

# AGENDA

## *BOARD OF LAW LIBRARY TRUSTEES of the LOS ANGELES COUNTY LAW LIBRARY*

### SPECIAL BOARD MEETING

*Monday, July 2, 2012*

*4:00 P.M.*

**M. L. LILLIE BUILDING  
TRAINING CENTER  
301 WEST FIRST STREET  
LOS ANGELES, CALIFORNIA 90012-3140**

*I, Susan Steinhauser, President, do hereby call a special meeting of the Board of Trustees of the Los Angeles County Law Library to be held at the time and place listed above to discuss the matters identified on this agenda.*



*Susan Steinhauser, President*

### ACCOMMODATIONS

A person with a disability may contact the Board Secretary's office at (213) 785-2511 at least 24 hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

### AGENDA DESCRIPTIONS

The agenda descriptions are intended to give notice to members of the public of a brief general description of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Board may take any action that it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action. The President reserves the right to discuss the items listed on the agenda in any order.

### REQUESTS AND PROCEDURES TO ADDRESS THE BOARD

A member of the public has the right to address the Board on agenda items or on items of interest which are not on the agenda and which are within the subject matter jurisdiction of the Board. All requests to address the Board must be submitted in person to the Board President prior to the start of the meeting. Public comments will be taken at the beginning of each meeting as Agenda Item 1.0. A member of the public will be allowed to address the Board for a total of three (3) minutes for a single item or a maximum of five (5) minutes for all items unless the President grants more or less time based on the number of people requesting to speak and the business of the Board. When members of the public address the Board on agenda items, the President determines the order in which speakers will be called.



**CALL TO ORDER**

**1.0 PUBLIC COMMENT**

**2.0 CLOSED SESSION**

- Closed Session. Conference with labor negotiator (G.C. 54957.6) Labor Negotiator: Benjamin Goldman. Employee Organization: SEIU Local 721; Library Classifications 1-5. Non-represented Employees: Library Classifications 4 (Support Supervisors) and Classifications 6 – 10.
- Reconvene Open Session. Announcement of action taken in Closed Session, if needed.

**3.0 DISCUSSION AND ACTION ITEM 1**

*FY 2012 – 2013 Budget.* Executive Director Marcia J Koslov and Patrick O'Leary, Senior Director, Administrative Services, discuss the FY 2013 budget and present recommendations for Board of Trustees approval.

*Recommendation:* Approve the FY 2013 Budget as presented.

**4.0 AGENDA BUILDING**

Items not on the posted agenda may be presented by a Trustee and, if requested, may be referred to staff or placed on the agenda for consideration at a future meeting of the Board.

**5.0 ADJOURNMENT**

The next Regular Meeting of the Board of Law Library Trustees scheduled for Tuesday, July 24, 2012.

POSTED FRIDAY, JUNE 29, 2012 @ 5:00 P.M.

POSTED BY EUSTORGIO BARAJAS



**MEMORANDUM**

**DATE:** July 1, 2012

**TO:** Board of Law Library Trustees

**FROM:** Marcia J. Koslov

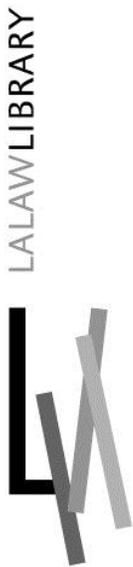
**RE:** Adjusted Budget Fiscal Year 2013

This memo presents an adjusted operating and capital budget reflecting changes precipitated by comments and concerns raised at the June 19 Board meeting. This adjusted budget also reflects new information about the final two months of FY 2012's actual civil filing fee revenue which were better than we expected. Consequently, the revised budget includes an alternative revenue projection at 6% decline in addition to the initial more cautious 7.5% reduction. Because of the uncertainties in filing fee revenue generation, it is recommended that the Board revisit FY 2013 budget after Q1 actual filing fee revenue information becomes available rather than wait for the mid-year review in January, 2013.

