santa clara county library district

Services & Support Center, 1370 Dell Avenue, Campbell, CA 95008-6604 | www.sccl.org | 408-293-2326

JOINT POWERS AUTHORITY BOARD
FINANCE COMMITTEE AGENDA

Wednesday, January 10, 2018 at 3:00 p.m.

Services and Support Center
1370 Dell Avenue, Campbell, CA 95008
Farrier Conference Room

In accordance with the Ralph M. Brown Open Meeting Act; this agenda was posted at the meeting site located at 1370 Dell Avenue, Campbell, CA 95008 on Friday, January 5, 2018. Items with an asterisk (*) in front of the number are on the consent calendar and may be voted on in one motion at the beginning of the meeting. If you wish to discuss any of these items, please request this item be removed from the consent calendar.

CALL TO ORDER/ROLL CALL

Deletions, deferrals or corrections to the agenda.

ORAL COMMUNICATION

The Joint Powers Authority Board Finance Committee may take other actions relating to the issues as may be determined following consideration of the matter and discussion of the recommended actions.

This portion of the meeting is reserved for persons desiring to address the Finance Committee on any matter not on the agenda. **Please limit your comments to three minutes.** All statements that require a response will be answered in writing or status of response will be reported on the agenda for the next regular meeting of the Finance Committee. **NOTE:** If you wish to speak on an item of business listed on the agenda, please fill out a speaker card and indicate the number of the agenda item you wish to address. The Chair will call upon you at the time the Committee considers the item.

CONSENT CALENDAR — ACTION

*1. Approve Minutes from October 11, 2017, Finance Committee meeting.

*2. Recommend to the JPA to accept the following cash gifts:

a. Cash donation of $68,389.41 to the Santa Clara County Library District and augment the budget for a Pop-up Library electric vehicle.

b. Cash donation of $1,500 to the Santa Clara County Library District and augment the budget for the California Humanities Immigratitude workshop.

c. Cash donation of $34,300 to the Santa Clara County Library District and augment the budget for library materials.

d. Cash donation of $1,000 to the Santa Clara County Library District and augment the budget for library materials and programs.

e. Cash donation of $30,000 to the Santa Clara County Library District and augment the budget for library materials.

f. Cash donation of $13,000 to the Santa Clara County Library District and augment the budget for library materials.

g. Cash donation of $1,000 to the Santa Clara County Library District and augment the budget for library materials and programs.
h. Cash donation of $500 to the Santa Clara County Library District and augment the budget for the Reading Program.
i. Cash donation of $100,000 to the Santa Clara County Library District and augment the budget for improvements to children and family spaces.
j. Cash donation of $40,000 to the Santa Clara County Library District and augment the budget for library materials.
k. Cash donation of $1,607.23 to the Santa Clara County Library District and augment the budget for materials and programs.

*3. Approve the addition of one half-time Library Clerk position.
*4. Approve Calendar Year 2018 Meeting Schedule.

NEW BUSINESS

5. Recommend to the JPA to receive the Five-Year Financial Forecast for Fiscal Years 2017-2018 to 2021-2022 for the Library District.
6. Recommend to the JPA to receive and approve the report on Food for Fines project.
7. Approve the allocation of funds for South County Youth Task Force.

REPORTS/COMMENTS **INFORMATION**

8. County Librarian
9. Financial & Administrative Services Manager
10. Finance Committee Members

ADJOURN

To the next Finance Committee meeting on Wednesday, April 11, 2018 at 3:00 p.m. at the Library Services and Support Center, 1370 Dell Avenue, Campbell, CA 95008.

In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the County Librarian's Office 24 hours prior to the meeting at (408) 293-2326 x3090, TDD (408) 364-1528.

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FC–*1
01/10/2018

JOINT POWERS AUTHORITY BOARD
FINANCE COMMITTEE MINUTES

Wednesday, October 11, 2017 at 3:00 p.m.

CALL TO ORDER/ROLL CALL

Committee members present: Mike Wasserman, BOS District 1, Carl Cahill, Los Altos Hills City Manager, Steve Tate, Morgan Hill and Courtenay Corrigan, (3:14 p.m.) Los Altos Hills

Staff in attendance: Nancy Howe, County Librarian, Chris Brown, Deputy County Librarian, Chuck Griffen, Financial and Administrative Services Manager, and Tracy Ellenberger, Secretary.

