer contribution to the Orange County Employees Retirement System (OCERS) in January of this year to obtain a 4.5% prepayment discount. That amount was calculated assuming a 2% pay increase pending review of management employees and negotiations with OCEA. If no increases are given in the coming fiscal year, the library will receive a credit.

The current figure is based on estimates provided by OCERS for FY2021-22 pending approval by its board this summer.

Executive Deferred Compensation (0204): part of the director's compensation package.

Retiree Medical (0206): this reflects a 0.5% decrease to 3.4% of payroll. The employees' 1.75% reverse pickup for retirement contributions offsets part of this cost.

Unemployment Insurance (0301): The Library pays this at the start of the calendar year. The rate for 2021 has not been announced. The rate for 2020 was 0.4% lower than estimated last year, in keeping with steady decreases over the last few years. Given the current state of affairs, however, staff expect the rate to increase in 2021, although we have no idea by how much. We used the estimate from last year as a place holder.

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

Health Insurance (0306): This estimate is based on the medical coverage employees chose for the 2020 calendar year. If anyone changes during open enrollment in the fall, costs will adjust slightly.

Unit Employee Insurance (0319): This package, administered by OCEA, is for represented employees and includes dental, life, vision, and salary continuance insurances.

Workers Compensation (0352): The premium is based on our total payroll. The estimate reflects an upward trend in premiums after several years of declines. It is unclear what impact COVID-19 will have on workers compensation claims.

Medicare (0401): includes Medicare for all employees and Social Security for an employee who waived OCERS membership.

Optional Benefit Plan (0403): This gives non-represented employees a lump sum which they may invest and/or receive as a taxable lump sum distribution.

Telephone—Other (0741): all internet and phone connections including backup lines.

Insurance (1100): includes package insurance and directors and officers liability insurance. While premiums were less than expected overall this fiscal year, we are budgeting for 5% increases.

Maintenance—Equipment (1300): includes computer hardware and software maintenance agreements and service contracts; the annual contract with Innovative Enterprises for hosting and supporting our integrated library system; and estimated maintenance costs on compact shelving, the Lektriever microform storage systems, photocopiers, and other office equipment.

Maintenance—Building (1400): The county pays for custodial services and routine repairs. The library pays for repairs to the intrusion alarm and closed-circuit television systems and for e-waste pickup.

Minor Alterations & Improvements (1402): an allowance for unexpected building modification work, e.g., adding an electrical outlet or card access point.

Memberships (1600): The Library belongs to the Council of California County Law Librarians (CCCLL), the Innovate 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 dues to the American Association of Law Libraries for five professional staff members.

Miscellaneous Expense (1700): includes interlibrary loan charges, technical training for Network Services staff, and general staff training.

Office Expense (1800): includes library supplies, general office supplies, signage, and county charges for the “Pony Mail” (interoffice) delivery system, armored car pickups, and credit card merchant fees. It also includes purchases of PPE and sanitizing supplies.

County Publishing Services (1801): printed matter such as business cards. We no longer order letterhead as the cost of color printing on the newer printers and copiers is relatively low.

Periodicals (1802): includes loose-leaf services, pocket parts, and other forms of supplementation, along with journals, newsletters, etc. This number represents a substantial decrease from last year but does not require extensive cuts. Staff negotiated multi-year agreements with several publishers that provide larger discounts and lower year-on-year increases.

Minor Equipment (1809): covers purchases of less than \$5000 and includes an allowance for office equipment related to COVID-19.

Professional Services (1900): includes estimates for attorneys’ fees (\$3,075 for general counsel), the county’s estimate for expenses related to managing the investment pool and our treasury funds (\$3,000), and an allowance for employee flu shots at the County Health Care Agency (\$650).

Databases (1901): Westlaw, Lexis, FastCase, CEB OnLAW, HeinOnline, LLMCDigital, Nolo Press and National Consumer Law Center e-books, and various online library utilities. In addition to expected price increases, this includes this includes estimated costs for shifting more library services online in response to current events.

Contracts (1909): intrusion alarm monitoring and security guard service.

CWCAP (1911): the county’s charge for accounting services and data system development.

County IT Charges (1940): charges for remote access to the County’s secured network and associated costs.

Rents & Leases—Equipment (2100): a postage meter and public copiers and related expenses. The massive jump in this line is due to our switch from a commission system with our former print and copy vendor to a leasing arrangement. The leasing costs should be offset by the library’s full retention of all print and copy charges but it remains to be seen how much activity will occur when we reopen from the public health closure.

Books (2400): As with periodicals (1802), this number represents a substantial decrease from last year but does not require extensive cuts. Staff negotiated multi-year agreements with several publishers that provide larger discounts and lower year-on-year increases.

Transportation & Travel—General (2600): covers validated parking, board meeting lunches, the December joint Board/Staff meeting, and monthly staff parking.

Private Auto Mileage (2601): Library policy allows employees authorized to use private vehicles in the performance of their duties to be reimbursed at the county rate for mileage driven.

Garage Expense (2602): Each employee may be reimbursed up to \$45 per month for parking expenses.

Transportation and Travel—Meetings (2700): includes the negotiated educational reimbursement program, costs for the director to attend two CCCLL business meetings, costs to attend various local meetings, and the \$2,000 professional development allowance for each of the five professional librarians. While the likelihood of widespread travel remains doubtful at the moment, many professional development opportunities are now being offered remotely.

Equipment (4000): staff plan no capital purchases.