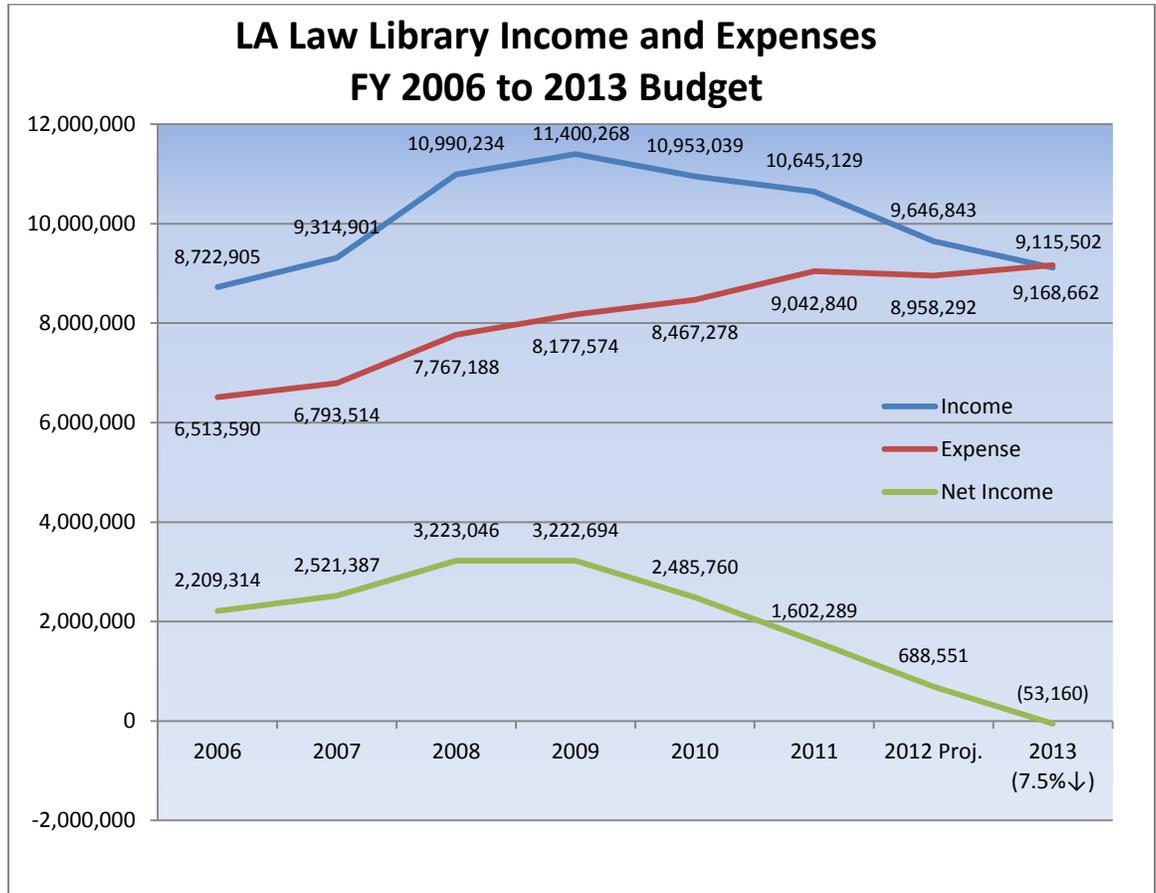
Summary

Following is a summary of the FY 2013 adjusted budget.

