



# Memorandum

**TO:** MAYOR REED

**FROM:** Councilmember Kansen Chu  
Councilmember Ash Kalra  
Councilmember Xavier Campos  
Councilmember Don Rocha

**SUBJECT:** BUDGET DOCUMENT

**DATE:** May 23, 2012

Approved

*Kansen Chu* *Ash Kalra* *Don Rocha* Date

5/23/12

## RECOMMENDATION

That the following recommendation be enacted.

### Proposal

Program/Project Title: Increasing Hours at Existing Branch Libraries to 4.5 Days

Amount of City Funding Required:

FY 12/13: \$1,170,000

FY 13/14: \$1,170,000

FY 14/15: \$1,170,000

Fund Type (i.e. General Fund, C&C funds, etc.) General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

Libraries serve as a hub for our communities and we should try to restore as many hours at our libraries when possible. Libraries are an essential service to our residents as attendance continues to increase at many of our branches. Additional funding will enhance public access to our branch libraries and critical resources to 4.5 days a week (39 hours, Tuesday-Saturday). Residents, including children, seniors, and job seekers, rely on our public libraries and continue to utilize our branch libraries to access information, computers, programming, job seeking tools, homework assistance, and books.

### Funding Source

Program/Project Title: Construction Excise Fund Balance

Amount of City Funding Change: \$350,000 per year

Fund Type (i.e. General Fund, C&C funds, etc.) General Fund

Program/Project Title: Unemployment Insurance Fund  
Amount of City Funding Change: \$150,000 per year  
Fund Type (i.e. General Fund, C&C funds, etc.) General Fund

Program/Project Title: Excess Fund Balance  
Amount of City Funding Change: \$670,000 per year  
Fund Type (i.e. General Fund, C&C funds, etc.) General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

The Construction Excise Tax Fund, which can be used for General Fund operations, has an unrestricted fund balance of at least \$1,050,000 each year through FY 14/15. In FY 15/16, the fund balance increases by over \$700,000. Therefore, \$1,050,000 can be taken from the FY 12/13 Construction Excise Fund without impacting any budgeted capital projects.

The Unemployment Insurance Fund has an unrestricted fund balance of \$877,612, despite the fact that projected expenditures from the fund are declining and the City has a surplus, indicating significant lay-offs will not be called for. \$150,000 per year can be taken from this balance for the next 3 years.

The City normally records significant excess fund balances each October when the Annual Report is released. In recent years, the excess fund balance has been used to create a deficit reduction reserve – to respond to projected shortfalls for the coming year. However, the City Manager’s proposed budget already includes a reserve to cover the entire shortfall projected for FY 13/14 and the shortfall projected for FY 14/15 is only \$1.3 million. It is likely that an excess fund balance will be available to cover \$670,000 in library costs.

Department or Organization: Library Department

Department or Organization Contact (Please list contact information for the individual that certified cost estimates contained within your recommendation.)

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This change is:

One-time     Ongoing

The City Service Area to which the change best relates:

- Community and Economic Development Services
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- Strategic Support
- Transportation and Aviation Services