CALL TO ORDER/ROLL CALL

Chair Wasserman called the meeting to order at 3:02 p.m. There were no deletions, deferrals or corrections to the agenda.

ORAL COMMUNICATION

None.

CONSENT CALENDAR — ACTION

*1. Approve Minutes from May 24, 2017, Finance Committee meeting

*2. Recommend to the JPA to accept the Santa Clara County Library semi-annual gift report: January 1, 2017 – June 30, 2017.

*3. Recommend to the JPA to accept the following cash gifts:

a. Cash donation of $4,290.94 to the Santa Clara County Library District and augment the budget for library materials and programs.

b. Cash donation of $7,000 to the Gilroy Library and augment the budget for library materials and programs.

c. Cash donation of $61,000 to the Los Altos Library and augment the budget for a Pop-Up Library electric vehicle.

d. Cash donation of $3,578 to the Milpitas Library and augment the budget for library furniture.

e. Cash donation of $141,000 to the Saratoga Library and augment the budget for library materials and programs.

f. Cash donation of $60,578.89 to the Saratoga Library and augment the budget for a Pop-Up Library electric vehicle.

g. Cash donation of $500 to the Woodland Library and augment the budget to purchase seating for the Woodland Patio.

h. Cash donation of $28,070.36 to the Los Altos Library and augment the budget for deferred maintenance of the Los Altos Library.

i. Cash donation of $13,000 to the Morgan Hill Library and augment the budget for library materials and programs.

*4. Recommend to the JPA to approve the addition of one part-time Librarian position (0.75) with the deletion of one part-time position (0.50 FTE).

*5 Recommend to the JPA to approve the addition of one half-time Literacy Program Specialist position (0.50 FTE).

*6 Recommend to the JPA to approve additional funding for Electronic Resources.

*7 Recommend to the JPA to approve hiring of Passport Acceptance Facility Service staff.

MOTION was moved by **Tate** and seconded by **Cahill** to approve the Consent Calendar items #1 through #7. **The motion passed unanimously by the following vote:**
Ayes: Tate, Cahill and Wasserman **Noes: None**

NEW BUSINESS

8. Recommend to the JPA to receive the Fiscal Year 2016-17 Year-End Fiscal Report.

Staff Report. Chuck Griffen, Financial & Administrative Services Manager. A summary of the Fiscal Year 2016-17 Year-End Fiscal Report was provided. The report indicated that sufficient revenues were received to cover all operating expenses and any one-time expenditures, also resulting in surpluses to replenish the following reserves: the 10-Year Capital Maintenance Plan, the 3-Year Technology Plan and any other one time expenditures. The current revenue exceeded operating expenses by $2 million as a the result of better than expected property tax revenue primarily in secured property taxes and excess ERAF, and $822,000 in personnel savings and various other non-personal savings.

MOTION was moved by **Tate** and seconded by **Cahill** to receive the report and recommend the JPA Board receive the Fiscal Year 2016-17 Year-End Fiscal Report.

The motion passed unanimously by the following vote:
Ayes: Tate, Cahill and Wasserman **Noes: None**

9. Recommend to the JPA to receive report on the status of building at 1344 Dell Ave.

MOTION was moved by **Tate** and seconded by **Cahill** to accept staff's recommendation and recommend the JPA Board accept staff's recommendation to receive report on the status of building at 1344 Dell Ave, affirming that existing Library reserve funds are sufficient to cover the costs of renovating the property. **The motion passed unanimously by the following vote:**
Ayes: Tate, Cahill and Wasserman **Noes: None**

Supervisor Wasserman suggested that staff check with the city of Campbell to see if the American Legion building is considered a historical structure. Staff will look into this and bring back to the JPA.

Committee Member Corrigan took her seat at 3:14 p.m.

REPORTS/COMMENTS **INFORMATION**

10. County Librarian
No report

11. Financial and Administrative Services Manager
Staff hopes to have one more consent item for the JPA Agenda that will increase the staffing costs, but will be 100% offset by additional revenue. The North County Library Authority (NCLA) has approved funding for the Library District to open the Woodland Branch Library on Sundays. Staff had an initial meeting with the Union regarding the change in working conditions and hopes to have their concurrence before the next JPA meeting.