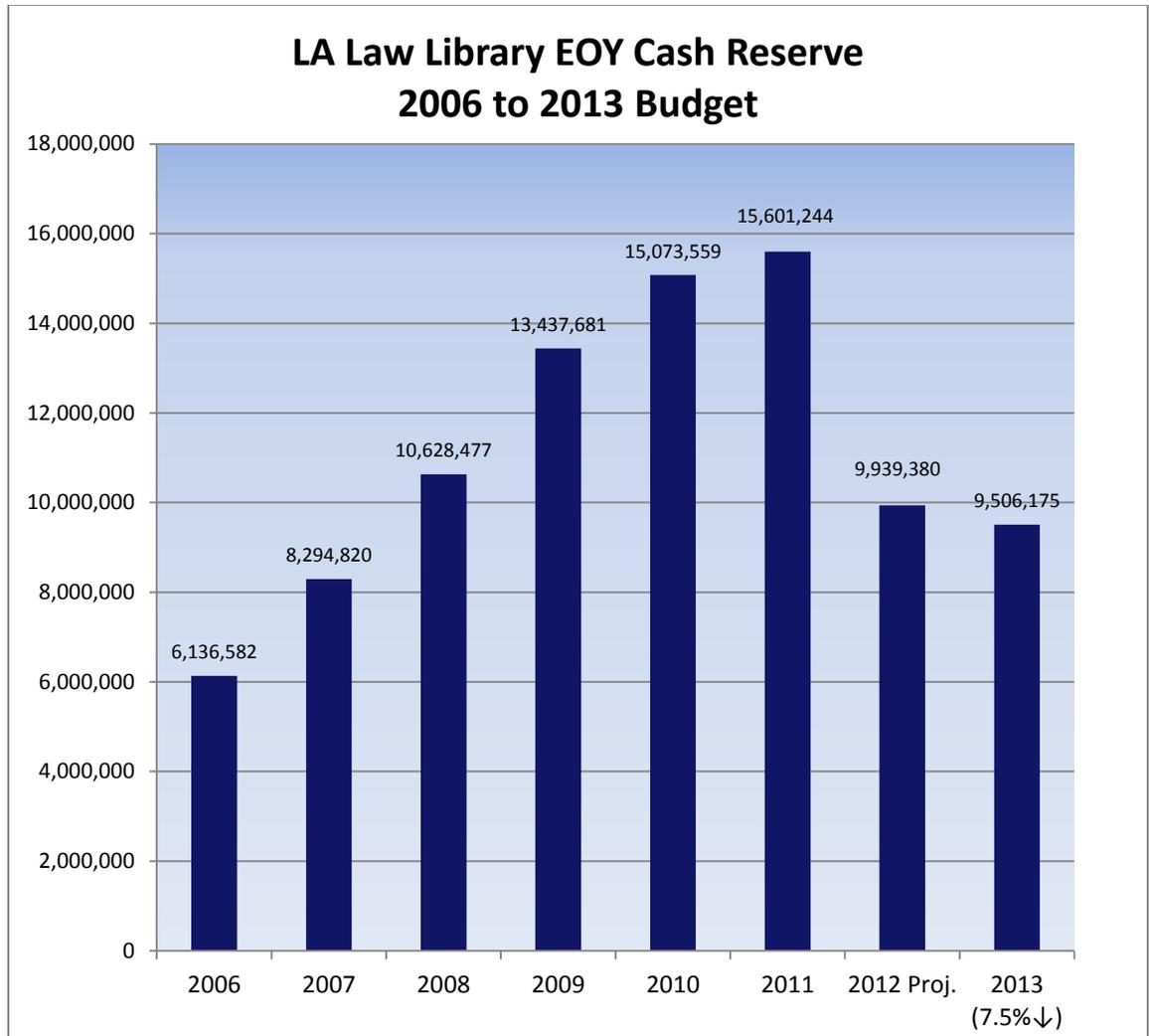
	<b>Actual 2011</b>	<b>Budget 2012</b>	<b>Projected Actual 2012 (Rev)</b>	<b>Budget 2013 @ 7.5% ↓</b>	<b>Budget 2013 @ 6% ↓</b>
<b>Income</b>					
L.A. Superior Court Fees	9,357,625	9,292,752	8,386,759	7,757,752	7,883,554
Interest	121,846	118,500	109,706	74,700	74,700
Parking	703,988	700,000	724,123	726,000	726,000
Library Services	461,671	493,500	426,254	557,050	557,050
<b>Total Income</b>	<b>10,645,130</b>	<b>10,604,752</b>	<b>9,646,843</b>	<b>9,115,502</b>	<b>9,241,304</b>
<b>Expense</b>					
Personnel	3,885,119	4,539,832	4,312,085	4,083,695	4,083,695
Library Materials	3,736,623	3,853,500	3,803,228	3,389,241	3,389,241
Library Materials Transferred to Assets	-3,736,623	(3,853,500)	(3,803,228)	(3,389,241)	(3,389,241)
Occupancy	833,657	832,000	891,440	793,838	793,838
Supplies & Services	1,011,842	641,500	432,375	399,136	399,136
Professional Services	267,142	237,000	171,726	191,730	191,730
Depreciation	3,057,995	3,391,800	3,150,665	3,700,263	3,700,263
<b>Total Expenses</b>	<b>9,055,756</b>	<b>9,642,132</b>	<b>8,958,292</b>	<b>9,168,662</b>	<b>9,168,662</b>
<b>Net Income</b>	<b>1,589,374</b>	<b>962,620</b>	<b>688,551</b>	<b>(53,160)</b>	<b>72,642</b>
<b>Extraordinary Expense</b>	0	0	0	118,067	118,067
<b>Capitalized Expenditures</b>	321,720	364,000	5,717,852	573,000	573,000
<b>Full-Time Equivalent Employees</b>	NA	NA	60.7	55.8	55.8



The chart below illustrates revenue's steady increase between FY 2006 and FY 2009, and then its negative trajectory since that peak, dropping about 16% from FY 2009 to FY 2012. However, during this same time period, even though expenses grew at a modest 3.6% annual rate, annual expenditures were budgeted to remain between the levels of income received in FY 2006 and FY 2007. Expenditures projected for FY 2013 remain in that same range.



