



Item No. 3 Town of Atherton

CITY COUNCIL STAFF REPORT – STUDY SESSION

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GEORGE RODERICKS, CITY MANAGER

DATE: JULY 6, 2016

SUBJECT: REVIEW AND DISCUSS THE DISPOSITION OF LIBRARY DONOR FUNDS AND PROVIDE THE COUNCIL LIBRARY LIAISON WITH FEEDBACK

RECOMMENDATION

Review and discuss the disposition of library donor funds and provide the Council Library Liaison with feedback.

BACKGROUND | ANALYSIS

As the Council is aware, the San Mateo County Library System (SMCL) and Library Governing Board are considering changes to the Library Joint Powers Agreement (JPA). These changes could have a material affect on the Town's continued receipt and use of excess library tax collections attributable to Atherton under the Library JPA ("donor funds").

In 2015, the Council hosted a Study Session to provide feedback to the Town's City Council liaison to the Library Governing Board with respect to future discussions and potential changes to the Library JPA. A set of talking points was developed from that meeting. Since that time, the Council liaison has been working with the Board Subcommittee to refine an option for the Board's consideration.

At the last Library JPA Board, the Board discussed the donor fund issue and requested that its member agencies discuss the following provisions:

- Update the donor fund provision in the JPA Agreement to enable a shared 50/50 model for all excess library tax funds.
 - This provision would result in one-half of the net restricted revenue going to donor fund agencies and one-half going the overall library system without restriction. This also eliminates the previously proposed cap on the amounts that donor fund agencies can accumulate.
- Update the donor fund provision in the JPA Agreement to provide for a review of the provision every three years.

- The Board agreed that this change would not apply to Atherton until Atherton used all of the Atherton Donor Funds that it needs for design, development and construction of its new library.

POLICY FOCUS

The City Council liaison is present to provide the Council with an update on recent discussions of the Library Donor Fund Subcommittee and solicit Council feedback.

Attached as Exhibit A are the Talking Points created by the City Council in 2015 to be used as a guideline for discussion by the SMCL.

FISCAL IMPACT

None.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

ATTACHMENTS

Exhibit A – Talking Points for Donor Funds

EXHIBIT A

TALKING POINTS FOR SMCL DONOR FUND DISCUSSIONS

- 1) The Atherton Council believes that there are benefits to remaining in the Library JPA that underlie our approach to solving the donor fund issue. However, if the donor fund issue cannot be resolved in a reasonable way, the Town will be forced to consider withdrawing from the Library JPA to protect its fiduciary responsibility to local taxpayers.
- 2) The Town must receive a written commitment from the Library JPA that it supports the Town's current Library Project and agrees that donor funds held by the Town and the Library JPA may be used to fund the project to the maximum extent necessary to ensure its completion. Further, the Library JPA agrees that the use of Atherton's donor funds to complete the Town's Library Project has priority and extends beyond any changes to the JPA agreement with respect to the uses and division of excess taxes collected from Atherton taxpayers.
- 3) Any proposed division of excess tax collections from Atherton taxpayers will not take effect before July 1, 2017 and, even after that date, the collection of excess tax funds will be subject to the commitment made above in No. 2 prior to any revised treatment of Atherton's excess library taxes, which have been called donor funds.
- 4) The JPA should be amended to change the basis for minimum service levels to be service area population instead of city population. The defined service area should be subject to review and approval by the governing body of the jurisdiction responsible for the library facility and should be based on documented user data.
- 5) The JPA should be amended to require that the Library Governing Board provide each member agency with a branch-by-branch detailed allocation of costs, by category, and specific details of the formulae used to attribute proportional costs and the allocated annual amounts per jurisdiction as part of its annual budget process.
- 6) The JPA should be amended to include a broad definition of "library services", including, without limitation, what is articulated below and a non-exclusive broad list of acceptable programs and services that fall within that definition.
 - a) any and all costs associated with operating a branch library;
 - b) any and all costs associated with maintaining and replacing branch library facilities, including any building, garden or other appurtenances (facilities, spaces, equipment, vehicles, etc.) used by the library, its service population, and the surrounding community in connection with library services.
 - c) any and all costs associated with delivering library services;
- 7) The JPA should be amended to clearly state that in the event any member of the JPA withdraws from the JPA, the withdrawing member shall be entitled to retain the entire accumulated donor or excess tax fund trust account for that member as of the date of withdrawal. The amended JPA should state that the withdrawing member will be responsible for any and all residual costs associated with their withdrawal.
- 8) The JPA can be amended to support the definition of donor funds as excess tax funds.
- 9) If the JPA is amended to include a division of excess tax funds between a donor city and the SMCL, then the donor city associated with those excess tax funds shall be provided the opportunity during the fiscal year prior to any division of those excess tax funds to allocate up to 100% of those excess tax funds for specified library services within its jurisdiction.
- 10) If the JPA is amended to include a division of excess tax funds and a cap is established for a maximum accumulation of excess tax funds by the donor city, the Town believes that once that cap is reached, further collections should be segregated into an excess tax fund account for use within the SMCL subject to a grant-review process to be managed by the Governing Board. Grant requests should be reviewed by a subcommittee of the Governing Board inclusive of the donor city in making a recommendation for award by the Governing Board. Further, the excess taxes subject to this grant-review process shall not be used for recurring SMCL operational costs.