12. Finance Committee Members
No reports.

ADJOURN

Chair Wasserman adjourned the meeting at 3:16 p.m., to the next Finance Committee meeting on Wednesday, January 10, 2018 at 3:00 p.m. at the Santa Clara County Library District Services and Support Center, 1370 Dell Avenue, Campbell CA 95008.

Respectfully submitted,

Tracy Ellenberger, Secretary
Library District Joint Powers Authority Board

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FC–*2a
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $68,389.41 made to the Cupertino Library from the Friends of the Cupertino Library for a Pop-up Library electric vehicle.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

The Friends of the Cupertino Library has presented the Library with a cash donation which is to be appropriated for a Pop-up Library electric vehicle.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*2b
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $1,500 made to the Cupertino Library from the Cupertino Library Foundation for the California Humanities Immigratitude workshop.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

The Cupertino Library Foundation has presented the Library with a cash donation which is to be appropriated for the California Humanities Immigratitude workshop.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*2c
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $34,300 made to the Los Altos Library from the Friends of the Los Altos Library for library materials.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

The Friends of the Los Altos Library has presented the Library with a cash donation which is to be appropriated for library materials.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*2d
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $1,000 made to the Gilroy Library from City National Bank for library materials and programs.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

The City National Bank has presented the Library with a cash donation which is to be appropriated for library materials and programs.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*2e
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $30,000 made to the Los Altos Library from the Los Altos Library Endowment for library materials.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

The Los Altos Library Endowment has presented the Library with a cash donation which is to be appropriated for library materials.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*2f
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $13,000 made to the Milpitas Library from the Friends of the Milpitas Library for library materials.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

The Friends of the Milpitas Library has presented the Library with a cash donation which is to be appropriated for library materials.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*2g
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $1,000 made to the Los Altos Library from Kathryn and Albert Chen for library materials and furniture.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

Kathryn and Albert Chen has presented the Library with a cash donation which is to be appropriated for library materials and furniture.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*2h
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $500 made to the Milpitas Library from the Friends of the Milpitas Library for the Reading Program.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

The Friends of the Milpitas Library has presented the Library with a cash donation which is to be appropriated for the Reading Program.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*2i
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $100,000 made to the Morgan Hill and Gilroy Libraries from Sunlight Giving for improvements to children and family spaces in the Morgan Hill and Gilroy Libraries.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

Sunlight Giving has presented the Library with a cash donation which is to be appropriated for improvement to children and family spaces.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The Joint Powers Authority Board Chair will acknowledge this gift.

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FC–*2j
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board-Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $40,000 made to the Los Altos Library from the Los Altos Library Endowment for library materials.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donation.

BACKGROUND/REASON FOR RECOMMENDATION

The Los Altos Library Endowment has presented the Library with a cash donation which is to be appropriated for library materials and programs.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*2k
01/10/2018

JOINT POWERS AUTHORITY BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ACCEPTANCE OF CASH GIFT**

RECOMMENDED ACTION

It is recommended the Committee approve and recommend the Board accept a cash donation in the amount of $1,607.23 made to the Santa Clara County Library District from various donors for library materials and programs.

FISCAL IMPLICATIONS

There are no fiscal implications to the approved Library Budget. The budget for purchases will increase commensurately with the amount of the cash donations.

BACKGROUND/REASON FOR RECOMMENDATION

The Santa Clara County Library District has received cash donations from various donors which are to be appropriated for library materials and programs.

STEPS FOLLOWING APPROVAL

The Library budget will be augmented to reflect this donation. The County Librarian will acknowledge this gift.

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FC–*3
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board – Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ADDITION OF ONE HALF-TIME LIBRARY CLERK POSITION**

RECOMMENDED ACTION

It is recommended that the Committee consider and recommend that the JPA Board approve adding one half-time Library Clerk position to the Morgan Hill Community Library.

FISCAL IMPLICATIONS

There will be no increase to personnel costs as the position will be completely funded by a decrease in 1450 annual extra help clerical hours and 550 annual extra hours for part time clerical staff.

BACKGROUND AND REASONS FOR RECOMMENDATION

The part-time Library Clerk position will provide better clerical stability for the Morgan Hill Community Library than the extra help positions allowed.

STEPS FOLLOWING APPROVAL

The change will be implemented through the County's formal add/delete process.