The cash reserve grew from \$6.1 million at the end of FY 2006 to \$15.6 million at the end of FY 2011. That reserve will be reduced by \$5.7 million to \$9.93 million at the end of FY 2012, primarily to fund the exterior rehabilitation construction project. Assuming the 7.5% filing fee revenue decrease, at end of FY 2013 the reserve is projected at \$9.5 million (a one-year operating budget) because capital expenditures and the one-time position reduction expenses will exceed net cash flows from operations. The following chart traces the cash reserve balance at the end of each year from 2006 through the 2013 budget.

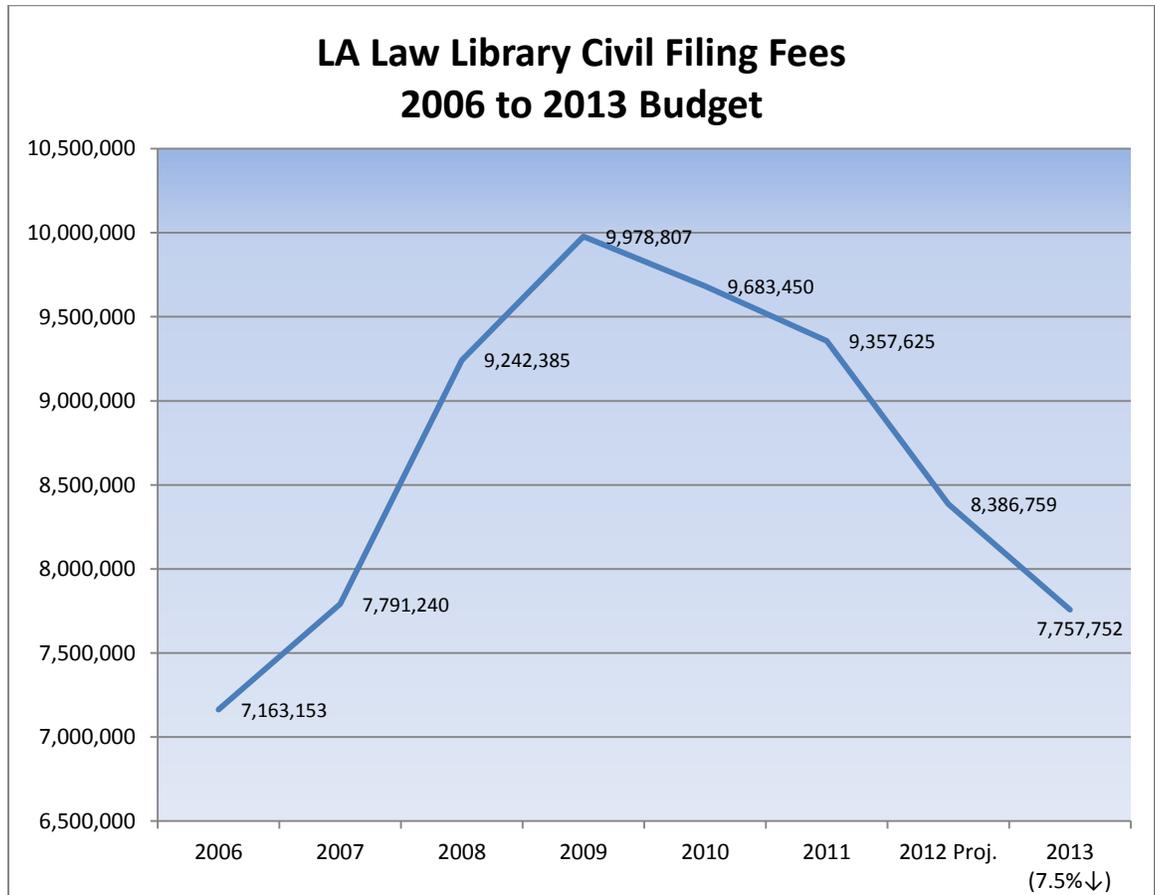


Income Statement Detail

	Actual 2011	Budget 2012	Projected Actual 2012 (Rev.)	Budget 2013 @ 7.5% ↓	Budget 2013 @ 6% ↓	
<b>Income:</b>						
L.A. Superior Court Fees	9,357,625	9,292,752	8,386,759	7,757,752	7,883,554	See note 1
<b>Interest:</b>						
Interest - LAIF	50,171	40,000	16,712	3,800	3,800	
Interest - General Fund	68,548	75,000	90,553	68,400	68,400	
Interest - Deposit Fund	3,126	3,500	2,442	2,500	2,500	
Subtotal	121,846	118,500	109,706	74,700	74,700	See note 2
Parking:	703,988	700,000	724,123	726,000	726,000	
<b>Library Services:</b>						
Annual Borrowing Fee	50,795	0	13,925	13,950	13,950	
Annual Members Fee	59,493	120,000	73,079	182,000	182,000	See note 3
Course Registration	7,436	10,000	2,770	9,000	9,000	
Copy Center	85,126	85,000	75,405	75,000	75,000	
Document Delivery	24,403	25,000	29,160	27,000	27,000	
Fines	46,472	46,000	45,907	42,000	42,000	
Miscellaneous	14,055	14,500	6,334	6,600	6,600	
Room Rental	4,809	7,500	500	10,000	10,000	
Book Replacement	5,833	5,000	820	2,500	2,500	
Forfeited Deposits	17,619	25,000	28,474	28,000	28,000	
Friends of Law Library	140,000	120,000	143,000	125,000	125,000	
Grants	0	30,000	0	30,000	30,000	See note 4
Vending	5,631	5,500	6,880	6,000	6,000	
Subtotal	461,671	493,500	426,254	557,050	557,050	
<b>Total Income</b>	<b>10,645,130</b>	<b>10,604,752</b>	<b>9,646,843</b>	<b>9,115,502</b>	<b>9,241,304</b>	



