



Item No. 2 Town of Atherton

CITY COUNCIL STAFF REPORT – STUDY SESSION

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GEORGE RODERICKS, CITY MANAGER

DATE: OCTOBER 5, 2016

SUBJECT: PROVIDE FEEDBACK TO THE CITY COUNCIL REPRESENTATIVE TO THE LIBRARY JPA ON THE LIBRARY DONOR FUND DISCUSSIONS

RECOMMENDATION

Provide feedback to the City Council Representative to the Library JPA on the Library Donor Fund Discussions.

BACKGROUND/ANALYSIS

The following discussion is provided from Council Member DeGolia, City Council representative on the SMCL Joint Powers Authority.

At the June 13, 2016 Governing Board meeting of the SMCL Joint Powers Authority, library staff proposed revision to the “Donor Fund” provisions of the JPA Agreement. For purposes of this discussion “Donor Funds” are tax collections from a city within the SMCL system that are in excess of (i) the cost of operating that city’s library plus (ii) an allocation from that city to support the overall SMCL administration and operations. The current “Donor Fund” cities in SMCL and the amount of “Donor Funds” accumulated for them in Fiscal 2016 (ending June 30, 2016) are: Atherton, \$1,234,287; Woodside, \$439,212 and Portola Valley, \$105,269.

The “Donor Fund” provisions of the JPA Agreement currently provide that excess taxes collected for a Donor Fund city will be held by the SMCL in trust for use by that city for any library service or project chosen by that city and approved by the Governing Board. As of June 30, 2016, Atherton had \$4,966,014 held in trust at the SMCL and \$6,019,932 set aside as a dedicated library fund in the Town’s account, for a total accumulated Donor Fund amount of \$10,985,946. 100% of this amount and of any additional accumulation prior to completion of the new library are currently expected to be spent on the new library.

At the June 13, 2016 meeting, library staff sought input from the Governing Board on a proposal to revise the “Donor Fund” provisions of the JPA Agreement to change it from the current 100% of Donor Funds to the Donor City model to a shared 50/50 model with a detailed review and revision of the donor fund provision language in the JPA Agreement and, going forward, a review of these provisions every three years. The 50/50 model means that 50% of the “Donor Funds” in

any given year would go into the Donor City's trust fund for its use (in the same fashion as currently exists) and 50% would go into the SMCL general fund for use as approved by the Governing Board in the annual budget. In the discussion, it was clarified that any change to the donor fund provision would not impact Atherton prior to full payment for the new library. It was also clarified that this proposal replaces an earlier proposal that would have been a 50/50 model with a \$1million cap. This proposal would include no cap and any desired use of "Donor Funds" by a "Donor City" would come out of that city's 50% of the Donor Funds amount each year.

Council Member DeGolia seeks guidance from other Council members as to the direction that they would like to take this proposed revision to the donor fund provisions of the JPA Agreement. Council Member DeGolia has outlined five alternatives:

1. Accept the proposed change as submitted to the JPA Board.
2. Accept the proposed 50/50 allocation but provide that a Donor City may use Donor Funds for library facilities (building and grounds) maintenance and management, as they currently do, prior to the 50/50 split.
3. Accept the proposed 50/50 allocation but provide that a Donor City may use the Donor Funds for any approved library use prior to the 50/50 split.
4. Modify the split from 50/50 to another percentage allocation.
5. Reject the proposed change in its entirety.

In the course of the discussion over the past 18 months, per the Council's previously agreed to Talking Points, Council Member DeGolia insisted that there were two items that he believed were critical points for the JPA Governing Board to agree to: 1) any change to the donor fund provision would have no impact on Atherton's ability to use all of the Atherton Donor Funds in the course of designing and constructing the new Atherton Library; and 2), that a Donor Fund City would be able to use Donor Funds for any library project approved by the JPA Governing Board (identical to the current annual approval process) prior to any division of those funds between the Donor City and the SMCL. The first item has been approved. The second item was not approved, but the proposed cap of \$1m was removed, and based on the amount of Donor Funds being accumulated in Atherton, it was expected that Atherton would reach the \$1m cap within two years.

Council Member DeGolia suggests that the Council support item 2 above. If the Council believes that the proposed change should be rejected in its entirety or if there is a different percentage allocation, Council Member DeGolia suggests the Council have specific suggestions for how Atherton may be able to realistically use more than \$600,000 per year (in excess of 100% of the library's operational costs) for library services in the future.

POLICY FOCUS

The Library Donor Funds have historically been used by the Town and Library JPA for operational and capital needs for the Atherton Library only. Modification to the Library JPA Donor Fund provisions would reduce the funds available for the Atherton Library and would authorize library tax revenue collected from Atherton residents to be spent on County library services outside the boundaries of Atherton.

FISCAL IMPACT

None at this time.

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.

ATTACHMENT(S)

None.