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FC–*4
01/10/2018

JOINT POWERS AUTHORITY BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board – Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **CALENDAR YEAR 2018 MEETING SCHEDULE**

RECOMMENDED ACTION

It is recommended the Finance Committee approve the following meeting schedule for 2018:

DATE	TIME	LOCATION
Wednesday, January 10, 2018	3:00 p.m.	Services and Support Center 1370 Dell Avenue, Campbell
Wednesday, April 11, 2018	3:00 p.m.	Services and Support Center 1370 Dell Avenue, Campbell
Wednesday, May 23, 2018	10:00 a.m.	Services and Support Center 1370 Dell Avenue, Campbell
Wednesday, October 10, 2018	3:00 p.m.	Services and Support Center 1370 Dell Avenue, Campbell
Wednesday, January 9, 2019	3:00 p.m.	Services and Support Center 1370 Dell Avenue, Campbell

BACKGROUND/REASONS FOR RECOMMENDATION

The proposed meeting schedule for the Library Joint Powers Authority Board Finance Committee is recommended for approval. These meetings are set at least one to two weeks prior to the JPA meetings when possible to allow sufficient time for any follow-up on recommendations to the JPA.

santa clara county library district

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FC-5
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **FIVE-YEAR FINANCIAL FORECAST**
FISCAL YEARS 2017-2018 TO 2021-2022

RECOMMENDED ACTION

It is recommended that the Finance Committee consider and recommend acceptance of the report on the five-year financial forecast for the Santa Clara County Library.

BACKGROUND

An annual five-year financial forecast is prepared covering Library resources and expenditure obligations. This document is intended as general guidance to the Board concerning the current and future financial challenges. This report is intended for review by the Finance Committee prior to Board consideration.

Santa Clara County Library

Five-year Financial Forecast
Fiscal Years 2017-18 to 2021-2022

Introduction

This forecast is presented as a financial planning tool to assist the Joint Powers Authority Board in understanding the potential long-term effects of expenditure decisions on the Library's financial position over the next five fiscal years. It is *not* the budget document, nor will acceptance of this report constitute a budgetary approval.

The reliability of any financial forecast is limited by the ability to predict future costs and resources based upon historical reference. For the purposes of preparing this five-year forecast a set of assumptions has been selected based upon experience of the last five years and a limited number of known cost escalation/ reduction factors. Library staff acknowledges that unpredictable forces such as significant state budget action, fluctuation of the local real estate market, economic conditions in general, and the powers of the state legislature to take away revenue sources could dramatically change this forecast. Accordingly, the forecast becomes increasingly less reliable in later years.

Forecast Summary and Conclusions

Since the Library is extraordinarily reliant upon property tax proceeds to fund operations, any significant change in real estate transactions and value results in a corresponding impact on Library revenue. Nevertheless, a modest amount of growth is expected in this forecast.

On the expenditure side of the finance equation, it is expected that the combined salary and benefit costs will increase 3.65% effective July 2018, and an average of 5.6% per year thereafter; however, the library will ultimately see long-term benefits due to the new tier of retirement benefits for new employees hired after December 31, 2012.

FISCAL YEAR	Projected REVENUE	Projected EXPENSE	Net Surplus/ (use of prior year funds)
2017-18	47,514,506	49,405,153	(1,890,647)
2018-19	49,402,322	46,981,635	2,420,687
2019-20	50,710,180	48,975,276	1,734,904
2020-21	52,111,040	51,077,779	1,033,261
2021-22	53,555,410	53,394,978	160,432

Using the following set of assumptions, the above Chart 1 summarizes the Library's financial status over the next five years.

Forecast Assumptions/ Methodology

- After adjusting for "excess ERAF" payments that are phasing out, property tax proceeds from all sources are estimated to grow at least 3% growth annually. There are four cities in the Library District with former Redevelopment Agencies ("RDA's"). With the State mandated dissolution of RDA's, we can expect to see gradual increases in secured property tax receipts over and above the expected growth in the real estate sector. The effect of dissolution will not be immediate as the State is allowing obligated debt and other expenses to be paid off from the RDA successor agencies before the revenue shifts to the entities that receive secured property tax revenue.
- As the Special Tax is calculated at a fixed rate, the growth is limited to the increase in housing stock, changes in land use designations, and the annexations of parcels in and out of Library District boundaries. Growth is estimated at 9/10 of 1% annually.
- Salary and employee benefit total costs will grow 5.6% annually in the out years for salary and benefit cost adjustments.
- Funding for book/ materials acquisition will be held between 10-15% of operating revenues each year with additional increases based upon contributions.
- Projected revenues represent all recurring revenue sources expected to be received and there is no reliance on possible one-time "windfall" gifts or donations.
- The inflationary costs of services and supplies will not exceed 2% annually.
- Facilities cost increases will not exceed 1% annually.