**Note 1:** The budget assumes continued erosion in court fee revenue. In correlation with reduced business activity, high unemployment, lower individual and corporate income, and reduced state revenue and funding, civil fees dropped 3% respectively in FY 2010 and FY 2011 and then plummeted 10% during the current fiscal year. With the recently announced drastic cuts in court funding and a persistently tepid economic recovery, we anticipate filing fee revenues to fall 7.5% further in the next fiscal year.



**Note 2:** The interest revenue assumes a \$9 million average balance at the Los Angeles County Treasurer's office at a .76% rate of return paid monthly and a \$1 million average balance at the State's Local Agency Investment Fund (LAIF) at a .38% rate of return paid quarterly.

**Note 3:** The increase in Annual Members fees assumes a successful campaign in partnership with the Los Angeles County Bar Association (LACBA) to make LACBA's members aware of automatically offered library privileges and to inform them of the valuable advantages afforded through the Members Program.



**Note 4:** Staff will dedicate some resources in the new fiscal year to seek and obtain grant funding from either government or foundation sources to assist with digitization projects as well as to support self-represented litigants programs.

**Personnel Expenses:**

	Actual 2011	Budget 2012	Projected Actual 2012 (Rev.)	Budget 2013 @ 7.5% ↓	Budget 2013 @ 6% ↓	
Salaries	2,904,818	3,400,000	3,182,373	2,968,816	2,968,816	See Note 5
Social Security	169,884	205,000	182,143	172,960	172,960	
Medicare	40,750	46,000	43,653	41,563	41,563	
Retirement	33,228	155,332	156,929	116,257	116,257	See note 6
Health Insurance	554,436	600,000	552,661	537,648	537,648	
Disability Insurance	8,522	6,500	8,643	9,689	9,689	
Dental Insurance	54,745	55,000	57,570	62,011	62,011	
Life Insurance	1,714	2,000	1,764	1,632	1,632	
Workers Compensation	36,560	30,000	83,263	124,868	124,868	See note 7
Unemployment Insurance	25,253	30,000	33,147	34,110	34,110	
Vision Insurance	9,515	10,000	9,939	9,139	9,139	
Accrued Sick Expense	30,977	0	(6,000)	2,500	2,500	
Accrued Vacation Expense	14,718	0	6,000	2,500	2,500	
<b>Total - Personnel</b>	<b>3,885,119</b>	<b>4,539,832</b>	<b>4,312,085</b>	<b>4,083,695</b>	<b>4,083,695</b>	

**Note 5:** The salary budget assumes:

- 11 positions (7.4 FTE) will be eliminated either through attrition or other steps during the fiscal year including the branch assistant positions;
- SEIU staff and non-represented, non-supervisory staff will receive 1.5% cost of living adjustments during FY 2013, half of which will take effect on July 1, 2012 with the remainder to take effect on January 1, 2013.