REVENUE REVIEW

The components of each major revenue category have been analyzed to develop a separate inflator factor. (See Chart 2) Property Tax is the most important revenue category, constituting nearly 81% of the Library's total revenue. This important revenue source shows no discernible trend line with annual change ranging from 4.17% to 14.21% over the last five years. The task of projecting property tax revenue is made difficult by the fact that it has nine constituent parts that are calculated differently and respond differently to changes in the real estate market. For example, the supplemental roll component has no base number: in FY 2016 the amount exceeded $1 million but in a year with few real estate transactions the proceeds could drop below $200,000. The future total projected revenue is shown in Chart 4.

State funding support has eroded from a high of $3.98 million in FY 2002 to $83,000 last fiscal year, currently consisting only of grants as the State support for Public Library Foundation (PLF), Transaction Based Reimbursements (TBR) were eliminated in 2012. This loss over time has been filled by property tax growth.

EXPENDITURE REVIEW

The expenditure forecast does not assume any significant new programs or service level enhancements; and with the exception of additional hours at Woodland Branch Library (funded by the North County Library Authority), it holds current staffing levels as the base. Expenditure history was analyzed in the component parts to develop inflators for future years. Salary and benefit costs, which make up nearly 60% of the Library expenditures, have risen historically in

the range of 10.39% to less than 2% annually. These historical increases have resulted from negotiated labor agreements as well as the addition of new positions.

Expenditure analysis has been performed on annual recurring operating costs (see Chart 3). Future increases represent the cost to keep the Library functioning with the same number of staff, open hours, library materials and supplies. It is assumed that fixed assets will either be purchased from reserve funds or one-time "wind-fall" revenue sources. The future projected costs are summarized in Chart 5.

Conclusion

This forecast represents a conservatively optimistic future. The additional tax revenue associated with a continued robust economy will offset future estimated increases in recurring operating costs. Library district staff will watch these trends closely to ensure sufficient cash reserves balanced with fulfillment of community expectations of library services.

Attachments

Chart 2: Five year revenue history
Chart 3: Five year expenditure history
Chart 4: Future projected revenue
Chart 5: Future projected operating expenditures
Chart 6: Summary of five year forecast

Santa Clara County Library

5 Year Revenue History

FISCAL YEAR	PROPERTY TAX	% Change	Special Tax	% Change	STATE FUNDS	% Change	FINES & FEES	% Change
2013-14	28,411,886		5,737,670		76,665		940,903	
2014-15	32,448,943	14.21%	5,766,358	0.50%	90,837	18.49%	812,859	-13.6%
2015-16	35,904,614	10.65%	5,818,256	0.90%	119,876	31.97%	555,736	-31.6%
2016-17	37,401,559	4.17%	5,857,783	0.68%	83,203	-30.59%	548,507	-1.30%
2017-18 Proj	38,653,021	3.35%	5,873,258	0.26%	46,000	-44.71%	542,000	-1.19%

FISCAL YEAR	CITIES	% Change	COUNTY	% Change	OTHER	% Change	TOTAL REVENUE	% Change
2013-14	855,350		51,000		993,875		37,067,348	
2014-15	926,649	8.34%	51,000	0.00%	957,066	-3.70%	41,053,712	10.75%
2015-16	979,046	5.65%	51,000	0.00%	1,021,238	6.71%	44,449,765	8.27%
2016-17	1,273,699	30.10%	51,000	0.00%	1,996,620	95.51%	47,212,371	6.22%
2017-18 Prog	1,602,482	25.81%	51,000	0.00%	746,745	-62.60%	47,514,506	0.64%

Chart 2

Santa Clara County Library

5 Year Expenditure History

FISCAL YEAR	SALARIES & Benefits	% Change	SERVICES & SUPPLIES	% Change	Books & Materials	% Change
2013-14	22,261,763		3,972,697		4,585,088	
2014-15	23,650,819	6.24%	3,749,960	-5.61%	4,555,277	-0.65%
2015-16	25,947,476	9.71%	4,840,640	29.09%	5,236,957	14.96%
2016-17	27,697,581	6.74%	6,364,115	31.47%	5,535,253	5.70%
2017-18 Proj.	30,575,154	10.39%	8,293,705	30.32%	6,598,104	19.20%

FISCAL YEAR	FACILITIES	% Change	Operating Subtotal	% Change	FIXED ASSETS
2013-14	2,812,794		$ 33,632,342		114,534
2014-15	2,655,281	-5.60%	$ 34,611,337	2.91%	676,092
2015-16	2,998,610	12.93%	$ 39,023,683	12.75%	235,723
2016-17	2,943,795	-1.83%	$ 42,540,744	9.01%	2,626,774
2017-18 Proj.	5,557,409	88.78%	$ 51,024,373	19.94%	2,047,425

FISCAL YEAR	TOTAL EXPENDITURES	% Change
2013-14	$ 33,746,876	
2014-15	$ 35,287,429	4.57%
2015-16	$ 39,259,406	11.26%
2016-17	$ 45,167,518	15.05%
2017-18 Proj	$ 53,071,798	17.50%

Santa Clara County Library

Projected Revenue

FISCAL YEAR	PROPERTY TAX	% Change	SPECIAL TAX	STATE FUNDS	FINES & FEES
2017-18	38,653,021		5,873,258	46,000	542,000
2018-19	40,389,737	4.49%	5,926,117	46,000	542,000
2019-20	41,549,019	3.00%	5,979,452	46,000	542,000
2020-21	42,795,490	3.00%	6,033,267	46,000	542,000
2021-22	44,079,354	3.00%	6,087,567	46,000	542,000

FISCAL YEAR	CITIES	COUNTY	OTHER	TOTAL
2017-18	1,602,482	51,000	746,745	47,514,506
2018-19	1,700,723	51,000	746,745	49,402,322
2019-20	1,795,963	51,000	746,745	50,710,180
2020-21	1,896,537	51,000	746,745	52,111,040
2021-22	2,002,744	51,000	746,745	53,555,410

Santa Clara County Library

Projected Operating Expenditure

FISCAL YEAR	SALARIES & Benefits	% Change	SERVICES & SUPPLIES		Books & Materials	
2017-18	30,575,154		7,134,425		6,598,104	
2018-19	31,692,126	3.65%	5,835,277	-18.21%	6,619,911	0.33%
2019-20	33,466,885	5.60%	5,951,983	2.00%	6,693,744	1.10%
2020-21	35,341,031	5.60%	6,071,022	2.00%	6,774,435	1.19%
2021-22	37,320,128	5.60%	6,192,443	2.00%	6,962,203	2.70%

FISCAL YEAR	FACILITIES		Operating Total	% Change
2017-18	5,097,470		$ 49,405,153	
2018-19	2,834,321	-79.8%	$ 46,981,635	-4.91%
2019-20	2,862,664	1.0%	$ 48,975,276	4.24%
2020-21	2,891,291	1.0%	$ 51,077,779	4.29%
2021-22	2,920,204	1.0%	$ 53,394,978	4.54%

Chart 5

Summary of Five-Year Forecast

FISCAL YEAR	Projected Revenue	Projected Operating Cost	Net Surplus/ (Use of Prior Year Funds)
2017-18	47,514,506	$ 49,405,153	(1,890,647)
2018-19	49,402,322	$ 46,981,635	2,420,687
2019-20	50,710,180	$ 48,975,276	1,734,904
2020-21	52,111,040	$ 51,077,779	1,033,261
2021-22	53,555,410	$ 53,394,978	160,432

Projected Library Fund (0025) Cash and Reserves as of 06/30/2018

Building Reserve	5,904,000
Technology Reserve	400,000
Economic Uncertainty Reserve	13,000,000
Other Reserves	1,960,067
Cash	11,683,314
	32,947,381

santa clara county library district

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FC-6
01/10/2018

JOINT POWERS AUTHORITY
BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board – Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **RECEIVE AND APPROVE REPORT ON FOOD FOR FINES PROJECT**

RECOMMENDED ACTION

Library District staff propose a Food for Fines project during the month of April 2018. Each patron who donates a can or package of food would have his or her fines waived. It is recommended that the Committee affirm to the JPA Board that fines waived as a result of the proposed Food for Fines project can be absorbed within the 2017-18 Santa Clara County Library District (SCCLD) budget. Details of the proposed project will be presented at the JPA meeting of January 25, 2018.