**Note 6:** The amount of retirement contribution is based on October 2011 information from CalPERS' Retirement Systems' Actuarial Office. The budget does not plan any changes to the retirement benefits or to other benefits. Should revenue fall further than expected, the Board may want to direct staff to evaluate the possibility of reductions in the scope and cost of employee benefits.

**Note 7:** Workers' compensation expense is based on an analysis of pending workplace injury claims by the Library's insurance broker. The Library has been working with our insurance broker to take steps -- including employee training and a safety awareness program -- to mitigate claims and manage the Library's cost and liability.



**Library Materials:**

	<b>Actual 2011</b>	<b>Budget 2012</b>	<b>Projected Actual 2012 (Rev.)</b>	<b>Budget 2013 @ 7.5% ↓</b>	<b>Budget 2013 @ 6% ↓</b>	
American Continuations	2,323,126	2,400,000	2,403,576	2,403,600	2,403,600	See note 8
American New Orders	141,030	150,000	105,440	90,000	90,000	
Branch Continuations	360,265	350,000	340,270	156,182	156,182	See note 9
Branch New Orders	18,048	70,000	2,580	0	0	
Commonwealth Continuations	411,086	400,000	480,158	370,853	370,853	
Commonwealth New Orders	6,417	6,500	4,248	2,270	2,270	
Foreign Continuations	218,653	230,000	231,534	182,192	182,192	
Foreign New Orders	33,692	35,000	34,103	19,603	19,603	
International Continuations	137,504	140,000	145,480	117,804	117,804	
International New Orders	13,811	15,000	16,264	7,187	7,187	
General/Librarianship Continuations	70,782	55,000	36,547	36,550	36,550	
General/Librarianship New Orders	2,210	2,000	3,028	3,000	3,000	
Subtotal	3,736,623	3,853,500	3,803,228	3,389,241	3,389,241	
Library Materials to Assets Balance	-3,736,623	(3,853,500)	(3,803,228)	(3,389,241)	(3,389,241)	See note 10
	0	0	0	0	0	

**Note 8:** The budget assumes a \$414,000 (10.9%) reduction in library materials costs to be determined by the professional staff. In determining reductions, staff will endeavor to minimize the impact on the Library's mission to serve its users. Nevertheless, reductions will likely affect most areas of the collection. In particular, the reductions will focus on print and online duplicate American law continuations, law reviews and other serial publications, including foreign and international law collections. New orders will be more critically scrutinized than in the past.

**Note 9:** Branch collection costs will be reduced by \$187,000 (-54%).

**Note 10:** As is the Library's practice, the finance department transfers the cost of library materials to capital assets and depreciates the cost over ten years.



**Building Occupancy:**

	Actual 2011	Budget 2012	Projected Actual 2012 (Rev.)	Budget 2013 @ 7.5% ↓	Budget 2013 @ 6% ↓	
Building / Cleaning Supplies	42,019	25,000	20,353	21,000	21,000	
Building Maintenance	33,406	25,000	67,843	28,000	28,000	See note 11
Building Services	19,547	23,000	16,604	17,000	17,000	
Interior Improvements / Alterations	21,309	15,000	4,430	4,300	4,300	
Electric & Water	119,814	120,000	117,371	119,800	119,800	
Elevator Maintenance	14,393	15,000	36,335	(4,920)	(4,920)	See note 12
Heating & Cooling	27,267	30,000	30,604	32,100	32,100	
Insurance	265,871	275,000	281,656	278,526	278,526	See note 13
Janitorial Services	87,458	92,000	73,254	87,870	87,870	
Landscaping	17,310	12,000	2,400	17,000	17,000	See note 14
Security	185,265	200,000	240,590	193,163	193,163	See note 15
Subtotal	833,657	832,000	891,440	793,838	793,838	

**Note 11:** The budget for building maintenance incorporates exterior paint and wall repair in the event of graffiti or vandalism, HVAC balancing and adjustments, HVAC belt replacement, lower garage maintenance, and the application of a parking surface slurry coat and re-striping. The budget assumes that several FY 2012 big ticket items – including elevator repair and parking gate replacement – will not recur.

**Note 12:** We expect the exterior rehabilitation project’s general contractor Swinerton to reimburse the Library \$20,000 for elevator damage they caused.

**Note 13:** The budget assumes premiums for D&O, property, liability, and earthquake coverage will be flat for the FY 2013. All extant coverages will be retained, including earthquake.

**Note 14:** The budget assumes that newly planted landscaping should require the same or less work than in the past. Landscaping was halted temporarily in FY 2012 with the commencement of the exterior rehabilitation project.

**Note 15:** Security costs presume a reduction in force starting in August when the exterior rehabilitation project concludes. During construction additional guards were necessary to monitor the temporary public and employee entrances.



**Supplies & Services:**

	<b>Actual 2011</b>	<b>Budget 2012</b>	<b>Projected Actual 2012 (Rev.)</b>	<b>Budget 2013 @ 7.5% ↓</b>	<b>Budget 2013 @ 6% ↓</b>	
Bank Charges / Other Fees	5,768	7,000	6,275	6,732	6,732	
Bibliographical Services	487,014	35,000	27,448	7,200	7,200	See note 16
Binding	17,081	50,000	0	5,000	5,000	
Computer Services / Licensing	44,828	45,000	42,138	30,227	30,227	
Continued Education	78,139	40,000	36,533	24,000	24,000	
Copy Center	27,372	30,000	32,230	32,500	32,500	
Electronics/Computer Hardware	31,530	30,000	21,262	33,402	33,402	
Furniture / Appliances	16,287	15,000	2,377	3,000	3,000	
Integrated Library System	42,367	42,000	39,794	41,350	41,350	
Membership (Staff)	26,584	15,000	16,205	7,350	7,350	
Office / Library Supplies	31,148	40,000	26,112	26,475	26,475	
Other / Misc.	45,410	75,000	48,007	23,000	23,000	See note 17
Outreach / Marketing	27,020	65,000	27,881	50,500	50,500	See note 18
Postage / UPS / FedEx	20,425	22,000	18,986	20,300	20,300	
Printing / Reproduction	11,762	15,000	5,209	8,567	8,567	
Reimbursed Expenses	29,911	38,000	23,933	20,000	20,000	
Staff Meetings / Activities	19,037	15,000	9,279	7,200	7,200	
Telecommunications	28,425	42,000	26,531	30,833	30,833	
Transportation Reimbursement	14,142	12,000	11,563	12,000	12,000	
Vending	7,592	8,500	10,610	9,500	9,500	
Subtotal	1,011,842	641,500	432,375	399,136	399,136	

**Note 16:** In contrast to FY 2012, bibliographic services in FY 2013 will exclude the wind down payments to LAC Group for reclassifying and relabeling the collection. That work is now performed by Library staff. We will continue to purchase cataloging information from OCLC.

**Note 17:** Other/Miscellaneous is a reserve for unknown contingencies net of a \$22,000 insurance coverage reimbursement in the Grant v. Board of Trustees matter.

**Note 18:** The budget for Outreach / Marketing includes costs to develop communication activities, including key messages and strategies for reaching new and existing audiences. Anticipated activities include media relations, e-marketing, LA Law Library events, participation in professional association meetings, ad placements, and development of print materials.



**Professional Services:**

	<b>Actual 2011</b>	<b>Budget 2012</b>	<b>Projected Actual 2012 (Rev.)</b>	<b>Budget 2013 @ 7.5% ↓</b>	<b>Budget 2013 @ 6% ↓</b>	
Accounting	14,500	17,000	26,400	17,000	17,000	
Consulting Services	8,405	70,000	8,136	78,980	78,980	See note 19
Legal	117,349	65,000	66,256	64,000	64,000	
Payroll / HR Services	14,125	15,000	15,551	18,000	18,000	
Recruitment Costs	14,436	20,000	17,119	12,750	12,750	
Temporary Services	98,327	50,000	38,265	1,000	1,000	See note 20
Subtotal	267,142	237,000	171,726	191,730	191,730	

**Note 19:** Consulting services include contracting for Website and app developers, professional training on Windows 2010 for most Library staff, email marketing consulting, and social media creation.

**Note 20:** In 2012 and prior years, the Library incurred temporary services costs primarily to cover branch assistants' vacation and sick leave time. The 2013 budget assumes that temporary employment will be curtailed significantly.

**Depreciation:**

	<b>Actual 2011</b>	<b>Budget 2012</b>	<b>Projected Actual 2012 (Rev.)</b>	<b>Budget 2013 @ 7.5% ↓</b>	<b>Budget 2013 @ 6% ↓</b>	
Depreciation - Library Materials	2,819,986	3,061,800	2,964,542	3,062,380	3,062,380	
Depreciation - Fixed Assets	238,010	330,000	186,124	637,883	637,883	See note 21
Subtotal	3,057,995	3,391,800	3,150,665	3,700,263	3,700,263	

**Note 21:** The exterior rehabilitation project will be depreciated over 15 years and will engender a \$376,000 annual increase in depreciation cost.