BACKGROUND AND REASONS FOR RECOMMENDATION

The SCCLD goal is to give patrons a simple way to clear their records up to $100 and welcome them back to the library - especially those in our community with limited funds, and who are the most negatively impacted. For those owing $20.00 or more, it is an opportunity to return to a borrowing status so that they can once again become active library users.

Library systems in two neighboring counties, Alameda and San Mateo, have run this type of program for several years now and have been very pleased with the results. In addition, several large library systems nationwide are studying the issue of fines. As Anthony W. Marx, President and CEO of the New York Public Library states in his Quartz Media post of December 18, 2017, the objective is to develop a process in which "financial hardships do not prohibit a family from taking advantage of a public resource built to help them." The goal is to have a system in which "a family does not need to choose between dinner and using the public library. For those who can afford the fines, paying a small late fee is no problem, so the fines are not a particularly strong incentive. On the other hand, for those who can't afford the fines, they have a disproportionately negative impact."

Second Harvest Food Bank has agreed to work with the Library District on this. They would be responsible for providing food barrels and collection from each location. While there are many organizations collecting food during the holidays, hunger is a year-round issue.

FISCAL IMPLICATIONS

The chart below gives an indication of the potential number of waived fines involved:

	# of Fines	Amount
Less than $5.00	22,365	$ 43,126.50
$5.00-$10.00	8,423	$ 59,310.91
$10.00-$15.00	4,934	$ 58,808.09
$15.00-$20.00	3,549	$ 61,673.50
$20.00-$50.00	3,549	$ 99,486.43
$50.00-$100.00	501	$ 32,662.60
Over $100.00	250	$ 50,280.73
TOTAL	**43,571**	**$405,348.76**

As you can see, most patrons owe less than $5.00. Once a patron owes $20 or more, he/she is no longer allowed to borrow materials or use library computers - which becomes a barrier to service for many. If fines up to $100.00 were waived, the maximum amount of waived fines would be $355,068.03; and if 50% of these patrons owing fines brought in food, this amount would be reduced to $177,534. Based on similar programs from other libraries, this percentage is likely to be less. Nevertheless, this one-time reduction in revenues could easily be absorbed by existing cash reserves.

santa clara county library district

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FC–7
01/10/2018

JOINT POWERS AUTHORITY BOARD TRANSMITTAL

DATE: January 10, 2018

TO: Joint Powers Authority Board – Finance Committee

FROM: Nancy Howe, County Librarian

SUBJECT: **ALLOCATION OF FUNDS FOR SOUTH COUNTY YOUTH TASK FORCE**

RECOMMENDED ACTION

It is recommended that the Committee consider and recommend that the JPA Board approve an allocation of $15,000 to support the work of the multi-jurisdictional South County Youth Task Force.

BACKGROUND AND REASONS FOR RECOMMENDATION

The South Valley Youth Task Force ("Task Force") was formed to address the influences and impact of gangs on South County youth and their communities. As these influences and impacts occur in our libraries, the library has chosen to participate in this regional solution as a Task Force member. The Task Forces' goal is to reduce juvenile delinquent behaviors, reduce recruitment of youth into gangs, and reduce gang violence within the boundaries of the City of Gilroy, the City of Morgan Hill, and the County unincorporated area of San Martin.

Release of funds will be contingent upon a Memorandum of Understanding (MOU) between the Santa Clara County Library District and the Task Force, to be approved by the County Librarian and County Counsel. This MOU will allow for education and training related to crisis response, de-escalation of problem behaviors, and assistance for at-risk youth.

FISCAL IMPLICATIONS

The $15,000 will be funded from undesignated ending fund balance in the Library Fund. An additional $30,000 for fiscal year 2018-19 will be presented to the JPA as part of the recommended operating budget during the April JPA meeting.