**Extraordinary Expense:**

Actual 2011	Budget 2012	Projected Actual 2012 (Rev.)	Budget 2013 @ 7.5% ↓	Budget 2013 @ 6% ↓
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Extraordinary Expense	0	0	0	118,067	118,067	See note 22
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**Note 22:** Position eliminations will result in separation and unemployment expenses of \$118,067 spread throughout the fiscal year starting in August 2012.

**Capital Expenditures:**

Actual 2011	Budget 2012	Projected Actual 2012 (Rev.)	Budget 2013 @ 7.5% ↓	Budget 2013 @ 6% ↓
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Furniture / Appliances (>3k)	40,515	0	0	217,000	217,000	See note 23
Electronics / Computer (>3k)	76,552	179,000	86,693	158,000	158,000	See note 24
Exterior Building Repairs/ Improvements (>3k)	0	0	5,600,000	52,000	52,000	See note 25
Interior Improvements / Alterations (>3k)	204,653	0	11,159	6,000	6,000	See note 26
Computer Software	0	185,000	20,000	140,000	140,000	See note 27
<b>Total - Capitalized Expenditures</b>	<b>321,720</b>	<b>364,000</b>	<b>5,717,852</b>	<b>573,000</b>	<b>573,000</b>	

**Note 23:** The furniture and appliances budget provides for security cameras and access control for the main branch (\$120,000); replacement of dilapidated photocopiers (\$80,000); and bar code scanners for library material collection control (\$17,000).

**Note 24:** The electronics budget provides for purchase of data kiosks for pilot testing in 2 partner locations (\$138,000). This budget also includes the replacement of a number of obsolete staff workstations (\$20,000).

**Note 25:** Exterior buildings expenditures will include new travel cable and door sensors for the elevators as required by the fire marshal (\$40,000) and the rekeying of exterior and interior doors (\$12,000).

**Note 26:** The interior improvements budget is for the application of UV film to the ground floor windows (\$6,000) to reduce energy consumption and cost.



**Note 27:** New computer software in FY 2013 includes Raiser's Edge database software to track users, members and donors (\$44,000), data kiosk software (\$40,000), and enhanced scanning software for the scanning project (\$56,000).

**Cash Reserve:**

Under the 7.5% assumption, projected cash flows in FY 2013 from operations will fall short of expenditures for library materials, computers, software, copiers, and extraordinary expense, reducing the cash reserve to \$9.5 million.

	Projected Actual 2012 (Rev.)	Budget 2013 @ 7.5% ↓	Budget 2013 @ 6% ↓
<b>Cash flows from operations:</b>			
Cash received from filing fees and services	9,394,136	8,915,802	9,041,604
Cash payments to suppliers and services	(1,495,542)	(1,384,704)	(1,384,704)
Cash payments to employees for services	(4,312,085)	(4,083,695)	(4,083,695)
Contributions received	143,000	125,000	125,000
Net cash flows from operations	3,729,510	3,572,403	3,698,205
<b>Cash flows from capital activities</b>			
Building and improvements	(5,611,159)	(58,000)	(58,000)
Books and reference materials	(3,803,228)	(3,389,241)	(3,389,241)
Furniture, fixture and other equipment	0	(217,000)	(217,000)
Computer Equipment and software	(86,693)	(298,000)	(298,000)
Construction in progress - exterior	0	0	0
Net cash flows from capital activities	(9,501,080)	(3,962,241)	(3,962,241)
<b>Cash flows from investing activities</b>			
Interest received from LAIF	16,712	3,800	3,800
Interest received from LA County	92,995	70,900	70,900
Net cash flows from investing activities	109,706	74,700	74,700
<b>Extraordinary Expense</b>			
Net inc (dec) in cash and cash equivalents	(5,661,864)	(433,204)	(307,403)
Cash and cash equivalents at beginning of period	15,601,244	9,939,380	9,939,380
Cash and cash equivalents at end of period	9,939,380	9,506,175	9,631,977



**Staff Recommendation:** Approve the FY 2013 budget at the 7.5% revenue projection level, with a review of the budget scheduled following the first quarter of actual revenues and expenses.